# Annual report 2012

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The SEA Group attention paid to environmental protection has, through the adoption of specific initiatives, resulted in a significant reduction in direct and indirect $CO_2$ emissions.

In 2012, Malpensa and Linate were amongst the first European airports to obtain "Neutrality" level under the scope of the European Airport Carbon Accreditation initiative.

airport carbon accredited
OPTIMISATION

# Contents

# General information

# Mission

The mission of the SEA Group is to create value for all parties directly involved in Group activities: shareholders, customers and employees. This is achieved through providing services and solutions which serve the growing demands of the market, ranging from passengers to airlines, airport operators and the commercial partners at Malpensa and Linate airports. The airport infrastructures managed by SEA ensure air access to the major international destinations for a large number of users and are located in one of the most developed catchment areas in Europe - providing a key hub for economic growth in the North Italy region as a whole.
The services provided by the SEA Group are guaranteed by the management and development of secure and cutting-edge infrastructure, placing a central focus on the development of the host community and environmental protection.

# SEA Group profile

The SEA Group, under the forty-year Agreement signed by SEA and ENAC in 2001, manages and develops the Malpensa and Linate airports, which are second in Italy and ninth in Europe in passenger traffic volumes and first in Italy and sixth in Europe for cargo traffic (excluding courier terminals).

The airport system managed by the SEA Group comprises the terminals of:
- Milan Malpensa 1, dedicated to business and leisure customers on domestic, international and inter-continental routes, with specific airline and charter areas;
- Milan Malpensa 2, dedicated to high-end low cost traffic;
- Milan Malpensa Cargo, a cargo transport support infrastructure, facilitating the movement of over 500 thousand tonnes of cargo annually;
- Milan Linate, serving a principally frequent-flyer client base on major national and EU routes.

The SEA Group activities, including all services related to airport management and safety, the commercial and handling services for users and terminal operators, in addition to thermaland electric energy production, are divided into four business areas, identified by their need for specific operative know-how and processes, therefore maximising Group operating efficiency.

**Aviation**: the Aviation business consists of the "core" passenger and cargo aviation support activities. This concerns the management, development and maintenance of infrastructure and plant within the airports and the offer to SEA Group customers of services and activities related to the arrival and departure of aircraft, in addition to airport safety services.
The revenues generated by these activities are established by a regulated tariff system and comprise airport fees, fees for the use of centralised infrastructure, in addition to security fees and tariffs for the use of check-in desks and spaces by airlines and handlers.

**Non Aviation:** the Non-Aviation business provides a wide and segregated offer, managed both directly and under license to third parties, of commercial services for passengers, operators and visitors to the Milan Airports, in addition to real estate activities.
The revenues from this area consist of the market fees for activities directly carried out by SEA or from activities carried out by third parties under license and of royalties based on a percentage of revenues generated by the licensee, usually with the provision of a guaranteed minimum.

**Handling**: handling services are carried out by SEA Handling, a subsidiary of SEA and concern the provision of land-side assistance regarding aircraft, passengers, luggage, cargo and mail.
Revenues in this segment concern market fees for the execution of these activities and are freely negotiated by the SEA Group, through SEA Handling, and the individual airlines.

**Energy:** these activities – provided by the company SEA Energia, a subsidiary of SEA – concern the generation and sale of electric and thermal energy, providing coverage of the Milan Malpensa and Milan Linate energy requirements and which is also sold on the external market.

# SEA Group structure

Structure of the SEA Group at December 31, 2012

## SEA SpA

| Airport management | Utilities | Commercial activities | Other activities | Handling | Utilities |
|---|---|---|---|---|---|
| SACBO Bergamo SpA 30,98 % | Disma SpA 18,75 % | Dufrital SpA 40 % | Consorzio Malpensa Construction 51 % | SEA Handling SpA 100 % | SEA Energia SpA 100 % |
| Aeropuertos Argentina 2000 SA* 8,5 % | | SEA Services Srl 30 % | Consorzio Milano Sistema (in liquidation) 10 % | Malpensa Logistica Europa SpA 25 % | |
| | | | Romairport Srl 0,23 % | | |
| | | | SITA Società Cooperativa arl 1 share | | |
| SBU Aviation | | SBU Non Aviation | | SBU Handling | SBU Energia |

Key:

Controlling share

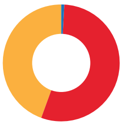
Associated company holding

Other company holding

(*) *In relation to the holding of SEA in AA2000, on June 30, 2011 SEA SpA and Cedicor S.A, in execution of the agreement of August 9, 2006, signed a contract concerning the sale by SEA of the above-stated investment in AA2000, subject to the approval of the Regulador del Sistema Nacional de Aeropuertos, which has not yet been issued at the approval date of the present Directors' Report.*

## Share capital structure

The share capital of SEA amounts to Euro 27,500,000, comprising 250 million shares of a par value of Euro 0.11, of which 137,023,805 Class A shares and 74,375,102 Class B shares.



| Shareholders | % |
|---|---|
| Municipality of Milan | 54,81 |
| F2i Sgr | 44,31 |
| Others | 0,88 |

The Class A shareholders upon majority divestment must guarantee Class B shareholders a right to co-sale. Class A shareholders have a pre-emption right on the sale of Class B shares.
At December 31, 2012, SEA does not hold treasury shares. The ownership structure is as follows:

| Public shareholders | | |
|---|---|---|
| 14 entities/comp. | Municipality of Milan | 54.81% |
| | Province of Varese | 0.64% |
| | Municipality of Busto Arsizio | 0.06% |
| | Other public shareholders | 0.14% |
| **Total** | | **55.65%** |
| **Private shareholders** | | |
| | F2i Sgr | 44.31% |
| | Other private shareholders (*) | 0.04% |
| **Total** | | **44.35%** |

(*) 524 shareholders. In accordance with Consob comm. No. 4059866, SEA is excluded from the list of security issuers published.

# Corporate Boards

| | | |
|---|---|---|
| **Board of Directors** | Chairman and CEO | *Giuseppe Bonomi* |
| | Directors | *Renato Ravasio (1)(2)* |
| | | *Raffaele Cattaneo (3)* |
| | | *Lino Girometta* |
| | | *Mauro Maia (3)* |
| | | *Marco Lionello Pagnoncelli (2)(3)* |
| | | *Alberto Ribolla (2)(4)* |
| **Board of Statutory Auditors** | Chairman | *Giancarlo Giordano* |
| | Standing members | *Aldo Londei* |
| | | *Fabio Malcovati* |
| | | *Maria Luisa Mosconi* |
| | | *Raffaella Pagani* |
| | Alternate members | *Antonella Chiametti* |
| | | *Ambrogina Zanzi* |
| **Independent Audit Firm** | | *PricewaterhouseCoopers SpA* |

(1) Vice Chairman
(2) Member of the SEA Group Control and Risks Committee
(3) Member of the Remuneration and Appointments Committee
(4) Member of the Ethics Committee

On March 26, 2013, the SEA Board of Directors, noting the motion for the postponement of the approval of the Financial Statements by the Board of Directors of the subsidiary SEA Handling, to ensure the correct preparation of the 2012 Financial Statements, considering the legal obligations, postponed in accordance with Article 5 of the By-laws and Article 2364, paragraph 2 of the Civil Code, the approval of the 2012 Financial Statements within 180 days from the end of the financial year.

# Letter to the shareholders

Dear Shareholders,
In 2012 the Master Agreement entered into force: from September 23 the tariffs for the core activities carried out by SEA were established according to a return on invested capital system. This method will allow a gradual closing of the tariff gap with the major European airports, in addition to guaranteeing customers the higher service and infrastructure levels to which SEA is committed under the Agreement.
Another significant development in the year was the decision of the Anti-trust Authority to open up to the market the Milan Linate – Rome Fiumicino route, allowing easyJet the option to operate on this route in the peak hours of the morning and evening, utilising slots previously allocated to Alitalia.

These positive developments are against the backdrop of a complex international air transport sector, which also in 2012 was impacted by the persistently weak economy, featuring financial instability in the major advanced economies and a slowdown in the emerging economies. This resulted in further stagnation in global air passenger traffic growth compared to 2011, with the cargo segment also reporting a contraction in global volumes.
In this environment the airports managed by the SEA Group report an overall reduction in passenger volumes of 2.3%, impacted by the reduction in Schengen route traffic as a result of economic instability in a number of Eurozone countries. This was partially offset by the improved non-Schengen traffic performance (+4.5% for passengers), in particular on inter-continental routes. Cargo traffic, on the basis of the contraction in global air cargo transport and in that of the principal European airports, reduced also in the SEA managed airports (-7.6%).

The SEA Group in 2012 continued to focus on investment, believing that the reduction in traffic in the year is merely a temporary set-back within an expanding air transport market in the coming years and therefore that the establishment of adequate infrastructure is fundamental to facilitate the expected growth in passenger and cargo traffic. Therefore, in January 2013 the third satellite of Milan Malpensa 1 was opened to the public, dedicated to non-Schengen flights with the option of direct boarding for the Airbus A380, both from the existing boarding gates and from the new lounges built specifically for individual airlines, including Emirates.

Despite the difficult market, in 2012 the SEA Group reported revenue growth to Euro 720,956 (+9.1% on 2011), with EBITDA increasing to Euro 146,619 thousand (+19.5%). The Group Net Profit rose to Euro 64,003 thousand (+22%).

These results were achieved through the support of all Business Units, with the largest contribution, excluding works on assets under concession, from the Aviation business with revenues of Euro 320,441 thousand, comprising 44.4% of consolidated revenues - increasing on 2011 (Euro 290,489 thousand, 43.8%). Non-Aviation business, with revenues of Euro 169,088 thousand, comprised 23.5% of Group revenues. The contribution of the other business areas was lower, with Handling reporting revenues of Euro 107,372 thousand (Euro 112,297 in 2011) and Energy returning revenues of Euro 35,393 thousand (Euro 32,667 in 2011), comprising respectively 14.9% and 4.9% of consolidated revenues.

In 2012 the SEA Group continued to utilise social security schemes (Extraordinary Temporary Lay-off Scheme and similar schemes), following the crisis created by the dehubbing of Alitalia – although at lower levels than the previous year. Due to the continued aeronautic market difficulties SEA and SEA Handling in July 2011 reached an agreement with the Trade Unions, identifying further efficiencies for the Group and agreeing a number of measures in response to the crisis such as the Extraordinary Temporary Lay-off Scheme and the mobility scheme, which will be utilised also in the 2012-2013 period.

# SEA Group numbers

## Consolidated Financial Highlights

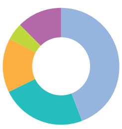
| (in thousands of Euro) | 31/12/2012 | 31/12/2011 restated (*) | change |
|---|---|---|---|
| Revenues | 720,956 | 661,015 | 59,941 |
| EBITDA | 146,619 | 122,693 | 23,926 |
| EBIT | 100,685 | 81,309 | 19,376 |
| Pre-tax profit | 89,768 | 86,038 | 3,730 |
| Group Net Profit | 64,003 | 52,457 | 11,546 |

| (in thousands of Euro) | 31/12/2012 | 31/12/2011 | change |
|---|---|---|---|
| Fixed assets (A) | 1,153,790 | 1,068,269 | 85,521 |
| Working capital (B) | (224,491) | (214,417) | (10,074) |
| Provision for risks and charges (C) | (163,533) | (159,894) | (3,639) |
| Employee benefit provisions (D) | (77,064) | (68,527) | (8,537) |
| Other non-current liabilities (E) | 0 | (62,307) | 62,307 |
| **Net capital employed (A+B+C+D+E)** | **688,702** | **563,124** | **125,578** |
| Group shareholders' equity | 277,247 | 242,707 | 34,540 |
| Minority interest shareholders' equity | 85 | 83 | 2 |
| Net Debt | 411,370 | 320,334 | 91,036 |
| **Total sources of financing** | **688,702** | **563,124** | **125,578** |

| (in thousands of Euro) | 31/12/2012 | 31/12/2011 | change |
|---|---|---|---|
| Investments in tangible and intangible assets | 106,114 | 89,756 | 16,358 |
| Employees (at year-end) | 5,054 | 5,090 | (36) |
| Leverage (Net Debt/EBITDA) | 2.81 | 2.61 | 0.2 |

(*) For further details, reference should be made to paragraph 2.9 "Comparability of financial statements."

2012 Consolidated Revenues Euro 720,956 thousands (*)



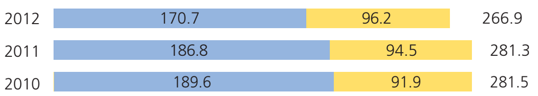
| | % |
|---|---|
| Aviation | 44.4 |
| Non Aviation | 23.5 |
| Handling | 14.9 |
| Energy | 4.9 |
| Revenues fm. application IFRIC12 | 12.3 |

(*) Total revenues, net of inter-company eliminations. SEA revenues are generated by the Aviation and Non-Aviation businesses.

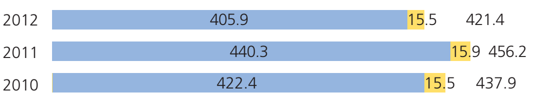
## Traffic data

Passengers (.000.000)


Movements (.000)




Cargo (.000 tons)




Malpensa Linate

# 2012 Directors' Report

# 2012: significant events

## Highlights

### Sale of a 14.56% share of SEA SpA by ASAM SpA to F2i – Fondi italiani per le infrastrutture

On December 28, 2012, F2i – Fondi italiani per le infrastrutture acquired a 14.56% share of SEA previously held by ASAM, the holding company of the Milan Province, for total consideration of Euro 147 million.
With this operation F2i – Fondi italiani per le infrastrutture, which previously held 29.75% of SEA, increased its holding to 44.31%.

### Alitalia Group in Extraordinary Administration Agreement

On November 24, 2012, the SEA Group proposed a settlement with Alitalia in Extraordinary Administration to the Administrators for the payment of preferential debt to the Group of Euro 19.3 million. On December 21, 2012, the Ministry for Economic Development authorised the Extraordinary Administrators to accept the settlement proposal put forward by SEA and SEA Handling. The preferential amounts were fully paid within the administration procedure.

### Withdrawal of the Public Offer of SEA shares

Following the admission to trading in November 2011 of SEA shares by Borsa Italiana, consequent also to the clearance by Consob for publication of the Registration Document, in the 12 subsequent months and as established by the regulation, SEA was granted the right to offer its shares on the market. In particular, at the Shareholders' Meeting of SEA on October 10, 2012, shareholders approved the reopening of the listing process temporarily suspended at the end of 2011 through the launch of a Public Offer of shares, originating in part from the share held by ASAM in SEA and for the remaining part from the share capital increase of the company. The Offer, carried out in the November 19 – 30 period, was withdrawn by the company as the required demand level from the market was insufficient.

### Master Agreement

From September 23, 2012, 60 days from the publication of the relative Presidential Decree in the Official Journal, the Master Agreement signed in 2011 between SEA and ENAC entered into force which, through a tariff setting system for regulated activities, based on the remuneration on invested capital at the airports of Milan Malpensa and Milan Linate, enables a gradual closing of the tariff gap with the principal European airports, ensuring a high quality standard for services and infrastructure provided to the public. The ENAC-SEA Master Agreement is the first containing exceptions signed in Italy. The principal exceptions, established in accordance with Article 17, paragraph 34-bis of Law No. 102 of August 2009 concern the duration of the regulatory period (until December 31, 2020) and also the dual till system (the fees for regulated services are set without considering revenues from non-regulated activities).
With the introduction of the Master Agreement, the setting of regulated tariffs will be strictly connected to the delivery of investments – in fact, under the mechanism for the establishment of tariffs indicated in the ENAC-SEA Master Agreement, the value of tariffs will be established, among other parameters, considering the effective completion of investments set for each year of the respective regulatory periods. The full recognition of costs for the base year with progressive efficiency, quality and service efficiency and environmental protection objectives, in addition to the application of an inflation index set for each year of the Agreement, comprise further factors for the calculation of tariffs.

### Completion of the third satellite at Milan Malpensa 1

In 2012 the works on the building of the third satellite of Milan Malpensa 1 were completed. The infrastructure, opened on January 13, 2013 and dedicated to non-Schengan flights, occupies an area of 35,000 sq./m., expanding by 50% the terminal traffic operating capacity. The new structure, with 10 boarding gates with direct access to aircraft (in addition to the 23 exiting gates), enables Milan Malpensa - the first among Italian airports - to facilitate contemporaneously two A380 Airbuses, boarding passengers through 3 piers. One of these piers opens directly to a new VIP lounge of approximately 1,500 sq./m., which since January is the largest Emirates VIP Lounge in Europe.

## Traffic development

### Milan Malpensa: significant development of inter-continental traffic, supported also through bilateral agreements

In 2012, despite the impact of the global economic crisis on the international air transport sector, passengers on inter-continental routes served by Milan Malpensa numbered over 4.9 million (+4.2% on 2011). This result principally owes to the significant increases in traffic on the Middle and Far East (+9.4%) and North American routes (+4.7%), supported by the strong results achieved at Milan Malpensa by airlines on these routes.
The development of traffic from and to the Middle East (+14% in passenger terms and +32.8% in cargo) was facilitated also by significant bilateral agreements, allowing the major airlines in the region to increase the numbers of flights to Milan.
Within the ongoing development of bilateral agreements, which continued also in 2012, at

differing times throughout the year the Italian Government granted to Singapore Airlines and Emirates fifth freedom traffic rights on the Milan Malpensa – New York route, permitting direct flights on this route under their current links with Milan.

### Milan Linate: opening of the market on the Milan – Rome route

Following the Anti-trust Authority investigation, which confirmed the existence of a monopoly on the Milan Linate – Rome Fiumicino route by the Alitalia group, and after the decision at the end of October 2012 under which the Authority granted easyJet the option to operate on this route – in the busiest morning and evening slots - utilising slots previously allocated to Alitalia, the Government confirmed this decision. From the end of March 2013, easyJet introduced its service with 5 daily flights in both directions.

## Infrastructural development

### Malpensa: expansion of Milan Malpensa Cargo continues

In 2012, in order to maintain the role of Milan Malpensa as a major European cargo terminal, building on its potential within a region with high import/export potential, the expansion of the Milan Malpensa cargo area continued with the construction of new aircraft parking areas, warehouses and office spaces.

### Milan Malpensa 1: expansion of the terminal continues

The work on the expansion of the Milan Malpensa 1 terminal continued; on completion of these works, scheduled for 2015, an additional 110 thousand sq./m. of space will be added, of which over 65 thousand dedicated to passengers and commercial activities. In particular, the new structure will provide new check-in and boarding areas, in addition to additional commercial spaces dedicated to retail and Food & Beverage services and will further improve the quality of services offered to passengers and users.

## New Malpensa Master Plan

In 2012, in relation to the procedure for the approval of the new Malpensa Master Plan initiated in May 2011 and once the VIA Commission (Environmental Impact Assessment) had taken office, a number of meetings took place with the Malpensa Examination Group of the Commission, in addition to meetings with all major regional and national stakeholders. These activities focused on an in-depth analysis of the observations drawn up by the stakeholders on the project presented by SEA.
The documentation (published on June 6, 2012), concerning the technical – project guidelines agreed between the Ministry of the Environment and ENAC were filed, followed by a formal Discussion with stakeholders in Milan in September.
The final document was published on December 18, 2012 according to the procedures established by applicable regulations.
The SEA Group proposed a number of measures to offset the impact of the Master Plan on vegetation and the eco-system, in particular for the expanded areas south of the airport, including: the replanting of forest and grassland vegetation, the reconstruction of the heathland and the restoration and development of the ecological system.

## Other significant events

### Decision of the European Commission concerning declarations of State Aid awarded to SEA Handling

With decision of December 19, 2012, the European Commission judged that the share capital increases carried out by SEA in favour of its subsidiary SEA Handling in the 2002-2010 period for approx. Euro 360 million, plus interest, constituted impermissible State Aid. This executive and immediately applicable EU decision requires that the Italian State:

- takes steps to recover the aid, establishing in particular the obligation on Italy to provide to the Commission information concerning the measures already adopted and scheduled for implementation of the decision by February 20, 2013;
- guarantees implementation of the decision within four months from notification (and therefore by April 20, 2013, a deadline subsequently extended to June 5, 2013).

For an in-depth analysis of the development and current state of the dispute, reference should be made to the section of the explanatory notes of the SEA parent company financial statements "*Investments in subsidiaries and associated companies*".

### SEA Group debt restructuring operations

In 2012, SEA carried out a number of operations to strengthen the Group financial structure, partly through extending the average residual duration of debt. Specifically, a loan of Euro 102.5 million with maturity in March 2013 was renegotiated and a number of committed credit lines were negotiated (which at the end of 2012 amounted to Euro 112.5 million).

### Carbon Accreditation: confirmation of Neutral level

SEA confirmed its commitment to environmental protection, maintaining also for 2012 the Neutrality level certification for $CO_2$ emissions under the European Airport Carbon Accreditation initiative.

### "Development of the management control model" project

In May 2012 the SEA Group began an important project stemming from the need to develop a *Single and Integrated Control Model* for all company

Departments, enabling both the strategic operating management of the Businesses and a centralised Corporate Governance system, through introducing efficiencies to the company processes, the drawing up of appropriate reporting instruments and the development of the current IT systems, which better and in a timely manner supports the Governance Management activities.

# Outlook

The difficult international economy and the IATA estimates for the air transport sector for 2013 points towards another year impacted by significant volatility and uncertainty.
In this environment, the Eurozone - with particularly weak growth estimates – will see the restructuring of the air transport system through further network review processes by the major carriers and actions on operating costs, with possible significant impacts on traffic.
The SEA Group, conscious of the market difficulties, remains committed to the growth of the divergent business areas, through further efficiencies and the development of traffic, passenger and cargo capacity, targeting improved results for 2013, based also on the new tariff system and subject to no further significant changes and also the instability in many areas, including the Mediterranean basin and also the economic performance – in particular in Italy.

# Market and regulatory overview: development

## Economic overview

### 2012: the general economy
2012 was shaped by the poor economic performance, featuring financial instability in the advanced economies and a slowdown in the major emerging economies, with a further deterioration in the principal international economic indicators.
The International Monetary Fund reports global economic growth of 3.2% in 2012, further reducing on 2011 and 2010 (respectively +3.9% and +5.2%), with significant differences apparent between global regions.
In particular, the Eurozone saw an overall GDP contraction of 0.4% on 2011, impacted by the performance of the peripheral countries, including Italy and Spain (whose GDP contracted respectively by 2.1% and 1.4%) and the slowdown in countries which in previous years reported more sustained growth, such as Germany (+0.9%) and France (+0.2%).
Among the western economies, the USA and Japan report strong results (respectively +2.3% and +2.0%).
The emerging economies, in particular the BRIC area (Brazil, Russia, India and China), although reporting high growth rates, saw a significant slowdown: Chinese GDP grew 7.8% (compared to 9.3% in 2011), with India improving 4.5% (+7.9% in 2011), while Russia and Brazil report growth of 3.6% and 1.0% respectively (in 2011 +4.3% and +2.7%).

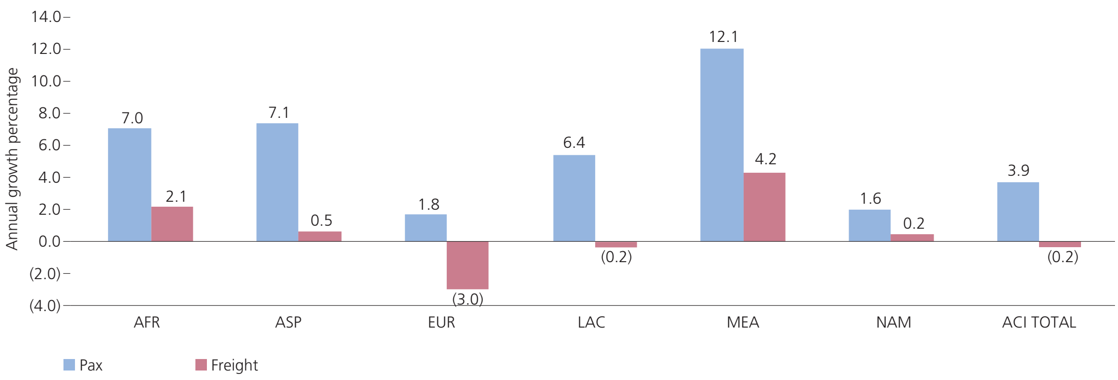
### 2013 Outlook
Continued uncertainties surrounding the international economic crisis, particularly in relation to Europe, led the International Monetary Fund in the World Economic Outlook of April 2013 to forecast economic growth in 2013 at 2012 levels.
Following an established trend for a number of years, 2013 will highlight a significant divergence in performances across the various geographical regions, and in some cases also between countries within the same region. In particular, the BRIC countries should see the first signs of recovery, with GDP growth expectations higher than 2012 (Brazil +3.0%, Russia +3.4%, India +5.7% and China +8.0%).
For the advanced economies, the strong performances of the USA and Japan are expected to continue (respectively forecast at +1.9% and +1.6%), while for the Eurozone a further contraction is expected (GDP -0.3%) amid divergent performances (Italy -1.5%, Spain -1.6%, France -0.1% and Germany +0.6%).

## Air transport and airports

### Global air transport performance and airline strategies
In 2012 global air traffic, despite the impact from the ongoing international economic crisis, reported passenger growth of 3.9%, while cargo transport, particularly exposed to the international crisis, reported a contraction of 0.2%. Again in 2012 significantly divergent performances were seen across the various regions.
The Middle East, thanks to the continued international expansion of the regions airlines, in

particular on the long-haul routes, reported in the year passenger growth of 12.1% and cargo growth of 4.2%; Asia and Latin America reported respectively increases of 7.1% and 6.4% for passengers and substantial stability in the cargo segment (respectively +0.5% and -0.2%). North America saw more contained passenger growth (+1.6%), partly due to the capacity reduction policies implemented by regional airlines, with cargo reporting levels in line with 2011 (+0.2%).

Traffic growth in 2012 by region




Source: ACI World (Pax Flash & Freight Flash)

In a difficult market, also in 2012 airlines focused on limiting the impact of the international economic crisis on traffic levels and consequently on profits. The major airlines, particularly in Europe (Lufthansa, IAG, Air France) continued to restructure routes, frequencies and offered capacity – processes introduced at the end of 2011. Further damage from the international crisis on air traffic and increased competition resulted in a number of airlines ceasing to trade (Spanair, Wind Jet), despite rescue attempts.

The reduced capacity offered by airlines, in particular by traditional airlines, which reduced activity on the less profitable short and medium range routes, opens up new growth possibilities for the low cost carriers, whose operating cost structure allows for greater operating flexibility.

## European airport traffic and airport management company strategies

In 2012 traffic managed by the major European airports confirmed the significantly diverging performances at global level of passenger and cargo traffic, in addition to the divergent impact from the international economic crisis on air traffic at country level.

In particular, against a general contraction in cargo traffic (Frankfurt -6.9%, Amsterdam -2.7%, Munich -4.9%, London Heathrow -1.2%, Vienna -10.9%, Madrid -8.7%, Athens -12.1%), passenger numbers varied greatly across airports, with growth for Frankfurt (+1.9%), Amsterdam (+2.6%), Munich (+1.6%), London Heathrow (+0.9%), Vienna (+5.0%) and Paris (+0.8%) and airports in countries with greater exposure to the Eurozone crisis significantly impacted, including Madrid (-9.0%) and Athens (-10.4%).

In Italy the terminals managed by SEA reported a contraction of 2.3% in passenger numbers and 7.6% for cargo, while the Rome airport system reported contractions respectively of 2.2% and 5.5%.

In 2012, despite the difficult financial market conditions, investors continued to show interest in the airport sector, in particular in Europe: in the second half of the year the Portuguese airports (ANA) were sold to the French group Vinci, involved also in the construction sector; the F2i – Fondi italiani per le infrastrutture fund, in addition to increasing its holding in SEA, acquired further shares in the Turin, Florence and Bologna airports. In addition, at the beginning of 2013 the Australian IFM (Industry Fund Management) acquired a holding of approx. 36% in the Manchester airport management company, which at the beginning at the year acquired also Stansted airport in London.

## Milan Malpensa and Milan Linate airport traffic

| | Movements | | | Passengers (1) | | | Cargo (tonnes) (2) | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2011 | % | 2012 | 2011 | % | 2012 | 2011 | % |
| Malpensa | 170,747 | 186,780 | -8.6 | 18,329,205 | 19,087,098 | -4.0 | 405,858 | 440,258 | -7.8 |
| Linate | 96,186 | 94,547 | 1.7 | 9,175,619 | 9,061,749 | 1.3 | 15,514 | 15,853 | -2.1 |
| **Airport system managed by SEA Group** | **266,933** | **281,327** | **-5.1** | **27,504,824** | **28,148,847** | **-2.3** | **421,372** | **456,111** | **-7.6** |

(1) Arriving + departing passengers
(2) Cargo in transit not included

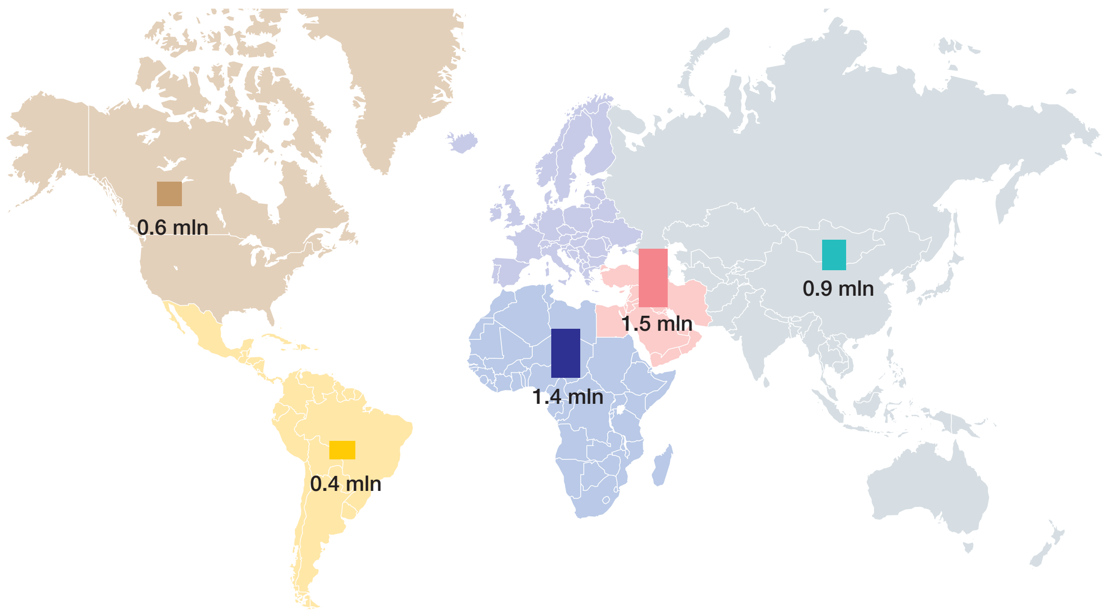
### Passenger traffic

In 2012 the airports managed by the SEA Group compared to the previous year reported a reduction of approx. 644 thousand passengers (-2.3%) and of over 14 thousand movements (-5.1%), reporting however significantly divergent performances between Malpensa airport – with passenger numbers decreasing 4.0% with a contraction of 8.6% in movements - and Linate which reported an increase of 1.3% in passengers and 1.7% in movements.

Traffic at the airports managed by the SEA Group was impacted by the poor performance on the Schengen routes (-4.9%), affected by the contraction in traffic served by the Lufthansa Group at Milan Malpensa, related principally to the stoppage of Lufthansa Italia, which in 2011 (January-October) transported over 1 million passengers, with more than 12 thousand movements. The passenger traffic performance on Schengen routes was partially offset by the non-Schengen routes with growth of 4.5%, supported by increased traffic on the non-EU European routes (+19.9%) and by inter-continental traffic (+4.2%). The largest increases in inter-continental traffic in 2012 was on the Middle Eastern (+14.0%) and the Far Eastern routes (+2.4%), driven by the respective economies, Africa (+3.1%), thanks to the return of flights to the Mediterranean areas (significantly impacted by geopolitical tensions in 2011) and North America (+4.7%), which benefitted from increased flights between Milan and the USA from the second half of 2011 and continuing in 2012, recovering traffic on the inter-continental routes impacted greatest in recent years following the decision of Alitalia to transfer flights to Fiumicino airport.

In 2012 the airports managed by the SEA Group reported a further increase in passenger traffic from and to the BRIC countries (Brazil, Russia, India and China), which represent over 40% of the global population and are linked to Milan with at least one flight daily. Passenger traffic with Milan on these routes increased by 10.9%.

2012 – Airports managed by SEA – Passenger traffic on inter-continental routes by region



## Cargo traffic

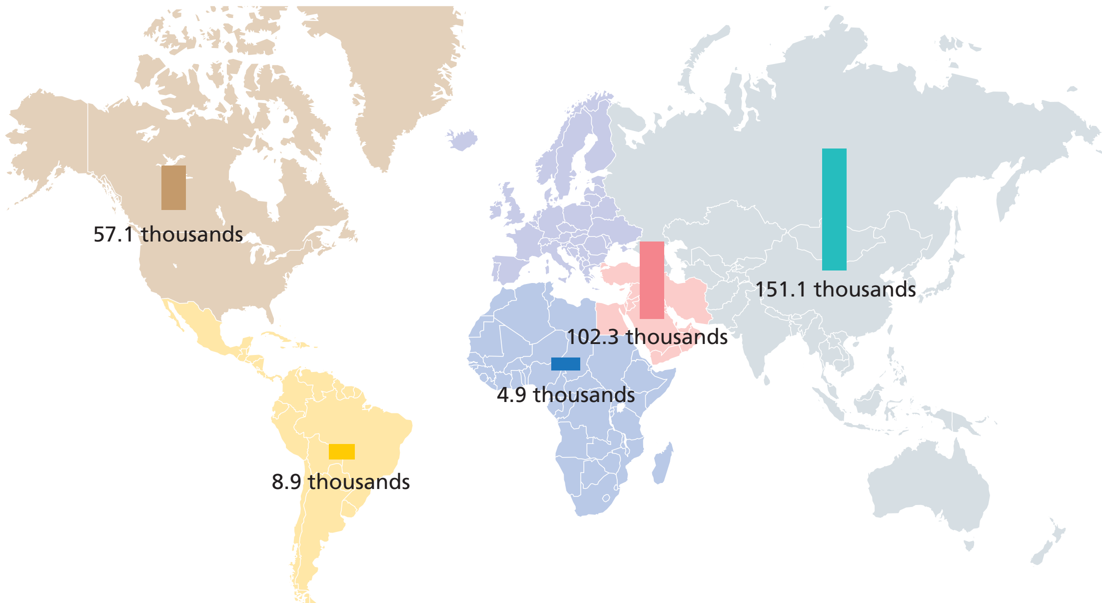
In 2012 cargo traffic managed by Milan Malpensa and Milan Linate dropped by approx. 35 thousand tonnes (-7.6%) following reduced global air cargo transport which disproportionately hit the European airports (with a higher exposure to the contraction in imports – in particular of high added value products). In this regard, the drop in internal demand also impacted the terminals managed by the SEA Group, with a contraction in imports managed, significantly impacting traffic, with considerable effects on the cargo segment which saw a reduction of 12.0% in cargo transported in the year.

The Milan Malpensa result (which with approx. 406 thousand tonnes represents over 96% of cargo traffic managed by the SEA Group) directly resulted from the stoppage of activities at the airport by a number of cargo airlines with increased exposure to the global trade crisis, in addition to the bankruptcy of Cargoitalia which in the previous year transported approx. 38 thousand tonnes of cargo.

Despite the slowdown, 2012 confirms the position of SEA and of Malpensa in particular as a hub for air cargo traffic in Italy: during the year the SEA Group managed approx. 50.5% of air cargo transported in Italy, with Milan Malpensa confirmed as the leading airport for cargo transport in Italy, well ahead of Fiumicino with nearly triple the amount of cargo transported.

The cargo traffic served by the SEA managed airports reports a significant variance between final destination areas. Cargo bound to the Middle East increased (+32.8%, +25.3 thousand additional tonnes), benefitting, at a global level, from a shift in cargo transported on routes to this area and an increase in cargo in the holds of passenger flights from Milan. The Far East and North America reported however a contraction (respectively -21.7% and -13.7%), due to reduced imports to the Eurozone and, specifically for the Far East, as a result of routing through the Middle East of part of global cargo sent to the Far East.

2012 – Airports managed by SEA – Cargo traffic on inter-continental routes by region



## Regulatory framework

### Airport and regulatory fees

In relation to the adoption of the Master Agreement which entered into force on September 23, 2012, IBAR (Italian Board Airline Representatives), ASSAERO, a number of airlines, cargo handlers and shipping agents appealed to the Lazio and Lombardy Regional Administrative Courts for dissolution of the ENAC-SEA Master Agreement. SEA will be a party to resisting this appeal in court.

A hearing date has not yet been fixed.

Five extraordinary appeal cases to the Head of State are pending before the Lazio Regional Administration Court requesting the above-stated dissolution, which have been referred to the jurisdiction of the courts, presented by customs operators, General Aviation and Cargo handlers, Nippon Cargo, Lufthansa and Swiss International. The hearing is fixed for 18.12.2013.

### Creation of the Authority for transport sector regulation

Legislative Decree 1/2012 incorporated the National Authority for Transport Sector Regulation, whose functions are to:

- guarantee equal and non-discriminatory access to infrastructure and networks
- establish criteria for the fixing of tariffs, fees and tolls
- establish the minimum quality conditions for transport services
- draw up the processes for the awarding of exclusive transport contracts.

The new Authority is not yet operational.

### Inclusion of the air sector in the European ETS (Emission Trading Scheme)

The strident protests by non-European airlines, supported by their governments, following the application from the beginning of 2012 of the ETS to the airline sector, which estimates additional costs for airlines of more than one billion Dollars for the first year of application, with the possibility of further increases for subsequent years, resulted in the European Union temporarily suspending the adoption of these measures for the air transport sector.

The European Union, airlines, ICAO and IATA are committed to drawing up together alternative solutions to the adoption of these measures, which will be presented to the ICAO Assembly of September 2013.

### Regulation for the transport of liquids on board aircraft.

Following the meetings between the European Union, the United States and sector operators, the definitive date for the re-admission of liquids on board aircraft was postponed, initially scheduled for April 2013, due to a delay in the development of the technology to identify liquid and gel-based explosives.

An agreement was in fact reached for the gradual withdrawal of this ban in the following phases:

- by January 2014: removal of the transport ban on medicines, baby foods and a number of liquids purchased at duty free shops and contained in sealed bags;
- probably by 2015 (following the positive outcome of that scheduled for January 2014), the withdrawal of the transport ban on transparent liquids contained in clear containers;
- probably by 2016 (following the positive outcome of that scheduled for 2015) of the total withdrawal of all bans.

This agreement was incorporated into a European Union Regulation (Regulation 246/2013 of March 19, 2013, which amends Regulation 185/2010).

### IRESA Comment – Financial Statements at 31.12.2012

On 17/12/2012, with provision No. 18 of the Regional Council of Lombardy, the Finance Law 2013 published in Lombardy Region Official Bulletin No. 51 of 18/12/2012 was approved, under which, based on that previously established by the existing Regional Law No. 10/2003 (which reorganised the Regional Legislative Provisions on tax matters), a number of adjustments were made to the enacting legislation of the Regional Tax on Aircraft Noise Emissions (the so-called "Noise Emission Tax"), applying this tax from January 1, 2013.

The tax is liable by aircraft service companies or in their absence the owner (the liable party) and is payable in accordance with law for every take-off and landing of aircraft at Lombardy airports according to a calculation based on the aircraft noise class and the maximum take-off weight (MTOW). The current regulatory structure provides that the taxes are paid, based on specific time lines, to the Airport Manager who forwards them to the Region according to the processes governed by the applicable Regulation (whose legislative approval process has not yet concluded).

# Aviation

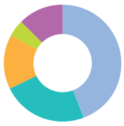
2012 Highlights

Entry into force of the Master Agreement

Malpensa: 240 new weekly flights

Signing of important new bilateral agreements and granting of a number of new provisional authorisations outside the bilateral agreements

2012 Consolidated Revenues Euro 720,956 thousands (*)



| | % |
|---|---|
| Aviation | 44.4 |
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| Handling | 14.9 |
| Energy | 4.9 |
| Revenues fm. application IFRIC12 | 12.3 |

(*) Total revenues, net of inter-company eliminations. SEA revenues are generated by the Aviation and Non-Aviation businesses

## Key Results

The Aviation business, comprising the "core" airport activities in support of passenger and cargo aviation in 2012 reported net revenues of Euro 320,441 thousand, growth of 10.3% on 2011.
The increase in airport fees following the entry into force of the Master Agreement from the end of September 2012 and the adjustment of fees to inflation in the period before the adoption of the Master Agreement contributed to this performance - factors which limited the impacts from the reduction in traffic.

## Master Agreement

From September 23, 2012, sixty days since the publication of the relative Presidential Decree in the Official Journal, the ENAC-SEA Master Agreement became effective and therefore from this date SEA applies the new airport tariffs.

The tariff structure of the regulatory fees established under the Master Agreement was drawn up in line with Government Committee for Economic Planning Resolution 38/2007, the relative Guidelines established by ENAC and with the Anti-crisis Decree of 2009, and more specifically, according to a price cap method under a Dual Till system.

In comparison to the Master Agreements signed by other Italian airports, the ENAC-SEA Agreement (as is the case for those signed by the management companies of the Rome and Venice airports) contains, in line with that permitted by Article 17, paragraph 34-bis of Legislative Decree 78/2009, converted into Law No. 102 of August 3, 2009, a number of exceptions, principally related to the Dual Till tariff system, the contract duration and the duration of the regulatory period until the conclusion of the Convention.

The tariff mechanism, as defined under the Master Agreement, was drawn up so as to guarantee to the airport management company the recovery, in relation to the regulated services, of the depreciation on investments and of the costs for the management and development of services (including also the fee for the use of state assets), in addition to a fair return on capital.

The fees paid for each regulated service are based on pre-set parameters, taking account of the infrastructure development activities carried out in the year by SEA and of the traffic estimates. For each airport service subject to tariffs, the ENAC-SEA Master Agreement fixes the initial tariff level and the progression of regulated fees, in addition to the standard levels provided to the user.

# Traffic developments

In 2012 the SEA Group continued to promote the development of passenger and cargo traffic, in particular at Malpensa, supporting the extension of routes and frequencies provided both by airlines already present and by new airlines – in particular on routes to and from high economic growth countries – interested in operating through European airports with a significant current and future capacity offer.
Specifically, at Milan Malpensa airport 5 new international airlines began operations: Monarch Airlines with 14 weekly flights to London, Manchester and Birmingham; Armavia with a weekly flight to Erevan; Wizzair with 17 weekly flights to Budapest, Bucharest and Debrecen; Transaero with 2 weekly flights to St. Petersburg and Moscow and Belle Air Europe with 3 weekly flights to Tirana and 2 to Pristina.
During the year, a number of airlines operating out of the airport increased flights, introducing 197 additional flights, 9 of which to 4 new destinations.
In particular, in relation to long-haul, we highlight the increase in weekly flights operated by Emirates with Dubai (with the introduction of a third daily flight from June), the doubling of Qatar Airways' daily flights with Doha, the consolidation of the daily flight of American Airlines with New York and the increased number of Air China daily flights with Shanghai. In addition we highlight the expansion of flights to Russia, with the third daily flight of Aeroflot and the increased flights with Rossiya and with St. Petersburg and of Alitalia with Moscow.
In relation to the Linate terminal, 2012 saw increases following the transfer of Air France flights for Paris and KLM flights for Amsterdam from Malpensa airport and decreases following the previously stated discontinuation of flights throughout Italy by Wind Jet and by reduced Alitalia flights.

## ViaMilano

In addition, in order to support traffic development, SEA throughout 2012 continued the development of the ViaMilano self-hub service, consolidating the service offered in terms of communication and distribution, the enrichment of the value proposition for passengers and the completion of operating procedures. The combined effect of these actions facilitated in the year over 200,000 ViaMilano transits and the management of more than 18,000 passengers in transit at the dedicated service desks at the two Malpensa Terminals.
More specifically, from a communications viewpoint, throughout the year commercial actions were taken to strengthen the brand awareness of the service, such as the restyling of the site (with the addition of the Expedia and Edreams search engines), the launch of two online and offline advertising campaigns, the exchange of visibility on partner airline websites (easyJet sent a newsletter dedicated to ViaMilano to approx. 1,900,000 users) and the launch of the Facebook page of ViaMilano (approx. 45,000 fans at December 2012), made possible thanks to the significant base of contacts built up through competitions organised together with Cathay Pacific Holidays and subsequently with the Malaysia Tourist Board and Cathay Pacific.
The introduction of new services (such as free insurance on the loss of a subsequent flight, the free Wi-Fi connection, the access to special rates at the VIP lounges), the improvement of passenger information through audio messages on board easyJet and Air Europa flights approaching Malpensa, on Bus Interpista, on the baggage reclaim monitors and the new airport signposts, together with the ongoing training of desk personnel, contributed to awareness promotion of the service, bringing tangible results with an increase in users on the previous year.
Throughout 2012 a focus was placed on the brokerage sector. In addition to a consistent presence across the region, participation at sector trade fairs and the organisation of a number of workshops in the principal cities of southern Italy, the inclusion of the ViaMilano search engine on the Amadeus sales platform (achieved in 2012) and on that of Travelport (previously carried out), enable today the distribution of ViaMilano to 85% of Italian agencies which use the GDS system for issuing airline tickets. Also in 2012 the preliminary verifications concerning the merger with Sabre continued, the third largest player globally in flight distribution (GDS), in order to achieve 100% coverage of the Travel Agencies in Italy.

## Chinese Friendly Airport Project

SEA considers the increase in Chinese passenger numbers as a significant business opportunity for its terminals and is aware that in order to fully develop this potential a series of coordinated targeted actions must be identified, planned and carried out.
Therefore in 2012 the **Chinese Friendly Airport Project** began, in order to develop commercial and institutional partnerships with Foundations and Institutional and Governmental Bodies. In addition, the foundations were laid for an analysis of the generation of current and potential passenger traffic from China and the channeling of passengers by the Chinese operators was analysed (airlines, tour operators and other tourism bodies), in addition to the passenger management services.
In December 2012 a SEA delegation engaged in meetings in China, supported by representatives of the Italy-China Foundation, with the leading Chinese tourism operators and representatives of Chinese "Civil Aviation", with the objective to establish an initial contact with the local tourist authorities and operators.

Within the project in 2013 the activities related to understanding the needs of Chinese passengers (principally arriving from China) will continue, a strong link with the Chinese community in Italy will be established and an action plan proposal will be drawn up to be undertaken during subsequent months, in addition to a time and cost schedule.

## Review of the bilateral agreements

In 2012 the SEA Group, within the strategies adopted to further develop traffic at the Milan airports, confirmed its commitment to the drawing up and review of a number of bilateral agreements which govern access to the non-EU international air transport market.
Specifically, during the year a new important bilateral agreement was signed with the Russian Federation, which accepted the community clause, with a consequent and significant increase in operable flights. Following this agreement, in June a major Russian airline (Transaero) introduced flights with Moscow and St. Petersburg, from September Aeroflot increased to three the daily flights between Milan and Moscow and from November Alitalia introduced 4 additional weekly flights with Moscow.
A number of important agreements were signed with Qatar (concerning an increase in flights and the legal basis of flights operated by Qatar Airways), with Ethiopia (concerning additional flights and fifth freedom traffic rights between Milan and Brussels) and with Cuba (for an increase in flights), with Mexico and with Algeria.
In addition, during the period ENAC granted provisional non bilateral agreement authorisations for additional flights with Milan Malpensa to Emirates and for the new flight with Armenia of Armavia.
The activities focused on facilitating the development of airline, passenger and cargo services which can benefit from fifth freedom traffic rights are considered a significant, distinctive and innovative feature of the SEA strategy in relation to the extension of traffic rights to foreign airlines. These rights permit airlines, typically operating from Asian airports, to operate with the American continent and in future most likely also with Africa.
The inclusion of these fifth freedom traffic rights within the Bilateral Agreements is now quite a common practice among the majority of European Union countries, which have signed comprehensive agreements concerning these rights with a wide range of non-EU states.
Highlighting the extent of work carried out in this regard, we cite the fifth freedom traffic rights awarded to Emirates, which from October 1, will launch a new daily passenger service on the Milan/New York route, originating from Dubai, in addition to the authorisation recently received by Qatar Airways for a new bi-weekly cargo flight on the Milan/Chicago route from Doha.

During the year, the Italian Government granted to Singapore Airlines and Emirates provisional non bilateral agreement authorisations to exercise fifth freedom rights on the Milan Malpensa/New York route and to operate direct flights on this route as an extension of the current links with Milan.

# Investments in the Aviation business

In 2012 the SEA Group continued its commitment to infrastructural development in support of the Group development plan.
In particular, at Milan Malpensa Airport the work on the extension of the terminal continued and the third satellite was completed (opened at the beginning of January 2013), which avails of an area of approx. 35 thousand sq./m and has a VIP lounge of approx. 1,500 sq./m and two gates from which passengers can directly and contemporaneously board Airbus A380 aircraft through two piers linked to the principal airport bridge and one to the higher bridge. On completion of the works in progress, Milan Malpensa 1 will have at its disposal 128 thousand sq./m of additional space, of which approx. 67 thousand dedicated to passengers and commercial activities.
During the year the works in advance of the preparatory stage of the extension of the Milan Malpensa Cargo terminal continued; in particular the activities relating to the urbanisation of this new area continued, with the objective to establish an adequate access system to the existing network of road links to Milan Malpensa airport. Within the work on the extension of the Milan Malpensa Cargo terminal the extension of the apron continued, which allows for the building of seven new stands.
In relation to flight infrastructure, in 2012 the upgrading of one of the runways at Milan Malpensa began, which will be completed in 2013. In addition, the works necessary for the implementation of the ASMGCS (Advanced Surface Movement Guidance and Control System) systems were completed, which will enable a clearer indication of paths to be followed by aircraft during the taxiing of aircraft, in addition to an improved use of lights on the taxiing runways, with a consequent reduction in the time in which lights are switched on, limiting therefore light pollution and resulting in energy savings.

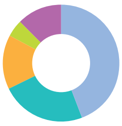
# Non Aviation

2012 Highlights

Improvement of the offer segmentation policies at three Terminals

Parking: new parking, segmented tariff policies and new sales channels

2012 Consolidated Revenues Euro 720,956 thousands (*)



| | % |
|---|---|
| Aviation | 44.4 |
| Non Aviation | 23.5 |
| Handling | 14.9 |
| Energy | 4.9 |
| Revenues fm. application IFRIC12 | 12.3 |

(*) Total revenues, net of inter-company eliminations. SEA revenues are generated by the Aviation and Non-Aviation businesses

# Key Results

The Non-Aviation segment which, both under direct management and under sub-licensing, offers a wide and segmented range of commercial services for passengers, operators and visitors, in 2012 reports net revenues of Euro 169,088 thousand, growth of 5.4% on 2011.
The increase in retail revenues contributed to this performance, supported by increased income in the shops following the introduction of a commercial offer strategy focused on the needs of the traffic served at each terminal, and from the Food & Beverage operations. Parking revenues also reported growth, +9.5% following the introduction of new commercial policies, including the direct management of parking at Milan Malpensa 1, more than offsetting the reduction in traffic at the airports managed by SEA. These factors more than offset the contraction in revenues in the advertising segment, in which challenging international market conditions persist.

# Commercial activity performance

## Shops

### Malpensa Terminal 1

Despite the recession and the contraction in consumption which impacted air traffic also in our airports, in 2012 Terminal 1 reported a strong commercial performance, driven particularly by the increase in non-Schengen passenger traffic.
This growth is driven in particular by the strong results across the luxury segments, both by the directly managed stores such as Bulgari, Gucci and Furla and in those managed by Dufrital such as Ferragamo, Etro and Zegna and by its main store.
The improvement and commercial segmentation also of the Schengen area continued, establishing an offer increasingly focused on the target passenger market, also in view of the completion of the common commercial area by 2014 which will see the unification of Schengen and non-Schengen passenger flows at Malpensa. This decision was taken in 2012 and is a significant shift from the commercial policy of previous years.

### Malpensa Terminal 2

The same commercial strategy was also undertaken at this terminal, with a search for brands increasingly in harmony with the target market: in fact during the year Dixons Travel, H2O, Swatch, Silvian Heach and L'Erbolario opened.

### Linate

In 2012 the strong commercial performance of the terminal continued, supported also by strong traffic numbers, with a slight slowdown in the final part of the year.
The retail offer was further improved following the upgrading of the Gates A01-A08 area undertaken last year, with the completion of two new commercial units allocated to Piquadro and L'Erbolario, which opened in March.
Harmon&Blaine and Hour Passion, a Swatch Group shop, also opened in this area in May.

## Parking

In 2012 both the B2B and B2C marketing activities continued, improving the commercial offer for a range of user categories. In particular a series of initiatives were introduced, including segmented tariff policies (by terminal and duration of stay), the adoption of promotions related to particular events (vacation and holiday rates) and/or booking and purchase times (advance purchasing rates) and the development of online and offline sales channels.

During the year the commercial agreement which redefines the relationship between SEA and APCOA for the management of car parking at Milan Malpensa 1 became operative, changing from “lease” management to a “management contract”. This contract establishes that SEA controls the commercial and promotional aspects of parking, aligning it with the marketing strategies proposed for the rest of the customer base, awarding to the partner the operating management.
In 2012 the new parking at the Milan Malpensa 2 airport became operational (for further information see Non-Aviation – Investments), while the parking spaces available at Milan Linate were impacted by the beginning of works for the creation of the M4 Metro line.

### Cargo spaces
In view of the partnerships with the operators present at the terminals managed by the SEA Group and confirming the importance of the courier airlines for the cargo segment, in 2012 the contracts with FedEx for the use of spaces at Milan Malpensa were renewed, until the opening of the new spaces at Milan Malpensa Cargo (for further information see Aviation – Investments), scheduled for 2014, as was that with TNT at Milan Linate for the coming five-year period.

### Advertising
2012 featured a significant drop in advertising spend across all media. Revenues from advertising at our terminals dropped by approx. 8 percent – significantly lower than the external market performance which to October contracted 11.6% on the previous year (source: Nielsen).
Specifically, Linate and Malpensa Terminal 1 benefitted from the solidity of annual expenditure by the finance, fashion and hi-tech sectors.
Telecommunication sector spending reduced significantly, historically a big advertising spender. Economic uncertainty squeezed short-term investment, which saw a slight recovery only in the final two months of 2012.
Malpensa Terminal 2 however, strongly countering the market, reported an increase in revenues on the previous year of 35%. This strong result was achieved through a commercial policy which included an integrated Malpensa Terminal 1 and 2 media plan.

### Sheraton
Sheraton performed strongly in 2012 at Malpensa Terminal 1, with revenue growth of 27% on the previous year and average room occupancy of approx. 76%. The hotel performed particularly well in business promotional activities such as for example trade fairs, shows and conventions.

## Investments in the Non Aviation business

In 2012 the SEA Group continued its commitments to the infrastructural development to support the Group strategic development plan. In particular, at Milan Malpensa 1 the work on the extension of the terminal continued, which will provide an extended area dedicated to passengers and commercial activities, comprising approx. 128 thousand additional sq./m, of which 35 thousand available from the beginning of 2013 (for further information see Aviation – Investments in the Aviation business) and the restyling of a number of catering spaces continued.

In addition, in 2012 the parking area dedicated to passengers at Milan Malpensa 2 was improved with new uncovered parking, approx. 300 metres from the terminal, which is connected by a shuttle service, enabling the reaching also of Milan Malpensa 1. This new parking zone features highly competitive rates, in line with the needs of low cost carrier customers.
At Milan Linate the works for the creation of the new P2 Rider parking were completed, located beside the airport departures area and allocated to motorcycle parking.

# Handling

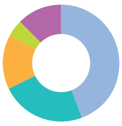
2012 Highlights

Growth of passengers served: + 15.4%

Reduction of movements served: - 3.5%

Decrease of cargo served: - 13.7% tonnes

2012 Consolidated Revenues Euro 720,956 thousand (*)



| | % |
|---|---|
| Aviation | 44.4 |
| Non Aviation | 23.5 |
| Handling | 14.9 |
| Energy | 4.9 |
| Revenues fm. application IFRIC12 | 12.3 |

(*) Total revenues, net of inter-company eliminations.

2012 Traffic

| | Airport system | | | Milan Malpensa | | | Milan Linate | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2011 | Cge. % | 2012 | 2011 | Cge. % | 2012 | 2011 | Cge. % |
| **Passengers served** | **19,415,140** | **16,817,003** | **15.4%** | **13,761,278** | **12,148,359** | **13.3%** | **5,653,862** | **4,668,644** | **21.1%** |
| Passenger area market share | 70.6% | 59.7% | | 75.1% | 63.6% | | 61.6% | 51.5% | |
| **Movements served** | **204,093** | **211,417** | **-3.5%** | **124,499** | **136,708** | **-8.9%** | **79,594** | **74,709** | **6.5%** |
| Ramp area market share | 76.5% | 75.1% | | 72.9% | 73.2% | | 82.8% | 79.0% | |
| **Cargo served (tonnes)** | **343,124** | **397,772** | **-13.7%** | **328,477** | **382,667** | **-14.2%** | **14,647** | **15,105** | **-3.0%** |
| Cargo area market share | 81.4% | 87.2% | | 80.9% | 86.9% | | 94.4% | 95.3% | |

# Key Results

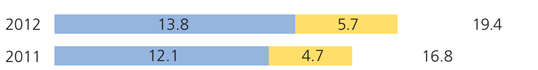
The Handling segment, which provides land-side assistance services to aircraft, passengers, luggage, cargo and mail, in 2012 reported net revenues of Euro 107,372 thousand (-4.4% on 2011).
This performance was impacted by the contraction in ordinary handling revenues, which was affected by the 3.5% reduction in movements served, related to the stoppage of activities by a number of passenger and cargo airlines, which was offset by the renewal of a number of contracts at more favourable conditions and the acquisition of new clients, in particular in the passengers' area.

# Handling performance

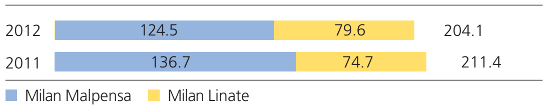
In 2012 SEA Handling managed the ramp, passenger and cargo handling amid a difficult market, with high levels of competition, significant price pressures and increasingly challenging demands from airlines.
The areas of activity reported the following performances:

- the passenger's area saw an increase of approx 2.6 million units (+15.4%), as a result of a number of factors: the acquisition of new clients both from airlines beginning operations from the Milan terminals in 2012 and those previously served by other handlers; the increase in traffic of a number of major clients of SEA Handling; the recovery in Mediterranean Africa traffic, significantly curtailed in 2011.
  In the ramp segment these factors limited the contraction in movements served to 7,300, against the discontinuation of activities by Lufthansa Italia (which until the winter season 2011 carried out over 12,000 movements) and of a number of other airlines, in particular in the cargo segment;

Passengers Handling: passengers served (millions of passengers)




Ramp Handling: movements served (thousand of movements)




- in the cargo segment, whose activities are concentrated at Malpensa Airport where the company provides cargo unloading and loading services to nearly all of the cargo airlines at the terminal, a contraction of approx 55 thousand tonnes of cargo served was reported (-13.7%). This result was impacted, in addition to the effects on traffic from the international economic crisis, also by the bankruptcy of Cargoitalia, which in 2011 transported approx 38,000 tonnes of cargo, and the discontinuation of operations of a number of Far Eastern Cargo Airlines, following the significant contraction of the European import segment which resulted in the European routes for a number of airlines becoming unsustainable.

Goods Handling: tonnes of cargo served (thousands of tonnes)


## Investments in the Handling Business

In 2012, investments in the handling segment amounted to Euro 1.8 million, principally concerning the purchase of new equipment for the provision of handling services within the three business segments.

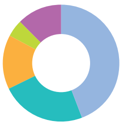
# Energy

2012 Highlights

31.2% increase in Energy sold to third parties through bilateral contracts, in part thanks to the acquisition of new clients

Agreement with Gesac S.p.A. signed for the supply of electricity to Naples Airport for 2013

2012 Consolidated Revenues Euro 720,956 thousand (*)



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(*) Total revenues net of intergroup eliminations.

# Key Results

The Energy business, involved in the production and sale of electric and thermal energy, in 2012 reported net revenues of Euro 35,393 thousand, growth of 8.3% on 2011.
Revenues from the sale of electricity increased by 4.6% (following price increases, related to the price of methane which more than offset the reduction in quantity sold) and thermal energy revenues increased 19.3% (following particularly harsh climatic conditions in the initial months of 2012 with a consequent greater need for heating), supported by higher quantities sold and price increases.

# Production and sale of Energy

## Electricity

In 2012, the sale of electricity contracted on 2011 by 12.9% (-65.4 million kWh) to 443.3 million kWh, of which approx 40% serving the needs of the terminals managed by the SEA Group.
This reduction is related to the drop in quantities of electricity sold to third parties through Borsa Elettrica, which was partly offset by the strong performance of other sales channels (+31.2%), in particular through bilateral contracts, including those with the Rome Airports (for 2012 supply) and with Bergamo Airport (renewed also for 2013). At the end of 2012 an electricity supply contract was signed with Naples Airport for the year 2013.

## Thermal Energy

In 2012, the production of thermal energy increased by 2.2% (+7.1 million kWh) compared to 2011 to 332.7 million kWh, of which over 85% serving the needs of Milan Malpensa and Milan Linate airports.
This increased production was supported by increased thermal energy demand following the harsh climatic conditions in the first months of 2012, resulting in increased heating needs. The increase supported also the growth in thermal energy sold for district heating for the Milan Santa Giulia area, produced by the Milan Linate station.

## Green Certificates

Also in 2012, SEA Energy, in the production of thermal cogenerated energy for district heating in the Santa Giulia area and for the Linate Terminal confirmed the requirements necessary for the awarding of green certificates, which were subject to regulatory changes in the year: from 2013 the excess production will no longer be sold on the market but purchased directly by the Energy Service Operator.

## $CO_2$ Emissions and White Certificates

For 2012, the overall production of $CO_2$ by the Company amounted to 219,991 tonnes, of which 163,373 tonnes generated by the Malpensa station and 56,618 tonnes produced by the Linate plant.
SEA Energia had available in 2012, on its behalf, 226,878 tonnes of $CO_2$; therefore an available surplus of 6,887 is available to be used for production in 2013.
In addition, from the beginning of 2013 and concerning 2012 production through the Milan Malpensa Station, in line with Ministerial Decree 5/9/2001 and subsequent amendments, White Certificates may be requested for the economic support of high yield co-generative units.

# Investments in the Energy Business

In 2012, the SEA Group invested Euro 1.5 million in the energy production business, principally related to the installation and start-up of a new no-plume evaporation tower and the installation of an IT system to optimise the production processes at the Malpensa station.

# Corporate Social Responsibility

# The SEA Group Sustainable Development Policy

## Strategy

The SEA Group strategy in relation to sustainable development and the effective management of stakeholder relations is based on the sustainable creation of value principles, considered from a number of fronts (economic, environmental, social) with a view to strengthening synergies between the three components.
The SEA Group therefore draws up its strategies in such a manner that the resources, actions and instruments deployed in the social and environmental areas are in the form of investments, which can therefore support the proper management of company risk and the growth of the Group.
In 2012, the drawing up of the "Sustainability Vision" of SEA began, which will establish an agenda of strategic objectives, policies, instruments and resources through which the business objectives will be linked with sustainability issues. The objective is to establish the "tangibility" of the SEA sustainability policies, with an indication of the remit of action which, in satisfying the expectations of key stakeholders, promotes the competitive strategies of SEA.
The construction process of the "Sustainability Vision" in 2012 was supported by:

- interviews with senior management on sustainability and the potential impact on SEA business;
- focus groups and web discussions with middle managers, white-collar and blue-collar employees;
- workshops with management dedicated to benchmarking analysis in relation to sustainability experiences carried out in international airports;

The project continued in 2013 and will conclude in the year, with actions focused on involving stakeholders.

## Governance

The Corporate Social Responsibility department was created at SEA in 2011, in order to introduce and consolidate an increasingly integrated management of relations with stakeholders in the business options. Projects and initiatives are shared on an ongoing basis with top management through the Sustainability Committee, which handles the conceptual and decision-making governance in relation to sustainable development. The Sustainability Committee, chaired by the Chairman and Chief Executive Officer and meeting at least quarterly, is attended also by the Chief Corporate Officer, the Chief Operating Officer & Deputy CEO, the Chief Financial Officer and the heads of the departments involved most in the sustainable development process.
In 2012, the Sustainability Committee held five meetings.

# The "social" dimension

SEA has undertaken a specific policy in relation to "corporate citizenship", through which it defines its social investment strategies according to the criteria of cohesiveness, efficacy, impact measurability and compliance with the corporate business profile.
Based on these considerations, the Group during the year began or continued the following activities:

- implementation of the international cooperation initiatives in Kenya and Malawi through the NGO's CESVI and COOPI, respectively dedicated to the eradication of child labour and access to renewable energy in rural areas;
- continuation of the "English takes off from MXP project", which involves the early learning of the English language to all students at primary schools in the region surrounding the airport, establishing a high standard of linguistic skills in school students to establish in the long-term favourable conditions for career development of future citizens, providing them with a high level of English language knowledge. The project was implemented in the school year 2011/2012 and is also planned for school year 2013/2014. Overall, in the three-year period annual schooling for approx 2,600 students will be carried out and training activity for 36 state students will be involved, with an individual duration of 300 course hours;
- launching of a "Study of the social-economic impact of the Malpensa Airport on the region". The study, carried out by a research group coordinated by the LIUC University and involving the Social Research Institute of Milan, analysed the affect, both of a statistical (therefore related to the presence, the role, the performance and the size of the airport), and of a developmental nature (therefore related to the cycles and the trends which airport's activities have imposed, and will impose on the region). Between them analysis of the direct, indirect, implied and deduced were combined and integrated in order to understand which socio-economic effects the airport

is directly responsible for on the business environment, the labour market, the specialisation model, the competitivety and attractiveness of the region and on the propensity towards innovation, on the tax contribution to the Local Public Administration, on training courses and on all significant economic issues.

The stakeholder relations policies adopted by the Group consider in addition, in an increasingly extended manner, the introduction of listening tools through which the Company can collate opinions, perceptions and evaluations in relation to their image, positioning and the satisfaction of services provided.
The following activities were carried out in this regard:

- “Stakeholder survey” carried out on a representative sample of Company’s stakeholders, broken down by category, in order to establish the perception of stakeholders in relation to the quality of their relationship with SEA, the evaluation of management and the actions of SEA which have directly impacted them.
- “Multi-Stakeholder Workshop”, a day of meetings with the most representative stakeholders on projects and significant strategic issues to allow the Company to generate value for and with its stakeholders. The first edition was carried out in 2012: 60 participants, 8 categories of stakeholders representated, 6 roundtables, 120 suggestions and proposals drawn up.
- “PXM (Projects for Malpensa)”, call for Ideas launched in collaboration with the Accenture Foundation to stimulate corporate social ideas in relation to the Malpensa Airport which can produce significant social effects. 79 ideas were received from 13 non-profit organisations, 37 individuals and 19 informal teams.
- “SEA Special Project Day”, annual meeting established to share with the community the results of the partnerships with the non-profit world, through direct recollections from operators which have worked “on field”.
- Creation in 2012 of an extensive informational area dedicated to sustainability within the corporate website, including the Sustainability Report which may be navigated, outlines of the principle projects in course and sections dedicated to the most significant case histories, with multimedia support materials.

# The “environmental” dimension

The SEA Group is committed to continually provide quality services in respect and protection of the environment. The SEA environmental policy is inspired by the following principles:

- extensive compliance with regulatory requirements;
- an ongoing commitment to improving the environmental performance;
- education and involvement of all actors involved in the airport system for a commitment towards respecting and protecting our common environmental heritage;
- continuous monitoring and checking of areas which concern interaction with the ecosystem;
- a highly developed system of listening and communication with a wide range of external actors to ensure transparency and sharing;
- identification of sources and controls of $CO_2$ emissions produced, in order to reduce greenhouse gas emissions in line with the Kyoto Protocol.

Under this policy the SEA Group since 2004 has implemented an Environmental Management System which in 2006 achieved the ISO 14001 Certification, which was reconfirmed in 2009 and in 2012 for the subsequent three-year period.
The procedures and operating instructions involved in this system allow an effective management and monitoring of the environmental processes, in addition to the identification of areas for improvement within SEA Group activities.
The website in the section dedicated to environmental sustainability (www.seamilano.eu) makes available a wide range of detailed information and with a view to further increasing mutual communication and greater transparency provides for the sending of specific requests for more detailed information.

With a view to a constant and close monitoring of the environmental impact of its activities, the SEA Group works together with a number of external bodies with environmental and regional responsibilities.
The range of environmental aspects managed is particularly extensive: water, air, electromagnetic fields, climate change, energy, waste and noise.

With a view to development and improvement in relation to effective energy production and management, as far back as 1992, the Energy Management System has been in place which will be ISO5001 Certified in 2013.

## Climate change, air protection and energy consumption

The efforts made by all sectors towards $CO_2$ emission reduction was favourably endorsed by the EEA (European Environment Agency, the European Agency which provides independent environmental data); the latest data highlights a significant reduction in the total quantity of emissions (more than 18%) compared to the base year (1990). The portion attributable to the aviation sector continues to be minimal (less than 2%) of global $CO_2$ emissions. The SEA Group has maintained over the last 4 years a strong commitment to the reduction of these emissions both directly and through contributing to initiatives carried out by other parties which operate in close contact with the airport market (ENAV-National Flight Assistance Body primarily, with the Flight Efficiency Plan (FEP), a long-term intervention plan which, through optimising the ATM network structure allows a reduction in flight times, carbon consumption and emissions of carbon dioxide by aircrafts).

## Airport Carbon Accreditation and Carbon Neutrality of the Milan Airports

The SEA Group in relation to $CO_2$ emissions has acted effectively in reducing emissions and in particular those from activities under its direct control or in which significant influence is exercised (scope 1 and 2). The objective (reached) is to maintain both for Milan Linate Airport and for Milan Malpensa Level 3+ Neutrality, achieved for the first time in 2010 and confirmed also in 2011 and 2012 within the Airport Carbon Accreditation initiative promoted by ACI Europe.

2011-2012
CERTIFICATE
of ACCREDITATION

airport carbon accredited NEUTRALITY

This is to certify that **Airport Carbon Accreditation**, under the administration of WSP Environment & Energy Ltd, confirms that the carbon management processes at

**MILAN LINATE AIRPORT**
**implemented by SEA Aeroporti di Milano**

have earned the accreditation level of **NEUTRALITY**, in recognition of their exceptional work in managing, reducing and neutralising all of their own $CO_2$ emissions on the airport site, as part of the European airport industry’s response to the challenge of Climate Change.

airport carbon accreditation
MAPPING | REDUCTION | OPTIMISATION | NEUTRALITY
www.airportcarbonaccreditation.org

Olivier Jankovec
*Director General*
*ACI EUROPE*

Terry A’Hearn
*Global Director*
*WSP Environment & Energy*

2011-2012
CERTIFICATE
of ACCREDITATION

airport carbon accredited NEUTRALITY

This is to certify that **Airport Carbon Accreditation**, under the administration of WSP Environment & Energy Ltd, confirms that the carbon management processes at

**MILAN MALPENSA AIRPORT**
**implemented by SEA Aeroporti di Milano**

have earned the accreditation level of **NEUTRALITY**, in recognition of their exceptional work in managing, reducing and neutralising all of their own $CO_2$ emissions on the airport site, as part of the European airport industry’s response to the challenge of Climate Change.

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*Global Director*
*WSP Environment & Energy*

This result places SEA at the summit of European airport management companies. Airport Carbon Accreditation involves the voluntary commitment of airports and the introduction of a series of actions for the reduction of $CO_2$ emissions. The overall carbon dioxide emissions are calculated considering both the direct activities of the airport manager (heat stations for heating and air conditioning, airport energy consumption, operating machinery necessary for airport activity, employee commuting), in addition to third party activities which may be affected or controlled by the airport management company. These latter regard in particular:

- the LTO (Landing Take Off) cycle of aircraft;
- the emissions of machinery necessary for ground assistance activities;
- limiting the emissions related to vehicle traffic from/to the airport.

To achieve neutrality carbon credits are acquired relating to the quantity of emissions from the activities in which SEA, as a consequence of its management and control profile, can exercise a direct influence.

In the 2006-2012 period, also thanks to the policies adopted by the SEA Group, a continuous and significant reduction in $CO_2$ emissions was achieved, with reductions of 26.4% at Linate and 49.1% at Malpensa.

## Air quality

In order to ensure high air quality standards, the SEA Group monitors the pollution data at both airports and produces monthly reports based on the daily recordings carried out by ARPA Lombardy through a number of control stations in the region. For the Malpensa area, the data from the 3 control stations in the immediate vicinity of the airport are collated (Ferno, Lonate Pozzolo, Somma Lombardo) and from the other control stations located in urban areas (Busto Arsizio, Gallarate, Varese), and also for Linate Airport the data of the control stations collected in the immediate vicinity are considered (Limito-Pioltello and Milan-Parco Lambro), in addition to other control stations in urban areas (Milan-Città Studi, Milan-Marche, Monza, Vimercate).

## Production and consumption of energy

The principle energy sources used by the Group for airport activities are electric energy and thermal energy: the Milan Malpensa and Milan Linate Airports are supplied by two co-generation stations owned by the subsidiary SEA Energia. Both plants use natural gas as the principal fuel, reducing to a minimum sulphur dioxide, dust and carbon dioxide emissions and volatile organic components. At like-for-like energy used in fact, carbon dioxide produced by natural gas is reduced by 25-30% compared to that produced by oil and 40-50% lower than coal. Nitrogen dioxide emissions are also lower than those produced by coal and combustible liquids.

## Energy Saving Strategies

In relation to energy saving, the SEA Group from 2010 introduced an energy saving policy which enabled a reduction in energy consumption and control of its efficiency, despite the infrastructure extensions in the two airports over recent years, without impacting the service level.
These actions principally relate to the optimisation of cycles and operating parameters of the air conditioning systems and the management of internal and external lighting, also through turning off lights at night on unused runways for anti-noise or maintenance activities.
A further education campaign was introduced in relation to energy saving and environmental protection for all airport personnel.

## Waste management

In 2012, the SEA Group confirmed its commitment to separated collection of waste produced at the Milan Malpensa and Milan Linate airports.
At the end of 2012, the level of segregation achieved at the airports managed by the SEA Group increased on 2011. In particular, segregated collection of waste amounted to 43% at Linate (33.7% in 2011) and 34.5% at Malpensa (32.5% in 2011).

## Water

In the industrialised countries, policies focused on reducing the water footprint are being extensively developed in line with the needs for an overall and effective quality and quantity management of water, which is at the centre of the protection and undertaking of sustainable development criteria.
The water drawn from wells at the airport sites of Malpensa and Linate are distributed for consumption through internal aqueducts. The chemical/physical and quantitative control, in addition to the process rationalisation activities, ensure a high level of attention for this important common resource.
In line with the regulations in force, the SEA Group prepared, together with the Environmental Health Board and the Public Health Board, a water quality monitoring plan in order to guarantee the quality and to avoid any contamination through constant control of the overall cycle from the drawing from wells to the distribution on the network and the final return of sewage to the environment. The controls carried out in 2012, in line with the previous years, confirmed the good quality of water distributed at

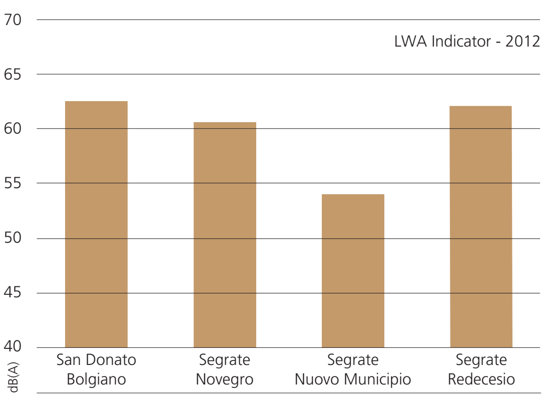
both airports, highlighting levels well within the pre-fixed Regulatory Standards.
In relation to the disposal of sewage, both terminals managed by the SEA Group are fitted with a sewage system linked to the purification plant of San Antonio, for Milan Malpensa, and at Peschiera Borromeo for Milan Linate. In relation to rain water, at both airports this is treated with oil-water separation plant (oil extraction) before disposal.

## Noise

The aircraft noise monitoring activities at the Milan Malpensa and Milan Linate Airports, begun in 2001, is monitored with a recording system composed of 23 fixed stations (17 at Malpensa and 6 at Linate) and 5 mobile stations (utilised for specific measuring campaigns). These activities are unique at a national and international level. The SEA Group, within the monitoring of noise impact activities and in support of the protection of the surrounding areas, operates in partnership and under the strict control of the Regional Environmental Protection Agency (ARPA).
The noise data recorded by the monitoring units of the networks is analysed with the aid of a sophisticated IT system; ensuring a close correlation with the radar traces of individual flights, provided by ENAV, achieving in this manner a precise distinction between aircraft noise emissions and overall noise emissions.
A section entirely dedicated to airport noise is provided on the SEA website, with detailed information concerning the noise data index and the operations at both airports.

In relation to the noise zoning plan at Milan Malpensa, after the drawing up of the plan for Linate in 2009, it is highlighted that due to the formal requirements put in place by the municipalities surrounding the airports the plan has not been fully completed.
In 2011 the Malpensa Airport Commission approved the introduction of "offsetting criteria" to rebalance the misalignment concerning usage percentages of runways and of routes, prudently applied through ENAC in 2012.

Milan Linate - Noise monitoring




A new take-off route to the east is currently being evaluated, in order to further minimise impacts on the area surrounding the terminal. In accordance with Legislative Decree 194/05, in June 2012 SEA prepared comprehensive noise mapping for its two airports of Linate and Malpensa.

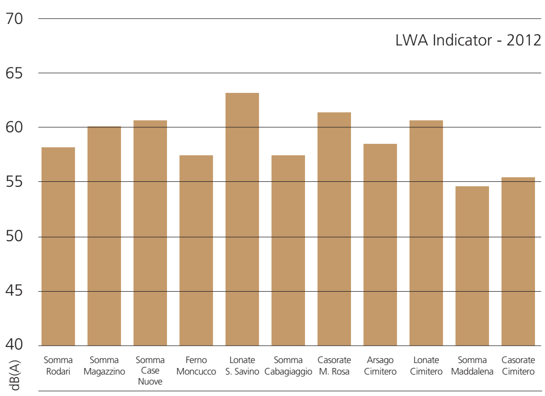
## International partnerships

The SEA Group has always considered the maintenance of strong relationships at international level as fundamental.
The Group therefore is involved in the Environmental Strategy Committee and in the Technical and Operational Safety Committee of ACI Europe and has gradually increased also its joint European project activities with leading airport operators, regional bodies, universities and research centres.
At the end of 2012 the SEA Group was involved in two projects targeting energy efficiency: CASCADE (ICT for Energy Efficient Airports, with a focus on Malpensa airport) and S4EeB (ICT for Energy-efficient Buildings and Spaces of Public Use, with a focus on Linate airport), both for the purposes of analysis and implementation of an improved return on micro-control actions of internal environmental conditions in the terminals and energy saving results.
In 2012 the SEA Group laid the basis for new projects on:

- the efficient use of water resources in the airport and in the surrounding area, in addition to the adoption of a advanced system to support airport and regional decision makers for the optimisation of the Water Footprint and the minimisation of risks related to the outflow, distribution and use of water at airport sites;
- the reduction of atmospheric pollution from cargo transport "on the road", considering movements and processes involving both airport operators and the surrounding areas.

The SEA Group is also involved in the ADDPRIV (Automatic Data relevancy Discrimination for a Privacy - sensitive Video surveillance) research project on the challenges which come with the use of video

Milan Malpensa - Noise monitoring



surveillance, both in relation to an effective automation of security management and also the related privacy implications. ADDPRIV has focused on Milan Linate Airport as a test area.

## For sustainable connectivity

For the SEA Group, mobility from and to the Milan Malpensa and Milan Linate airports is a significant issue not just for the impact on the quality of services, but also for the implications on transport-related emissions.

Therefore the SEA Group is exploring the development of new approaches to vehicle usage (carpooling and car sharing initiatives) and the use of vehicles equipped with electric motors which can be directly recharged.

In order to reduce emissions, initiatives have also been put in place to incentivise the use of public transport by employees, within a regional process in which the connectivity from/to Malpensa and Linate is undergoing further improvement, both with regard to road transport and the rail network.

In relation to the commuter system, some of the actions and projects undertaken in 2011 and 2012 are outlined below, with a view also to significantly reduce the environmental impact of journeys:

- executive design, together with Trenord, of the Terminal 1 – Terminal 2 rail extension at Malpensa through EU co-financing;
- improvement of High Speed rail connections from/to Milan Malpensa, with the introduction of a direct link with Rogoredo, an interconnecting station with the Milan Metro;
- consolidation of the Malpensa Express daily link to 130 daily journeys following the journeys added in the previous year;
- feasibility study on the introduction to the Milan Malpensa airport, following the approval of the three-year transport Plan, of a public transport system for the Municipalities neighbouring the airport;
- beginning of preliminary works for the creation of the Metro 4 line at Linate airport, scheduled for 2014.

# Quality of services and airport safety

# Customer Care

## Quality Perception

The SEA Group, always keenly aware of the opinion of its users – passengers, accompanying persons, visitors and employees – continued in 2012 to implement a monitoring and improvement policy of the quality level of services offered to the various parties which interact with the SEA Group. In particular, this year the improvement of the Passenger Experience is assuming across the airport industry an increasingly significant role, in that Quality Perception, which is the principal measurement, is recognised as an essential element to support business profitability levels.

Although difficult to define, the existence of a link between aviation or non-aviation revenues and passenger satisfaction, measured in terms of perceived quality, is a concept shared by the major airport management companies. A passenger satisfied with their Passenger Experience is more likely to purchase that on offer at the airport, such as airport services and commercial offers. With other conditions remaining equal, an airport appreciated by its users encourages airlines to further develop their traffic.

It is therefore increasingly advantageous to study passenger expectations in a scientific manner, exploring all such aspects (residential, social and cultural aspects, comparable airports, etc.) which make up the criteria by which those who use the airport form their judgment.

The SEA Group has introduced, looking to European best practice, an approach which identifies and intervenes on the more crucial aspects in terms of passenger expectations.
The surveys carried out in 2012 by a leading market research institute, relating to user perception of services provided at the Milan Malpensa and Milan Linate airports highlight a stable performance and the general satisfaction of passengers at Milan Malpensa airport and an improvement for Milan Linate, thanks also to the gradual restyling of a number of terminal areas.

It is interesting to note that for a number of aspects where targeted actions have been completed (for example the renovation of restrooms, the installation of new panoramic elevators at Terminal 1, the construction of new parking areas at Linate with the introduction of a new innovative e-commerce commercial policy, the upgrading of the security processes such as the introduction of priority lanes for business customers or families, the continued restructuring of the non-aviation commercial offer) the opinion of the passenger both in overall terms and in relative terms has improved, with our airports moving up in the international classifications of the Airport Council International. Our airports have therefore undertaken a path which will lead to an improved opinion of passengers at a European level and will set us apart from airports such as Rome, Paris, Frankfurt and Vienna, which historically have not enjoyed a positive opinion of users.

Although the initial results have been positive, the full effects of the initiatives introduced in 2012 will become more apparent throughout 2013, enabling a consolidation and further focusing of this approach.

## Quality Provided

The positive results on the perception of services offered were achieved also thanks to the consolidated results which the SEA Group achieves in terms of the quality of airport services provided; also this year the results have exceeded the pre-set objectives established in the service charter. The high level of punctuality recognised by all users of our airports is seen also in the principal indices which in 2012 measured the services at the terminals managed by the SEA Group. In particular:

- at Milan Malpensa, in 2012 approx. 85% of flights left on time, supported also by the capacity of the SEA Group to recover arrival delays. In addition, the actions taken together with handlers operating in the terminals have enabled not just the containment of arriving luggage delivery times within the objectives of the Service Charter (first bag delivered within 27 minutes for at least 90% of flights), but also the confirmation of the results of the previous year in relation to the number of misdirected bags at Milan Malpensa 1 (4.2 bags for every 1,000 departing passengers) and the improvement of the results at Milan Malpensa 2, with a reduction of 25% of misdirected bags compared to 2011 (0.6 per thousand departing passengers in 2012);
- at Milan Linate over 88% of flights departed on time or with a maximum delay of 15 minutes, thanks to the ability to recover arrival delays. Although the objectives established by the SEA Services Charter are stricter than those for Milan Malpensa, the concerted efforts of the SEA Group to continuously improve the quality of service offered by the airport has enabled the maintenance of bag delivery times well under the standards indicated by the Services Charter (first bag delivered within 18 minutes for 90% of flights) and the limiting of the number of misdirected bags to 4.8 for every 1,000 departing passengers – at the levels therefore of 2011.

# Passenger services

Among the initiatives put in place to assist passengers particularly in unforeseen circumstances, the Contingency Plan is highlighted, which SEA as the Airport Manager for two years now has applied where the punctuality of airports has been significantly compromised. The European Commission has established that, with the review in progress of the passenger rights regulation (European Regulation 261/2004), Contingency plans will be obligatory for airports with traffic greater than 3/5 million passengers per year. From this point of view Milan has achieved a best practice which was taken as a benchmark together with the models introduced by Munich, London, Paris and Amsterdam, putting the SEA Group at the cutting edge of the European airports in this regard.
The use of Twitter by SEA Customer Care to assist the Call Center in supporting the Contingency assistance has been particularly effective: @MiAirports is now a consolidated channel to which airport users turn (nearly 2000 followers are active with significant re-tweets by institutions and airlines) to provide personalised and punctual information particularly in the case of general problems, such as snow falls or sector strikes.
During the 2012 Christmas Holidays a Family Lane service was introduced, comprising dedicated lines for departing families for pre-boarding security controls. As was the case at Paris and London, also Milan introduced free services dedicated to particular segments of users, in order to create a more comfortable airport transit experience and to promote commercial areas with targeted offers.

# Cargo Services Charter

In 2012 the first year of experimental use concluded and from 2013 the Cargo Services Charter will enter into its first year of operational application, with minimal adjustments to the content, which corrected a number of inconsistencies in the first year of processes assessment. The Cargo Services Charter of SEA was incorporated into the working document which ENAC is drawing up to propose in 2014 a new Services Charter System which will replace the outdated model of Circulars APT 12 and APT 31. In addition to effectively being a best practice for the sector at a domestic and European level, the Cargo Services Charter provides an opportunity for a structured meeting with the stakeholders (Cargo handlers, shipping agents, cargo airlines etc.), introducing, among other issues, for the first time into the B2B environment a customer satisfaction concept assessment also through surveys on perceived process quality.

# The Safety Management System

The SEA Group, fulfilling the obligations established for airport managers by ENAC Regulation of October 21, 2003 for the Construction and Operation of Airports, through the Safety Management System guarantees that airport operations are carried out under pre-established security conditions and evaluates the efficacy of the system in order to correct any conduct deviations by any of the airport operators. In accordance with Amendment No. 4 of Annex 14 of ICAO, the ENAC Regulation introduced in Italy the obligation for three-year certification for those airports where public transport is provided by airplanes with a seating configuration of ten or more passengers, or a Maximum Take-off Weight of greater than 5,700 kg and the implementation of the SMS in certified airports from November 24, 2006.

Both SEA airports are subject to the above-stated obligations. The certification Team of ENAC Operations Management formally declared the compliance of Linate and Malpensa to the Regulatory requirements, renewing in 2012 the certificate of Malpensa airport (which will expire therefore in November 2015) and in May 2013 the certificate of Linate airport (which will expire in May 2016).

In implementing the Safety Management System the SEA Group considers the achievement of the following objectives as fundamental and strategic:

- the taking of responsibility for safety issues by all management and individual employees, at the various departmental levels and in the various company activities;
- the prime importance of operational safety;
- the greatest reduction possible of risks related to all land-side operations and in particular those related to aircraft;
- the maintenance obligation of safety standards for all operators, companies and external parties of any type within the airport sites;
- the maintenance and improvement of the system traceability and security level.

The Safety Management System, validated and controlled by ENAC is effectively operative at both airports and through monthly meetings (Safety Board, Safety Committee Linate, Safety Committee Malpensa), without continuity solutions since 2006, manages systematically important events and actions for airport safety involving ENAC (National Civil Aviation Body), ENAV (Flight Assistance National Body), the Fire Service, all operators and institutional bodies present at the two airports of Malpensa and Linate and, through the Local Runway Safety Team, explores also directly with the airlines the aspects concerning runway incursion or, more in general, significant issues in the aeronautic security plan.

In 2012 the Safety Management System (SMS) introduced all actions necessary to achieve its objectives: the interaction with the different parties involved in airport operations has facilitated the development of the “Safety Car” project for the analysis/control of issues concerning airport operations, including the management of risks associated with operations and the consequent collation of observations and evaluations. The safety events reported in the year (through the GSR – Ground Safety Report) were subject to systematic surveys and classifications. The initiatives in relation to SMS monitoring were further improved and specific data collated and the corrective and review actions of a number of procedures of the Linate and Malpensa Airport Manuals considered in the 2012 audit plan were verified.

ENAC approved the “Risk Assessment Document” based on analysis of the principal hazards declared at our airports and during 2012 the full application of the Decree declaring the refueling operations of aircraft with passengers on board both at Milan airport and at Linate was structured.

In order to improve the conduct aspects for ramp safety the SMS issued seven specific recommendations called the “Ground Safety Recommendations”.

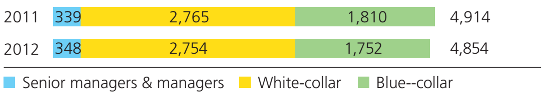
# Workplace health and safety

In 2012 the SEA Group confirmed its commitment to workplace safety with a view to continual improvement of health and safety conditions of activities carried out within the airport, also through the promotion of a culture based on increased awareness and involvement of all parties, at all levels, on prevention issues.
During the year the SEA Group also aligned the airport safety training plan with the new Directives contained in the Regions State Agreement, preparing, among other issues, an informational manual on risks related to the various duties carried out at the airport and related to the various operational sectors. In addition the SEA Group carried out surveys in relation to the noise risk and specific risks related to the use of a number of particular equipment and the mapping of electromagnetic fields.
The actions implemented by the SEA Group and the ongoing focus on workplace safety has enabled the confirmation also for 2012 of a continued reduction in accidents, which has been in place for some years, with a further reduction of 8% in accidents compared to the previous year.

# Human Resources Management

# Human resources

Personnel (average)




## Workforce

In 2012 the average workforce of the SEA Group was 4,854, reducing by 60 on 2011, following the continuation of the mobility plan introduced in the preceding years.
In the same period the SEA Group continued to utilise social security schemes (Extraordinary Temporary Lay-off Scheme and similar schemes), following the crisis created by the dehubbing of Alitalia - although at lower levels than the previous year. These instruments were applied in a targeted manner by the staff and operative departments of SEA and SEA Handling for a total of 831 thousand hours, compared to 892 thousand in 2011.

# Industrial relations

Meetings with the trade unions continued also in 2012, concentrating in particular on the identification of measures to recover efficiencies at the SEA Group and the financial rescue of SEA Handling. Therefore a number of agreements were reached with senior staff, in particular of the operational areas involved most in the management of traffic, undertaken in order to improve efficiencies.

# Development and training

Training opportunities also in 2012 focused on the various company roles with the objective to motivate staff and increase their professional skill set, together with the development of the company and of the professional system.
In particular, based on the emerging need for a continuous improvement of the service provided to the customer - both passengers and airlines - a number of training courses were introduced for frontline staff and managers, in order to improve also the coordination and management of staff.
Particular attention was focused on Safety and Security training. The most important training actions related to the security procedures to be implemented during refueling when passengers are on board.

# Welfare

During the year, with a view to the continuous improvement of the Welfare activities, the NoiSEA association was created, a merger of the two Employee Recreational Centres of Linate and Malpensa. In addition, new initiatives were introduced in particular for the protection of health, supporting families with elderly members and the management, through trained personnel, of family and economic issues.

# Corporate Governance System

# Profile

The governance system of the Company is based on a traditional organisational model comprising the Shareholders' Meetings, Board of Directors and the Board of Statutory Auditors.

SEA S.p.A. and the Companies of the Group, although not listed on the stock exchange, voluntarily comply, since June 27, 2001, with a Corporate Governance System based on the principles and recommendations contained in the Self-Governance Code of Listed Companies, published by Borsa Italiana S.p.A., where applicable.

SEA S.p.A. considers that the adoption of a Corporate Governance Model – such as that recommended by the Self-Governance Code – based on the principles of transparency and the correct balance between management and control, constitutes an essential requisite and an effective instrument to implement the values of the Company's mission.

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

## Shareholders' Meetings

The Shareholders' Meeting is the body that, through its resolutions, expresses the shareholders wishes.
The Shareholders' Meetings approves the most important decisions of the Company, among which, the appointment of the Corporate Boards, the approval of the financial statements, and changes to the Company By-laws.

## Board of Directors

The Board of Directors of the Company in office at the date of the present report is comprised of 7 members, five of which appointed by the Shareholders' Meeting of April 28, 2010 and two further Directors appointed on December 29, 2011, following changes to the Company By-laws which increased the number of Directors to 7.
The current Board of Directors remains in office until the approval of the 2012 financial statements.
The Board of Directors of SEA S.p.A. is composed of Executive and Non-Executive Directors and has set up Committees with proposal and consultation functions (Group Remuneration and Appointments Committee and Control and Risks Committee).

## Committees

The Committees are comprised exclusively of Non-Executive Directors and without operating powers, who undertake their activities through regular meetings and the minutes of these meetings are kept at the Company's registered office.
The remit of these Committees is set out in accordance with applicable legislation, by the Self-Governance Code and is indicated in the articles of incorporation of the Committees.

## Internal Control System

The internal control system of the Company comprises of regulations, procedures, and organisational structure aimed at monitoring:
- the efficiency and effectiveness of the business processes;
- the reliability of financial disclosure,
- compliance with law, regulations, the By-laws and internal procedures,
- the safeguarding of the company's assets.

For these functions, the Board of Directors works together with the Group Internal Control Committee. The Committee, created by the Board of Directors on July 25, 2002/July 15, 2003 is an Internal Committee to the Board of Directors, comprising three Non-Executive Directors with consultation and proposal functions on internal control and corporate risk management which, in addition to assessing the adequacy of the internal control system, also acts as a liaison between the Board of Directors, Board of Statutory Auditors, Independent Audit Firm and the Supervisory Board as per Legislative Decree No. 231/2001.
Within its activities, the Group Risk and Control Committee is assisted by the Auditing Department.
The review on the effectiveness and adequacy of the Organisation and Management model is undertaken by the Supervisory Board, appointed by the Board of Directors of the Company, and comprising 3 members (2 external independent members and the Auditing Director).

## Board of Statutory Auditors

The Board of Statutory Auditors in office at the date of the present report was appointed by the Shareholders' Meeting of April 28, 2010 in accordance with the Company By-laws and remains in office until the approval of the 2012 financial statements.

# Ethics Code

Since April 2000, SEA has its own Ethics Code which defines the ethical and moral values of the Company, indicating the conduct to be undertaken by personnel and members of the Corporate Boards, in corporate business and external affairs; in 2011, SEA updated its Ethics Code in line with the best practices of Listed Companies.

For its disclosure and compliance, the Company appointed the "Ethics Committee".

The Ethics Code is available on the website www.seamilano.eu in the Governance section.

# Corporate Governance report

The Company prepares annually the Corporate Governance and Ownership Report; the report is available on the website www.seamilano.eu.

## Compliance with privacy law

In accordance with Legislative Decree No. 5/2012 "Urgent provisions on simplification and development" which amends Article 34 of Legislative Decree No. 196/03 and the technical provisions of minimum security measures as per Attachment B, the Regulations concerning the preparation and updating of the Data Protection Document were abolished, while confirming the provisions in relation to the protection of personal data.

# Performance
# of the SEA Group

# Operating performance

At December 31, 2012

| (in thousands of Euro) | 2012 | % | 2011 (*) Restated | % | Cge. % 2012/2011 |
|---|---|---|---|---|---|
| Operating revenues | 632,294 | 87.7% | 595,878 | 90.1% | 6.1% |
| Rev. for works on assets und. concession | 88,662 | 12.3% | 65,137 | 9.9% | 36.1% |
| **Total revenues** | **720,956** | **100.0%** | **661,015** | **100.0%** | **9.1%** |
| Operating costs | | | | | |
| Personnel costs | 256,272 | 35.5% | 250,436 | 37.9% | 2.3% |
| Consumable materials | 63,038 | 8.7% | 52,766 | 8.0% | 19.5% |
| Other operating costs | 145,291 | 20.2% | 145,622 | 22.0% | -0.2% |
| Provisions and write-downs | 26,283 | 3.6% | 27,991 | 4.2% | -6.1% |
| Costs for works on assets und. concession | 83,453 | 11.6% | 61,507 | 9.3% | 35.7% |
| **Total operating costs** | **574,337** | **79.7%** | **538,322** | **81.4%** | **6.7%** |
| **Gross Operating Margin / EBITDA** | **146,619** | **20.3%** | **122,693** | **18.6%** | **19.5%** |
| Ammortisation & depreciation | 45,934 | 6.4% | 41,384 | 6.3% | 11.0% |
| **EBIT** | **100,685** | **14.0%** | **81,309** | **55.8%** | **23.8%** |
| Investment income (charges) | 7,549 | 1.0% | 21,681 | 3.3% | -65.2% |
| Financial charges | (19,179) | -2.7% | (20,327) | -3.1% | -5.6% |
| Financial income | 713 | 0.1% | 3,375 | 0.5% | -78.9% |
| **Pre-tax profit** | **89,768** | **12.5%** | **86,038** | **13.0%** | **4.3%** |
| Income taxes | 25,763 | 3.6% | 33,578 | 5.1% | -23.3% |
| **Net profit** | **64,005** | **8.9%** | **52,460** | **7.9%** | **22.0%** |
| Minority interest | 2 | n.s. | 3 | n,s, | -21.9% |
| Group Net Profit | 64,003 | 8.9% | 52,457 | 7.9% | 22.0% |

(*) For further details, reference should be made to paragraph 2.9 "Comparability of financial statements" in the explanatory notes.

## Revenues

Revenues in 2012 (operating revenues and revenues from works on assets under concession) amounted to Euro 720,956 thousand, an increase of 9.1% on 2011 (Euro 661,015 thousand).

**Operating revenues** of Euro 632,294 thousand improved 6.1% on 2011 (Euro 595,878 thousand). Operating revenues include aviation revenues of Euro 320,441 thousand, non-aviation revenues of Euro 169,088 thousand, handling revenues of Euro 107,372 thousand and energy revenues of Euro 35,393 thousand.

**Revenues for works on assets under concession** increased from Euro 65,137 thousand in 2011 to Euro 88,662 thousand in 2012 (+36.1%).

These revenues refer to work on assets under concession increased by a mark-up representing the remuneration of internal costs for work supervision and design. This account is strictly related to investment activities.

## Personnel costs

Group personnel costs in 2012 increased by Euro 5,836 thousand (+2.3%) on 2011, from Euro 250,436 thousand in 2011 to Euro 256,272 thousand in 2012. This increase is principally due to higher charges for provisions relating to the renewal of the national employment contract and a lower benefit, compared to 2011, of recourse to the Extraordinary Temporary Lay-Off Scheme (CIGS) relating to the Companies SEA and SEA Handling, partially offset by the reduction in the workforce and greater use of vacation days. The recourse to the temporary redundancy schemes amounted to Euro 14.8 million in 2012 and Euro 15.4 million in 2011 (corresponding to 831 thousand hours in 2012 and 892 thousand hours in 2011).

The average number of SEA Group employees in 2012 was 4,854, a decrease of 60 compared to December 31, 2011.

## Consumable materials

Consumable material costs increased from Euro 52,766 thousand in 2011 to Euro 63,038 thousand in 2012 (+19.5%). This increase principally related to: the increase in purchases for inventories (among which we highlight chemical products for de-icing and anti-icing utilised in the case of snow and/or ice); the higher price of methane utilised in the production of electricity; and the increase in the cost of electricity for resale by the subsidiary SEA Energia.

## Other operating costs

In 2012, other operating costs decreased by Euro 331 thousand compared to 2011 (-0.2%), from Euro 145,622 thousand (24.4% of operating revenues) in 2011 to Euro

145,291 thousand (23% of operating revenues) in 2012. The net decrease of Euro 331 thousand is principally due to lower ordinary maintenance costs for Euro 3,556 thousand, lower professional services costs for Euro 1,897 thousand, lower insurance costs for Euro 1,838 thousand, lower losses on asset disposals of Euro 1,527 thousand, lower hardware and software fees and rental charges of Euro 1,083 thousand and lower cleaning and cabin outsourcing cleaning charges of Euro 1,061 thousand, in part offset by higher commercial costs for Euro 7,769 thousand and higher public fee costs for Euro 3,680 thousand following the signing of the new Master Agreement which entered into force on September 23, 2012.

## Provisions and write-downs

In 2012, provisions and write-downs decreased by Euro 1,708 thousand compared to the previous year, from Euro 27,991 thousand in 2011 to Euro 26,283 thousand in 2012.

The doubtful debt provision of Euro 8,619 thousand in 2012 increased by Euro 2,227 thousand compared to the previous year, due to the provisions made, in line with previous years, to take into account the risks of deterioration of the financial positions of the principal operators with which disputes exist and write-downs for receivables under administration.

The net risk and future charge provisions, amounting to Euro 6,314 thousand in 2012 (Euro 10,957 thousand in 2011) principally relates to disputes with airline operators, environmental charges, disputes in the energy sector, and employee disputes.

The restoration and replacement provision, set up as per IFRIC 12, totaled Euro 11,350 thousand in 2012 (Euro 10,642 thousand in 2011) and relates to the provisions for maintenance and replacement in order to ensure the functionality of the infrastructures under concession.

## Costs for works on assets under concession

Costs for works on assets under concession increased from Euro 61,507 thousand in 2011 to Euro 83,453 thousand in 2012. These costs refer to the costs for the works undertaken on assets under concession. This account is strictly related to investment activities.

## Investment income and charges

In 2012, net investment income decreased by Euro 14,132 thousand, from Euro 21,681 thousand in 2011 to Euro 7,549 thousand in 2012. The “equity valuation of investments” reflects the economic effects deriving from the measurement of the associated companies at equity, amounting to Euro 7,526 thousand in 2012 (Euro 2,326 thousand in 2011). The results of the associated companies were adjusted to take account of the Group accounting principles and the measurement of investments as per IAS 28.

Other investment income decreased by Euro 19,333 thousand, from Euro 19,355 thousand in 2011 to Euro 22 thousand in 2012. Investment income in the previous year derived from the gain of Euro 5,811 thousand relating to sale of GESAC, the gain of Euro 10,311 thousand relating to the signing of the agreement for the sale of AA2000, in addition to dividends of Euro 654 thousand received from AA2000.

## Financial income and charges

Net financial charges in 2012 increased by Euro 1,514 thousand, from Euro 16,952 thousand in 2011 to Euro 18,446 thousand in 2012, principally due to the reduction in financial income of Euro 2,662 thousand, which, in 2011 was positively impacted by a number of interest rate hedging derivative instruments, settled in that year and recognised in accordance with their fair value through the profit and loss method (Euro 1,151 thousand).

Financial charges in 2012 decreased by Euro 1,148 thousand, due to the net effect of lower financial charges on employee leaving indemnities of Euro 4,514 thousand and higher charges of Euro 3,933 thousand for higher Group net debt and the availability of new committed credit lines.

## Income taxes

Income taxes in 2012 amounted to Euro 25,763 thousand, compared to Euro 33,578 thousand in 2011. They reduced in 2012 due to the effect of the presentation in March 2013 of the request for reimbursement of higher IRES taxes paid against the non-deductibility of IRAP Regional Tax on personnel charges for the year 2007/2011.

## Net profit

The net profit for the year increased by Euro 11,545 thousand - from Euro 52,460 thousand in 2011 to Euro 64,005 thousand in 2012.

# Financial position and balance sheet

| (in thousands of Euro) | At December 31, 2012 | At December 31, 2011 |
|---|---|---|
| Intangible assets | 870,682 | 755,816 |
| Property, plant & equipment | 205,870 | 248,341 |
| Property investments | 3,420 | 3,421 |
| Investments in associated companies | 41,639 | 36,973 |
| Available-for-sale investments | 26 | 26 |
| Other non-current receivables | 599 | 922 |
| Deferred tax assets | 31,554 | 22,770 |
| **Fixed assets (A)** | **1,153,790** | **1,068,269** |
| Trade receivables | 156,054 | 171,539 |
| Trade receivables | 33,572 | 14,775 |
| Inventories | 7,758 | 9,261 |
| **Current assets** | **197,384** | **195,575** |
| Trade payables | 202,006 | 185,417 |
| Other payables | 166,307 | 181,771 |
| Tax payables | 53,562 | 42,804 |
| **Current liabilities** | **421,875** | **409,992** |
| **Working capital (B)** | **(224,491)** | **(214,417)** |
| Provisions for risks & charges (C) | (163,533) | (159,894) |
| Employee provisions (D) | (77,064) | (68,527) |
| Other non-current liabilities (E) | | (62,307) |
| **Net capital employed (A+B+C+D+E)** | **688,702** | **563,124** |
| Group shareholders' equity | 277,247 | 242,707 |
| Minority interest shareholders' equity | 85 | 83 |
| Net Debt | 411,370 | 320,334 |
| **Total sources of financing** | **688,702** | **563,124** |

Net capital employed at December 31, 2012 amounted to Euro 688,702 thousand, an increase of Euro 125,578 thousand on December 31, 2011.

Net fixed assets, amounting to Euro 1,153,790 thousand, include investments in tangible and intangible fixed assets of Euro 1,079,972 thousand, investments in associated companies of Euro 41,665 thousand, deferred tax assets of Euro 31,554 thousand and other receivables of Euro 599 thousand. Net fixed assets increased by Euro 72,394 thousand compared to December 31, 2011, principally due to the net investments in the year of Euro 122,710 thousand, partially offset by amortisation/depreciation in the year of Euro 45,934 thousand, the increase in net deferred tax assets of Euro 8,784 thousand and the increase in financial fixed assets following the measurement at equity of the investments in associated companies for Euro 4,666 thousand.

Net working capital amounted to Euro -224,491 thousand, decreasing by Euro 10,074 thousand compared to December 31, 2011, principally due to the following:

- lower payables to shareholders for dividends, following the payment of the first tranche of the extraordinary dividend in July and December 2012 respectively for Euro 22,794 thousand and Euro 62,307 thousand (which includes the commitment to pay the second tranche of Euro 62,307 thousand, which is scheduled in December 2013), higher payables for SEA's contribution to the airport fire protection service provision of Euro 6,147 thousand, higher payables of Euro 3,688 thousand to the State for concession fees, which, from September 23, 2012 (commencement date of the Master Agreement with ENAC) SEA is committed to fully pay, lower payables for ticketing of Euro 3,680 thousand, following the agreement signed on February 14, 2013 with the Alitalia Group in Extraordinary Administration;
- the reduction of trade receivables, from Euro 171,539 thousand to Euro 156,054 thousand;
- higher income tax payables, increasing from Euro 42,804 thousand to Euro 53,562 thousand;
- higher trade payables, increasing from Euro 185,417 thousand to Euro 202,006 thousand;
- higher tax receivables of Euro 11,489 thousand, of which Euro 9,344 thousand due to the recalculation of the assessable income following the recognition of the deductibility from IRES of the IRAP regional tax relating to personnel costs for the year 2007-2011 as per Article 2, Paragraph 1, of Legislative Decree No. 201/2011 (converted into Law No. 214/2011) - "Monti measures" - completed by Legislative Decree No. 16 of March 2, 2012 (so-called Fiscal simplification decree converted, with amendments, into Law No. 44 of April 26, 2012);
- higher other receivables of Euro 6,591 thousand, of which Euro 3,852 thousand due to receivables of SEA Energia from the Energy Service Operator (GSE), due to the estimate of the value of the green certificates matured in 2012;

• lower inventories at year-end, decreasing from Euro 9,261 thousand to Euro 7,758 thousand.

The following table illustrates the principle components of Net Working Capital.

| (in thousands of Euro) | 2012 | 2011 | change |
|---|---|---|---|
| Inventories | 7,758 | 9,261 | (1,503) |
| Trade receivables | 156,054 | 171,539 | (15,485) |
| Trade payables | (202,006) | (185,417) | (16,589) |
| Other receivables / (payables) | (186,297) | (209,800) | 23,503 |
| **Net working capital** | **(224,491)** | **(214,417)** | **(10,074)** |

## Net Financial Position

The net financial position at December 31, 2012 reports a net debt of Euro 411,370 thousand, an increase of Euro 91,036 thousand compared to the end of 2011 (Euro 320,334 thousand) and which was also positively impacted by income deriving from the sale of investments in 2011, for a total value of Euro 22,200 thousand.
The change in net debt in 2012 was principally impacted by the positive generation of operating cash flows which totaled Euro 132,831 thousand, entirely covering the needs of the financial resources for operating investments of Euro 106,114 thousand and interest of Euro 11,436 thousand, and partially covering the needs derived from the payment of dividends, amounting to Euro 102,789 thousand.

The changes in the net financial position between December 31, 2011 and December 31, 2012 are illustrated below.

| (in thousands of Euro) | 2012 | 2011 | change |
|---|---|---|---|
| **Change Opening Net Financial Position** | **(320,334)** | **(344,694)** | **24,360** |
| Net cash flow from operating activities (before work. capital changes) | 87,464 | 86,981 | 482 |
| Change in Net Working Capital | 45,367 | 61,224 | (15,858) |
| Net operating investments (1) | (106,114) | (88,121) | (17,994) |
| Interest paid | (11,436) | (8,572) | (2,864) |
| Dividends paid | (102,789) | (41,846) | (60,943) |
| Disposals/valuation gains of investments | 0 | 22,200 | (22,200) |
| Other | (3,527) | (7,507) | 3,980 |
| **Total Change** | **(91,036)** | **24,360** | **(115,396)** |
| **Closing Net Financial Position** | **(411,370)** | **(320,334)** | **(91,036)** |

(1) net of the value of buildings and grounds located at Malpensa airport devolved to SEA by LSG Sky Chefs SpA, for Euro 11.3 thousand, following the expiry of the right related to a convention undertaken between the parties in March 1999.

# Consolidated Cash Flow Statement

| (in thousands of Euro) | At December 31, 2012 | At December 31, 2011 |
|---|---|---|
| A – Cash flow generated from operating activities | 132,831 | 148,206 |
| B – Cash flow generated from investing activities | (103,232) | (64,257) |
| C – Cash flow generated from financing activities (*) | 679 | (83,352) |
| D – Total cash flow generated in the year (A+B+C) | 30,277 | 597 |
| E – Cash and cash equivalents at beginning of year | 24,062 | 23,465 |
| F – Cash and cash equivalents at end of year (D+E) | 54,339 | 24,062 |

(*) Includes the amount relating to dividends received of Euro 2,882 thousand in 2012 and Euro 1,663 thousand in 2011.

In 2012, cash flow from operating activities and cash flow from financing activities covered the investments realised.

The principle factors impacting the cash flows in the year are illustrated below.

## Net cash flow from operating activities

| (in thousands of Euro) | At December 31, 2012 | At December 31, 2011 |
|---|---|---|
| **Cash flow generated from operating activities before changes in working capital** | **131,755** | **121,787** |
| Change in inventories | 1,503 | 432 |
| Change in trade receivables and other receivables | (2,625) | 10,404 |
| Change in other non-current assets | 2,116 | 293 |
| Change in trade payables and other payables | 44,373 | 50,094 |
| **Cash flow generated from changes in working capital** | **45,367** | **61,224** |
| Income taxes paid | (44,291) | (34,806) |
| **Cash flow generated from operating activities** | **132,831** | **148,206** |

Operating activities generated liquidity of Euro 132,831 thousand in 2012 (Euro 148,206 thousand in 2011), a decrease of Euro 15,375 thousand. In particular, the decrease in cash flow deriving from change in net working capital (positive for Euro 45,367 thousand in 2012 and positive for Euro 61,224 thousand in 2011) was principally impacted by: the negative effect deriving from the increase of other receivables, of which Euro 3,852 thousand for receivables of SEA Energia from the Energy Service Operator (GSE) due to the estimate of the value of the green certificates matured in 2012 and higher tax receivables of Euro 1,076 thousand (net of receivables for click day of Euro 10,414 thousand, whose change did not give rise to any financial movement), the positive effect deriving from the decrease in trade receivables (before provisions and write-offs in the year) for Euro 6,837 thousand at December 31, 2012, with a positive effect related to their decrease for Euro 12,280 thousand (also before provisions) at December 31, 2011, the positive effect deriving from the increase of trade payables of Euro 16,589 thousand at December 31, 2012 compared to the positive effect of Euro 37,003 thousand for their increase at December 31, 2011, the positive effect deriving from the increase in income tax payables for Euro 10,759 thousand at December 31, 2012 compared to their increase of Euro 1,453 thousand at December 31, 2011.

## Net cash flow from investing activities

| (in thousands of Euro) | At December 31, 2012 | At December 31, 2011 |
|---|---|---|
| Fixed asset investments: | | |
| - intangible | (100,001) | (67,351) |
| - tangible | (6,113) | (22,405) |
| Fixed asset divestments: | | |
| - tangible | | 1,635 |
| - financial | | 22,200 |
| Dividends received | 2,882 | 1,663 |
| **Cash flow generated from investing activity** | **(103,232)** | **(64,257)** |

The cash flow absorbed from investing activities increased from Euro 64,257 thousand in 2011 to Euro 103,232 thousand in 2012. The change in cash flows principally derives from higher investments in fixed assets in 2012 for the advancement of works to complete the passenger terminal, the construction of the third satellite at Malpensa and the sale of some investments in 2011 (receipt of Euro 14 million related to the agreement to sell Aeropuertos Argentina 2000, and receipt of Euro 8.2 million from the sale of the investment in GESAC).

The receipt of dividends for Euro 2,882 thousand in 2012 refers for Euro 1,660 thousand to Dufrital, for Euro 922 thousand to SACBO, for Euro 338 thousand to Disma and for Euro 22 thousand in Romairport.

## Net cash flow from financing activities

| (in thousands of Euro) | At December 31, 2012 | At December 31, 2011 |
|---|---|---|
| Change in gross financial debt | | |
| *- increases / (decreases) of short and medium/long-term debt* | 114,464 | (28,293) |
| *- increases /(decreases) of advances on State grants* | 0 | (9,277) |
| Decreases / (increases) receivables for State grants | 782 | 7,182 |
| Share capital increase and Shareholders' Equity reserves | 0 | 0 |
| Net increases / (decreases) of other financial liabilities | (342) | (2,546) |
| Dividends distributed | (102,789) | (41,846) |
| Interest paid | (11,436) | (8,572) |
| **Cash flow generated from financing activity** | **679** | **(83,352)** |

Financing activities in 2012 generated net cash flows of Euro 679 thousand compared to net cash absorbed of Euro 83,352 thousand in the previous year. The cash flow from financing activities in 2012 is principally due to the following factors: (i) new loans of Euro 146,196 thousand, and the renegotiation of the loan of Euro 102,500 thousand, previously maturing in March 2013; (ii) medium/long-term debt repayment (principal repaid in the year of Euro 31,728 thousand), (iii) increase in receivables for State grants of Euro 782 thousand; (iv) payment of dividends for Euro 102,789 thousand; (v) payment of interest for Euro 11,436 thousand.

# Risk factors affecting the SEA Group

# Strategic risks

The strategic risk factors to which the SEA Group is subject may also have particularly significant effects on the long-term performance, with a consequent possible review of the development policies at the SEA Group.

### Air transport market structure and development

The performance of the airport sector is strongly influenced by the overall volume growth of air traffic, which in turn is related to a number of factors such as, for example, the performance of the economy and the development of fast and alternative transport means, in particular rail.

### Risks related to airline company choices

As for the other airport operators, the future development of activities depends significantly on the strategic choices of airlines, which are dependent also on the global economic-financial performance. In particular, in recent years traditional airlines have undertaken processes to create international alliances which strengthen their market position and in general alter the demand structure; in the same period a significant shift has also taken place in demand, generated by the increased presence of low cost airlines with a consequent increase in terminal competition, allowing the development of decentralised and smaller airports.

### Risks related to the reduction of passenger numbers or the quantity of cargo in transit at the terminals managed by the SEA Group

The volume of passenger traffic and cargo in transit at the Linate and Malpensa airports represents a key factor in the results achieved by the Group. Any reduction or interruption to flights by one or more airlines, operating out of the airports managed by the SEA Group, also as a result of the continued weak economic-financial position of the airlines, in addition to any stoppage (such as for example the suspension of flights by Wind Jet in 2011) or a change in connections with a number of destinations with significant passenger traffic may result in a reduction in the above-stated traffic, with consequent impacts on activities and Group results.
The Group considers itself, based on experience gained over the years, although not being certain in this regard, to be able to offset the risk of a reduction or interruption in flights, through the redistribution of passenger traffic between airlines operating on the market and the capacity to attract new airlines. Any redistribution of traffic may require a certain period of time, temporarily influencing traffic volumes.

### Contract system

A significant part of SEA Group revenues derives from the activities carried out based on the agreement signed between Società per Azioni Esercizi Aeroportuali SEA and ENAC, with duration until May 4, 2041. The Agreement provides for a series of obligations relating to the management and development of the Milan airport system, in addition to advanced withdrawal in the case of serious non-fulfillment by SEA and dissolution conditions in the case of a delay for more than 12 months in the payment of the fee due by SEA, or in the case of a declaration of bankruptcy by SEA. At the conclusion of the Agreement SEA must return state assets forming part of the Malpensa and Linate airports and freely provide to the State all plant, works and infrastructure created by SEA through these assets.

### Uncertainties relating to regulatory developments

SEA Group activities, as is the case for all Italian Airport Managers, are subject to a high level of regulation which impacts in particular the allocation of slots, the control of air traffic and the establishment of fees concerning services which may be provided only by the Airport Manager (airport fees, security control fees, fees for the use of common use assets and centralised infrastructure for handling services).
In addition, as for the other sector companies, the activities of the SEA Group are subject to a number of environmental protection laws and regulations at EU, national, regional and local level.

### Risk related to the decision of the European Commission of 19.12.2012 concerning declarations of State Aid awarded to SEA Handling

With decision of December 19, 2012, the European Commission judged that the share capital increases carried out by SEA in favour of its subsidiary SEA Handling in the 2002-2010 period for Euro 360 million, plus interest, constituted impermissible State Aid. This decision established the obligation for the Italian State to recover the Aid within four months from notification (and therefore by April 20, 2013, a deadline subsequently extended to June 5, 2013).

On March 4, 2013, the Italian State presented to the EU Court an appeal seeking the cancellation of the

Commission decision in accordance with Article 263 of the TFEU. Similar appeals were presented on March 15, 2013 and March 18, 2013 respectively by SEA Handling and by the Municipality of Milan. In addition, with requests of March 18, 2013 and March 21, 2013, SEA Handling and the Municipality of Milan requested the EU Court to place a stay on the execution of the Commission decision. In this procedure the Italian State also intervened to support the application presented by the Company and the Municipality of Milan.

Subsequently, the Municipality of Milan notified SEA of an appeal before the Lombardy Regional Administrative Court to request the cancellation, with prior suspension until the establishment of a judgment of the decision pending before the EU Court, of a number of preliminary acts of the Government to introduce a recovery procedure of the State Aid. On May 22, 2013 the Lombardy Regional Administrative Court heard the preventative request of the Municipality of Milan.

Parallel to the appeals briefly outlined previously, the SEA Group initiated a dialogue with the Commission in order to identify a path, drawn up on the execution of the decision, as an alternative to the repayment of the sums declared as State Aid, further to any initiatives undertaken at a legal level for the cancellation of the decision. This alternative path to executing the decision concerns in particular the possibility to cede control of SEA Handling to private parties at market prices, according to a manner which guarantees the "discontinued management" of the handling activities.

For an in-depth analysis of the development and current state of the dispute and the dialogue in course with the European Commission, reference should be made to the section of the explanatory notes of the SEA parent company financial statements "*Investments in subsidiaries and associated companies*".

In light of that stated above, at the preparation date of the present financial statements the overall situation may be summarised as follows:

(i) the review of the decision of the Commission of 19.12.2012 and the defence put forward at the EU Court permit the affirmation that the arguments made by SEA Handling forming the basis of its request for a reform of the decision are, in the opinion of the lawyers assisting the Company, reasonably founded and are therefore worthy of the attention of the EU Court;

(ii) the arguments of SEA Handling in the case before the EU Court are fully shared also by the Government and the Municipality of Milan and therefore by the authorities proposed to recover the aid, who also request the reform of the Commission decision;

(iii) also the Lombardy Regional Administrative Court in order No. 553/2013 declared that, on initial examination, the arguments of the Municipality of Milan and of SEA Handling would not seem devoid of *fumus boni iuris* (presumption of sufficient legal basis);

(iv) the conduct of the Italian Government and the Municipality of Milan would not seem, as it stands, to point towards a will within the national authorities to execute the decision requesting SEA Handling to repay the aid provided. More specifically:
- no repayment order of aid has been handed down to SEA Handling by the national authorities (apart from that requested on a number of occasions by the European Commission);
- the Italian Government has only carried out a few acts and entirely of a preliminary nature (in particular the provision to the Commission of the calculation of interest), therefore provoking a reaction from the Commission which on many occasions has complained of a lack of movement by the Italian Government and has threatened to open an infraction procedure against the State;
- the Municipality of Milan opposed the execution of the Commission decision, obtaining a stay from the Lombardy Regional Administration Court which suspended the national procedure for the recovery of the aid; the position of the Municipality of Milan is particularly significant, taking account that, according to the opinion expressed by the Italian Government the same Municipality of Milan would be the national authority with the remit for the recovery of the aid from SEA Handling;

(v) the European Commission has on many occasions underlined, in its defensive notes to the preventative judgment at the EU Court, that the national authorities have not shown to this point any real intention to effectively recover the aid, emphasising that SEA Handling does not appear at any risk to be required to repay the aid;

(vi) although the negotiations are proceeding slowly, the European Commission appears open to the possibility to find a solution to the problem concerning aid provided to SEA Handling other than the repayment of the sums involved. In particular, Commissioner Almunia, with letter of May 8, 2013 to the Italian EU parliamentary members clarified that the services of the Commission remain "*available to the Italian authorities to help them to identify the best solution possible for the correct execution of the Commission Decision*".

Therefore, the considerations in relation to the possible outcome of the case, which presents a reasonable chance of success, together with the considerations relating to the conduct of the national authorities appointed for its recovery, lead to the overall conclusion that, at the current state of events of which the SEA Group is aware the most likely development of the situation would not be the repayment of the aid by SEA Handling to SEA through the use of economic resources.

SEA Handling, supported by the opinions of its lawyers and external experts, has not made any allocation in its financial statements to the risk provision to cover the potential repayment of the obligations outlined above, in that it considers that the repayment risk of State aid of sums declared improper appears, on further analysis, as “possible” and no longer as “probable”.

In any case, the preparation of the 2012 financial statements of the subsidiary SEA Handling under the conditions outlined above would not result in the interruption of negotiations with the Commission for the establishment of a disposal process under market conditions as an alternative means to the monetary recovery of the declared aid, in execution of the decision. These negotiations must in fact continue also to prevent monetary impacts from the continuation of the current critical market conditions: in this situation in fact any worsening of the capital and financial situation of SEA Handling would require a recapitalisation which may not be authorised by the European Commission.

## Risks related to airport handling activities

The airport handling sector performance is impacted by the development and structure of the air transport market, similar to the risks related to airline choices. These latter significantly impact the handlers activities as the relative contracts are subject to particularly favourable airline withdrawal conditions. The high level of competition for airport handlers involves also a significant risk in alteration of market share held.

# Operating Risks

This category of risks, related to the manner in which the SEA Group manages its principal corporate processes, although potentially impacting the short and long-term performance, does not have significant consequences on the strategic choices.
The management of the above-stated risks is carried out by the parent company which identifies, evaluates and implements the necessary actions to prevent and limit the consequences from the occurrence of the above-stated risk factors.

### Airport system traffic management

The SEA Group is committed to avoid all interruptions to operations and service; despite this commitment such may occur in the following circumstances: strikes and other interruptions to employee activity, to that of the airlines, of personnel dedicated to air traffic control services and of the public emergency service operators; the incorrect and non-punctual provision of services by third parties such as, for example, ENAV personnel involved in air traffic control services, public emergency and safety operators, airline personnel or other operators involved in the provision of handling services, adverse weather conditions (snow, fog etc.).
In order to limit the impact of these risks, the SEA Group oversees the correct functioning of the IT systems utilised for the operational management of terminals and coordinates the services and activities necessary for the correct operation of terminals, also under emergency conditions.

### Risks associated to safety and security management

The SEA Group, fulfilling the obligations established for airport managers by ENAC Regulation of October 21, 2003 for the Construction and Operation of Airports, through the Safety Management System guarantees that airport operations are carried out under pre-established security conditions and evaluates the efficacy of the system in order to correct any conduct deviations by any of the airport operators.
In this regard the SEA Group guarantees that the flight infrastructure, plant, equipment and the operational processes and procedures comply with national and international standards; an ongoing training programme for personnel is implemented in order to guarantee maximum safety protection, quality levels and the punctuality and efficiency of the service. For further information in this regard, reference should be made to the paragraph Certification of Airports and Airport Safety in the Corporate Social Responsibility section.

# Commodity risks

The SEA Group is exposed to changes in prices, and the relative currencies, of the energy commodities handled, i.e. gas and minimally electricity. These risks depend on the purchase of the above-stated energy commodities.
For further information, reference should be made to paragraph 4 “Risk management” of the Notes to the Consolidated Financial Statements.

# Financial risks

The management of financial risks is carried out by the parent company which identifies, evaluates and implements actions to prevent and limit the consequences of the occurrence of the above-stated risk factors. For further information, reference should be made to paragraph 4 “Risk management” of the Notes to the Consolidated Financial Statements.

# Subsequent events

## Passenger and cargo traffic performance in the first four months of 2013

In the first four months of 2013, the airports managed by the SEA Group recorded, compared to the same period of the previous year, a contraction of 5% (-416 thousand passengers), to approx. 8 million passengers.
These poor results were impacted by a number of factors such as the discontinuation and reduction of operations by a number of carriers at both airports and the downturn in the global economy.
Cargo traffic was substantially in line with 2012 with the transporting of approx. 140 thousand tonnes.

### Malpensa
For the first four months of 2013, Malpensa reported a decrease in passenger traffic of 5.1% to 5.3 million passengers, with a significant contraction in movements (-6.7%). Despite the difficult economic conditions in the year, the cargo sector maintained the levels of the previous year, reporting 133 thousand tonnes of cargo transported.

### Malpensa 1
Passenger traffic reduced only at Malpensa (-9.9%), due principally to the decrease in traffic carried by Alitalia Group, the stoppage of operations by Wind Jet throughout Italy and of KLM, which transferred to Linate.
The impacts of these factors, in particular in the Schengen area, was partly offset by the new entrants Wizz Air, with three connections with Budapest, Bucharest and Debrecen, Livingston with medium range connections, principally to North Africa - both contributing with a total of 125 thousand passengers, Transaero with three destinations in the Russian Federation and Air Baltic which transferred from Linate from the summer season. The Middle Eastern carriers also report strong results, including Emirates (+19%), with three daily connections with Dubai, Turkish Airlines (+23%), Qatar (+13.6%) and Etihad (+14.3%).
Summer 2013 at Milan Malpensa will see the entry of four new airlines, including BMI Regional with 6 flights to Bristol and Wow Air with 2 to Reykjavic, in addition to the increase in flights operated by Alitalia with New York and Moscow from 5 to 7 and from 11 to 14 respectively (from April/May), of Air Berlin with Dusseldorf (from 11 to 18 from May/June) and of Tunis Air with Tunisia (from 9 to 11 from April).
A further important development at Milan Malpensa announced in April 2013 concerns the introduction of a daily flight by Emirates with New York – from October 2013, with authorisation granted by ENAC on an extra-bilateral basis.
In addition, a daily connection with Miami operated by American Airlines will begin from November 2013.

### Malpensa 2
At Malpensa 2 an increase of 5.3% was reported, with 1.9 million passengers served, with strong performances by the carrier easyJet in comparison with the previous year, principally thanks to the introduction of new connections such as Alghero and Luxembourg and the increased flights to Bari, Copenhagen, London Gatwick and Paris Charles de Gaulle. In particular, easyJet introduced 4 weekly flights with Luxembourg, 3 with Sharm el Sheik, 2 with Larnaca and 3 with Belgrade, in addition to the increase in weekly flights for summer 2013 with Prague (from 11 to 14), London Gatwick (from 33 to 35), Naples (from 34 to 40) and Marrakech (from 7 to 9). Also in summer 2013, easyJet will introduce a connection with Ajaccio (3 weekly flights).

### Milan Malpensa Cargo
In the first four months of 2013 Milan Malpensa Cargo maintained traffic levels in line with the previous year, with strong performances in January and April, particularly thanks to the all-cargo airlines such as Cargolux Italia, Qatar and Air Bridge, Saudia and the courier Federal Express. For summer 2013 we report the introduction of new flights to North America by the Cargolux group and the granting of fifth freedom traffic rights to Qatar Airways for the introduction of two new weekly flights between Doha/Milano Malpensa/Chicago.

### Linate
At Linate, despite the transfer from Malpensa of KLM flights, the contraction in the first four months of 2013 (-133 thousand passengers) was principally due to reduced Alitalia transport from Fiumicino, Naples, Madrid and Paris Orly, the closure of the Wind Jet courier and the transfer of Air Baltic to Malpensa.
From March 25, 2013 easyJet began to operate Milano Linate - Rome Fiumicino flights, with 5 weekly connections from Monday to Friday (fully operative from April 8). The airline, through the introduction of these flights, has maintained passenger numbers unchanged compared to those on the route in the same period of the previous year.

## New bilateral agreements and granting of fifth freedom traffic rights

In the first four months of 2013, new bilateral agreements were signed with the following countries:
- South Korea, for an increase in frequency and the extension of fifth freedom traffic rights to cargo airlines;
- Egypt, for the increase in passenger flights;
- Ecuador, first aeronautic agreement between the two Countries, for the liberalisation of passenger and cargo traffic, potentially significant in the medium-term considering the substantial O&D traffic values between Milan and Ecuador;
- Sri Lanka: new agreements for the extension of the code-sharing faculty;
- Extra-bilateral authorisation granted by ENAC to

Qatar Airways for two cargo flights per week between Doha/Milan/Chicago, with the possibility of fifth freedom traffic rights on the Milan/Chicago sector.

## Development of passenger and cargo traffic – European airports in the first four months of 2013 (ACI Europe Rapid Data Exchange Program)

The passenger area results in the January-April period contracted (-1.4%). For the European hubs (-2.3%), particularly poor performances for Madrid (-14.8%), Rome (-3.9%) and Frankfurt (-2.1%); for the remaining major European airports (-1.1%), a particularly poor performance for Barcelona (-4.5%).
The cargo segment results for the major European airports contracted (-2.6%), principally for Brussels (-8.9%), Madrid (-6.8%), Paris (-5.7%), London (-1.9%), with Amsterdam (+1.6%) and Frankfurt (+0.8%) countering the trend.

## New national plan for the development of Italian airports

At the end of January 2013 the government launched a new national plan for the development of the airports, which identifies the terminals of national interest, on which the development of the sector in the coming years will be based, in order to reduce fragmentation and encourage a reorganisation and efficiency process. The airports of national interest, in addition to maintaining a fully managed national operating concession, are undergoing also a programme of infrastructural development which will develop capacity, accessibility and intermodality. The other airports must however be transferred to the relevant Regions, which will evaluate an alternative usage and/or possibility of closure. The new plan, in addition, does not provide for the building of new terminals.

## New Malpensa Master Plan

On April 3, 2013 the Lombardy Region unanimously expressed to the Environment Ministry its opinion on the new Master Plan stating that it (although highlighting provisions to be implemented such as the incorporation of an Environmental Research Institute and the consolidation of Malpensa):
a) represents a strategic opportunity for the development of regional competitivity;
b) provides an opportunity to attract tertiary and productive skills for the relaunch of the Lombardy hinterland.

The Opinion also states that the New Master Plan is in line both with regional planning (the Regional Plan and the Regional Development Plan) and with the National Airport Plan, in addition to the expectations for passenger traffic development and the expected increases in competitivity and restructuring of cargo traffic flows under the sector regional programme.
A similar announcement is expected also from the Piedmont Region.
In relation to the development of the general framework for the development of traffic and the new Guidelines for the National Airport Plan, it was agreed with ENAC and the Environment Ministry to carry out further verification procedures.
Finally we highlight the recent study issued by ARPA Lombardia, commissioned by the Municipalities of CUV and based on a year of monitoring, which clearly highlights that “there have been no significant impacts on the concentration of micro-pollutants directly or indirectly connected to the emissions from airport activities”.

# Proposals to the Shareholders' Meeting

# Board of directors’ proposals to the shareholders’ meeting

Dear Shareholders,

we propose the approval of the 2012 financial statements of SEA SpA prepared in accordance with IFRS.

We propose, in addition, the approval of the allocation of the 2012 net profit of a total amount of Euro 38,155,530.43 as follows:

- Euro 26,700,000.00 as dividend to Shareholders, in the amount of Euro 0.1068 per share;
- Euro 11,455,530.43 to the Extraordinary Reserve.

The Chairman of the Board of Directors
Giuseppe Bonomi

## Shareholders' meetings resolutions

The Shareholders' Meeting of June 24, 2013 passed the following motions:

- approval of the 2012 financial statements of SEA SpA which reports a net profit of Euro 38,155,530.43;
- allocation of the net profit of Euro 38,155,530.43 as follows:
  - Euro 26,700,000.00 as dividend to Shareholders, in the amount of Euro 0.1068 per share;
  - Euro 11,455,530.43 to the Extraordinary Reserve;
  - payment of the 2012 dividend of Euro 0.1068 per share on December 14, 2013.

The Chairman of the Board of Directors
Giuseppe Bonomi

# SEA Group Consolidated Financial Statements

# Financial Statements

## Consolidated Balance Sheet

| (in thousands of Euro) | Note | At December 31, 2012 | of which related parties | At December 31, 2011 restated as per change in accounting method of Employee Leaving Indem. (*) | of which related parties |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Intangible assets | 6.1 | 870,682 | | 755,816 | |
| Property, plant & equipment | 6.2 | 205,870 | | 248,341 | |
| Property investments | 6.3 | 3,420 | | 3,421 | |
| Investments in associated companies | 6.4 | 41,639 | | 36,973 | |
| Available-for-sale investments | 6.5 | 26 | | 26 | |
| Deferred tax assets | 6.6 | 31,554 | | 22,295 | |
| Other non-current receivables | 6.7 | 599 | | 922 | |
| **Total non-current assets** | | **1,153,790** | | **1,067,794** | |
| Inventories | 6.8 | 7,758 | | 9,261 | |
| Trade receivables | 6.9 | 156,054 | 8,525 | 171,539 | 11,121 |
| Other receivables | 6.10 | 34,969 | | 16,889 | |
| Cash and cash equivalents | 6.11 | 54,339 | | 24,062 | |
| **Total current assets** | | **253,120** | **8,525** | **221,751** | **11,121** |
| **TOTAL ASSETS** | | **1,406,910** | **8,525** | **1,289,545** | **11,121** |
| **LIABILITIES** | | | | | |
| Share capital | 6.12 | 27,500 | | 27,500 | |
| Other reserves | 6.12 | 185,744 | | 162,750 | |
| Net profit | 6.12 | 64,003 | | 52,457 | |
| **Group Shareholders' equity** | **6.12** | **277,247** | | **242,707** | |
| **Minority interest shareholders' equity** | **6.12** | **85** | | **83** | |
| **Group & minority interest shareholders' equity** | **6.12** | **277,332** | | **242,790** | |
| Provision for risks & charges | 6.13 | 163,533 | | 159,894 | |
| Employee provisions | 6.14 | 77,064 | | 68,527 | |
| Non-current financial liabilities | 6.15 | 410,696 | | 310,049 | |
| Other non-current liabilities | 6.16 | 0 | | 62,307 | |
| **Total non-current liabilities** | | **651,293** | | **600,777** | |
| Trade payables | 6.17 | 202,006 | 873 | 185,417 | 3,315 |
| Income tax payables | 6.18 | 53,562 | | 42,329 | |
| Other payables | 6.19 | 166,307 | | 181,771 | |
| Current financial liabilities | 6.15 | 56,410 | | 36,461 | |
| **Total current liabilities** | | **478,285** | **873** | **445,978** | **3,315** |
| **TOTAL LIABILITIES** | | **1,129,578** | **873** | **1,046,755** | **3,315** |
| **TOTAL LIABILITIES & SHAREHOLDERS' EQUITY** | | **1,406,910** | **873** | **1,289,545** | **3,315** |

(*) For further information on the change of the accounting method of actuarial gains/losses reference should be made to Paragraph 2.9 "Comparability of financial statements."

## Consolidated Comprehensive Income Statement

| (in thousands of Euro) | Note | At December 31, 2012 | of which related parties | At December 31, 2011 restated as per change in accounting method of Employee Leaving Indem. (*) | of which related parties |
|---|---|---|---|---|---|
| Operating revenues | 7.1 | 632,294 | 34,584 | 595,878 | 30,550 |
| Revenues for works on assets under concession | 7.2 | 88,662 | | 65,137 | |
| **Total revenues** | | **720,956** | **34,584** | **661,015** | **30,550** |
| **Operating costs** | | | | | |
| Personnel costs | 7.3 | (256,272) | | (250,436) | |
| Consumable materials | 7.4 | (63,038) | | (52,766) | |
| Other operating costs (**) | 7.5 | (145,291) | | (145,622) | |
| Provisions & write-downs | 7.6 | (26,283) | | (27,991) | |
| Costs for works on assets under concession | 7.7 | (83,453) | | (61,507) | |
| **Total operating costs** | | **(574,337)** | **(2,261)** | **(538,322)** | **(3,260)** |
| **Gross Operating margin / EBITDA** | | **146,619** | **32,323** | **122,693** | **27,290** |
| Ammortisation & Depreciation | 7.8 | (45,934) | | (41,384) | |
| **EBIT** | | **100,685** | **32,323** | **81,309** | **27,290** |
| Investment income (charges) | 7.9 | 7,549 | 7,549 | 21,681 | 21,681 |
| Financial charges | 7.10 | (19,179) | | (20,327) | |
| Financial income | 7.10 | 713 | | 3,375 | |
| **Pre-tax profit** | | **89,768** | **39,872** | **86,038** | **48,971** |
| Income taxes | 7.11 | (25,763) | | (33,578) | |
| **Net profit** | | **64,005** | **39,872** | **52,460** | **48,971** |
| Minority interest profit | | 2 | | 3 | |
| **Group net profit** | | **64,003** | **39,872** | **52,457** | **48,971** |
| Income from fair value measurement of available-for-sale financial assets | | | | (12,200) | |
| Tax effect from fair value measurement of available-for-sale financial assets | | | | 2,049 | |
| Fair value measurement of derivative financial instruments | | (6,522) | | (7,681) | |
| Tax effect from fair value measurement of derivative financial instruments | | 1,794 | | 2,112 | |
| Actuarial Profit / (Loss) on Employee Leaving Indemnity | | (9,356) | | 1,996 | |
| Tax effect on Actuarial Profit / (Loss) on Employee Leaving Indemnity | | 2,360 | | (549) | |
| **Total other comprehensive income items** | | **(11,724)** | | **(14,273)** | |
| **Total comprehensive profit** | | **52,281** | | **38,187** | |
| Attributable to: | | | | | |
| - Parent Company Shareholders | | 52,279 | | 38,184 | |
| - Minority interest | | 2 | | 3 | |

(*) For further information on the change of the accounting method of actuarial gains/losses reference should be made to Paragraph 2.9 "Comparability of financial statements."

(**) The account Other operating costs was set up following the aggregation of the accounts Industrial Costs and Administrative Costs in the 2011 financial statements approved.

## Consolidated Cash Flow Statement

| (in thousands of Euro) | 2012 | of which related parties | 2011 | of which related parties |
|---|---|---|---|---|
| | | | | At December 31, |
| **Cash flow generated from operating activities** | | | | |
| Pre-tax profit | 89,768 | | 86,038 | |
| Adjustments: | | | | |
| Ammortisation & depreciation of tangible & intangible assets | 45,934 | | 41,384 | |
| Net provisions (including employee provision) | 7,289 | | (2,209) | |
| Net financial charges | 18,466 | | 16,953 | |
| Investment income | (7,549) | | (21,682) | |
| Other non-cash items | (22,153) | | 1,304 | |
| **Cash flow generated from operating activities before work. cap. changes** | **131,755** | | **121,788** | |
| Change in inventories | 1,503 | | 432 | |
| Change in trade receivables & other receivables | (2,625) | 2,596 | 10,404 | 606 |
| Change in other non-current assets | 2,116 | | 293 | |
| Change in trade payables & other payables | 44,373 | (986) | 50,094 | (1,413) |
| **Cash flow generated from changes in working capital** | **45,367** | **1,610** | **61,224** | **(807)** |
| Income taxes paid | (44,291) | | (34,806) | |
| **Cash flow generated from operating activities** | **132,831** | **1,610** | **148,207** | **(807)** |
| Investments in fixed assets: | | | | |
| - intangible | (100,001) | | (67,351) | |
| - tangible | (6,113) | | (22,405) | |
| - financial | | | | |
| Divestments of fixed assets | | | | |
| - tangible | | | 1,635 | |
| - financial | | | 22,200 | |
| Dividends received | 2,882 | 2,882 | 1,663 | |
| **Cash flow generated from investing activity** | **(103,232)** | **2,882** | **(64,257)** | |
| Change in gross financial debt | | | | |
| - increases / (decreases) in short-term and medium/long-term debt | 114,464 | | (28,293) | |
| - increases / (decreases) in advances on State grants | 0 | | (9,277) | |
| Decreases / (increases) in receivables for State grants | 782 | | 7,182 | |
| Share Capital increases and shareholders' equity reserves | 0 | | 0 | |
| Net increases / (decreases) in other financial liabilities | (342) | | (2,546) | |
| Dividends distributed | (102,789) | | (41,846) | |
| Interest paid | (11,436) | | (8,572) | |
| **Cash flow generated from financing activity** | **679** | | **(83,352)** | |
| **Increase / (Decrease) in cash-and-cash equivalents** | **30,277** | **4,492** | **598** | **(807)** |
| Cash and cash equivalents at beginning of year | 24,062 | | 23,465 | |
| Cash and cash equivalents at end of year | 54,339 | | 24,062 | |

## Statement of Changes in Consolidated Shareholders' Equity

| Approved | Share capital | Legal Reserve | Other reserves & retained earnings (accum. Losses) | Adjustment of associated company investments | Actuarial profit / (losses) reserve | Derivative contracts hedge acctg. Reserve | Fair value adjustment of available-for sale financial assets | Net profit | Consolidated share. eq. | Minority interest capital & reserves | Group & minority interest consolidated share. eq. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31/12/2010** | **27,500** | **5,500** | **283,458** | **4,000** | **0** | **0** | **10,151** | **63,131** | **393,740** | **80** | **393,820** |
| Operations with share holders | | | | | | | | | 0 | | |
| Allocation of 2010 net profit | | | 63,131 | | | | | (63,131) | 0 | | 0 |
| Dividends distributed | | | (41,846) | | | | | | (41,846) | | (41,846) |
| Distribution of dividends resolution of December 29, 2011 | | | (147,370) | | | | | | (147,370) | 0 | (147,370) |
| **Other movements** | | | | | | | | | **0** | | **0** |
| Other comprehensive income statement items result | | | | | | (5,569) | (10,151) | | (15,720) | | (15,720) |
| Net profit | | | | | | | | 53,903 | 53,903 | 3 | 53,906 |
| **Balance at 31/12/2011** | **27,500** | **5,500** | **157,373** | **4,000** | **0** | **(5,569)** | **0** | **53,903** | **242,707** | **83** | **242,790** |

| Restated | Share capital | Legal Reserve | Other reserves & retained earnings (accum. Losses) | Adjustment of associated company investments | Actuarial profit / (losses) reserve | Derivative contracts hedge acctg. Reserve | Fair value adjustment of available-for sale financial assets | Net profit | Consolidated share. eq. | Minority interest capital & reserves | Group & minority interest consolidated share. eq. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31/12/2010** | **27,500** | **5,500** | **281,997** | **4,000** | **3,294** | **0** | **10,151** | **61,297** | **393,740** | **80** | **393,820** |
| Operations with share holders | | | | | | | | | 0 | | |
| Allocation of 2010 net profit | | | 63,131 | | | | | (63,131) | 0 | | 0 |
| Dividends distributed | | | (41,846) | | | | | | (41,846) | | (41,846) |
| Distribution of dividends resolution of December 29, 2011 | | | (147,370) | | | | | | (147,370) | 0 | (147,370) |
| **Other movements** | | | | | | | | | **0** | | **0** |
| Other comprehensive income statement items result | | | | | 1,447 | (5,569) | (10,151) | | (14,273) | | (14,273) |
| Net profit | | | | | | | | 52,456 | 52,456 | 3 | 52,458 |
| **Balance at 31/12/2011** | **27,500** | **5,500** | **155,912** | **4,000** | **4,742** | **(5,569)** | **0** | **50,622** | **242,707** | **83** | **242,790** |

| Restated | Share capital | Legal Reserve | Other reserves & retained earnings (accum. Losses) | Adjustment of associated company investments | Actuarial profit / (losses) reserve | Derivative contracts hedge acctg. Reserve | Fair value adjustment of available-for sale financial assets | Net profit | Consolidated share. eq. | Minority interest capital & reserves | Group & minority interest consolidated share. eq. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31/12/2011** | **27,500** | **5,500** | **155,912** | **4,000** | **4,742** | **(5,569)** | **0** | **50,622** | **242,707** | **83** | **242,790** |
| Operations with share holders | | | | | | | | | 0 | | |
| Allocation of 2011 net profit | | | 50,622 | | | | | (50,622) | 0 | | 0 |
| Dividends distributed | | | (17,739) | | | | | | (17,739) | | (17,739) |
| **Other movements** | | | | | | | | | **0** | | **0** |
| Other comprehensive income statement items result | | | | | (6,996) | (4,728) | 0 | | (11,724) | | (11,724) |
| Net profit | | | | | | | | 64,003 | 64,003 | 2 | 64,005 |
| **Balance at 31/12/2012** | **27,500** | **5,500** | **188,796** | **4,000** | **(2,254)** | **(10,297)** | **0** | **64,003** | **277,247** | **85** | **277,332** |

# Notes to the Consolidated Financial Statement

## 1. General information

Società per Azioni Esercizi Aeroportuali S.E.A. is a limited liability company, incorporated and domiciled in Italy according to Italian Law (the “Company”).

The Company’s headquarters are located at Milan Linate Airport in Segrate (Milan).

The Company and its subsidiaries (jointly the “Group” or the “SEA Group”) manages Milan Malpensa Airport and Milan Linate Airport under the 2001 Agreement signed between SEA and ENAC with a forty year duration (renewing the previous agreement of May 7, 1962).

SEA and the Group companies, in the running of the airports, are involved in the management, development and maintenance of the infrastructure and plant at the airports and offer customers all flight related services and activities, such as the landing and departure of aircraft and the airport security services (aviation business); these companies in addition provide a wide and specialised range of commercial services for passengers, operators and visitors, both managed directly and outsourced (non-aviation business).

Through SEA Handling, a subsidiary of SEA, the SEA Group provides also land-side assistance services for aircraft, passengers, luggage, cargo and mail (handling business).

In addition, the SEA Group, through the company SEA Energia, produces electric and thermal energy both to serve the requirements of its airports and for sale on the external market.

At the preparation date of the present document, the Company has a 51% holding in Malpensa Construction Consortium, which provides engineering services and airport construction and infrastructure works.

It is also reported that the Group (i) through a 40% holding of SEA in the share capital of Dufrital, also undertakes commercial activities in other Italian airports, including Bergamo, Genoa and Verona; (ii) through the investee company Malpensa Logistica Europa (in which SEA held 25% of the share capital at December 31, 2012) undertakes integrated logistics activities; (iii) through the shareholding (30% of the share capital) in SEA Services operates in the catering sector for the Milan airports and (iv) through an investment in Disma (18.75% of the share capital) manages a plant for the storage and distribution of aviation fuel at Milan Malpensa Airport.

The Company, with a shareholding of 30.98%, is also the largest shareholder of SACBO, which manages the Bergamo airport, Orio al Serio.

The activities carried out by the SEA Group, previously outlined above are therefore structured into the following major areas, with the Group sourcing revenues from each as follows:

- Aviation business (“core” airport business in support of passenger and cargo transport); the revenues generated are based on a regulated tariff system and stem from airport rights, fees for the use of centralised infrastructure and of shared use assets, in addition to security fees and tariffs for the exclusive use of spaces by airlines and Handlers. The rights and fees for security are set by Ministerial Decrees, while the fees for the use of centralised infrastructure and shared assets are monitored and verified by ENAC. From September 23, 2012 the Master Agreement entered into force – whose new tariff plan will enable a progressive recovery of the current gap with the major European airports;
- Non-Aviation business (commercial services offered to passengers and users of the Milan Airports), whose revenues derive from market fees for the Non-Aviation business directly carried out by SEA, and/or from the above-stated business carried out by sub-contractors, from royalties based on a percentage of revenues of third party operators, with minimum guarantees set;
- Handling business (and assistance services to aircrafts, passengers, luggage, cargo and mail); the revenues stem from market fees for the ramp handling business (services provided air-side, including the boarding/disembarking of passengers, luggage and cargo, aircraft balancing and luggage distribution and reconciliation) and for passenger handling (land-side services, including check-in and Lost & Found). These fees were freely negotiated between the SEA Group and the airlines;
- Energy (generation and sale of electric and thermal energy) whose revenues stem from market fees set by unit, multiplied by quantity of energy supplied.

On December 28, 2012, F2i – Fondi Italiani per le Infrastrutture acquired a holding of 14.56% from ASAM (holding company of the Milan Province) in SEA SpA. Following this operation, the holding of F2i in SEA SpA increased from 29.75% to 44.31%.

## 2. Summary of accounting principles adopted

The main accounting principles adopted in the preparation of the consolidated financial statements at December 31, 2012 are reported below.

The consolidated financial statements at December 31, 2012 and the tables included in the explanatory notes are prepared in thousands of Euro.

### 2.1 Basis of preparation

The consolidated financial statements includes the consolidated balance sheet at December 31, 2012 and at December 31, 2011, the comprehensive consolidated income statement, the consolidated cash flow statement, the change in the consolidated shareholders' equity at December 31, 2012 and 2011 and the relative explanatory notes.

The consolidated financial statements at December 31, 2012 were prepared in accordance with EU IFRS in force at the approval date of the financial statements. The term EU IFRS includes all of the International Financial Reporting Standards, all of the International Accounting Standards and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") previously called the Standing Interpretations Committee ("SIC") approved and adopted by the European Union.

Compared to the consolidated financial statements of SEA for the year ended December 31, 2011, the Company chose to apply in advance the amendments introduced to IAS 19 "Employee Benefits" of the amendment issued by the International Accounting Standards Board (IASB) on June 16, 2011 and published in the European Union Official Journal on June 5, 2012. The new IAS 19 (which must be applied, at the latest, in the financial statements which begin on January 1, 2013 or subsequently) provides that all actuarial gains and losses matured at the balance sheet date are immediately recorded in the "Comprehensive Income Statement" and therefore eliminates the possibility to defer these gains/losses through the corridor method and their possible recognition in the income statement. For the recognition of the actuarial gains and losses, the new IAS 19 only permits the use of the so-called OCI method (other comprehensive income).

In the present consolidated financial statements, the figures reported for comparative purposes in the financial statements and in the tables of the explanatory notes, relating to the balance sheet and income statement for the year ended December 31, 2011, are reported as "Restated", as they also take account of the first-time application of the new IAS 19.

Reference should be made to the subsequent Paragraph 2.8 for the description of this method.

In relation to the presentation method of the financial statements "the current/non-current" criterion was adopted for the balance sheet while the classification by nature was utilised for the comprehensive income statement and the indirect method for the cash flow statement.

The consolidated financial statements were prepared in accordance with the historical cost convention, except for the measurement of financial assets and liabilities, including derivative instruments, where the obligatory application of the fair value criterion is required.

The consolidated financial statements were prepared in accordance with the going concern concept, as the directors verified the non-existence of financial, operational or other indicators which could indicate difficulties in the capacity of the Group to meet its obligations in the foreseeable future and in particular in the next 12 months.

The consolidated financial statements were audited by the audit firm PricewaterhouseCoopers S.p.A., the auditor appointed by the Company and the Group.

### 2.2. Accounting standards, amendments and interpretations adopted from January 1, 2012

The International Accounting Standards and amendments which must be obligatory applied from January 1, 2012, following completion of the relative approval process by the relevant authorities, are illustrated below. The adoption of these amendments and interpretations has not had any impact on the financial position or on the result of the Group.

| Description | Date approved | Published in EU Journal | Effective date as per the standard | Effective date applied by SEA |
|---|---|---|---|---|
| Amendments to IFRS 7 Financial instruments: Disclosure on transfer of financial assets | Nov. 22 '11 | Nov. 23 '11 | Periods which begin after June 30, 2011 | Jan. 1 '12 |
| Amendments to IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets | Dec. 11 '12 | Dec. 29 '12 | Periods which begin after Dec. 31, 2011 | Jan. 1 '12 |

### Green certificates and emission quotas

In February 2013, the Italian Accounting Board approved the final version of the new National Accounting Standard to establish the measurement criteria in the financial statements of the Green Certificates (OIC 7) and of the greenhouse gas emission quotas (OIC 8).

The companies which produce electricity from renewable sources receive the green certificates from the Energy Service Operator (GSE). Revenues are recognised on an accruals basis both in relation to certificates issued on a preliminary basis and final certificates issued. On the recognition of the revenues a receivable is recorded from the GSE and on the sale of the certificates this is then recorded as a customer receivable.
The emission quotas constitute an instrument which has the objective to reduce greenhouse gas emissions. The enterprises recognise on an accruals basis the costs relating to the quota to be paid based on the production of the greenhouse gases recording a payable to the National Authority; account is taken of the free quotas assigned as well as those purchased and sold during the year.

### 2.3 Accounting standards, amendments and interpretations not yet applicable and not adopted in advance by the Group

Below we report the International Accounting Standards, interpretations and amendments to existing accounting standards and interpretations, or specific provisions within the standards and interpretations approved by the IASB which have not yet been approved for adoption in Europe at the approval date of the present document or which may be applied in advance:

| Description | Approved at the date of the present document | Effective date as per the standard |
|---|---|---|
| Amendments to IAS 1 Presentation Presentation of Items of Other Comprehensive Income | June 5 '12 | Periods which begin from July 1, 2012 |
| IFRS 13 Fair value Measurement | Dec. 11 '12 | Periods which begin from Jan. 1, 2013 |
| Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities | Dec. 13 '12 | Periods which begin from Jan. 1, 2013 |
| Amendments to IFRS 10, 11 and 12 on transition guidance | NO | Periods which begin from Jan. 1, 2013 |
| IFRS 12 Disclosure of Interests in Other Entities | Dec. 11 '12 | Periods which begin from Jan. 1, 2014 |
| IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements | Dec. 11 '12 | Periods which begin from Jan. 1, 2014 |
| IAS 28 Investments in Associates and Joint Ventures | Dec. 11 '12 | Periods which begin from Jan. 1, 2014 |
| Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities | Dec. 13 '12 | Periods which begin from Jan. 1, 2014 |
| Amendments to IFRS 10, IFRS 12 e IAS 27 Investment entities | NO | Periods which begin from Jan. 1, 2014 |
| IFRS 9 Financial instruments | NO | Periods which begin from Jan. 1, 2015 |

On May 3, 2012, IASB, within in its Annual Improvements programme of IFRS, published the Exposure Draft relating to the 2010-2012 cycle with reference to the following matters:

| IFRS | Amendments |
|---|---|
| IFRS 2 Share-based Payment | Definition of vesting condition |
| IFRS 3 Business Combinations | Accounting for contingent consideration in a business Combination |
| IFRS 8 Operating Segments | Aggregation of operating segments<br>Reconciliation of the total of the reportable segments' assets to the entity's assets |
| IFRS 13 Fair Value Measurement | Short-term receivables and payables |
| IAS 1 Presentation of Financial Statements | Current/non-current classification of liabilities |
| IAS 7 Statement of Cash Flows | Interest paid that is capitalised |
| IAS 12 Income Taxes | Recognition of deferred tax assets for unrealised losses |
| IAS 16 Property, Plant and Equipment<br>IAS 38 Intangible Assets | Revaluation method—proportionate restatement of accumulated depreciation |
| IAS 24 Related Party Disclosures | Key management personnel |
| IAS 36 Impairment of Assets | Harmonisation of disclosures for value in use and fair value less costs of disposal |

These amendments should come into force from January 1, 2014. The Company is assessing the impact of the application of these standards on the financial statements.

### 2.4 Accounting standards, amendments and interpretations adopted in advance by the Group

Below we report the International Accounting Standards, interpretations and amendments to existing accounting standards and interpretations, or specific provisions within the standards and interpretations approved by the ISAB adopted in advance by the Group:

| Description | Approved at the date of the present document | Effective date as per the standard |
|---|---|---|
| Revised version of IAS 19 "Employee Benefits" | June 2012 | Periods which begin from July 1, 2012 |

## 2.5 Consolidated method and principles

The financial statements of the companies included in the consolidation scope were prepared as at December 31, 2012 and were appropriately adjusted, where necessary, in line with Group accounting principles.

The Group consolidated financial statements includes the financial statements of the Company and the companies which the company directly or indirectly controls, from the date of acquisition and until control terminates. Specifically control is exercised based on direct majority shareholding with voting rights.

The subsidiary companies are consolidated using the line-by-line method. The criteria adopted for the line-by-line consolidation were as follows:

- the assets and liabilities and the charges and income of the companies fully consolidated are recorded line-by-line, attributing to the minority shareholders, where applicable, the share of net equity and net result for the period pertaining to them; this share is recorded separately in the net equity and in the consolidated income statement;
- business combinations are recognised according to the acquisition method. According to this method, the amount transferred in a business combination is valued at fair value, calculated as the sum of the fair value of the assets transferred and the liabilities assumed by the Group at the acquisition date and of the equity instruments issued in exchange for control of the company acquired. Accessory charges to the transaction are generally recorded to the income statement at the moment in which they are incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recorded at fair value at the acquisition date; the following items form an exception, which are instead valued according to the applicable standard:
  - deferred tax assets and liabilities;
  - employee benefit assets and liabilities;
  - liability or equity instruments relating to share-based payments of the company acquired or share-based payments relating to the Group issued in substitution of contracts of the entity acquired;
  - assets held-for-sale and discontinued operations;
- the acquisition of minority shareholdings relating to entities in which control already exists are not considered as such, but rather operations with shareholders; the Group records under equity any difference between the acquisition cost and the relative share of the net equity acquired;
- the significant gains and losses, with the relative fiscal effect, deriving from operations between fully consolidated companies and not yet realised with third parties, are eliminated, except for the losses not realised and which are not eliminated, where the transaction indicates a reduction in the value of the asset transferred. The effects deriving from reciprocal payables and receivables, costs and revenues, as well as financial income and charges are also eliminated if significant;
- the gains and losses deriving from the sale of a share of the investment in a consolidated company which results in the loss of control are recorded in the income statement for the amount corresponding to the difference between the sales price and the corresponding fraction of the consolidated net equity sold.

### Associated companies

Associated companies are companies in which the Group has a significant influence, which is presumed to exist when the percentage held is between 20% and 50% of the voting rights.

The investments in associated companies are measured under the equity method. The equity method is as described below:

- the book value of these investments are in line with the adjusted net equity, where necessary, to reflect the application of IFRS and includes the recording of the higher value attributed to the assets and liabilities and to any goodwill identified at the moment of the acquisition;
- the Group gains and losses are recorded at the date in which the significant influence begins and until the significant influence terminates; in the case where, due to losses, the company valued under this method indicates a negative net equity, the carrying value of the investment is written down and any excess pertaining to the Group, where this latter is committed to comply with legal or implicit obligations of the investee, or in any case to cover the losses, is recorded in a specific provision; the equity changes of the companies valued under the equity method not recognised through the income statement are recorded directly as an adjustment to equity reserves;
- the significant gains and losses not realised generated on operations between the Parent Company and subsidiary companies and investments valued under the equity method are eliminated based on the share pertaining to the Group in the investee; the losses not realised are eliminated, except when they represent a reduction in value.

### 2.6 Consolidation scope and changes in the year

The registered office and the share capital (at December 31, 2012) of the companies included in the consolidation scope at December 31, 2012 under the full consolidation method and equity method are reported below:

| Company | Registered Office | Share capital at 31/12/2012 (Euro) |
|---|---|---|
| SEA Handling S.p.A. | Malpensa Airport - Terminal 2 - Somma Lombardo (VA) | 38,050,394 |
| SEA Energia S.p.A. | Milan Linate Airport - Segrate (MI) | 5,200,000 |
| Consorzio Malpensa Construction | Via del Vecchio Politecnico, 8 - Milan | 51,646 |
| Dufrital S.p.A. | Via Lancetti, 43 - Milan | 466,250 |
| SACBO S.p.A. | Via Orio al Serio, 49/51 - Grassobbio (BG) | 17,010,000 |
| SEA Services S.r.l. | Via Val Formazza, 10 - Milan | 105,000 |
| Malpensa Logistica Europa S.p.A. | Milan Linate Airport- Segrate (MI) | 6,000,000 |
| Disma S.p.A. | Milan Linate Airport - Segrate (MI) | 2,600,000 |

The companies included in the consolidation scope at December 31, 2012 and the respective consolidation methods are reported below:

| Company | % Held at 31/12/2012 | 2012 Consolidation Method |
|---|---|---|
| SEA Handling S.p.A. | 100% | line-by-line |
| SEA Energia S.p.A. | 100% | line-by-line |
| Consorzio Malpensa Construction | 51% | line-by-line |
| Dufrital S.p.A. | 40% | Equity |
| SACBO S.p.A. | 30.979% | Equity |
| SEA Services S.r.l. | 30% | Equity |
| Malpensa Logistica Europa S.p.A. | 25% | Equity |
| Disma S.p.A. | 18.75% | Equity |

On December 21, 2011 the merger by incorporation of CID Italia into Dufrital effective as of January 1, 2012 was signed. The merger did not give rise to any share swap, as the equity of the incorporated company was absorbed entirely by the merging entity and, therefore, held indirectly by the same shareholders in the same percentage (40% for the Company).

### 2.7 Translation of foreign currency transactions

The transactions in currencies other than the operational currency of the company are translated using the exchange rate at the transaction date.

The foreign currency gains and losses generated from the closure of the transaction or from the translation at the balance sheet date of the assets and liabilities in foreign currencies are recognised in the income statement.

### 2.8 Accounting principles

## Intangible assets

An intangible asset is a non-monetary asset, identifiable and without physical substance, controllable and capable of generating future economic benefits. These assets are recorded at purchase and/or production cost, including the costs of bringing the asset to its current use, net of accumulated amortisation, and any loss in value. The intangible assets are as follows:

#### (a) Rights on assets under concession

The "Rights on assets under concession" represent the right of the Lessee to utilise the asset under concession (so-called intangible asset method) in consideration of the costs incurred for the design and construction of the asset with the obligation to return the asset at the end of the concession. The value corresponds to the "fair value" of the design and construction assets increased by the financial charges capitalised, in accordance with IAS 23, during the construction phase. The fair value of the construction work is based on the costs actually incurred increased by a mark-up of 6% representing the remuneration of the internal costs for the management of the works and design activities undertaken by the Group. The determination of the fair value results from the fact that the lessee must apply paragraph 12 of IAS 18 and therefore if the fair value of the services received (specifically the right to utilise the asset) cannot be determined reliably, the revenue is calculated based on the fair value of the construction work undertaken.

The construction work in progress at the balance sheet date is measured based on the state of advancement of the work in accordance with IAS 11 and this amount is reported in the income statement line "Revenues for works on assets under concession".

Restoration or replacement works are not capitalised and are included in the estimate of the restoration and replacement provision as outlined below.

Assets under concession are amortised over the duration of the concession, as it is expected that the future economic benefits of the asset will be utilised by the lessee.

The accumulated amortisation provision and the restoration and replacement provision ensure the adequate coverage of the following charges:
- free devolution to the State at the expiry of the concession of the assets devolved freely with useful life above the duration of the concession;
- restoration and replacement of the components subject to wear and tear of the assets under concession.

Where events arise which indicate a reduction in the value of these intangible assets, the difference between the present value and the recovery value is recognised in the income statement.

### (b) Patents, concessions, licenses, trademarks and similar rights
Trademarks and licenses are amortised on a straight-line basis over their estimated useful life.

### (c) Computer software
Software license costs are amortised on a straight-line basis over three years, while software programme maintenance costs are expensed when incurred.

## Property, plant, equipment

Property, plant and equipment include assets owned and assets devolved freely financed by the State. In relation to the assets devolved freely financed by the Group, reference should be made to the paragraph below.

### Assets devolved freely financed by the State
The assets devolved freely financed by the State relate to fixed assets acquired by the Group in accordance with the 2001 Convention (which renewed the previous Convention of May 7, 1962). The 2001 Convention provides for the obligation of the Group to maintain and manage airport assets for the undertaking of such activities and the right to undertake structural airport works, which remain the property of the Group until the expiry of the 2001 Convention, i.e. May 4, 2041. These fixed assets are devolved freely to the State Administration at the expiry date of the Convention. In the consolidated financial statements the assets financed through State grants as per Law No. 449/85 are reported net of these grants.

## Owned assets

Owned assets are represented by tangible fixed assets purchased by the Group which are not subject to the obligation of free devolution.

The property, plant and equipment concerning both owned assets and assets devolved freely financed by the State are recorded at purchase or production cost and, only with reference to owned assets, net of the accumulated depreciation and any loss in value. The cost includes charges directly incurred for bringing the asset to their condition for use, as well as dismantling and removal charges which will be incurred consequent of contractual obligations, which require the asset to be returned to its original condition.

The expenses incurred for the maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement when they are incurred. The capitalisation of the costs relating to the expansion, modernisation or improvement of owned tangible assets or of those held in leasing, is made only when they satisfy the requirements to be separately classified as an asset or part of an asset in accordance with the component approach, in which case the useful life and the relative value of each component is measured separately.

Depreciation is charged based on the number of months held on a straight-line basis, which depreciates the asset over its estimated useful life. Applying the principle of the component approach, when the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is calculated separately for each part of the asset. The assets devolved freely financed by SEA are depreciated over the duration of the concession or the useful life of the components identified if lower.

The depreciation rates for owned assets, where no separate specific components are identified are reported below:

| | |
|---|---|
| Loading and unloading vehicles | 10% |
| Runway equipment | 31.5% |
| Equipment | 25% |
| Furniture and fittings | 12% |
| Transport vehicles | 20% |
| Motor vehicles | 25% |
| EDP | 20% |

The useful life of property, plant and equipment and their residual value are reviewed and updated, where necessary, at least at the end of each year.

## Impairment of property, plant and equipment and intangible assets

At each balance sheet date, the property, plant and machinery, intangible assets and associated companies are analysed in order to identify any indications of a reduction in value. Where these indications exist, an estimate of the recoverable value of the above-mentioned assets is made, recording any write down compared to the relative book value in the income statement. The recoverable value of an asset is the higher between the fair value less costs to sell and its value in use, where this latter is the fair value of the estimated future cash flows for this asset. For an asset that does not generate sufficient independent cash flows, the realisable value is determined in relation to the cash generating unit to which the asset belongs. In determining the fair value consideration is taken of the purchase cost of a specific asset which takes into account a depreciation coefficient (this coefficient takes into account the effective conditions of the asset). In defining the value in use, the expected future cash flows are discounted utilising a discount rate that reflects the present market assessment of the time value of money, and the specific risks of the activity. A reduction in value is recognised in the income statement when the carrying value of the asset is higher than the recoverable amount. When the reasons for the write-down no longer exist, the book value of the asset is restated through the income statement, up to the value at which the asset would be recorded if no write-down had taken place and amortisation had been recorded.

## Investment property

This account includes owned buildings not for operational use. Investment property is initially recognised at cost and subsequently measured utilising the amortised cost criteria, net of accumulated depreciation and loss in value.

## Financial assets

On initial recognition, the financial assets are classified in one of the following categories based on the relative nature and purpose for which they were acquired:
- financial assets at fair value through profit or loss;
- loans and receivables;
- available for sale financial assets.

The financial assets are recorded under assets when the company becomes contractually party to the assets. The financial assets sold are derecognised when the right to receive the cash flow is transferred together with all the risks and benefits associated with ownership.

Purchases and sales of financial assets are recognised at the valuation date of the relative transaction. Financial assets are measured as follows:

### (a) Financial assets at fair value through profit or loss

Financial assets are classified in this category if acquired for the purposes to be sold in the short term period. The assets in this category are classified as current and measured at fair value; the changes in fair value are recognised in the income statement in the period in which they arise, if significant.

### (b) loans and receivables

Loans and receivables are financial instruments, principally relating to trade receivables, non-derivative, not listed on an active market, from which fixed or determinable payments are expected. Loans and receivables are stated as current assets, except for amounts due beyond 12 months from the balance sheet date, which are classified as non-current. These assets are measured at amortised cost, on the basis of the effective interest rate.

When there is an indication of a reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable. The losses in value are recognised in the income statement. When, in subsequent periods, the reasons for the write-down no longer exist, the value of the assets are restated up to the value deriving from the application of the amortised cost.

### (c) AFS financial assets

The AFS assets are non-derivative financial instruments explicitly designated in this category, or are not classified in any of the previous categories and are classified under non-current assets unless management has the intention to sell them within 12 months from the balance sheet date. These financial assets are measured at fair value and the valuation gains or losses are allocated to an equity reserve under “Other comprehensive income”. They are recognised in the income statement only when the financial asset is sold, or, in the case of negative cumulative changes, when it is considered that the reduction in value already recorded under equity cannot be recovered.

In the case of investments classified as financial assets available for sale, a prolonged or significant decline in the fair value of the investment below the initial cost is considered an indicator of loss in value.

## Derivative financial instruments

The derivatives are classified as hedging instruments when the relation between the derivative and the hedged item is formally documented and the effectiveness of the hedge, periodically verified, is high. When the hedged derivatives cover the risk of change of the fair value of the instruments hedged (fair value hedge; e.g. hedge in the variability of the fair value of asset/liabilities at fixed rate), these are recorded at fair value through the income statement; therefore, the hedging instruments are adjusted to reflect the changes in fair value associated to the risk covered. When the derivatives hedge a risk of changes in the cash flows of the instruments hedged (cash flow hedge), the hedging is designated against the exposure to changes in the cash flows attributable to the risks which may in the future impact on the income statement. The effective part of the change in fair value of the part of the derivative contracts which are designated as hedges in accordance with IAS 39 is recorded in an equity account (and in particular "other items of the comprehensive income statement"); this reserve is subsequently transferred to the income statement in the period in which the transaction hedged impacts the income statement. The ineffective part of the change in the fair value of the part of the derivative contracts, as indeed the entire change in the fair value of the derivatives which are not designated as hedges or which do not comply with the requirements of the above-mentioned IAS 39, are recognised directly in the income statement in the account "financial income/charges."

The fair value of traded financial instruments is based on the listed price at the balance sheet date. If the market for a financial asset is not active (or refers to non-listed securities), the Group determines fair value utilising valuation techniques which include: reference to advanced negotiations in course, references to securities which have the same characteristics, analyses based on cash flows, price models based on the use of market indicators and aligned, as far as possible, to the assets to be valued.

## Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured based on the amortised cost method net of the doubtful debt provision. When there is an indication of a reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable.

Indicators of loss in value include, among others, significant contractual non-compliance, significant financial difficulties, insolvency risk of the counterparty. Receivables are reported net of the provision for doubtful debts. If in subsequent periods the reduction in the value of the asset is confirmed, the doubtful debt provision is utilised; otherwise, where the reasons for the previous write-down no longer exist, the value of the asset is reversed up to the recoverable amount derived from applying the amortised cost method where no write down had been made.

## Inventories

Inventories are measured at the lower of average weighted purchase and/or production cost and net realisable value. The valuation of inventories does not include financial charges.

## Cash and cash equivalents

Cash and cash equivalents includes cash, bank deposits, and other short-term forms of investment, due within three months. At the balance sheet date, bank overdrafts are classified as financial payables under current liabilities in the balance sheet. Cash and cash equivalents are recorded at fair value.

## Provisions for risks and charges

The provisions for risks and charges are recorded to cover known or likely losses or liabilities, the timing and extent of which are not known with certainty at the balance sheet date. They are recorded only when there exists a current obligation (legal or implicit) for a future payment resulting from past events and it is probable that the obligation will be settled. This amount represents the best estimate less the expenses required to settle the obligation.

Possible risks that may result in a liability are disclosed in the notes under the section on commitments and risks without any provision.

### Restoration and replacement provision of assets under concession

The accounting treatment of the works undertaken by the lessee on the assets under concession, as per IFRIC 12, varies depending on the nature of the work: normal maintenance on the asset is considered ordinary maintenance and therefore recognised in the income statement; replacement work and programmed maintenance of the asset at a future date, considering that IFRIC 12 does not provide for the recognition of a physical asset but a right, must be recognised in accordance with IAS 37 - "Provisions and potential liabilities" – which establishes recognition to the income statement of a provision and the recording of a provision for charges in the balance sheet.

The restoration and replacement provision of the assets under concession include, therefore, the best estimate of the present value of the charges matured at the balance sheet date for the programmed maintenance in the coming years and undertaken in order to ensure the functionality, operations and security of the assets under concession.

It should be noted that the restoration and replacement provision of the assets refers only to fixed assets within the scope of IFRIC 12.

## Employee provisions

### Pension provisions

The Companies of the Group have both defined contribution plans and defined benefit plans.

A defined contribution plan is a plan in which the Group participates through fixed payments to third party fund operators, and in relation to which there are no legal or other obligation to pay further contributions where the fund does not have sufficient assets to meet the obligations of the employees for the period in course and previous periods. For the defined contribution plans, the Group pays contributions, voluntary or established contractually, to public and private pension funds. The contributions are recorded as personnel costs in accordance with the accruals principle. The advanced contributions are recorded as an asset which will be repaid or offset against future payments where due.

A defined benefit plan is a plan not classified as a contribution plan. In the defined benefit programmes, the amount of the benefit to be paid to the employee is quantifiable only after the termination of the employment service period, and is related to one or more factors such as age, years of service and remuneration; therefore the relative charge is recognised to the income statement based on actuarial calculations. The liability recorded in the accounts for defined benefit plans corresponds to the present value of the obligation at the balance sheet date, net, where applicable, of the fair value of the plan assets. The obligations for the defined benefit plans are determined annually by an independent actuary utilising the projected unit credit method. The present value of the defined benefit plan is determined discounting the future cash flows at an interest rate equal to the obligations (high-quality corporate) issued in the currency in which the liabilities will be settled and takes into account the duration of the relative pension plan. On June 16, 2011, IASB issued an amendment to IAS 19 which eliminates the option to defer the recognition of the actuarial gains and losses under the corridor method, requiring all actuarial gains and losses to be recorded under other comprehensive items and recognised in a specific equity reserve. SEA chose to apply this new accounting method from the year 2012 in the preparation of the consolidated and separate financial statements.

We report that, following amendments made to the leaving indemnity regulations by Law No. 296 of December 27, 2006 and subsequent Decrees and Regulations issued in the first half of 2007, the leaving indemnity provision due to employees in accordance with Article 2120 Civil Code is classified as defined benefit plans for the part matured before application of the new legislation and as defined contribution plans for the part matured after the application of the new regulation.

### Post-employment benefits

Post-employment benefits are paid to employees when the employee terminates his employment service before the normal pension date, or when an employee accepts voluntary termination of the contract. The Group records post-employment benefits when it is demonstrated that the termination of the employment contract is in line with a formal plan which determines the termination of the employment service, or when the provision of the benefit is a result of a leaving indemnity programme.

## Financial liabilities

Financial liabilities and other commitments to be paid are initially measured at fair value, net of directly allocated accessory costs, and subsequently at amortised cost, using the effective interest rate. When there is a change in the expected cash flows and it is possible to estimate them reliably, the value of the payables are recalculated to reflect this change, based on the new present value of the expected cash flows and on the internal yield initially determined. The financial liabilities are classified under current liabilities, except when the Group has an unconditional right to defer their payment for at least 12 months after the balance sheet date.

Purchases and sales of financial liabilities are recognised at the valuation date of the relative transaction.

Financial liabilities are derecognised from the balance sheet when they are settled and the Group has transferred all the risks and rewards relating to the instrument.

## Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured based on the amortised cost method.

## Revenue recognition

Revenues are recognised at fair value of the amount received for the services from the ordinary activities of the Group. They are calculated following the deduction of VAT and discounts.

The revenues, principally relating to the provision of services, are recognised in the accounting period in which they are provided.

### Revenue for works on assets under concession

Revenues on construction work are recognised in relation to the state of advancement of works in accordance with the percentage of completion method and on the basis of the costs incurred for these activities increased by a mark-up of 6% representing the remuneration of the internal costs of the management of the works and design activities undertaken by the Group.

## Public grants

Public grants, in the presence of a formal resolution, are recorded on an accrual basis in direct correlation to the costs incurred (IAS 20).

### Capital grants

Capital public grants relating to property, plant and equipment are recorded as a reduction in the acquisition value of the assets to which they refer.

### Operating grants

Operating grants are recorded directly in the income statement.

## Recognition of costs

Costs are recognised when relating to assets or services acquired or consumed in the year or by systematic allocation.

## Financial income

Financial income is recognised on an accruals basis and includes interest income on funds invested, foreign currency gains and income deriving from financial instruments, when not offset by hedging operations. Interest income is recorded in the income statement at the moment of maturity, considering the effective yield.

## Financial charges

Financial charges are recorded on an accrual basis and include interest on financial payables calculated using the effective interest method and currency losses. The financial charges incurred on investments in assets for which a significant period of time is usually needed to render the assets available for use or sale (qualifying assets) are capitalised and amortised over the useful life of the class of the assets to which they refer in accordance with the provisions of the new version of IAS 23.

## Income taxes

Current income taxes are calculated based on the assessable income for the year, applying the current tax rates at the balance sheet date.

Deferred taxes are calculated on all differences between the assessable income of an asset or liability and the relative book value, with the exception of goodwill. Deferred tax assets for the portion not compensated by deferred tax liabilities are recognised only for those amounts for which it is probable there will be future assessable income to recover the amounts. The deferred taxes are calculated utilising the tax rates which are expected to be applied in the years when the temporary differences will be realised or settled. Deferred tax assets are recorded when their recovery is considered probable.

Current and deferred income taxes are recorded in the income statement, except those relating to accounts directly credited or debited to equity, in which case the fiscal effect is recognised directly to equity. Taxes are compensated when applied by the same fiscal authority, there is a legal right of compensation and the payment of the net balance is expected.

Other taxes not related to income, such as taxes on property, are included under “administrative costs”.

## Dividends

Payables for dividends to shareholders are recorded in the year in which the distribution is approved by the Shareholders’ Meeting. Reference should be made to Note 16.

### 2.9. Comparability of financial statements

As illustrated in the accounting principles Note 2.4, on the preparation of the consolidated financial statements at December 31, 2012, SEA Group changed the accounting of the actuarial gains and losses in accordance with IAS 19, which up to December 31, 2011 were recorded directly to the income statement.

In particular, in June 2012, EU Regulation No. 475-2012 was issued which approved, at European level, the revised version of IAS 19 (Employee Benefits), which is applicable from January 1, 2013 under the retrospective method. SEA Group decided to apply, as permitted, these amendments in advance from the consolidated financial statements for the year ended December 31, 2012.

The financial statements below report the balance sheet at December 31, 2011 approved and the restated balance sheet illustrating the amounts recorded under equity of the actuarial gains and losses (IAS 19 revised).

The presentation of uniform financial figures also required new classification in some of the income statement accounts in the consolidated financial statements of the SEA Group for the year 2012 and the comparative year 2011.

These reclassifications were necessary in order to provide a better clarification and comparability of information for the two years reported. The reclassifications did not result in a change in the Group net result.

A summary of the reclassifications is reported below:

- Reclassification under "other operating costs" of some grants provided to operators in the aviation sector, previously classified as reduction of revenues;
- Reclassification under operating costs of the "provisions and write-downs" for the year;
- Reclassification under "other operating costs" of the costs of the Board of Directors previously classified under "personnel costs";
- Reclassification under "operating revenues" and "personnel costs" of the reimbursement on activities provided by personnel of the Group at third party companies.

| **Balance Sheet** (in thousands of Euro) | At December 31, 2011 approved | Change in accounting method of Employee Leaving Indemnity | At December 31, 2011 restated as per change in accounting method of Employee Leaving Indem. |
|---|---|---|---|
| **ASSETS** | | | |
| Intangible assets | 755,816 | | 755,816 |
| Property, plant & equipment | 248,341 | | 248,341 |
| Property investments | 3,421 | | 3,421 |
| Investments in associated companies | 36,973 | | 36,973 |
| Available-for-sale investments | 26 | | 26 |
| Deferred tax assets | 22,770 | (475) | 22,295 |
| Other non-current receivables | 922 | | 922 |
| **Total non-current assets** | **1,068,269** | **(475)** | **1,067,794** |
| Inventories | 9,261 | | 9,261 |
| Trade receivables | 171,539 | | 171,539 |
| Other receivables | 16,889 | | 16,889 |
| Cash and cash equivalents | 24,062 | | 24,062 |
| **Total current assets** | **221,751** | | **221,751** |
| **TOTAL ASSETS** | **1,290,020** | **(475)** | **1,289,545** |
| **LIABILITIES** | | | |
| Share capital | 27,500 | | 27,500 |
| Other reserves | 161,303 | 1,447 | 162,750 |
| Net profit | 53,904 | (1,447) | 52,457 |
| **Group Shareholders' equity** | **242,707** | **0** | **242,707** |
| **Minority interest shareholders' equity** | **83** | | **83** |
| **Group & minority interest shareholders' equity** | **242,790** | **0** | **242,790** |
| Provision for risks & charges | 159,894 | | 159,894 |
| Employee provisions | 68,527 | | 68,527 |
| Non-current financial liabilities | 310,049 | | 310,049 |
| Other non-current liabilities | 62,307 | | 62,307 |
| **Total non-current liabilities** | **600,777** | **0** | **600,777** |
| Trade payables | 185,417 | | 185,417 |
| Income tax payables | 42,804 | (475) | 42,329 |
| Other payables | 181,771 | | 181,771 |
| Current financial liabilities | 36,461 | | 36,461 |
| **Total current liabilities** | **446,453** | **(475)** | **445,978** |
| **TOTAL LIABILITIES** | **1,047,230** | **(475)** | **1,046,755** |
| **TOTAL LIABILITIES & SHAREHOLDERS' EQUITY** | **1,290,020** | **(475)** | **1,289,545** |

The income statement for the year 2011 is reported below illustrating the amounts recorded under other comprehensive items of the actuarial gains and losses (IAS 19 revised).

| **Income Statement** (in thousands of Euro) | 2011 approved | Change in accounting method of Employee Leaving Indemnity | Other reclassifications | 2011 restated as per change in accounting method of Employee Leaving Indemnity |
|---|---|---|---|---|
| Operating revenues | 579,306 | | 16,572 | 595,878 |
| Revenues for works on assets under concession | 65,137 | | | 65,137 |
| **Total revenues** | **644,443** | **0** | **16,572** | **661,015** |
| **Operating costs** | | | | |
| Personnel costs | (251,594) | | 1,158 | (250,436) |
| Consumable materials | (53,059) | | 293 | (52,766) |
| Other operating costs | (127,599) | | (18,023) | (145,622) |
| Provisions & write-downs | | | (27,991) | (27,991) |
| Costs for works on assets under concession | (61,507) | | | (61,507) |
| **Total operating costs** | **(493,759)** | **0** | **(44,563)** | **(538,322)** |
| **Gross Operating margin / EBITDA** | **150,684** | **0** | **(27,991)** | **122,693** |
| Ammortisation & Depreciation | (41,384) | | | (41,384) |
| Provisions & write-downs | (27,991) | | 27,991 | 0 |
| **EBIT** | **81,309** | **0** | **0** | **81,309** |
| Investment income (charges) | 21,681 | | | 21,681 |
| Financial charges | (20,327) | | | (20,327) |
| Financial income | 5,371 | (1,996) | | 3,375 |
| **Pre-tax profit** | **88,034** | **(1,996)** | **0** | **86,038** |
| Income taxes | (34,127) | 549 | | (33,578) |
| **Net profit** | **53,907** | **(1,447)** | **0** | **52,460** |
| Minority interest profit | 3 | | | 3 |
| **Group net profit** | **53,904** | **(1,447)** | **0** | **52,457** |
| Income from fair value measurement of available for-sale financial assets | (12,200) | | | (12,200) |
| Tax effect from fair value measurement of *available-for-sale financial assets* | 2,049 | | | 2,049 |
| Fair value measurement of derivative financial instruments | (7,681) | | | (7,681) |
| Tax effect from fair value measurement of derivative financial instruments | 2,112 | | | 2,112 |
| Actuarial Profit / (Loss) on Employee Leaving Indemnity | | 1,996 | | 1,996 |
| Tax effect on Actuarial Profit / (Loss) on Employee Leaving Indemnity | | (549) | | (549) |
| **Total other comprehensive income items** | **(15,720)** | **1,447** | **0** | **(14,273)** |
| **Total comprehensive profit** | **38,187** | **0** | **0** | **38,187** |
| Attributable to: | | | | |
| - Parent Company Shareholders | 38,184 | 0 | 0 | 38,184 |
| - Minority interest | 3 | 0 | 0 | 3 |

## 3. Estimates and assumptions

The preparation of the financial statements require the directors to apply accounting principles and methods that, in some circumstances, are based on difficulties and subjective valuations and estimates based on the historical experience and assumptions which are from time to time considered reasonable and realistic under the relative circumstances. The application of these estimates and assumptions impact upon the amounts reported in the financial statements, such as the balance sheet, the income statement and the cash flow statement, and on the disclosures in the notes to the accounts.

The accounting principles which relating to the Group, require greater subjectivity by the Directors in the preparation of the estimates and for which a change in the underlying conditions or the assumptions may have a significant impact on the consolidated financial statements are briefly described below:

### (a) Impairment

The tangible and intangible assets and investments in associated companies are verified to ascertain if there has been a loss in value which is recorded by means of a write-down, when it is considered there will be difficulties in the recovery of the relative net book value through use. The verification of the existence of the above-mentioned indicators requires the Directors to make valuations based on the information available within the Group and from the market, as well as historical experience. In addition, when it is determined that there may be a potential reduction in value, the Group determines this through using the most appropriate technical valuation methods available. The correct identification of the indicators of the existence of a potential reduction in value as well as the estimates for their determination depends on factors which may vary over time impacting upon the valuations and estimates made by the Directors.

(b) Depreciation

Depreciation represents a significant cost for the Group. The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the relative assets and components. The useful life of the fixed assets of the Group is determined by the Directors when the fixed assets are purchased. This is based on the historical experiences for similar fixed assets, market conditions and considerations relating to future events which could have an impact on the useful life, such as changes in technology. Therefore, the effective useful life may be different from the estimated useful life. The Group periodically evaluates technological and sector changes to update the residual useful life. This periodic update could result in a change in the depreciation period and therefore in the depreciation charge in future years.

(c) Provisions for risks and charges

Provisions are recorded against risks of a legal nature and employee disputes. The value of the provisions recorded in the financial statements relating to these risks represents the best estimate at that date made by the directors. This estimate results in the adoption of assumptions concerning factors which may change over time and which may, therefore, have significant effects compared to the present estimates made by the Directives for the preparation of the Group consolidated financial statements. In addition, the restoration and replacement provision of the assets under concession, recorded in accordance with IFRIC 12, includes the best estimate of the present value of the charges matured at the balance sheet date for the programmed maintenance in future years in order to ensure the functionality, operations and security of the assets under concession.

(d) Trade receivables

Where there are indications of a reduction in value of trade receivables these are reduced to their estimated realisable value through a doubtful debt provision. The doubtful debt provision represents the best estimate at the reporting date made by the Directors. This estimate is based on facts and expectations which may change over time and which may, therefore, have significant effects compared to the present estimates made by the Directives for the preparation of the Group consolidated financial statements.

## 4. Risk Management

The risk management strategy of the Group is based on minimising potential negative effects related to the financial and operating performance. Some types of risk are offset through recourse to derivative instruments.

The management of the above-mentioned risks is undertaken by the parent company which identifies, evaluates and undertakes hedging of financial risks, in close collaboration with other entities of the Group.

### 4.1 Credit risk

The credit risks represent the exposure of the SEA Group to potential losses deriving from the non-compliance of obligations by trading and financial partners.

This risk is primarily of an economic/financial nature, or rather the possibility of the default of a counterparty, and also factors of a technical/commercial or administrative/legal nature.

For the SEA Group the credit risk exposure is largely related to the deterioration of a financial nature of the principle airline companies which incur on the one hand the effects of the seasonality related to aviation operations, and on the other consequences of geopolitical events which impact upon the air transport sector (wars, epidemics, atmospheric events, rise in oil prices and economic/financial crises).

In order to control this risk, the SEA Group has implemented procedures and actions to monitor the expected cash flows and recovery actions.

In accordance with the internal policy on receivables the client is required to provide guarantees: this typically relates to bank or insurance guarantees issued by primary credit institutions or deposit guarantees.

In relation to the payment terms applied for the majority of the clients, credit terms are largely concentrated within 30 days from the relative invoicing.

Trade receivables are reported in the financial statements net of doubtful debt provisions, which are prudently made based on the underlying disputes at the balance sheet date. The doubtful debt provision necessary to adjust the nominal value to the realisable value is determined analysing all receivables and utilising all available information on the debtor. The SEA Group, against overdue receivables, receivables in dispute, or for which there is a legal or administrative procedure, utilises the same write-down percentages.

A summary of the trade receivables and the relative doubtful debt provisions is reported below:

| **Trade receivables** (in thousands of Euro) | at 31/12/2012 | at 31/12/2011 |
|---|---|---|
| Customer receivables | 250,589 | 264,846 |
| - of which overdue | 177,074 | 187,744 |
| Doubtful debt provision | (103,060) | (104,428) |
| Trade receivables from associated companies | 8,525 | 11,121 |
| **Total net trade receivables** | **156,054** | **171,539** |

The aging of the overdue receivables is as follows:

| **Trade receivables** (in thousands of Euro) | at 31/12/2012 | at 31/12/2011 |
|---|---|---|
| overdue less than 180 days | 49,302 | 58,724 |
| overdue more than 180 days | 127,772 | 129,020 |
| **Total trade receivables due** | **177,074** | **187,744** |

The table below illustrates the gross trade receivables at December 31, 2012, as well as the breakdown of receivables from counterparties under administration and in dispute, with indication of the bank and insurance sureties and deposit guarantees provided.

| **Trade receivables** (in thousands of Euro) | at 31/12/2012 | at 31/12/2011 |
|---|---|---|
| Customer receivables | 259,114 | 275,967 |
| (i) receivables from parties in administration | 80,492 | 72,113 |
| (ii) disputed receivables | 27,569 | 32,345 |
| **Total trade receivables net of receivables at (i) and (ii)** | **151,054** | **171,509** |
| Receivables due other than receivables at (i) and (ii) | 71,072 | 83,286 |
| Sureties and guarantee deposits | 72,463 | 80,369 |
| Percentage of receivables guaranteed by sureties and guarantee deposits compared to the total trade receivables net of receivables at (i) and (ii) | 48.0% | 46.9% |

## 4.2 Market risks

The market risk to which the SEA Group is exposed comprises all types of risks directly and indirectly related to market prices. In 2012, the market risks to which the SEA Group were subject were:

a) interest rate risk;
b) currency risk;
c) commodity risk, related to the volatility of the energy commodity prices, in SEA Energia.

### a) Interest rate risk

The SEA Group is exposed to the risk of changes in interest rates in relation to the necessity to finance its operating activities and the use of available liquidity. The changes in interest rates may impact positively or negatively on the results of the SEA Group, modifying the costs and returns on financial and investment operations.

The SEA Group manages this risk through an appropriate mixture between fixed and variable rate loans, with the objective to mitigate the economic effect of the volatility of the interest rates.

Variable interest loans expose the SEA Group to a risk originating from the volatility of interest rates (cash flow risk). Relating to this risk, for the purposes of the relative hedging, the SEA Group may utilize derivative contracts, which converts the variable rate to a fixed rate or limits the fluctuations in variable rates over a range of rates, in this manner reducing the risk originating from their volatility. We highlight that these derivative contracts, underwritten exclusively for the purposes of hedging market rate volatility, are recorded through the cash flow hedge method.

At the end of 2012, the gross financial debt of the SEA Group was comprised of medium/long-term loans (medium/long term and short-term portions – this latter comprising amounts due within 12 months).

The medium/long term debt is reported in the following table, which shows each loan at the nominal value (which includes a spread of between

0.20% and 5.4%, not considering the hedging operations):

| Loan | type of rate | issue date | maturity date | December 31, 2012 in thousands of Euro | December 31, 2012 rate | December 31, 2011 in thousands of Euro | December 31, 2011 rate |
|---|---|---|---|---|---|---|---|
| **SEA SPA:** | | | | | | | |
| EIB 2^ drawdown (a) | F | 24/7/1998 | 15/3/2013 | 1,619 | 5.27% | 4,728 | 5.27% |
| EIB 2^ drawdown (a) | V | 24/7/1998 | 15/3/2013 | 1,291 | 0.59% | 3,873 | 1.83% |
| **Total EIB direct** | | | | **2,910** | **3.19%** | **8,602** | **3.72%** |
| Pool Cariplo 2^ drawdown | V | 20/6/1997 | 15/3/2012 | - | - | 775 | 1.86% |
| Pool Cariplo 2^ drawdown | F | 20/6/1997 | 15/3/2012 | - | - | 1,078 | 7.57% |
| Pool Cariplo 3^ drawdown | F | 8/8/1997 | 15/3/2012 | - | - | 2,079 | 6.67% |
| Pool Cariplo 4^ drawdown | F | 8/4/1998 | 15/3/2013 | 3,293 | 5.44% | 9,619 | 5.44% |
| **Total EIB/Pool Cariplo** | | | | **3,293** | **5.44%** | **13,549** | **5.59%** |
| BIIS (ex Comit) - EIB 1^ drawdown | F | 26/8/1999 | 15/3/2014 | 3,000 | 3.14% | 5,000 | 3.14% |
| BIIS (ex Comit) - EIB 2^ drawdown | V | 30/11/2000 | 15/9/2015 | 3,000 | 0.59% | 4,000 | 1.81% |
| BIIS (ex Comit) - EIB 3^ drawdown | V | 17/3/2003 | 15/9/2017 | 11,579 | 0.59% | 13,895 | 1.81% |
| **Total EIB/BIIS (ex Comit)** | | | | **17,579** | **1.03%** | **22,895** | **2.10%** |
| BNL-EIB 1^ drawdown | V | 22/11/1999 | 15/9/2014 | 4,000 | 0.47% | 6,000 | 1.76% |
| BNL-EIB 2^ drawdown | V | 11/8/2000 | 15/3/2015 | 2,500 | 0.47% | 3,500 | 1.76% |
| BNL-EIB 4^ drawdown | V | 8/5/2003 | 15/3/2018 | 6,405 | 0.47% | 7,569 | 1.76% |
| BNL-EIB 13,06,2006 1^ drawdown | V | 4/9/2006 | 4/9/2026 | 10,621 | 0.60% | 11,000 | 1.81% |
| BNL-EIB 13,06,2006 2^ drawdown | V | 4/9/2006 | 4/9/2026 | 10,621 | 0.60% | 11,000 | 1.81% |
| BNL-EIB 13,06,2006 3^ drawdown (*) | V | 4/9/2006 | 4/9/2026 | 10,621 | 0.60% | 11,000 | 1.81% |
| BNL-EIB 13,06,2006 4^ drawdown (*) | V | 4/9/2006 | 4/9/2026 | 11,586 | 0.60% | 12,000 | 1.81% |
| BNL-EIB 13,06,2006 5^ drawdown (*) | V | 4/9/2006 | 4/9/2026 | 11,586 | 0.60% | 12,000 | 1.81% |
| BNL-EIB 2007 1^ drawdown (*) | V | 7/3/2007 | 7/3/2027 | 11,000 | 0.60% | 11,000 | 1.81% |
| BNL-EIB 2007 2^ drawdown (*) | V | 7/3/2007 | 7/3/2027 | 11,000 | 0.60% | 11,000 | 1.81% |
| **Total EIB/BNL** | | | | **89,939** | **0.58%** | **96,069** | **1.80%** |
| UNICREDIT EIB 1^ drawdown (*) | V | 8/9/2007 | 8/9/2027 | 10,000 | 0.76% | 10,000 | 1.98% |
| UNICREDIT EIB 2^ drawdown (*) | V | 8/9/2007 | 8/9/2027 | 10,000 | 0.76% | 10,000 | 1.98% |
| UNICREDIT EIB 3^ drawdown (*) | V | 16/2/2009 | 15/9/2028 | 15,000 | 0.99% | 15,000 | 2.21% |
| **Total EIB/UNICREDIT** | | | | **35,000** | **0.86%** | **35,000** | **2.08%** |
| BIIS-EIB 1^ drawdown (*) | V | 25/2/2011 | 15/9/2030 | 10,000 | 1.14% | 10,000 | 2.35% |
| BIIS-EIB 2^ drawdown (*) | V | 25/2/2011 | 15/9/2030 | 5,000 | 1.14% | 5,000 | 2.35% |
| BIIS-EIB 3^ drawdown | V | 23/6/2011 | 15/3/2031 | 10,000 | 1.20% | 10,000 | 2.41% |
| BIIS-EIB 4^ drawdown | V | 23/6/2011 | 15/3/2031 | 5,000 | 1.20% | 5,000 | 2.41% |
| **Total EIB/BIIS** | | | | **30,000** | **1.17%** | **30,000** | **2.38%** |
| EIB/CDP 1^ drawdown | F | 27/4/2012 | 15/3/2027 | 10,000 | 4.05% | - | - |
| EIB/CDP 2^ drawdown | F | 27/4/2012 | 15/3/2027 | 5,000 | 4.05% | - | - |
| EIB/CDP 3^ drawdown | F | 29/6/2012 | 15/3/2027 | 10,000 | 3.88% | - | - |
| EIB/CDP 4^ drawdown | F | 29/6/2012 | 15/3/2027 | 5,000 | 3.88% | - | - |
| **Total EIB/CDP** | | | | **30,000** | **3.96%** | **-** | **-** |
| Unicredit Mediobanca | V | 8/3/2006 | 8/3/2013 | - | - | 102,500 | 2.93% |
| Unicredit Mediobanca 2011 Tranche A 1^drawdown | V | 31/7/2012 | 20/11/2015 | 22,750 | 5.72% | - | - |
| Unicredit Mediobanca 2011 Tranche A 2^drawdown | V | 13/12/2012 | 20/11/2015 | 37,250 | 5.72% | - | - |
| Unicredit Mediobanca 2012 Tranche A | V | 21/11/2012 | 20/11/2015 | 80,000 | 4.42% | - | - |
| Unicredit Mediobanca 2012 Tranche B 1^drawdown | V | 26/11/2012 | 27/2/2013 | 22,500 | 4.19% | - | - |
| Unicredit Mediobanca 2012 Tranche B 2^drawdown | V | 13/12/2012 | 14/1/2013 | 25,000 | 4.11% | - | - |
| Mediobanca 2012 | V | 20/12/2012 | 20/11/2015 | 35,000 | 4.18% | - | - |
| **Total loans excluding EIB** | | | | **222,500** | **4.67%** | **102,500** | **2.93%** |
| **TOTAL SEA SPA** | | | | **431,221** | **3.06%** | **308,615** | **2.51%** |
| **SEA Energia:** | | | | | | | |
| BPM | V | 20/6/2003 | 31/12/2014 | 6,259 | 1.39% | 7,318 | 2.50% |
| UNICREDIT - BPM | V | 20/6/2006 | 30/6/2014 | 12,043 | 1.05% | 15,319 | 2.40% |
| **TOTAL SEA ENERGIA** | | | | **18,302** | **1.17%** | **22,637** | **2.43%** |
| **TOTAL GROUP DEBT** | | | | **449,524** | **2.99%** | **331,252** | **2.50%** |
| | | total tranches swapped | | 105,793 | 23.5% | 107,000 | 32.3% |
| | | portion of debt at fixed rates | | 37,912 | 8.4% | 22,503 | 6.8% |
| | | portion of debt not hedged | | 305,819 | 68.0% | 201,749 | 60.9% |

(a) subject to FEI surety
(*) Tranches subject to swaps

The average cost of the medium/long term gross financial debt of the Group, following the hedging of the interest risk, at the end of 2012 was 3.64%.

The fair value of the Group medium/long term bank debt, amounting at the end of 2012 to Euro 483,757 thousand (Euro 338,038 thousand at the end of 2011) was calculated as follows:

- for the loans at fixed interest rates the capital portion and interest were discounted utilising the spot rates for each contractual maturity, extrapolated from the market rates;
- for the loans at variable interest rates the interest portion was calculated utilising the estimate of the expected rates at the end of each contractual maturity, increased by the spread defined contractually. The interest portion defined as outlined above and the capital on maturity was discounted utilising the spot rate for each contractual maturity, extrapolated from the market rate.

The following table reports the derivative instruments utilised by the SEA Group to cover the interest rate risk (measured based on the cash flow hedge method).

**INTEREST RATE HEDGES**

| | Notional on signing | Residual Debt at 31/12/2012 | Signing Date | Start Date | Maturity | *Fair value* at 31/12/2012 | *Fair value* at 31/12/2011 |
|---|---|---|---|---|---|---|---|
| IRS | 10,000 | 10,000 | 18/5/2011 | 15/9/2012 | 15/9/2021 | (1,768.3) | (937.1) |
| | 5,000 | 5,000 | 18/5/2011 | 15/9/2012 | 15/9/2021 | (884.2) | (468.6) |
| | 15,000 | 15,000 | 18/5/2011 | 15/9/2012 | 15/9/2021 | (2,492.5) | (1,336.3) |
| | 11,000 | 11,000 | 18/5/2011 | 15/9/2011 | 15/9/2016 | (938.5) | (650.6) |
| | 10,000 | 10,000 | 6/6/2011 | 15/9/2012 | 15/9/2021 | (1,465.7) | (766.9) |
| | 11,000 | 11,000 | 6/6/2011 | 15/9/2012 | 15/9/2021 | (1,558.9) | (816.3) |
| | 12,000 | 11,586 | 6/6/2011 | 15/9/2012 | 15/9/2021 | (1,618.4) | (847.5) |
| | 12,000 | 11,586 | 6/6/2011 | 15/9/2012 | 15/9/2021 | (1,618.4) | (847.5) |
| Collar | 10,000 | 10,000 | 6/6/2011 | 15/9/2011 | 15/9/2021 | (1,012.8) | (622.2) |
| | 11,000 | 10,621 | 6/6/2011 | 15/9/2011 | 15/9/2021 | (1,013.2) | (630.7) |
| **Total** | | **105,793** | | | | **(14,370.9)** | **(7,923.7)** |

"–" indicates the cost for the SEA Group for advance settlement of the operation
"+" indicates the benefit for the SEA Group for advance settlement of the operation

### b) Currency risk

The SEA Group, with the exception of the currency risk related to the commodity risk, is subject to a low currency fluctuation risk as, although operating in an international environment, transactions are principally in Euro. Therefore, the SEA Group does not consider it necessary to implement specific hedging against this risk as the amounts in currencies other than the Euro are insignificant and the relative receipts and payments generally offset one another.

### c) Commodity risk

The SEA Group, limited to only SEA Energia, is exposed to changes in prices, and the relative currency fluctuations, of the energy commodities utilised i.e. gas. These risks derive from the purchase of the above-mentioned energy commodities, which are principally impacted by fluctuations in the prices of the underlying fuels, denominated in US Dollars. These fluctuations arise both directly and indirectly, through formulas and indexations utilised in the pricing structures. The risks also arise in the sales phase, in relation to the fluctuations in the electricity market prices sold to third parties.

In 2012, the SEA Group did not undertake hedging activities of this risk which are currently being analysed and assessed for future periods. It is also highlighted that the SEA Group, through the subsidiary SEA Energia, during the year signed bilateral contracts for the supply of electricity and heat to third parties which ties the sales price to the cost of methane, thereby implementing an implicit hedge of the commodity risk. In addition, during the year, in order to reduce the exposure to the risk of changes in the price of methane, a new procurement contract was signed, which provides for a fixed price defined contractually for a part of the supply needs, thus resulting in a further reduction in the risk of changes in the methane price.

### d) Liquidity risk

The liquidity risk for the SEA Group may arise where the financial resources available are not sufficient to meet the financial and commercial commitments within the agreed terms and conditions.

The liquidity, cash flows and financial needs of the SEA Group are managed through policies and processes with the objective to minimise the liquidity risk. Specifically, the SEA Group:

- centrally monitors and manages, under the control of the Group Treasury, the financial resources available, in order to ensure an efficient management of these resources, also in forward budgeting terms;
- maintains adequate liquidity in treasury current accounts;
- obtaines committed credit lines (revolving and non), which covers the financial commitments of the

Group in the coming 12 months deriving from the investment plan and debt repayments;
- monitors the liquidity position, in relation to the business planning.

At the end of 2012, the SEA Group had non-utilised irrevocable credit lines of Euro 112.5 million, with a residual average life of approx. four years, as follows: Euro 60 million non-revolving credit lines from primary banking institutions through the European Investment Bank, related to infrastructural projects at Malpensa Airport, Euro 52.5 million revolving credit lines (utilised in tranches of between 1 week and 12 months). At the end of December 2012, the SEA Group had Euro 54.9 million of available liquidity invested in ordinary and treasury current accounts.

Trade payables are guaranteed by the SEA Group through careful working capital management which largely concerns trade receivables and the relative contractual conditions established (also utilising indirect factoring which provides further financial credit lines to guarantee adequate cash flexibility).

The tables below illustrate for the SEA Group the breakdown and maturity of the financial (capital, medium/long-term interest, financial charges on derivative instruments and leasing) and trade payables at the end of 2012 and 2011:

| (millions of Euro) | < 1 year | > 1 year < 3 years | > 3 years < 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| **Liabilities 2012** | | | | | |
| Gross debt | 113.3 | 219.0 | 40.4 | 148.9 | 521.6 |
| Trade payables | 202.0 | | | | 202.0 |
| **Total debt** | **315.3** | **219.0** | **40.4** | **148.9** | **723.6** |

The table does not include the short-term group cash pooling debt, amounting to Euro 18.6 million at the end of 2012, against which a receivable of a similar nature exists of Euro 29.4 million.
Euro 47.5 million relating to the utilisation of three year RCF lines were prudently classified as maturing within one year

| (millions of Euro) | < 1 year | > 1 year < 3 years | > 3 years < 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| **Liabilities 2011** | | | | | |
| Gross debt | 41.5 | 176.1 | 40.3 | 143.3 | 401.2 |
| Trade payables | 185.4 | | | | 185.4 |
| **Total debt** | **226.9** | **176.1** | **40.3** | **143.3** | **586.6** |

### 4,3 Sensitivity

In consideration of the fact that for the SEA Group the currency risk is almost non-existent, the sensitivity analysis refers to balance sheet accounts which could incur changes in value due to changes in interest rates.
In particular, the analysis considered:
- bank deposits
- loans
- interest risk derivative hedge instruments.

The assumptions and calculation methods utilised in the sensitivity analysis undertaken by the SEA Group were as follows:

a) Assumptions: the effect was analysed on the SEA Group income statement for the years 2012 and 2011 of a change in market rates of +50 or of -50 basis points.
b) Calculation methods:
   - the remuneration of the bank deposits is related to the interbank rates. In order to estimate the increase/decrease of interest income to changes in market conditions, the change was assumed as per point a) on the average annual balance of bank deposits of the SEA Group;
   - the loans measured were those at variable interest rates, which incur interest payable linked to the Euribor at 6 months. The increase/decrease of the interest payable to changes in market conditions was estimated applying the changes assumed as per point a) on the capital portion of the loans held during the year;
   - the interest risk derivative hedge instruments were measured both in terms of cash flows and fair value (in terms of changes compared to the same period of the previous year). In both cases, the values were estimated applying the changes as per point a) to the forward curve expected for the period.

The results of the sensitivity analysis are reported below:

| (thousands of Euro) | December 31, 2012 | | December 31, 2011 | |
|---|---|---|---|---|
| | -50 bp | +50 bp | -50 bp | +50 bp |
| Current accounts (interest income) | -149.41 | 178.72 | -285.96 | 289.40 |
| Loans (interest expense) (1) | 1,710.60 | -1,710.60 | 1,539.33 | -1,539.33 |
| Derivative hedging instruments (cash flow) (2) | -163.56 | 163.56 | -210.94 | 210.94 |
| Derivative hedging instruments (fair value to IS) | 102.74 | -272.16 | -67.08 | 139.72 |
| Derivative hedging instruments (fair value to BS) | -3,315.19 | 3,370.74 | -3,275.30 | 3,037.95 |

(1) + = lower interest expense; - = higher interest expense
(2) + = hedging income; - = hedging cost

It should be noted that the results of the sensitivity analysis undertaken on some accounts of the previous tables are impacted by the low level of the market interest rates, which in the case of a change of -50 basis points would result as negative, and therefore are recorded as equal to zero.
Some loans include covenant conditions, relating to the capacity of the SEA Group to meet annual and/or half year financial commitments (net of financial resources available and receivables from the State) from operating activities. It should be noted that, for some loans, non-compliance of the covenant terms results in, for the following half-year period, the application of a correlated predetermined spread (in accordance with a contractually defined pricing grid). At the present moment the SEA Group is not aware of any default situations related to the loans held or violations of any of the above-mentioned covenants.

## 5. Classification of the financial instruments

The following tables provide a breakdown of the financial assets and liabilities by category at December 31, 2012 and at December 31, 2011 of the Group:

| (In thousands of Euro) | | | | | | at 31/12/2012 |
|---|---|---|---|---|---|---|
| | Financial assets and liabilities valued at fair value | Investments held-to-maturity | Loans and receivables | Available-for-sale financial assets | Financial liabilities at ammortised cost | Total |
| Available-for-sale investments | | | | 26 | | 26 |
| Other non-current receivables | | | 599 | | | 599 |
| Trade receivables | | | 156,054 | | | 156,054 |
| Other current receivables | | | 34,969 | | | 34,969 |
| Cash and cash equialents | | | 54,339 | | | 54,339 |
| **Total** | **-** | **-** | **245,962** | **26** | **-** | **245,988** |
| Non-current financial liabilities excl. leasing | 14,371 | | | | 394,375 | 408,746 |
| Non-current financial liabilities for leasing | | | | | 1,949 | 1,949 |
| Other liabilities | | | | | 62,307 | 62,307 |
| Trade payables | | | | | 202,006 | 202,006 |
| Income tax payables | | | | | 53,562 | 53,562 |
| Other current payables | | | | | 104,002 | 104,002 |
| Current financial liabilities excluding leasing | | | | | 55,404 | 55,404 |
| Current financial liabilities for leasing | | | | | 1,006 | 1,006 |
| **Total** | **14,371** | **-** | **-** | **-** | **874,612** | **888,983** |

| (In thousands of Euro) | | | | | | at 31/12/2011 |
|---|---|---|---|---|---|---|
| | Financial assets and liabilities valued at fair value | Investments held-to-maturity | Loans and receivables | Available-for-sale financial assets | Financial liabilities at ammortised cost | Total |
| Available-for-sale investments | | | | 26 | | 26 |
| Other non-current receivables | | | 922 | | | 922 |
| Trade receivables | | | 171,539 | | | 171,539 |
| Other current receivables | | | 16,889 | | | 16,889 |
| Cash and cash equialents | | | 24,062 | | | 24,062 |
| **Total** | **-** | **-** | **213,412** | **26** | **-** | **213,439** |
| Non-current financial liabilities excl. leasing | 7,924 | | | | 299,524 | 307,448 |
| Non-current financial liabilities for leasing | | | | | 2,602 | 2,602 |
| Other liabilities | | | | | 62,307 | 62,307 |
| Trade payables | | | | | 185,417 | 185,417 |
| Income tax payables | | | | | 42,804 | 42,804 |
| Other current payables | | | | | 181,771 | 181,771 |
| Current financial liabilities excluding leasing | | | | | 35,169 | 35,169 |
| Current financial liabilities for leasing | | | | | 1,292 | 1,292 |
| **Total** | **7,924** | **-** | **-** | **-** | **810,886** | **818,810** |

## 5.1 Disclosure on fair value

In relation to financial instruments measured at fair value, the table below reports information on the method chosen by the Group to measure the fair value. The methods applied are broken down into the following levels, based on the information available, as follows:

- level 1: prices practiced in active markets;
- level 2: valuation techniques based on observable market information, both directly and indirectly;
- level 3: other information.

The following table shows the Group assets and liabilities measured at fair value at December 31, 2012 and at December 31, 2011:

| (In thousands of Euro) | | | at 31/12/2012 |
|---|---|---|---|
| | Level 1 | Level 2 | Level3 |
| Available-for-sale investments | | | 26 |
| Derivative financial instruments | | 14,371 | |
| **Total** | | **14,371** | **26** |

| (In thousands of Euro) | | | at 31/12/2011 |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| Available-for-sale investments | | | 26 |
| Derivative financial instruments | | 7,924 | |
| **Total** | | **7,924** | **26** |

## 6. Notes to the Balance Sheet

### 6,1 Intangible assets

The following tables illustrate the changes for the years ended December 31, 2012 and 2011 relating to intangible assets:

| (in thousands of Euro) | at 31/12/2011 | Increases in the year | Reclassification works in progress | Destruction/ obsolete/ sale | Ammortisations | at 31/12/2012 |
|---|---|---|---|---|---|---|
| **Gross value** | | | | | | |
| Assets under concession | 966,998 | 18,099 | 167,462 | (1,284) | | 1,151,275 |
| Airport concessions and advances | 77,433 | 81,240 | (105,981) | | | 52,693 |
| Industrial patents and intellectual property rights | 32,410 | | 5,897 | | | 38,307 |
| Assets in progress and advances | 4,319 | 6,779 | (5,853) | | | 5,245 |
| Other | 15,262 | | | | | 15,262 |
| **Gross value** | **1,096,422** | **106,118** | **61,525** | **(1,284)** | | **1,262,781** |
| **Accumulated ammortisation** | | | | | | |
| Assets under concession | (298,515) | | (24,488) | 359 | (23,349) | (345,993) |
| Airport concessions and advances | | | | | | |
| Industrial patents and intellectual property rights | | | | | (4,015) | (4,015) |
| Assets in progress and advances | | | | | | |
| Other | (15,262) | | | | | (15,262) |
| **Accumulated ammortisation** | **(313,777)** | | **(24,488)** | **359** | **(27,364)** | **(365,270)** |
| **Net value** | | | | | | |
| Assets under concession | 668,483 | 18,099 | 142,974 | (925) | (23,349) | 805,282 |
| Airport concessions and advances | 77,433 | 81,240 | (105,981) | | | 52,693 |
| Industrial patents and intellectual property rights | 5,581 | | 5,897 | | (4,015) | 7,463 |
| Assets in progress and advances | 4,319 | 6,779 | (5,853) | | | 5,245 |
| Other | 0 | | | | | 0 |
| **Intangible assets (net value)** | **755,816** | **106,118** | **37,038** | **(925)** | **(27,364)** | **870,682** |

As per IFRIC 12, rights on assets under concession amount to Euro 805,282 thousand at December 31, 2012 and to Euro 668,483 thousand at December 31, 2011. These rights are amortised on a straight-line basis over the duration of the concession from the State. The amortisation for the year 2012 amounts to Euro 23,349 thousand.
On these assets, as per IFRIC 12, the SEA Group does not hold control, but has the obligation to record a restoration and replacement provision.
The intellectual property rights, amounting to Euro 7,463 thousand at December 31, 2012, relate to company software licenses concerning both airport and operational management and to the purchase of software components. The amortisation amounts to Euro 4,015 thousand.

## 6.2 Property, plant & equipment

The following tables illustrate the changes for the year ended December 31, 2012 and 2011 relating to property, plant and equipment:

| (in thousands of Euro) | at 31/12/2011 | Increases in the year | Reclassification | Destruction/ obsolete/ sale | Depreciation | at 31/12/2012 |
|---|---|---|---|---|---|---|
| **Gross value** | | | | | | |
| Land and Buildings | 244,525 | 11 | (42,532) | (4,184) | | 197,820 |
| Plant and machinery | 131,636 | 2,469 | | | | 134,105 |
| Industrial and commercial equipment | 48,532 | 2,888 | | (128) | | 51,292 |
| Other assets | 102,124 | 2,930 | 2,528 | (4,849) | | 102,733 |
| Assets in progress and advances | 17,413 | 8,295 | (22,098) | | | 3,609 |
| **Total Gross Values** | **544,230** | **16,593** | **(62,102)** | **(9,161)** | | **489,559** |
| **Accumulated depreciation & write-downs** | | | | | | |
| Land and Buildings | (82,368) | | 24,488 | 1,305 | (7,826) | (64,401) |
| Plant and machinery | (78,983) | | | | (4,410) | (83,393) |
| Industrial and commercial equipment | (44,781) | | | 128 | (1,666) | (46,319) |
| Other assets | (86,837) | | | 4,849 | (4,667) | (86,654) |
| Assets in progress and advances | (2,920) | | | | | (2,920) |
| **Total Accumulated depreciation & write-downs** | **(295,889)** | | **24,488** | **6,283** | **(18,570)** | **(283,688)** |
| **Net Values** | | | | | | |
| Land and Buildings | 162,157 | 11 | (18,044) | (2,879) | (7,826) | 133,419 |
| Plant and machinery | 52,653 | 2,469 | | | (4,410) | 50,711 |
| Industrial and commercial equipment | 3,751 | 2,888 | | | (1,666) | 4,973 |
| Other assets | 15,287 | 2,930 | 2,528 | | (4,667) | 16,079 |
| Assets in progress and advances | 14,493 | 8,295 | (22,098) | | | 689 |
| **Total Net Values** | **248,340** | **16,593** | **(37,614)** | **(2,879)** | **(18,570)** | **205,870** |

The investments related to the development of the aviation sector (which, as already reported, in accordance with IFRIC 12 are classified as assets under concession and current airport concessions) and the investments in the non-aviation sector principally related to:

- the advancement of the completion of the works of the passenger terminal and construction of the third satellite;
- works for the construction of the BHS plant and the piers connecting to the passenger terminal;
- urbanisation works and construction of the new cargo city loading area;
- energy saving project;
- repaving of runway 1 (17L/35R) at Malpensa;
- renovation and restyling of the passenger terminal at Linate.

All the fixed assets, including those under the scope of IFRIC 12, are reported net of State and EU grants, amounting at December 31, 2012 to Euro 500,373 thousand and Euro 1,800 thousand respectively.

At December 31, 2012 a number of reclassifications were made from tangible assets to intangible assets in order to better reflect the requirements of IFRIC 12 also following the entry into force of the new Master Agreement.

### 6.3 Investment property

Information on investment property is provided below:

| **Investment property** (in thousands of Euro) | at 31/12/2012 | at 31/12/2011 |
|---|---|---|
| Gross values | 4,153 | 4,153 |
| Accumulated depreciation | (733) | (732) |
| **Total net investment property** | **3,420** | **3,421** |

| **Movements in Accumulated Depreciation** (in thousands of Euro) | at 31/12/2012 | at 31/12/2011 |
|---|---|---|
| Opening value | (732) | (669) |
| Depreciation | (1) | (63) |
| **Closing value** | **(733)** | **(732)** |

The account includes buildings not utilised in the operated activities of the Group (apartments and garages).

### 6.4 Investments in associated companies

The change in the account "investments in associated companies" at December 31, 2011 and at December 31, 2012 is shown below:

| Investments in associated companies | | Movements | | |
|---|---|---|---|---|
| (in thousands of Euro) | at 31/12/2011 | increases/ revaluations | decreases/ write-downs | at 31/12/2012 |
| SACBO SpA | 25,729 | 4,076 | | 29,805 |
| Dufrital SpA | 5,889 | 1,331 | | 7,220 |
| CID Italia SpA | 685 | | (685) | 0 |
| Disma SpA | 2,693 | | (60) | 2,633 |
| Malpensa Logistica Europa SpA | 1,670 | | (85) | 1,585 |
| SEA Services Srl | 307 | 89 | | 396 |
| **Total** | **36,973** | **5,496** | **(830)** | **41,639** |

The companies held are all resident in Italy.

The net equity of the associated companies was adjusted to take account of the Group accounting principles and the measurement of investments as per IAS 28.
The adjusted net equity of the SEA Group at December 31, 2012 amounts to Euro 41,639 thousand compared to Euro 36,973 thousand at December 31, 2011.

### 6.5 AFS Investments

The investments available for sale are listed below:

| Company | % Held at 31/12/2012 | % Held at 31/12/2011 |
|---|---|---|
| Consorzio Milano Sistema in liquidazione | 10% | 10% |
| Romairport Srl | 0.227% | 0.227% |
| Aereopuertos Argentina 2000 SA | 8.5% | 8.5% |

The tables below report the changes in the investments available for sale during 2012:

| Available-for-sale investments | | Movements | | |
|---|---|---|---|---|
| (in thousands of Euro) | at 31/12/2011 | increases/ revaluations/ reclassifications | decrease/ write-downs | at 31/12/2012 |
| Consorzio Milano Sistema | 25 | | | 25 |
| Romairport srl | 1 | | | 1 |
| Aereopuertos Argentina 2000 SA | | | | |
| **Total** | **26** | | | **26** |

In relation to the investment in Aeropuertos Argentina 2000 SA, reference should be made to the separate financial statements of SEA S.p.A. for the year ended December 31, 2012.

## 6.6 Deferred tax assets

The breakdown of the deferred tax assets is reported below:

| **Net deferred tax assets** (in thousands of Euro) | at 31/12/2012 | at 31/12/2011 Restated (*) |
|---|---|---|
| Deferred tax assets | 66,405 | 60,202 |
| Deferred tax liabilities | (34,851) | (37,907) |
| **Total net deferred tax assets** | **31,554** | **22,295** |

(*) Reference should be made to paragraph 2.9 "Comparability of financial statements."

The changes in the net deferred tax assets for the year 2012 are shown below:

| **Net deferred tax assets** (in thousands of Euro) | At December 31, 2011 (*) | Release / recognition to P&L | Release / recognition to equity | At December 31, 2012 |
|---|---|---|---|---|
| Indeductible provisions | 22,573 | 2,188 | | 24,761 |
| Asset impairment | 15,482 | 0 | | 15,482 |
| Ammortisation & depreciation | 18,987 | 1,204 | | 20,191 |
| Other temporary differences | 3,160 | (261) | 3,073 | 5,971 |
| **Total deferred tax assets** | **60,202** | **3,130** | **3,073** | **66,405** |
| Ammortisation & depreciation | (9,438) | 1,008 | | (8,430) |
| Employee benefits | (3,981) | 129 | 1,188 | (2,664) |
| Risks provisions | (8,680) | | | (8,680) |
| Fair value measurement of investments | 2 | | | 2 |
| Finance leasing | (499) | | | (499) |
| IFRIC 12 | (14,358) | 248 | | (14,110) |
| Other temporary differences | (953) | 482 | | (471) |
| **Total deferred tax liabilities** | **(37,907)** | **1,868** | **1,188** | **(34,851)** |
| **Total net deferred tax assets** | **22,295** | **4,999** | **4,260** | **31,554** |

(*) Reference should be made to paragraph 2.9 "Comparability of financial statements."

At December 31, 2012 no deferred tax assets were recorded on tax losses.

## 6.7 Other non-current receivables

The table below shows the breakdown of other non-current receivables:

| **Other non-current receivables** (in thousands of Euro) | at 31/12/2012 | at 31/12/2011 |
|---|---|---|
| Tax receivables | 289 | 575 |
| Other receivables | 310 | 346 |
| **Total non-current receivables** | **599** | **922** |

Tax receivables, amounting respectively to Euro 289 thousand at December 31, 2012 and Euro 575 thousand at December 31, 2011, mainly refers to withholding taxes on employee leave indemnity relating to the subsidiary SEA Handling.

Other receivables, amounting to Euro 310 thousand at December 31, 2012 (Euro 346 thousand at December 31, 2011), mainly relates to employee receivables and deposit guarantees.

## 6.8 Inventories

The following table reports the breakdown of the account "Inventories":

| **Inventories** (in thousands of Euro) | at 31/12/2012 | at 31/12/2011 |
|---|---|---|
| Raw materials, consumables and supplies | 7,758 | 9,261 |
| **Total inventories** | **7,758** | **9,261** |

The account comprises consumable goods held for airport activities.

At December 31, 2012 no goods held in inventories comprised guarantees on loans or concerning other commitments.

The Company did not consider it necessary to record an inventory obsolescence provision.

### 6.9 Trade receivables

The breakdown of the trade receivables is reported in the table below:

| **Trade receivables** (in thousands of Euro) | at 31/12/2012 | at 31/12/2011 |
|---|---|---|
| Customer receivables | 147,530 | 160,418 |
| Trade receivables from associated companies | 8,525 | 11,121 |
| **Total net trade receivables** | **156,054** | **171,539** |

Trade receivables, shown net of the doubtful debt provision, mainly include receivables from clients and provisions for invoices and credit notes to be issued.
The criteria for the adjustment of receivables to their realisable value takes account of evaluations regarding the state of the dispute.

The changes in the doubtful debt provision were as follows:

| **Doubtful debt provisions** (in thousands of Euro) | at 31/12/2012 | at 31/12/2011 |
|---|---|---|
| Opening provision | (104,428) | (100,207) |
| Increases | (22,611) | (16,970) |
| Utilisations / reversals | 23,979 | 12,749 |
| **Closing doubtful debt provision** | **(103,060)** | **(104,428)** |

The provision in the year amounted to Euro 22,611 thousand (Euro 16,970 thousand in 2011) and was calculated to take into account the risk in deterioration of the financial positions of the principle operators with which disputes exist and write-downs for receivables under administration.

The utilisations/reversals relating to the year 2012, amounted to Euro 23,979 thousand, refer to the closure during the year of disputes in which the provisions were accrued to cover such risks in previous years.

On November 24, 2012, the SEA Group proposed to the Extraordinary Commissioners of the extraordinary administration procedures of the Alitalia Group a settlement agreement to close pending disputes. The agreement signed on February 14, 2013 provides for the write-off of receivables from the Alitalia Group in extraordinary administration.

For details on the aging of the receivables reference should be made to Note 4.1.

### 6.10 Other current receivables

The following table provides the breakdown of other current receivables:

| **Other current receivables** (in thousands of Euro) | at 31/12/2012 | at 31/12/2011 |
|---|---|---|
| Tax receivables | 15,356 | 3,866 |
| Other receivables | 19,614 | 13,023 |
| **Total other current receivables** | **34,969** | **16,889** |

Tax receivables at December 31, 2012 refer to: for Euro 9,344 thousand to the recalculation of IRES income tax for the years 2007-2011 following the recognition of the deductibility for IRES proposes of IRAP regional tax relating to personnel costs in accordance with Article 2, Paragraph 1, of Legislative Decree No. 201/2011 (converted into Law No. 214/2011) with consequent presentation of the request for reimbursement, for Euro 1,541 thousand higher payment of income taxes compared to the 2011 final assessment, for Euro 2,266 thousand (Euro 2,266 thousand at December 31, 2011) request for reimbursement of 10% of the IRAP paid in previous years, for Euro 691 thousand (Euro 912 thousand at December 31, 2011) VAT receivables, and for Euro 1,514 thousand (Euro 688 thousand at December 31, 2011) of other tax receivables.

The account “other receivables”, reported net of the relative provision, is broken down as follows:

| **Other receivables** (in thousands of Euro) | at 31/12/2012 | at 31/12/2011 |
|---|---|---|
| Receivables from the State for grants under Law 449/85 | 1,397 | 2,114 |
| Receivables from the State under SEA/ Min. Infras & Transp. case | 3,542 | 3,369 |
| Other receivables | 13,840 | 7,148 |
| Receivables from employees and social security institutions | 2,537 | 1,868 |
| Receivables from the Ministry for Communications for radio bridge | 106 | 158 |
| Doubtful debt provision | (1,808) | (1,634) |
| **Total other receivables** | **19,614** | **13,023** |

Receivables from the State for grants under Law 449/85, amounting to Euro 1,397 thousand at December 31, 2012, concern receivables from the State, based on the “Master Agreement” between ENAC and SEA in January 1995 and revised in December 2004, which establishes the partial funding, pursuant to Law 449/85, of some infrastructure projects at Malpensa Airport. These receivables are included in the net financial debt, as reported in Note 6.15 “current and non-current financial liabilities”.

Receivables from the State under SEA/Ministry Infrastructure and Transport case, following the sentence of the Cassation Court, which recognised to the Company the non-compliance of handling tariffs for the period 1974-1981, in addition to interest and expenses incurred by the Company, for Euro 3,542 thousand at December 31, 2012 (Euro 3,369 thousand at December 31, 2011) relates to the residual amount not yet received from the Infrastructure and Transport Ministry, in addition to interest up to December 31, 2012.

The account “other receivables” includes receivables of SEA Energia from the Enger Service Operator (GSE), based on the estimated value of the green certificates matured in 2012 amounting to Euro 3,852 thousand and other receivables (ticketing, reimbursements, supplier advances, receivables from insurance companies, arbitrage with subcontractors, NoiSEA Association receivables and other minor receivables). Employee and social security receivables, amounting to Euro 2,537 thousand at December 31, 2012 (Euro 1,868 thousand at December 31, 2011), mainly refer to the receivable from INPS and the Fondo Volo per la Cassa Integrazione Guadagni Straordinaria paid to employees on behalf of the institution and receivables from INAIL.
The receivable from the Ministry for Communications relates to higher provisional payments made in previous years for fees related to the radio bridges and will be offset by future fees to be paid.

### 6.11 Cash and cash equivalents

The breakdown of the account “cash and cash equivalents” is shown in the table below:

| **Cash and cash equivalents** (in thousands of Euro) | at 31/12/2012 | at 31/12/2011 |
|---|---|---|
| Bank and postal deposits | 54,223 | 23,951 |
| Cash in hand and at bank | 116 | 111 |
| **Total** | **54,339** | **24,062** |

The available liquidity at December 31, 2012 is comprised of the following assets: bank and post deposits on demand for Euro 42,025 thousand (Euro 20,142 thousand at December 31, 2011), restricted bank deposits, which cover the quota of European Investment Bank loans due in the coming 12 months, for Euro 3,944 thousand (Euro 3,809 thousand at December 31, 2011) and a restricted deposit on the executive foreclosure on third parties for Euro 8,254 thousand relating to the case taken by Cascina Tre Pini – Quintavalle and cash amounts for Euro 116 thousand (Euro 111 thousand at December 31, 2011).

### 6.12 Shareholders’ Equity

At December 31, 2012, the share capital of the Company amounted to Euro 27,500 thousand.

The par value of each share was Euro 0.11.

On December 28, 2012, F2I – Fondi italiani per le infrastrutture acquired a shareholding of 14.56%, which ASAM, holding company of the Milan Province, held in SEA SpA. Following this operation, the holding of F2i in SEA SpA increased from 29.75% to 44.31%.

The changes in shareholders' equity in the year are shown in the balance sheet.

### 6.13 Provisions for risks and charges

The breakdown of the account "provisions for risks and charges" is shown in the table below:

**Provision for risks and charges** (in thousands of Euro)

| | at 31/12/2011 | Provisions / increases | Utilisations | Releases | at 31/12/2012 |
|---|---|---|---|---|---|
| Provision for restoration and replacement | 111,217 | 14,835 | (11,351) | 0 | 114,701 |
| Provision for future charges | 48,677 | 13,696 | (6,162) | (7,379) | 48,832 |
| **Total Provision for risks and charges** | **159,894** | **28,531** | **(17,513)** | **(7,379)** | **163,533** |

The restoration and replacement provision on assets under concession, created in accordance with IFRIC 12, amounting to Euro 114,701 thousand at December 31, 2012 (Euro 111,217 thousand at December 31, 2011), refers to the estimate of the amount matured relating to the maintenance on assets under concession from the State which will be undertaken in future years.

The breakdown of the provision for future charges is shown in the table below:

**Provision for future charges** (in thousands of Euro)

| | at 31/12/2011 | Provisions / increases | Utilisations | Releases | at 31/12/2012 |
|---|---|---|---|---|---|
| Employment provisions | 19,642 | 2,504 | (5,270) | (1,462) | 15,414 |
| Disputes with contractors | 2,000 | 275 | - | - | 2,275 |
| Commercial transactions with airlines | 139 | 1,282 | (6) | - | 1,415 |
| Tax risks | 2,698 | 1,000 | (883) | (61) | 2,754 |
| Other provisions | 24,198 | 8,635 | (3) | (5,856) | 26,974 |
| **Total Provision for Future charges** | **48,677** | **13,696** | **(6,162)** | **(7,379)** | **48,832** |

The account "other provisions" for Euro 26,974 thousand at December 31, 2012 is mainly composed of the following items:

- Euro 8,926 thousand for legal disputes related to the operational management of the airports;
- Euro 7,633 thousand for risks relating to revocatory actions taken against the Company and relating to airline companies declared bankrupt;
- Euro 8,000 thousand relating to charges from the acoustic zoning plan of the peripheral areas to the Milan Airports (Law No. 447/95 and subsequent Ministerial Decrees);
- Euro 881 thousand for disputes with ENAV;
- Euro 1,534 thousand accrued in 2012 following the request made by the Energy Service Operator (GSE) to SEA Energia for the restitution of the 2011 green certificates. In March 2013, the Operator sent 2 letters to SEA Energia which refused recognition of the plants at Malpensa as High Yield Cogenerating plant (CAR) relating to the energy produced in 2011. The refusal by the GSE is based on the fact that the Company did not record the energy consumed by the cogenerating units CC1 and CC2 at the Malpensa plant in a direct manner during 2011. This direct recording must be made through the accounting, utilising an appropriate installed counter of the quantity of methane gas input into the unit.
  In March 2013, the GSE sent to SEA Energia a communication relating to the energy produced in 2011 concerning "Adjustment – Green Certificate – self-certification obligation 2012 (Article 3 DM November 11, 99 and Article 8 DM December 18, 2008) requesting the Company to repay 19,080 Green Certificates with a value of Euro 1,534 thousand.
  The Company appealed the decision at the Lazio Administrative Court in the terms required by law, without requesting suspension of the decision.

## 6.14 Employee provisions

The changes in the employee provisions are shown below:

| **Employee provisions** (in thousands of Euro) | at 31/12/2012 | at 31/12/2011 |
|---|---|---|
| Opening provision | 68,527 | 72,825 |
| Personnel cost | 12,365 | 12,051 |
| Financial (income) / charges | 3,045 | 3,157 |
| Utilisations | (16,292) | (17,510) |
| Actuarial Profit / (Losses) (*) | 9,418 | (1,996) |
| **Total employee provisions** | **77,064** | **68,527** |

(*) For the accounting method of the actuarial gains and losses, reference should be made to Note 2.9.

The actuarial calculation of the employee leaving indemnity takes into account the effects of the reform of Law No. 296 of December 27, 2006 and subsequent decrees and regulations.

The principal actuarial assumptions, utilised for the determination of the pension obligations, are reported below:

| Principal actuarial assumptions | at 31/12/2012 | at 31/12/2011 |
|---|---|---|
| Annual discount rate | 3.20% | 4.60% |
| Annual inflation rate | 2.00% | 2.00% |
| Annual Employee Leaving Indemnity increase | 3.00% | 3.00% |

## 6.15 Current and non-current liabilities

The table below provides a breakdown of current and non-current financial liabilities at December 31, 2012 and December 31, 2011:

| | | at 31/12/2012 | | at 31/12/2011 |
|---|---|---|---|---|
| (in thousands of Euro) | Current | Non-current | Current | Non-current |
| Bank payables | 55,404 | 408,746 | 33,779 | 307,447 |
| Payables to other lenders | 1,006 | 1,949 | 2,682 | 2,602 |
| **Total financial liabilities** | **56,410** | **410,696** | **36,461** | **310,049** |

The breakdown of the accounts are shown below:

| | | at 31/12/2012 | | at 31/12/2011 |
|---|---|---|---|---|
| (in thousands of Euro) | Current portion | Non-current portion | Current portion | Non-current portion |
| Long-term loans | 51,341 | 394,375 | 31,728 | 299,524 |
| Loan charges payables | 2,053 | - | 2,051 | - |
| Short-term loans | 2,011 | - | - | - |
| Advances on State grants | - | - | - | - |
| Fair value derivatives | - | 14,371 | - | 7,923 |
| **Bank payables** | **55,404** | **408,746** | **33,779** | **307,447** |
| With recourse factoring payables | - | - | 1,390 | - |
| Leasing payables | 1,006 | 1,949 | 1,292 | 2,602 |
| **Payables to other lenders** | **1,006** | **1,949** | **2,682** | **2,602** |
| **Total current and non-curr. liabilities** | **56,410** | **410,696** | **36,461** | **310,049** |

As illustrated in the table above the Group debt primary consists of medium/long term bank loans.

The finance leasing debt relates to radiogenic equipment.

The table below shows the reconciliation between the finance lease payables and the future lease instalments at December 31, 2012:

| (in thousands of Euro) | At December 31, 2012 |
|---|---|
| Future lease instalments (principal + interest) | 3,414 |
| Implied interest | (812) |
| **Present value of instalments until contract maturity** | **2,602** |
| Amounts for unpaid invoices | 353 |
| **Total payables for leasing (current and non-current)** | **2,955** |

For further information on loans received in 2012, the principal features of these loans and Group repayment schedules reference should be made to Note 4.2.

The breakdown of the Group net financial debt at December 31, 2012 and December 31, 2011, in accordance with Consob Communication of July 28, 2006 and ESMA/2011/81 recommendations are reported below:

| **Net Debt** (in thousands of Euro) | at 31/12/2012 | at 31/12/2011 |
|---|---|---|
| A. Cash | (54,339) | (24,062) |
| B. Other Liquidity | - | - |
| C. Held-for-trading securities | - | - |
| **D. Liquidity (A)+(B)+ (C)** | **(54,339)** | **(24,062)** |
| **E. Financial receivables** | **(1,397)** | **(2,114)** |
| F. Current financial payables | 2,011 | - |
| G. Current portion of medium/long-term bank loans | 51,341 | 31,728 |
| H. Other current financial payables | 3,059 | 4,733 |
| **I. Payables and other current financial liabilities (F) + (G) + (H)** | **56,410** | **36,461** |
| **J. Net current financial debt (D) + (E) + (I)** | **674** | **10,285** |
| K. Non-current portion of medium/long-term bank loans | 394,375 | 299,524 |
| L. Bonds issued | - | - |
| M. Other non-current financial payables | 16,320 | 10,525 |
| **N. Payables & other non-current financial liabilities (K) + (L) + (M)** | **410,696** | **310,049** |
| **O. Net Debt (J) + (N)** | **411,370** | **320,334** |

## 6.16 Other non-current liabilities

At December 31, 2011, the account "Other non-current liabilities" included the non-current portion, amounting to Euro 62,307 thousand, of the dividend approved by the Shareholders' Meeting on December 29, 2011. This amount at December 31, 2012 was reclassified to the account "Other payables", as the payment will be made in December 2013.

## 6.17 Trade payables

The breakdown of trade payables is follows:

| **Trade payables** (in thousands of Euro) | at 31/12/2012 | at 31/12/2011 |
|---|---|---|
| Supplier payables | 198,342 | 177,874 |
| Advances | 2,791 | 4,228 |
| Payables to associated companies | 873 | 3,315 |
| **Total trade payables** | **202,006** | **185,417** |

Trade payables (which includes invoices to receive of Euro 101,788 thousand at December 31, 2012 and Euro 97,563 thousand at December 31, 2011) refers to the purchase of goods and services relating to the operating activity and Group investments. At December 31, 2012, this account increased compared to December 31, 2011 due to the management of the working capital.

The payables for advances at December 31, 2012, amounting to Euro 2,791 thousand (Euro 4,228 thousand at December 31, 2011) are mainly related to payments on account by clients.

Payables to associated companies relate to services and charges.

### 6.18 Payables for income taxes

Payables for income taxes, amounting to Euro 53,562 thousand at December 31, 2012 (Euro 42,329 thousand at December 31, 2011), mainly relate to additional landing rights charges created by Laws No. 166/2008, No. 350/2003, No. 43/2005 and No. 296/2006 for Euro 43,820 thousand (Euro 30,970 thousand at December 31, 2011), employee and consultant's withholding taxes for Euro 4,201 thousand (Euro 3,887 thousand at December 31, 2011), VAT payables for Euro 443 thousand (Euro 908 thousand at December 31, 2011), IRES incomes taxes for Euro 3,456 thousand (Euro 4,910 thousand at December 31, 2011), IRAP regional tax for Euro 707 thousand (Euro 1,464 thousand at December 31, 2011) and other taxes for Euro 115 thousand (Euro 190 thousand at December 31, 2011).

For the year 2012 SEA adhered to the National Tax Consolidation with the subsidiary SEA Handling.

### 6.19 Other current payables

The table below reports the breakdown of the account "other current payables".

| **Other current payables** (in thousands of Euro) | at 31/12/2012 | at 31/12/2011 |
|---|---|---|
| Payables to social security institutions | 18,404 | 18,065 |
| Other payables | 147,903 | 163,706 |
| **Total Other current payables** | **166,307** | **181,771** |

The breakdown of "other payables" is as follows:

| **Other payables** (in thousands of Euro) | at 31/12/2012 | at 31/12/2011 |
|---|---|---|
| Airport fire protection service | 28,250 | 22,103 |
| Payables due to employees for amounts accrued | 19,169 | 16,619 |
| Payables due to employees for untaken holidays | 9,560 | 10,959 |
| Payables due to the State for concession charges | 6,392 | 2,704 |
| Payables for civil liability damages | 3,299 | 4,211 |
| Payables due to third parties for ticket collection | 1,398 | 5,078 |
| Payables due to the State for security concession services | 68 | 71 |
| Payables due to shareholders for dividends - current portion | 62,307 | 85,101 |
| Others | 17,460 | 16,860 |
| **Total Other Payables** | **147,903** | **163,706** |

Relating to the payable of the Company for airport fire protection services, on January 16, 2013, SEA was notified, on request of the Internal Ministry and Economic and Finance Ministry, of the Injunction Decree issued by the Milan Court for the payment of Euro 10,658 thousand; the Company appealed the injunction, and the case is still pending. In relation to this issue an appeal made in 2009 before the Lazio Administrative Court for the cancellation of the notice in which ENAC communicated the share of each of the airport management companies and the appeal made in 2012 before the Rome Civil Court in order to be exonerated from the payment of this contribution are still pending.

The account "others", amounting to Euro 17,460 thousand at December 31, 2012 (Euro 16,860 thousand at December 31, 2011), mainly relates to deferred income from clients for future periods and other minor payables.

Payables to shareholders for dividends, amounting to Euro 62,307 thousand at December 31, 2012, refers to the short-term payable for the distribution of the extraordinary dividend to the Milan Municipality approved by the Shareholders' Meeting on December 29, 2011.

## 7. Income Statement

### 7.1 Operating revenues

The table below shows the breakdown of operating revenues for the years 2012 and 2011.

| **Operating revenues by Business Unit** (in thousands of Euro) | at 31/12/2012 | at 31/12/2011 (*) |
|---|---|---|
| Aviation | 320,441 | 291,972 |
| Non Aviation | 169,088 | 158,924 |
| Handling | 107,372 | 112,315 |
| Energy | 35,393 | 32,667 |
| **Total Operating Revenues** | **632,294** | **595,878** |

(*) Restated. Reference should be made to Note 2.9 comparability of financial statements

The breakdown of aviation operating revenues is reported below.

| **Aviation operating revenues** (in thousands of Euro) | at 31/12/2012 | at 31/12/2011 (*) |
|---|---|---|
| Centralised infrastructure and rights | 239,775 | 216,175 |
| Operating revenues from security controls | 51,691 | 52,533 |
| Use of regulated spaces | 17,656 | 23,264 |
| Free asset transfer | 11,319 | |
| **Total Aviation operating revenues** | **320,441** | **291,972** |

(*) Restated. Reference should be made to Note 2.9 comparability of financial statements

The breakdown of non aviation operating revenues is reported below.

| **Non Aviation operating revenues** (in thousands of Euro) | | At December 31, |
|---|---|---|
| | 2012 | 2011 |
| Retail | 81,892 | 79,208 |
| Parking | 46,442 | 42,210 |
| Cargo spaces | 10,830 | 10,362 |
| Services and other revenues | 29,923 | 27,144 |
| **Total Non Aviation operating revenues** | **169,088** | **158,924** |

The breakdown of retail revenues is reported below.

| **Retail Revenues** (in thousands of Euro) | | At December 31, |
|---|---|---|
| | 2012 | 2011 |
| Shops | 35,373 | 33,908 |
| Food & Beverage | 15,923 | 15,254 |
| Advertising | 10,166 | 10,353 |
| Other | 20,431 | 19,693 |
| **Total Retail** | **81,892** | **79,208** |

The breakdown of energy operating revenues is reported below.

| **Energy operating revenues** (in thousands of Euro) | | At December 31, |
|---|---|---|
| | 2012 | 2011 |
| Sale of Electric Energy | 27,200 | 27,606 |
| Sale of Thermal Energy | 2,190 | 1,740 |
| Other Revenues and Services | 6,003 | 3,321 |
| **Total Energy operating revenues** | **35,393** | **32,667** |

### 7.2 Revenue for works on assets under concession

Revenues for works on assets under concession increased from Euro 65,137 thousand in 2011 to Euro 88,662 thousand in 2012.

These revenues refer to construction work on assets under concession increased by a mark-up representing the remuneration of the internal costs for the management of the works and design activities.

This account is strictly related to investment activities.

## 7.3 Personnel costs

The breakdown of personnel costs is as follows:

| **Personnel costs** (in thousands of Euro) | at 31/12/2012 | at 31/12/2011 (*) |
|---|---|---|
| Wages, salaries and social security charges | 236,370 | 231,662 |
| Employee Leaving Indemnity | 12,365 | 12,051 |
| Other personnel costs | 7,537 | 6,723 |
| **Total** | **256,272** | **250,436** |

(*) Restated. Reference should be made to Note 2.9 comparability of financial statements

Personnel costs increased from Euro 250,436 thousand to Euro 256,272 thousand (+2.3%).

The average number of employees by category in the two year period 2011-2012 (Head-Equivalent) is as follows:

| Average Head equivalent | | | | At December 31, |
|---|---|---|---|---|
| | 2012 | % | 2011 | % |
| Senior Managers | 58 | 1.2% | 55 | 1.1% |
| Managers | 290 | 6.0% | 284 | 5.8% |
| White-collar | 2,737 | 57.0% | 2,765 | 56.3% |
| Blue-collar | 1,717 | 35.8% | 1,810 | 36.8% |
| **Total employees** | **4,802** | **100.0%** | **4,914** | **100.0%** |

## 7.4 Consumable materials

The breakdown of the account "consumable materials" is as follows:

| **Consumable Material costs** (in thousands of Euro) | | At December 31, |
|---|---|---|
| | 2012 | 2011 |
| Raw materials, consumables and supplies | 61,669 | 52,334 |
| Changes in inventories | 1,369 | 432 |
| **Total** | **63,038** | **52,766** |

In order to provide greater clarity and disclosure some reclassifications were made to the 2011 accounts. The purchase cost of the CO2 quotas were reclassified from the account raw materials, consumables and supplies (Euro 52,627 thousand in 2011 approved) to the account other operating costs.

The account "consumable materials" mainly includes the purchase of methane for the production of electricity and thermal energy principally attributable to SEA Energia, as well as the purchase of goods for airport activities (chemical products for de-icing and de-snowing, clothing, spare parts, etc).

### 7.5 Other operating costs

The breakdown of "Other operating costs" is as follows:

| **Other operating costs** (in thousands of Euro) | At December 31, | |
|---|---|---|
| | 2012 | 2011(*) |
| Ordinary maintenance costs | 30,405 | 33,961 |
| Cleaning & cabin cleaning outsourcing | 16,740 | 17,801 |
| Insurance | 3,264 | 5,102 |
| Rental of equipment and vehicles | 3,386 | 3,637 |
| Utilities & Security | 7,855 | 7,840 |
| Disabled assistance service | 1,516 | 2,219 |
| Losses on assets | 3,833 | 5,360 |
| Public charges | 16,217 | 12,537 |
| Hardware and software charges and rent | 5,737 | 6,820 |
| Professional services | 10,426 | 12,323 |
| Tax charges | 5,225 | 4,115 |
| Emoluments and costs of the Board of Statutory Auditors & BOD | 1,865 | 1,956 |
| Commercial costs | 29,381 | 21,612 |
| Misc. operating costs | 9,444 | 10,339 |
| **Total Other operating costs** | **145,291** | **145,622** |

(*) Restated. Reference should be made to Note 2.9 comparability of financial statements

### 7.6 Provisions and write-downs

The breakdown of provisions and write-downs is as follows:

| **Provisions and write-downs** (in thousands of Euro) | At December 31, | |
|---|---|---|
| | 2012 | 2011 |
| Write-downs of current assets and cash and cash equivalents | 22,784 | 16,970 |
| Release of doubtful debt provision | (14,165) | (10,578) |
| Provisions / (releases) of future charges provisions | 6,314 | 10,957 |
| Provision for restoration and replacement | 11,350 | 10,642 |
| **Total provisions and write-downs** | **26,283** | **27,991** |

### 7.7 Costs for works on assets under concession

Costs for works on assets under concession increased from Euro 61,507 thousand in 2011 to Euro 83,453 thousand in 2012. These costs refer to the costs for the works undertaken on assets under concession. This account is strictly related to investment activities.

### 7.8 Amortisation & Depreciation

The account "amortisation & depreciation" is comprised of:

| **Ammortisation and depreciation** (in thousands of Euro) | At December 31, | |
|---|---|---|
| | 2012 | 2011 |
| Ammortisation of intangible assets | 27,364 | 24,709 |
| Depreciation of property, plant & equipment & property investments | 18,570 | 16,675 |
| **Total ammortisation and depreciation** | **45,934** | **41,384** |

Depreciation and amortisation in the year relates to tangible and intangible assets held based on the estimated useful life by the Company.

## 7.9 Investment income and charges

The breakdown of investment income and charges is as follows:

| **Investment income (charges)** (in thousands of Euro) | At December 31, | |
|---|---|---|
| | 2012 | 2011 |
| SACBO Spa | 4,998 | (100) |
| Dufrital Spa | 2,247 | 1,850 |
| CID Italia Spa | - | 234 |
| Disma Spa | 277 | 324 |
| Malpensa Logistica Europa Spa | (85) | (93) |
| Sea Services Srl | 89 | 111 |
| **Investments valued at equity** | **7,526** | **2,326** |
| Rome Airport dividend | 22 | - |
| Aeropuertos Argentina 2000 dividends | - | 655 |
| Gain on sale of Aeropuertos Argentina 2000 | - | 12,889 |
| Gesac S.p.A. valuation gain | - | 5,811 |
| **Other income from investments** | **22** | **19,355** |
| **Total investment income (charges)** | **7,549** | **21,681** |

For further information on the disposals in 2011, reference should be made to the 2011 Consolidated Financial Statements.

## 7.10 Financial income and charges

The breakdown of the account "financial income and charges" is as follows:

| **Financial income (charges)** (in thousands of Euro) | | | At December 31, |
|---|---|---|---|
| | 2012 | 2011 restated | 2011 approved |
| Currency gains | 19 | 24 | 24 |
| Other financial income | 694 | 3,351 | 5,371 |
| **Total financial income** | **713** | **3,375** | **5,395** |
| Interest expense on medium/long-term loans | (8,137) | (7,371) | (7,371) |
| Loan Commissions | (3,455) | (288) | (288) |
| Currency losses | (29) | (25) | (25) |
| Other interest expenses | (7,558) | (12,643) | (12,643) |
| - restoration provision | (3,485) | (3,660) | (3,660) |
| - financial charges on Leaving indemnity | (3,045) | (7,559) | (7,559) |
| - financial charges on Leasing | (494) | (394) | (394) |
| - financial charges on Derivatives | (368) | (782) | (782) |
| - Other | (167) | (249) | (249) |
| **Total financial charges** | **(19,179)** | **(20,327)** | **(20,327)** |
| **Total financial income (charges)** | **(18,466)** | **(16,952)** | **(14,932)** |

Other financial income in 2011 was restated for the purposes of the comparison with the previous year following the change in the accounting method of the actuarial gains and losses relating to the calculation of the employee leaving indemnity in accordance with IAS 19 revised, applied in advance by the SEA Group in 2012.

## 7.11 Income taxes

The breakdown of the account is as follows:

| **Income taxes** (in thousands of Euro) | | | At December 31, |
|---|---|---|---|
| | 2012 | 2011 restated | 2011 approved |
| Current income taxes | 30,285 | 36,913 | 36,913 |
| Deferred income taxes | (4,523) | (3,335) | (2,786) |
| **Total** | **25,763** | **33,578** | **34,127** |

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

| **Income taxes** (in thousands of Euro) | | | | At December 31, |
|---|---|---|---|---|
| | 2012 | | 2011 restated | |
| Pre-tax profit | 89,768 | | 86,038 | |
| Theoretical income taxes | 24,686 | 27.5% | 23,660 | 27.5% |
| Tax effect of permanent differences | (2,053) | -2.3% | (4,514) | -5.2% |
| IRAP | 12,858 | 14.3% | 12,025 | 14.0% |
| Other | (9,729) | -10.8% | 2,407 | 2.8% |
| **Total** | **25,763** | **28.7%** | **33,578** | **39.0%** |

The account "Other" mainly relates, for Euro 9,344 thousand to the economic benefit deriving from the presentation in March 2013 of the reimbursement request of the higher IRES paid against the non-deducibility of IRAP on personnel costs for the years 2007-2011, for Euro 1,965 thousand of higher income taxes paid in 2011 and reduced due to the deferred tax assets relating to the employee leaving indemnity as per IAS 19 revised.

## 8. Transactions with Related Parties

The following tables show the balances with related parties at December 31, 2012 and at December 31, 2011 and the income statement amounts for the years 2012 and 2011, with indication of the percentage of the relative account:

| **Group transactions with related parties** (in thousands of Euro) | | | | At December 31, 2012 |
|---|---|---|---|---|
| | Trade Receivables | Trade Payables | Operating Revenues | Operating costs (excluding costs for work on assets under concession) |
| Investments in associated companies | | | | |
| SACBO | 661 | | 1,407 | |
| Dufrital | 4,630 | 10 | 26,002 | 40 |
| CID Italia | | | | |
| Malpensa Logistica Europa | 2,464 | 27 | 4,480 | 280 |
| SEA Services | 637 | 809 | 2,189 | 1,941 |
| Disma | 132 | 27 | 506 | |
| **Total related parties** | **8,525** | **873** | **34,584** | **2,261** |
| **Total financial statements** | **156,054** | **202,006** | **632,294** | **490,884** |
| **% of total financial statements** | **5.46%** | **0.43%** | **5.47%** | **0.46%** |

| **Group transactions with related parties** (in thousands of Euro) | | | | At December 31, 2011 |
|---|---|---|---|---|
| | Trade Receivables | Trade Payables | Operating Revenues | Operating costs (excluding costs for work on assets under concession) |
| Investments in associated companies | | | | |
| SACBO | 867 | - | 1,198 | 1 |
| Dufrital | 5,544 | 432 | 20,510 | 4 |
| CID Italia | 629 | 1 | 2,502 | 29 |
| Malpensa Logistica Europa | 2,272 | 928 | 4,101 | 1,375 |
| SEA Services | 1,790 | 1,859 | 1,981 | 1,851 |
| Disma | 19 | 95 | 258 | - |
| **Total related parties** | **11,121** | **3,315** | **30,550** | **3,260** |
| **Total financial statements** | **171,539** | **185,417** | **595,878** | **476,815** |
| **% of total financial statements** | **6.48%** | **1.79%** | **5.13%** | **0.68%** |

The table below shows the cash flows from the transactions of the Group with related parties for the years ended December 31, 2012 and December 31, 2011, with indication of the percentage of the relative account:

**Cash flow generated from group trans. with related parties** (in thousands of Euro) — At December 31, 2012

| | Invesments in associated companies | Investments in other companies | Total transactions with related parties | Consolidated balance | % |
|---|---|---|---|---|---|
| A) Cash flow generated from operating activities | 1,610 | | 1,610 | 132,831 | 1.2% |
| B) Cash flow generated from investing activites | 2,882 | | 2,882 | (103,232) | -2.8% |
| C) Cash flow generated from financing activities | | | | 679 | 0.0% |

**Cash flow generated from group trans. with related parties** (in thousands of Euro) — At December 31, 2011

| | Invesments in associated companies | Investments in other companies | Total transactions with related parties | Consolidated balance | % |
|---|---|---|---|---|---|
| A) Cash flow generated from operating activities | (807) | | (807) | 148,206 | -0.5% |
| B) Cash flow generated from investing activites | 1,163 | | 1,163 | (64,257) | -1.8% |
| C) Cash flow generated from financing activities | | | | (83,352) | 0.0% |

The transactions between the Group and related parties for the years ended December 31, 2012 and December 31, 2011 mainly related to:

- commercial transactions with reference to the recognition to SEA of royalties on sales (CID and Dufrital);
- rental of premises (Malpensa Logistica Europa);
- supply to SEA of catering services (SEA Services);
- commercial transactions deriving from the concession for the distribution of fuel (Disma);
- supply by SEA Energia of electricity to SACBO.

The above-mentioned transactions were within the ordinary activities of the Group and undertaken at market values.

## Other transactions with related parties

### SACBO

In 2012, SACBO distributed dividends to SEA for Euro 922 thousand.

### Disma

In 2012, Disma distributed dividends to SEA for Euro 338 thousand.

### DUFRITAL

In 2012, Dufrital distributed dividends to SEA for Euro 1,600 thousand.

## 9. Directors fees

In 2012, the remuneration for the Board of Directors, including welfare and accessory charges, amounted to Euro 846 thousand (Euro 863 thousand in 2011).

## 10. Statutory Auditors fees

In 2012, the remuneration for the Board of Statutory Auditors, including welfare and accessory charges, amounted to Euro 1,019 thousand (Euro 1,093 thousand in 2011).

## 11. Independent Audit Firm fees

Pursuant to Article 2427, Paragraph 16 bis of the Civil Code, we report below the fees paid to the audit firm PricewaterhouseCoopers SpA for the year 2012:

- fees for the audit of the statutory financial statements of SEA, SEA Handling, SEA Energia and the consolidated financial statements of SEA Group of Euro 220 thousand;
- fees related to the stock market listing of Euro 309 thousand.

## 12. Commitments and guarantees

### 12.1 Investment commitments

The Group has investment contract commitments of Euro 113,587 thousand at December 31, 2012 (Euro 112,615 thousand at December 31, 2011), which is reported net of the works already realised and invoiced to the Group, as follows:

| **Breakdown of Commitments by project** (in thousands of Euro) | At December 31, | |
|---|---|---|
| | 2012 | 2011 |
| R.T.I CCC/Cile/Oanzeri/Boffetti imp,/STS | - | 7,034 |
| R.T.I CCC/Sirti/Centroedile/Econord | - | 691 |
| ATI - Cotea/Gemmo | - | 509 |
| R.T.I. CODELFA SPA /COIVER CONTRACT | 29,222 | 38,619 |
| R.T.I. GEMMO SPA/ELETTROMECCANIC | 12,720 | 20,180 |
| R.T.I. CODELFA SPA/ IMPRESA BACCHI | 8,184 | 15,764 |
| R.T.I. CEFLA SOC.COOP./GRUPPO P.S. | 6,771 | 14,447 |
| R.T.I. IMPRESA CAVALLERI OTTAVIO | 7,482 | 15,370 |
| R.T.I. BACCHI/ SO.CE.CO | 10,964 | - |
| R.T.I. TADDEI/GEMMO/MONTAGNA | 38,244 | - |
| **Total** | **113,587** | **112,615** |

### 12.2 Commitments for rental contracts

At December 31, 2012, the SEA Group has commitments on rental contracts totaling Euro 6,293 thousand, principally relating to the rental of airport buses and motor vehicles.

The breakdown of the minimum payments on the contracts of the Group at December 31, 2012 is as follows:

| in thousands of Euro | At December 31, 2012 |
|---|---|
| Within 12 months | 2,667 |
| Between 1 and 5 years | 3,626 |
| **Total** | **6,293** |

### 12.3 Other commitments and potential liabilities

In relation to the investigations by the European Commission and the decision of December 19, 2012 concerning State aid in favour of SEA Handling, the position of the SEA Group is illustrated in the consolidated Directors' Report in the section "Risk Factors relating to the SEA Group", to which reference should be made.

At the reporting date, SEA Energia has commitments to deliver to the Environment Ministry, during 2013, the excess greenhouse gas emission quotas received free of charge in 2012. The value of this commitment is Euro 1,418 thousand.

### 12.4 Guarantees

The secured guarantees, amounting to Euro 8,057 thousand at December 31, 2012, relate to the lien on receivables against loans provided by credit institutions on European Investment Bank funds.

At December 31, 2012, the sureties in favour of third parties were as follows:

- surety issued by the European Investment Fund for Euro 8,602 thousand to guarantee the European Investment Bank loans ;
- surety issued by Banca Popolare di Lodi in favour of ENAC, amounting to Euro 5,500 thousand as guarantee of the concession fee;
- surety of Euro 7,500 thousand to Banca Popolare di Milano to guarantee credit lines received from companies within the centralised treasury system;
- surety to the subsidiary SEA Energia, provided by Banca Popolare di Milano in favour of the Milan Tax Office to guarantee Group VAT offsetting for Euro 2,394 thousand;
- surety of Euro 4 million in favour of the Defence Ministry for utilisation by SEA of land owned by the Ministry following the road access works undertaken for the opening of the new multi-storey parking at Milan Linate Airport. This guarantee is within the technical agreement which SEA signed on June 4, 2009 with the Defence Ministry and with ENAC which establishes that the Defence Ministry transfers to ENAC some state buildings no longer of military interest adjacent to the Milan Airport. SEA, having the necessity to utilise these assets to improve and develop the airport infrastructures, acquired the concession to utilise these assets until 2041 against the realisation of a series of works in favour of the Defence Ministry for a total amount of Euro 25,900 thousand;
- surety of Euro 1,126 thousand in favour of the Parco Lombardo Valle del Ticino Consortium for the correct execution of the forestry offsetting work for the transformation of a portion of the forest on the airport grounds of Milan Malpensa and in the Lonate Pozzolo Municipality;

- surety of Euro 343 thousand in favour of the supplier Contract GmbH for the rental of airport buses;
- surety of Euro 1,150 thousand of the subsidiary SEA Energia in favour of Terna S.p.A. to guarantee the provision of electricity;
- surety of Euro 300 thousand of the subsidiary SEA Energia in favour of Gestore dei Mercati Energetici S.p.A. (GME) in order to participate in the electricity market;
- Euro 1,605 thousand for other minor sureties.

## 13. Seasonality

The Group business is characterised by revenue seasonality, which are normally higher in the periods of August and December due to an increase in flights by the airlines at its airports. It should be noted that the airports of Milan Malpensa and Milan Linate are to a certain degree complementary from a seasonality viewpoint, in view of the different profile of the indirect customers (i.e. leisure vs. business). This feature limits the seasonal peaks from an overall consolidated operational and financial viewpoint.

## 14. Non-recurrent transactions

During the year ended December 31, 2012 the Group did not undertake any non-recurring transactions.

## 15. Transactions relating to atypical or unusual operations

In accordance with Consob Communication of July 28, 2006, the Company did not undertake for the years ended December 31, 2012 and December 31, 2011 any transactions deriving from a typical or unusual operations, as set out in the communication.

## 16. Other information

On May 3, 2012, the Shareholders' Meeting of the Parent Company SEA approved the distribution of dividends of Euro 17,739 thousand relating to the 2011 net profit. The payment of the dividend was made on November 26, 2012.

On December 29, 2011, the Shareholders' Meeting of the Parent Company SEA approved the distribution of dividends of Euro 147,370 thousand, as follows: (i) on the share premium reserve account Euro 21,468 thousand and (ii) on the extraordinary reserve account Euro 125,902 thousand. In the same Shareholders' Meeting the Milan Municipality, in order to take into account the programmed financial needs of the Company and in its interest, attributed irrevocably to the Company the right, at its own discretion, to proceed with the payment of the extraordinary dividend due as follows: (i) 50% of this dividend - and therefore Euro 62,307 thousand - on December 14, 2012; and (ii) the remaining 50% - and therefore Euro 62,307 thousand - on December 14, 2013, and on both amounts according to the conditions indicated above, the Company must recognise, from July 31, 2012 until the effective payment date, an interest rate equal to which the Milan Municipality would receive through the management of this liquidity for similar amounts and similar periods, or rather Euribor at 3 months, and also providing that, in the case of the stock market listing, the payment must be made at the same time as the listing on the stock exchange. On December 14, 2012, the Parent Company SEA paid the first tranche of the extraordinary dividend to the Milan Municipality for Euro 62,307 thousand, plus interest.

## 17. Subsequent events after the year-end

Reference should be made to the Directors' Report.

The Chairman of the Board of Directors
Giuseppe Bonomi

# Board of Statutory Auditors’ Report on the consolidated financial statements of the SEA Group at december 31, 2012

Dear Shareholders,

We report to you on our supervision activities undertaken on SEA – SOCIETÀ ESERCIZI AEROPORTUALI S.p.A. as a company required to prepare the Group consolidated financial statements of SEA S.p.A. in accordance with law.

We have examined the consolidated financial statements of your Company at December 31, 2012 that the Directors prepared in accordance with law and sent to the Board of Statutory Auditors on June 4, 2013 together with the notes, attachments and Directors’ Report.

In the previous years the Company availed of the option as per Legislative Decree No. 38 of February 28, 2005, which governs the exercise of the options pursuant to Article 5 of the European Regulation No. 1606/2002 concerning International Accounting Standards and applied the International Accounting Standards adopted by the European Union (also “IFRS”) for the preparation of the consolidated financial statements. The IFRS were applied consistently for all the periods presented in the present document.

The SEA Group adopted the International Accounting Standards (IFRS) from the 2006 Consolidated Financial Statements.

In the preparation of the present consolidated financial statements the accounting standard interpretation recently approved by the European Commission, IFRC 12 “Service concession arrangements” was applied, issued by the International Accounting Standard Board, which governs the measurement and recognition of concession contracts between public and private companies.

The Board of Statutory Auditors also recalls that the Board of Directors resolution of March 26, 2013 extended the period for the approval of the 2012 financial statements and the consolidated financial statements in accordance with Article 2364, second paragraph of the Civil Code.

Compared to the consolidated financial statements of the SEA Group for the year ended December 31, 2011, the Company chose to apply in advance the amendments introduced to IAS 19 “Employee Benefits” of the amendment issued by the IASB on June 16, 2011 and published in the European Union Official Journal on June 5, 2012. The new IAS 19 provides that all actuarial gains and losses matured at the balance sheet date are immediately recorded in the Comprehensive Income Statement and therefore eliminates the possibility to defer these gains/losses through the corridor method and their possible recognition in the income statement. For the recognition of the actuarial gains and losses, the new IAS 19 only permits the use of the so-called OCI method (other comprehensive income).

The balance sheet reports a Consolidated Group Net Profit of Euro 64,003 thousand, compared to a Net Profit of Euro 52,457 thousand in the previous year restated, as follows:

| Consolidated assets | (in thousands of Euro) |
|---|---|
| Non-current assets | 1,153,790 |
| Current assets | 198,781 |
| Cash and cash equivalents | 54,339 |
| **Total assets** | **1,406,910** |

| Consolidated liabilities | (in thousands of Euro) |
|---|---|
| Group shareholders' equity | 213,244 |
| Net profit for the year | 64,003 |
| Minority interest equity | 85 |
| Provisions for risks and charges | 163,533 |
| Employee leaving indemnity | 77,064 |
| Non-current financial payables | 410,696 |
| Other current liabilities | 0 |
| Current liabilities | 478,285 |
| **Total liabilities and shareholders’ equity** | **1,406,910** |

The consolidated income statement is summarised below:

| Income statement | (in thousands of Euro) |
|---|---|
| Operating revenues | 720,956 |
| Operating costs | (574,337) |
| EBITDA | 146,619 |
| Amortisation & Depreciation | (45,934) |
| **EBIT** | **100,685** |
| Financial income and charges | (18,466) |
| Investment income | 7,549 |
| **Pre-tax profit** | **89,768** |
| Income taxes | (25,763) |
| **Group and minority interest result** | **64,005** |
| Minority interest profit | 2 |
| **Group Net Profit** | **64,003** |

The Group consolidated financial statements includes the financial statements of SEA S.p.A. (parent company) and the companies which the company directly or indirectly controls, from the date of acquisition and until the date the control terminates. Specifically, control is exercised based on direct majority shareholding with voting rights.

The companies consolidated using the line-by-line method are:
- SEA Energia S.p.A.
- SEA Handling S.p.A.
- Consorzio Malpensa Construction.

The investments in associated companies valued under the equity method, in accordance with IAS 28, are those in which the company (SEA S.p.A.) exercises significant influence which is presumed to exist when it holds – directly or indirectly through subsidiary companies – 20% or a higher percentage of the voting rights exercisable in the Shareholders' Meeting of the investee.

The following associated companies were consolidated under the equity method:
- SACBO S.p.A.
- Malpensa Logistica Europa S.p.A.
- Dufrital S.p.A.
- Disma S.p.A.
- SEA Services S.r.l.

Disma S.p.A., although the parent company SEA SpA has a holding of 18.75%, was valued under the equity method based on the significant influence exercised by SEA S.p.A..

Compared to the previous year, on 21.12.2011 the merger by incorporation of CID Italia SpA into Dufrital SpA, effective as of January 1, 2012, was signed.

Finally the following available-for-sale investments were measured at fair value:
- Consorzio Milano Sistema in liquidation;
- Romairport S.r.l.;
- Aeropuertos Argentina 2000 SA.

There were no changes in the consolidation scope in 2012 with the exception of that described for the incorporation of CID Italia SpA into Dufrital SpA.

The Financial Statements of the subsidiaries and associated companies, consolidated by the SEA Group, were prepared adopting for each period the same accounting principles of the Parent Company.

The consolidation principles are summarised below:
- the Financial Statements consolidated relate to the same accounting period; the consolidation operations were undertaken on the financial statements prepared by the Board of Directors of the parent company and of the subsidiaries and associated companies, approved or in course of approval, by the Shareholders' Meetings of the individual companies, adjusting, where necessary, for the application of uniform accounting principles;
- we verified that the same accounting principles were applied on the consolidated financial statements as those applied by the parent company;
- our examination of the notes confirmed that the consolidation principles adopted were indicated and the principal consolidated balance sheet and income statement accounts were extensively outlined;
- from a review of the Directors' Report on operations for the year-end December 31, 2012 we note that it was exhaustive and complete in accordance with the requirements of law, and contained the principal events arising during the year; the report was exhaustive in relation to the disclosure of operating activities and development of the Company and of the strategies and description of the principal risks and uncertainties which the company is exposed to.
- we verified the nature of the operations between the parent company and the other companies of the SEA Group which principally relate to services and treasury operations and the utilisation of liquidity; these were of an ordinary nature and also undertaken at market conditions.

The Board reports that the audit firm PricewaterhouseCoopers S.p.A., in the Auditors' Report of June 7, 2013, certified that the consolidated financial statements of the SEA Group at December 31, 2012 were in accordance with the IFRS adopted by the European Union; these were prepared with clarity and represented in a true and fair manner the balance sheet, financial position and result for the period, the changes in shareholders' equity and the cash flows of the SEA Group for the year.

The Audit Firm PricewaterhouseCoopers SpA in its Auditors' Report issued a favourable opinion on the financial statements as well as drawing attention to the following information: *"We draw the attention of the reader to note 12.3 "other commitments and contingent liabilities" included in the explanatory notes to the Consolidated Financial Statements of S.E.A. – Società Esercizi Aeroportuali, which makes reference to that outlined in paragraph "Risk factors relating to the S.E.A. Group, included in the Directors' Report attached to the financial statements. This note describes the initiatives promoted by S.E.A. – Società Esercizi Aeroportuali SpA, by its shareholders, by the subsidiary SEA Handing SpA and the Italian Republic against the decision taken on December 19, 2012 by the European Commission concerning violations of European Regulations on "State Aid", and the considerations of the Board of Directors of S.E.A. S.p.A. and of SEA Handling SpA in relation to the probable outcome of the procedure."*

The Board of Statutory Auditors also certifies the correspondence of the consolidated financial statements to the facts and information made available through participation at the meetings of the Corporate Boards in the exercise of supervisory duties and under the powers of inspection and control afforded.

The Consolidated Directors' Report provides exhaustive information on the operational activities and the development of strategies and of inter-company transactions; their examination established compatibility with the consolidated financial statements, as has the report of the Independent Audit Firm PricewaterhouseCoopers SpA of today's date.

Milan, June 7, 2013
The Board of Statutory Auditors

Mr. Giancarlo Giordano
(Chairman)

Mr. Aldo Londei
(Statutory Auditor)

Mr. Fabio Malcovati
(Statutory Auditor)

Ms. Maria Luisa Mosconi
(Statutory Auditor)

Ms. Raffaella Pagani
(Statutory Auditor)

# Consolidated financial statements auditors' report

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**AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010**

To the shareholders of
S.E.A. - Società Esercizi Aeroportuali SpA

1 We have audited the consolidated financial statements of S.E.A. - Società Esercizi Aeroportuali SpA and its subsidiaries (the "S.E.A. Group") as of 31 December 2012, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement and related notes. The directors of S.E.A. - Società Esercizi Aeroportuali SpA are responsible for the preparation of these consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with Italian standards on auditing issued by the Italian accounting profession, *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*, and recommended by the national stock exchange commission, Consob. Those standards require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 11 April 2012.

3 In our opinion, the consolidated financial statements of S.E.A. Group as of 31 December 2012 comply with the International Financial Reporting Standards as adopted by the European Union; accordingly, they have been prepared clearly and give a true and fair view of the financial position, results of operations and cashflows of S.E.A. Group for the year then ended.

***PricewaterhouseCoopers SpA***

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4 We draw your attention to note 12.3 "Other commitments and contingent liabilities" included in the notes to the consolidated financial statements of SEA - Società Esercizi Aeroportuali SpA, which makes reference to the matters described in the paragraph "Risk factors affecting the SEA Group" included in the 2012 report on operations accompanying the consolidated financial statements. This note describes the initiatives promoted by SEA - Società Esercizi Aeroportuali SpA , its shareholders, the subsidiary SEA Handling SpA and the Italian Republic with respect to the decision taken on 19 December 2012 by the European Commission on the alleged breach of European legislation on state aid, and it describes the assessment made by the board of directors of SEA - Società Esercizi Aeroportuali SpA and by SEA Handling SpA on the probable development of the proceedings.

5 The directors of S.E.A. - Società Esercizi Aeroportuali SpA are responsible for the preparation of a report on operations in compliance with the applicable laws. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. To this end, we have performed the procedures required under Auditing Standard No. 001 issued by *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili* and recommended by Consob. In our opinion the report on operations is consistent with the consolidated financial statements of S.E.A. - Società Esercizi Aeroportuali SpA as of 31 December 2012.

Milan, 7 June 2013

PricewaterhouseCoopers SpA

Signed by
Sergio Pizzarelli
(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers.*

SEA S.p.A.
Annual Accounts

# Financial Statements

## Balance sheet

| (in Euro) | Note | At December 31, 2012 | At December 31, 2011 restated as per change in accounting method of Employee Leaving Indem. (*) | At January 1, 2011 restated as per change in accounting method of Employee Leaving Indem. (*) |
|---|---|---|---|---|
| Intangible assets | 7.1 | 878,815,976 | 763,471,121 | 721,480,165 |
| Property, plant & equipment | 7.2 | 146,383,349 | 186,502,432 | 177,025,966 |
| Property investments | 7.3 | 3,419,087 | 3,420,764 | 3,503,180 |
| Investments in subsid. & ass. companies | 7.4 | 17,646,887 | 41,190,756 | 33,342,995 |
| Available-for-sale investments | 7.5 | 26,139 | 26,139 | 15,726,138 |
| Deferred tax assets | 7.6 | 28,833,219 | 21,064,863 | 14,976,859 |
| Other non-current receivables | 7.7 | 342,975 | 378,876 | 430,516 |
| **Total non-current assets** | | **1,075,467,632** | **1,016,054,951** | **966,485,819** |
| Inventories | 7.8 | 7,745,696 | 9,114,313 | 9,546,506 |
| Trade receivables | 7.9 | 130,791,614 | 140,406,382 | 151,068,258 |
| Current financial receivables | 7.10 | 29,642,636 | 27,660,331 | 34,546,049 |
| Income tax receivables | 7.11 | 14,541,607 | 3,600,632 | 4,132,598 |
| Other receivables | 7.12 | 11,553,298 | 9,403,143 | 16,819,806 |
| Cash and cash equivalents | 7.13 | 53,338,278 | 23,712,335 | 22,667,349 |
| **Total current assets** | | **247,613,129** | **213,897,136** | **238,780,566** |
| **TOTAL ASSETS** | | **1,323,080,761** | **1,229,952,087** | **1,205,266,385** |
| Share capital | 7.14 | 27,500,000 | 27,500,000 | 27,500,000 |
| Other Reserves | 7.14 | 152,801,926 | 131,262,346 | 279,540,233 |
| Net profit | 7.14 | 38,155,530 | 48,152,141 | 57,375,811 |
| **SHAREHOLDERS' EQUITY** | | **218,457,457** | **206,914,487** | **364,416,044** |
| Provision for risks & charges | 7.15 | 157,059,574 | 155,167,313 | 148,852,780 |
| Employee provisions | 7.16 | 48,503,550 | 43,685,131 | 45,503,812 |
| Non-current financial liabilities | 7.20 | 0 | 62,307,293 | 0 |
| Other non-current liabilities | 7.17 | 424,355,742 | 319,015,178 | 308,759,789 |
| **Total non-current liabilities** | | **629,918,865** | **580,174,915** | **503,116,381** |
| Trade payables | 7.18 | 205,926,348 | 183,055,079 | 148,160,281 |
| Income tax payables | 7.19 | 52,455,491 | 41,515,276 | 40,571,839 |
| Other payables | 7.20 | 145,774,039 | 158,513,379 | 67,145,803 |
| Current financial liabilities | 7.17 | 70,548,562 | 59,778,951 | 81,856,037 |
| **Total current liabilities** | | **474,704,440** | **442,862,685** | **337,733,960** |
| **TOTAL LIABILITIES** | | **1,104,623,305** | **1,023,037,600** | **840,850,341** |
| **TOTAL LIABILITIES & SHAREHOLDERS' EQUITY** | | **1,323,080,761** | **1,229,952,087** | **1,205,266,385** |

(*) For further information on the change of the accounting method of actuarial gain/losses reference should be made to Note 3 "Comparability of financial statements."

## Comprehensive Income Statement

| (in Euro) | Note | At December 31, 2012 | At December 31, 2011 restated as per change in accounting method of Employee Leaving Indem. (*) |
|---|---|---|---|
| Operating revenues | 8.1 | 512,583,606 | 474,039,368 |
| Revenues for works on assets under concession | 8.2 | 88,662,433 | 65,248,031 |
| **Total revenues** | | **601,246,039** | **539,287,399** |
| Personnel costs | 8.3 | (155,687,002) | (150,094,869) |
| Consumable materials | 8.4 | (16,497,682) | (11,251,386) |
| Other operating costs | 8.5 | (187,698,644) | (177,517,134) |
| Costs for works on assets under concession | 8.6 | (83,452,936) | (61,618,372) |
| Provision & write-downs | 8.7 | (21,198,980) | (20,324,180) |
| **Total operating costs** | | **(464,535,244)** | **(420,805,941)** |
| **Gross Operating margin / EBITDA** | | **136,710,795** | **118,481,457** |
| Ammortisation & Depreciation | 8.8 | (40,172,992) | (35,859,109) |
| **EBIT** | | **96,537,803** | **82,622,348** |
| Investment income (charges) | 8.9 | (20,661,899) | 5,856,718 |
| Financial charges | 8.10 | (17,887,479) | (14,617,711) |
| Financial income | 8.10 | 1,922,173 | 2,907,116 |
| **Pre-tax profit** | | **59,910,597** | **76,768,470** |
| Income taxes | 8.11 | (21,755,067) | (28,616,329) |
| **Net profit** | | **38,155,530** | **48,152,141** |
| Other comprehensive income items | | | |
| Income from fair value measurement of available-for-sale financial assets | | 0 | (12,200,275) |
| Tax effect from fair value measurement of available-for-sale financial assets | | 0 | 79,907 |
| Fair value measurement of derivative financial instruments | | (6,522,007) | (7,680,714) |
| Tax effect from fair value measurement of derivative financial instruments | | 1,793,553 | 2,112,196 |
| Actuarial Profit / (Loss) on Employee Leaving Indemnity | | (5,424,316) | 1,725,770 |
| Tax effect on Actuarial Profit / (Loss) on Employee Leaving Indemnity | | 1,279,093 | (474,587) |
| **Total other comprehensive income items** | | **(8,873,677)** | **(16,437,703)** |
| **Total comprehensive profit** | | **29,281,853** | **31,714,438** |

(*) For further information on the changes to the 2011 restated financial statements reference should be made to the paragraph 3 "Comparability of financial statements".

# Cash Flow Statement

| (in Euro) | 2012 | At December 31, 2011 restated as per change in accounting method of Employee Leaving Indemnity (*) |
|---|---|---|
| Pre-tax profit | 59,910,597 | 76,768,470 |
| Adjustments: | | |
| Ammortisation & Depreciation of tangible & intangible assets | 40,172,992 | 35,859,109 |
| Net provisions (including employee provision) | 3,246,387 | 3,549,380 |
| Net financial charges | 15,965,307 | 11,710,595 |
| Investment income | 20,661,899 | (5,856,718) |
| Losses on fixed asset sales | | |
| Losses on free devolution of assets | (11,319,000) | |
| Other non-cash items | (1,518,991) | 1,331,611 |
| **Cash flow from operating activities before work. cap.changes** | **127,119,191** | **123,362,447** |
| Changes in inventories | 1,368,617 | 432,193 |
| Changes in trade receivables & other receivables | (1,672,612) | 8,080,252 |
| Change in trade payables & other payables | 46,795,564 | 40,833,319 |
| **Cash flow from changes in working capital** | **46,491,569** | **49,345,764** |
| Income taxes paid | (38,746,789) | (31,677,021) |
| **Cash flow from operating activities** | **134,863,971** | **141,031,190** |
| Investments in fixed assets: | | |
| - intangible (**) | (89,099,770) | (67,354,767) |
| - tangible | (13,619,633) | (21,615,856) |
| - financial | - | - |
| Divestments of fixed assets | | |
| - tangible | 113,247 | 507,890 |
| - financial (***) | - | 22,200,000 |
| Dividends received | 2,881,970 | 1,662,966 |
| SEA Handling share capital payament | - | (22,354,286) |
| **Cash flow from investing activity** | **(99,724,186)** | **(86,954,053)** |
| Change in gross financial debt | | |
| - increases / (decreases) in short-term and medium/long-term debt | 118,798,111 | (24,105,552) |
| - increases / (decreases) in advances on State grants | - | (9,276,953) |
| Decreases / (increases) in receivables for State grants | 838,146 | 7,181,937 |
| Net increasesj / (decreases) in other financial liabilities | (12,334,478) | 22,818,887 |
| Dividends distributed | (102,788,659) | (41,846,010) |
| Interest paid | (10,460,967) | (8,015,060) |
| Interest received | 434,005 | 210,600 |
| **Cash flow from financing activity** | **(5,513,842)** | **(53,032,151)** |
| **Increase / (Decrease) in cash and cash equivalents** | **29,625,943** | **1,044,986** |
| Cash and cash equivalents at beginning of year | 23,712,335 | 22,667,349 |
| Cash and cash equivalents at end of year | 53,338,278 | 23,712,335 |

(*) For further information on the change of the accounting method of actuarial gains/losses reference should be made to Paragraph 3 "Comparability of financial statements."

(**) The investments in property, plant and equipment are net of the utilisation of the restoration provision, which in 2012 amounted to Euro 11,350 thousand (Euro 7,167 thousand in 2011).

(***) The account in 2011 included the income from the sale of the investment in Gesac for Euro 8,200 thousand and income deriving from the agreement signed for the sale of AA2000 for Euro 14 million.

## Statement of changes in Shareholders' Equity

| | Share capital | Share premium reserve | IFRS first time application reserve (excl. OCI) | AFS Reserve | Cash flow hedge reserve | Actuarial profit / (losses) reserve | Extraordinary Reserve | Legal reserve | Other reserves | Total other reserves | Net profit | Total net equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **At January 1, 2011 (*)** | **27,500,000** | **21,467,911** | **26,090,592** | **12,120,369** | **0** | **0** | **154,073,186** | **5,500,000** | **60,288,175** | **279,540,233** | **57,375,811** | **364,416,044** |
| **Operations with shareholders** | | | | | | | | | | | | |
| Allocation of 2010 profit and r elative distribution of dividends (**) | | | (2,404,202) | | | | 17,934,003 | | | 15,529,801 | (57,375,811) | (41,846,010) |
| Distribution of dividends resolution of December 29, 2011 | | (21,467,911) | | | | | (125,902,074) | | | (147,369,985) | | (147,369,985) |
| **Other movements** | | | | | | | | | | | | |
| Other comprehensive income statement items result | | | | (12,120,368) | (5,568,518) | 1,251,183 | | | | (16,437,703) | | (16,437,703) |
| Net profit | | | | | | | | | | 0 | 48,152,141 | 48,152,141 |
| **At December 31, 2011 (*)** | **27,500,000** | **0** | **23,686,390** | **1** | **(5,568,518)** | **1,251,183** | **46,105,115** | **5,500,000** | **60,288,175** | **131,262,346** | **48,152,141** | **206,914,487** |
| **Operations with shareholders** | | | | | | | | | | | | |
| Allocation of 2011 profit (***) | | | | | | | 30,413,256 | | | 30,413,256 | (48,152,141) | (17,738,885) |
| **Other movements** | | | | | | | | | | | | |
| Other comprehensive income statement items result | | | | | (4,728,454) | (4,145,223) | | | | (8,873,677) | | (8,873,677) |
| Net profit | | | | | | | | | | 0 | 38,155,530 | 38,155,530 |
| **At December 31, 2012** | **27,500,000** | **0** | **23,686,390** | **1** | **(10,296,972)** | **(2,894,040)** | **76,518,371** | **5,500,000** | **60,288,175** | **152,801,926** | **38,155,530** | **218,457,457** |

(*) For further information on the change of the accounting method of actuarial gains/losses reference should be made to Paragraph 3 "Comparability of financial statements."

(**) The change in 2011 of the reserve for first-time transition to IFRS of Euro 2,404 thousand refers to the allocation of lower IFRS profits relating to the year 2010, compared to the net profit as per Italian GAAP.

(***) The allocation to the extraordinary reserve is lower by Euro 1,251 thousand, compared to that approved by the Shareholders' Meeting of May 3, 2012, due to the retrospective application of the amendments to IAS 19 – Employee benefits in which the actuarial profit for the year 2011, amounting to Euro 1,251 thousand, was recorded directly to the Actuarial Gain/(Losses) reserve for a similar amount.

# Notes to the Financial Statements

## 1. General Information

Società per Azioni Esercizi Aeroportuali SEA (the "**Company**" or "**SEA**") is a limited liability company, incorporated and domiciled in Italy according to Italian Law.

The Company's headquarters are located at Milan Linate Airport in Segrate (Milan).

The Company manages Milan Malpensa Airport and Milan Linate Airport under the 2001 Agreement signed between SEA and ENAC with a forty year duration (renewing the previous agreement of May 7, 1962).

At the preparation date of the present document the shareholders were as follows:

| Entity | Holding |
|---|---|
| Municipality of Milan | 54.81% |
| Province of Varese | 0.64% |
| Municipality of Busto Arstizio | 0.06% |
| Other public shareholders | 0.14% |
| **Total public shareholders** | **55.65%** |
| F2i - Fondi Italiani per le Infrastrutture | 44.31% |
| Other private shareholders | 0.04% |
| **Total private shareholders** | **44.35%** |
| **Total** | **100.00%** |

The shareholdings in the company changed on December 28, 2012 following the closing of the tender for the sale of the holding of the Province of Milan to F2i – Fondi italiani per le infrastrutture, equal to 14.56% of the share capital.

## 2. Summary of accounting principles adopted

The main accounting principles adopted in the preparation of the financial statements of SEA for the year ended December 31, 2012 are reported below.
The financial statements are presented in Euro while the tables included in the explanatory notes are presented in thousands of Euro.

### 2.1 Basis of preparation

The European Regulation (EU) No. 1606/2002 of July 19, 2002 introduced the obligation, from the year 2005, to apply International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union ("EU IFRS") for the preparation of the consolidated financial statements of companies listed on regulated European markets. Following the above-mentioned European Regulation, Legislative Decree No. 38 was enacted on February 28, 2005 which governs the option to apply IFRS for the preparation of the consolidated financial statements of non-listed companies. SEA decided to apply this option for the preparation of the consolidated financial statements for the year end December 31, 2006. The same Legislative Decree (fourth paragraph of Article 4) also governs the option to apply IFRS for the preparation of standalone statutory financial statements included in the consolidated financial statements in accordance with IFRS. SEA decided to apply this option from the financial statements for the year ended December 31, 2011. For these financial statements the transition date to EU IFRS was identified as January 1, 2010.

The financial statements were prepared in accordance with EU IFRS in force at the approval date of the financial statements.

In particular the EU IFRS were applied in a consistent manner for all the periods presented in the document. The financial statements were prepared on the basis of the best information on the EU IFRS and taking into account best practice; any further orientations and interpretative updates will be reflected in subsequent years, in accordance with the provisions of the accounting standards.
The criteria utilised for the preparation of the present financial statements are based on the going concern concept.

In relation to the presentation method of the financial statements "the current/non-current" criterion was adopted for the balance sheet while the classification by nature was utilised for the income statement and the indirect method for the cash flow statement.
The financial statement presentations utilised, as outlined above, are those which best represent the equity and financial position of the Company.

The present financial statements were prepared in accordance with the historical cost convention, except for the measurement of financial assets and liabilities, including derivative instruments, where the obligatory application of the fair value criterion is required.

The present financial statements were audited by the audit firm PricewaterhouseCoopers S.p.A.

### 2.2. Accounting standards, amendments and interpretations adopted from January 1, 2012

The International Accounting Standards and amendments which must be obligatory applied from January 1, 2012, following completion of the relative approval process by the relevant authorities, are illustrated below. The adoption of these amendments and interpretations has not had any impact on the financial position or on the result of the Company.

| Description | Date approved | Publication in EU Journal | Effective date as per the standard | Effective date applied by SEA |
|---|---|---|---|---|
| Amendments to IFRS 7 Financial instruments: Disclosure on transfer of financial assets | Nov. 22 '11 | Nov. 23 '11 | Periods which begin after June 30, 2011 | Jan. 1 '12 |
| Amendments to IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets | Dec. 11 '12 | Dec. 29 '12 | Periods which begin after Dec. 31, 2011 | Jan. 1 '12 |

### 2.3. Standards, amendments and interpretations not yet effective and or applicable in advance

Below we report the International Accounting Standards, interpretations and amendments to existing accounting standards and interpretations, or specific provisions within the standards and interpretations approved by the IASB which have not yet been approved for adoption in Europe at the approval date of the present document or which may be applied in advance:

| Description | Approved at the date of the present document | Effective date as per the standard |
|---|---|---|
| Amendments to IAS 1 Presentation of Items of Other Comprehensive Income | June 5 '12 | Periods which begin from July 1 2012 |
| Amendments to IAS 19 Employee Benefits(*) | June 5 '12 | Periods which begin from July 2013 |
| IFRS 13 Fair value Measurement | Dec. 11 '12 | Periods which begin from Jan. 1 2013 |
| Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities | Dec. 13 '12 | Periods which begin from Jan. 1 2013 |
| Amendments to IFRS 10, 11 and 12 on transition guidance | NO | Periods which begin from Jan. 1 2013 |
| IFRS 12 Disclosure of Interests in Other Entities | Dec. 11 '12 | Periods which begin from Jan. 1 2014 |
| IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements | Dec. 11 '12 | Periods which begin from Jan. 1 2014 |
| IAS 28 Investments in Associates and Joint Ventures | Dec. 11 '12 | Periods which begin from Jan. 1 2014 |
| Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities | Dec. 13 '12 | Periods which begin from Jan. 1 2014 |
| Amendments to IFRS 10, IFRS 12 e IAS 27 Investment entities | NO | Periods which begin from Jan. 1 2014 |
| IFRS 9 Financial instruments | NO | Periods which begin from Jan. 1 2015 |

(*) SEA applied in advance for the year end December 31, 2012 the amendments introduced by the accounting standard IAS 19 – Employee benefits; for further information reference should be made to Note 2.4 and Note 3.

On May 3, 2012, IASB, within in its Annual Improvements programme of IFRS, published the Exposure Draft relating to the 2010-2012 cycle with reference to the following matters:

| IFRS | Amendments |
|---|---|
| IFRS 2 Share-based Payment | Definition of vesting condition |
| IFRS 3 Business Combinations | Accounting for contingent consideration in a business Combination |
| IFRS 8 Operating Segments | Aggregation of operating segments<br>Reconciliation of the total of the reportable segments' assets to the entity's assets |
| IFRS 13 Fair Value Measurement | Short-term receivables and payables |
| IAS 1 Presentation of Financial Statements | Current/non-current classification of liabilities |
| IAS 7 Statement of Cash Flows | Interest paid that is capitalised |
| IAS 12 Income Taxes | Recognition of deferred tax assets for unrealised losses |
| IAS 16 Property, Plant and Equipment | Revaluation method – proportionate restatement of |
| IAS 38 Intangible Assets | accumulated depreciation |
| IAS 24 Related Party Disclosures | Key management personnel |
| IAS 36 Impairment of Assets | Harmonisation of disclosures for value in use and fair value less costs of disposal |

These amendments should come into force from January 1, 2014. The Company is assessing the impact of the application of these standards on the financial statements.

## 2.4 Accounting principles

### Intangible assets

An intangible asset is a non-monetary asset, identifiable and without physical substance, controllable and capable of generating future economic benefits. These assets are recorded at purchase and/or production cost, including the costs of bringing the asset to its current use, net of accumulated amortisation, and any loss in value. The intangible assets are as follows:

(a) Rights on assets under concession
The “Rights on assets under concession” represent the right of the Lessee to utilise the asset under concession (so-called intangible asset method) in consideration of the costs incurred for the design and construction of the asset with the obligation to return the asset at the end of the concession. The value corresponds to the “fair value” of the design and construction assets increased by the financial charges capitalised, in accordance with IAS 23, during the construction phase. The fair value of the construction work is based on the costs actually incurred increased by a mark-up of 6% representing the remuneration of the internal costs for the management of the works and design activities undertaken by the Company, which is a mark-up which a general constructor would require to carry out these activities. The determination of the fair value results from the fact that the lessee must apply paragraph 12 of IAS 18 and therefore if the fair value of the services received (specifically the right to utilise the asset) cannot be determined reliably, the revenue is calculated based on the fair value of the construction work undertaken.

The construction work in progress at the balance sheet date is measured based on the state of advancement of the work in accordance with IAS 11 and this amount is reported in the income statement line “Revenues for works on assets under concession’.

Restoration or replacement works are not capitalised and are included in the estimate of the restoration and replacement provision as outlined below.

Assets under concession are amortised over the duration of the concession, as it is expected that the future economic benefits of the asset will be utilised by the lessee.

The accumulated amortisation provision and the restoration and replacement provision ensure the adequate coverage of the following charges:
- complete amortisation of the assets at the end of the concession;
- restoration and replacement of the components subject to wear and tear of the assets under concession.

Where events arise which indicate a reduction in the value of these intangible assets, the difference between the present value and the recovery value is recognised in the income statement.

(b) Patents, concessions, licenses, trademarks and similar rights
Trademarks and licenses are amortised on a straight-line basis over their estimated useful life.

(c) Computer software
Software licenses costs are amortised on a straight-line basis over three years, while software programme maintenance costs are expensed when incurred.

### Property, plant & equipment

Property, plant and equipment includes immobile assets, part of which under the scope of IFRIC 12, and mobile assets.

Immobile assets
The immobile assets, in part financed by the State, partly relate to fixed assets acquired by the Company in accordance with the 2001 Convention (which renewed the previous Convention of May 7, 1962). The 2001 Convention provides for the obligation of the SEA to maintain and manage airport assets for the undertaking of such activities and the right to undertake structural airport works, which remain the property of the Group until the expiry of the 2001 Convention, i.e. May 4, 2041. In the financial statements the assets financed through State grants as per Law No. 449/85 are reported net of these grants.

Mobile assets
Owned assets are represented by tangible fixed assets purchased by the Company which are not subject to obligation of free devolution.

Property, plant and equipment are measured at purchase or production cost and, only with reference to owned assets, net of accumulated depreciation and any loss in value. The cost includes charges directly incurred for bringing the asset to their condition for use, as well as dismantling and removal charges which will be incurred consequent of contractual obligations, which require the asset to be returned to its original condition.

The expenses incurred for the maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement when they are incurred. The capitalisation of the costs relating to the expansion, modernisation or improvement of owned tangible assets or of those held in leasing, is made only when they satisfy the requirements to be separately classified as an asset or part of an asset in accordance with the component approach, in which case the useful life and the relative value of each component is measured separately.

Depreciation is charged based on the number of months held on a straight-line basis, which depreciates the asset over its estimated useful life. Applying the principle of the component approach, when the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is calculated separately for each part of the asset.

The depreciation rates for owned assets, where no separate specific components are identified are reported below:

| | |
|---|---|
| Loading and unloading vehicles | 10% |
| Runway equipment | 31.5% |
| Equipment | 25% |
| Furniture and fittings | 12% |
| Transport vehicles | 20% |
| Motor vehicles | 25% |
| EDP | 20% |

The useful life of property, plant and equipment and their residual value are reviewed and updated, where necessary, at least at the end of each year.

## Investment property

This account includes owned buildings not for operational use. Investment property is initially recognised at cost and subsequently measured utilising the amortised cost criteria, net of accumulated depreciation and loss in value.

## Investments in subsidiaries and associated companies

The investments in subsidiaries and associated companies are measured at purchase cost (including any direct accessory costs), reduced for losses in accordance with IAS 36.

## Impairment of assets

At each balance sheet date, the property, plant and machinery, intangible assets and investments in subsidiaries and associated companies are analysed in order to identify any indications of a reduction in value. Where these indications exist, an estimate of the recoverable value of the above-mentioned assets is made, recording any write down compared to the relative book value in the income statement. The recoverable value of an asset is the higher between the fair value less costs to sell and its value in use, where this latter is the fair value of the estimated future cash flows for this asset. For an asset that does not generate sufficient independent cash flows, the realisable value is determined in relation to the cash-generating unit to which the asset belongs. In determining the fair value consideration is taken of the purchase cost of a specific asset which takes into account a depreciation coefficient (this coefficient takes into account the effective conditions of the asset). In defining the value in use, the expected future cash flows are discounted utilising a discount rate that reflects the current market assessment of the time value of money, and the specific risks of the activity. A reduction in value is recognised in the income statement when the carrying value of the asset is higher than the recoverable amount. When the reasons for the write-down no longer exist, the book value of the asset is restated through the income statement, up to the value at which the asset would be recorded if no write-down had taken place and amortisation had been recorded.

## Financial assets

On initial recognition, the financial assets are classified in one of the following categories based on the relative nature and purpose for which they were acquired:
- financial assets at fair value through profit or loss;
- loans and receivables;
- available-for-sale financial assets.

The financial assets are recorded under assets when the company becomes contractually party to the assets. The financial assets sold are derecognised when the right to receive the cash flow is transferred together with all the risks and benefits associated with ownership.

Purchases and sales of financial assets are recognised at the valuation date of the relative transaction. Financial assets are measured as follows:

### (a) Financial assets at fair value through profit or loss

Financial assets are classified in this category if acquired for the purposes to be sold in the short term period. The assets in this category are classified as current and measured at fair value; the changes in fair value are recognised in the income statement in the period in which they arise, if significant.

### (b) loans and receivables

Loans and receivables are financial instruments, principally relating to trade receivables, non-derivative, not listed on an active market, from which fixed or determinable payments are expected. Loans and receivables are stated as current assets, except for amounts due beyond 12 months from the balance sheet date, which are classified as non-current. These assets are measured at amortised cost, on the basis of the effective interest rate.

When there is an indication of a reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable. The losses in value are recognised in the income statement. When, in subsequent periods, the reasons for the write-down no longer exist, the value of the asset is restated up to the value deriving from the application of the amortised cost.

(c) AFS financial assets
The AFS assets are non-derivative financial instruments explicitly designated in this category, or are not classified in any of the previous categories and are classified under non-current assets unless management has the intention to sell them within 12 months from the balance sheet date. These financial assets are measured at fair value and the valuation gains or losses are allocated to an equity reserve under “Other comprehensive income”. They are recognised in the income statement only when the financial asset is sold, or, in the case of negative cumulative changes, when it is considered that the reduction in value already recorded under equity cannot be recovered.

In the case of investments classified as financial assets available for sale, a prolonged or significant decline in the fair value of the investment below the initial cost is considered an indicator of loss in value.

## Derivative financial instruments

The derivatives are classified as hedging instruments when the relation between the derivative and the hedged item is formally documented and the effectiveness of the hedge, periodically verified, is high. When the hedged derivatives cover the risk of change of the fair value of the instruments hedged (fair value hedge; e.g. hedge in the variability of the fair value of asset/liabilities at fixed rate), these are recorded at fair value through the income statement; therefore, the hedging instruments are adjusted to reflect the changes in fair value associated to the risk covered. When the derivatives hedge a risk of changes in the cash flows of the instruments hedged (cash flow hedge), the hedging is designated against the exposure to changes in the cash flows attributable to the risks which may in the future impact on the income statement. The effective part of the change in fair value of the part of the derivative contracts which are designated as hedges in accordance with IAS 39 is recorded in an equity account (and in particular “other items of the comprehensive income statement”); this reserve is subsequently transferred to the income statement in the period in which the transaction hedged impacts the income statement. The ineffective part of the change in the fair value of the part of the derivative contracts, as indeed the entire change in the fair value of the derivatives which are not designated as hedges or which do not comply with the requirements of the above-mentioned IAS 39, are recognised directly in the income statement in the account “financial income/charges.”

The fair value of traded financial instruments is based on the listed price at the balance sheet date. If the market for a financial asset is not active (or refers to non-listed securities), the Company determines fair value utilising valuation techniques which include: reference to advanced negotiations in course, references to securities which have the same characteristics, analyses based on cash flows, price models based on the use of market indicators and aligned, as far as possible, to the assets to be valued.

## Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured based on the amortised cost method net of the doubtful debt provision. When there is an indication of a reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable.

Indicators of loss in value include, among others, significant contractual non-compliance, significant financial difficulties, insolvency risk of the counterparty. Receivables are reported net of the provision for doubtful debts. If in subsequent periods the reduction in the value of the asset is confirmed, the doubtful debt provision is utilised; otherwise, where the reasons for the previous write-down no longer exist, the value of the asset is reversed up to the recoverable amount derived from applying the amortised cost method where no write down had been made.

## Inventories

Inventories are measured at the lower of average weighted purchase and/or production cost and net realisable value. The valuation of inventories does not include financial charges.

## Cash and cash equivalents

Cash and cash equivalents includes cash, bank deposits, and other short-term forms of investment, due within three months. At the balance sheet date, bank overdrafts are classified as financial payables under current liabilities in the balance sheet. Cash and cash equivalents are recorded at fair value.

## Provisions for risks and charges

The provisions for risks and charges are recorded to cover known or likely losses or liabilities, the timing and extent of which are not known with certainty at the balance sheet date. They are recorded only when there exists a current obligation (legal or implicit) for a future payment resulting from past events and it is probable that the obligation will be settled. This amount represents the best estimate less the expenses required to settle the obligation.

Possible risks that may result in a liability are disclosed in the notes under the section on commitments and risks without any provision.

#### Restoration and replacement provision of assets under concession

The accounting treatment of the works undertaken by the lessee on the assets under concession, as per IFRIC 12, varies depending on the nature of the work: normal maintenance on the asset is considered ordinary maintenance and therefore recognised in the income statement; replacement work and programmed maintenance of the asset at a future date, considering that IFRIC 12 does not provide for the recognition of a physical asset but a right, must be recognised in accordance with IAS 37 - "Provisions and contingent liabilities" – which establishes recognition to the income statement of a provision and the recording of a provision for charges in the balance sheet.

The restoration and replacement provision of the assets under concession include, therefore, the best estimate of the present value of the charges matured at the balance sheet date for the programmed maintenance in the coming years and undertaken in order to ensure the functionality, operations and security of the assets under concession.

It should be noted that the restoration and replacement provision of the assets refers only to fixed assets within the scope of IFRIC 12.

### Employee provisions

#### Pension provisions

The Company has both defined contribution plans and defined benefit plans.

A defined contribution plan is a plan in which SEA participates through fixed payments to third party fund operators, and in relation to which there are no legal or other obligation to pay further contributions where the fund does not have sufficient assets to meet the obligations of the employees for the period in course and previous periods. For the defined contribution plans, SEA pays contributions, voluntary or established contractually, to public and private pension funds. The contributions are recorded as personnel costs in accordance with the accruals principle. The advanced contributions are recorded as an asset which will be repaid or offset against future payments where due.

A defined benefit plan is a plan not classified as a contribution plan. In the defined benefit programmes, the amount of the benefit to be paid to the employee is quantifiable only after the termination of the employment service period, and is related to one or more factors such as age, years of service and remuneration; therefore the relative charge is recognised to the income statement based on actuarial calculations. The liability recorded in the accounts for defined benefit plans corresponds to the present value of the obligation at the balance sheet date, net, where applicable, of the fair value of the plan assets. The obligations for the defined benefit plans are determined annually by an independent actuary utilising the projected unit credit method. The present value of the defined benefit plan is determined discounting the future cash flows at an interest rate equal to the obligations (high-quality corporate) issued in the currency in which the liabilities will be settled and takes into account the duration of the relative pension plan. On June 16, 2011, IASB issued an amendment to IAS 19 which eliminates the option to defer the recognition of the actuarial gains and losses under the corridor method, requiring all actuarial gains and losses to be recorded under other comprehensive items and recognised in a specific equity reserve. SEA chose to recognise this new accounting method from the year 2012.

We report that, following amendments made to the leaving indemnity regulations by Law No. 296 of December 27, 2006 and subsequent Decrees and Regulations issued in the first half of 2007, the leaving indemnity provision due to employees in accordance with Article 2120 Civil Code is classified as defined benefit plans for the part matured before application of the new legislation and as defined contribution plans for the part matured after the application of the new regulation.

#### Post-employment benefits

Post-employment benefits are paid to employees when the employee terminates his employment service before the normal pension date, or when an employee accepts voluntary termination of the contract. The Company records post-employment benefits when it is demonstrated that the termination of the employment contract is in line with a formal plan which determines the termination of the employment service, or when the provision of the benefit is a result of a leaving indemnity programme.

### Financial liabilities

Financial liabilities and other commitments to be paid are initially measured at fair value, net of directly allocated accessory costs, and subsequently at amortised cost, using the effective interest rate. When there is a change in the expected cash flows and it is possible to estimate them reliably, the value of the payables are recalculated to reflect this change, based on the new present value of the expected cash flows and on the internal yield initially determined. The financial liabilities are classified under current liabilities, except when the Company has an unconditional right to defer their payment for at least 12 months after the balance sheet date.

Purchases and sales of financial liabilities are recognised at the valuation date of the relative transaction.

Financial liabilities are derecognised from the balance sheet when they are settled and SEA has transferred all the risks and rewards relating to the instrument.

### Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured based on the amortised cost method.

### Revenue recognition

Revenues are recognised at fair value of the amount received for the services from the ordinary activities. They are calculated following the deduction of VAT and discounts.

The revenues, principally relating to the provision of services, are recognised in the accounting period in which they are provided.

#### Revenue for works on assets under concession

Revenues on construction work are recognised in relation to the state of advancement of works in accordance with the percentage of completion method and on the basis of the costs incurred for these activities increased by a mark-up of 6% representing the remuneration of the internal costs of the management of the works and design activities undertaken by SEA, the mark-up which would be applied by a general contractor.

### Public grants

Public grants, in the presence of a formal resolution, are recorded on an accrual basis in direct correlation to the costs incurred (IAS 20).

#### Capital grants

Capital public grants relating to property, plant and equipment are recorded as a reduction in the acquisition value of the assets to which they refer.

#### Operating grants

Operating grants are recorded directly in the income statement.

### Recognition of costs

Costs are recognised when relating to assets or services acquired or consumed in the year or by systematic allocation.

### Financial charges

Financial charges are recorded on an accrual basis and include interest on financial payables calculated using the effective interest method and currency losses. The financial charges incurred on investments in assets for which a significant period of time is usually needed to render the assets available for use or sale (qualifying assets) are capitalised and amortised over the useful life of the class of the assets to which they refer in accordance with the provisions of the new version of IAS 23.

### Income taxes

Current income taxes are calculated based on the assessable income for the year, applying the current tax rates at the balance sheet date.

Deferred taxes are calculated on all differences between the assessable income of an asset or liability and the relative book value, with the exception of goodwill. Deferred tax assets for the portion not off-set by deferred tax liabilities are recognised only for those amounts for which it is probable there will be future assessable income to recover the amounts. The deferred taxes are calculated utilising the tax rates which are expected to be applied in the years when the temporary differences will be realised or settled. Deferred tax assets are recorded when their recovery is considered probable.

Current and deferred income taxes are recorded in the income statement, except those relating to accounts directly credited or debited to equity, in which case the fiscal effect is recognised directly to equity. Taxes are compensated when applied by the same fiscal authority, there is a legal right of compensation and the payment of the net balance is expected.

Other taxes not related to income, such as taxes on property, are included under “Other operating expenses”.

### Dividends

Payables for dividends to shareholders are recorded in the year in which the distribution is approved by the Shareholders’ Meeting.

### Estimates and assumptions

The preparation of the financial statements require the directors to apply accounting principles and methods that, in some circumstances, are based on difficulties and subjective valuations and estimates based on the historical experience and assumptions which are from time to time considered reasonable and realistic based on the relative circumstances. The application of these estimates and assumptions impact upon the amounts reported in the financial statements, such as the balance sheet, the income statement and the cash flow statement, and on the disclosures in the notes to the accounts.

The accounting principles which relating to the Company, require greater subjectivity by the Directors in the preparation of the estimates and for which a change in the underlying conditions or the assumptions may have a significant impact on the financial statements are briefly described below:

(a) Impairment
The tangible and intangible assets and investments in subsidiaries and associated companies are verified to assert if there has been a loss in value which is recorded by means of a write-down, when it is considered there will be difficulties in the recovery of the relative net book value through use. The verification of the existence of the above-mentioned indicators requires the Directors to make valuations based on the information available within the Company and from the market, as well as historical experience. In addition, when it is determined that there may be a potential reduction in value, the company determines this through using the most appropriate technical valuation methods available. The correct identification of the indicators of the existence of a potential reduction in value as well as the estimates for their determination depends on factors which may vary over time impacting upon the valuations and estimates made by the directors.

(b) Depreciation
Depreciation represents a significant cost for the Company. The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the relative assets and components. The useful life of the fixed assets is determined by the Directors when the fixed assets are purchased. This is based on the historical experiences for similar fixed assets, market conditions and considerations relating to future events which could have an impact on the useful life, such as changes in technology. Therefore, the effective useful life may be different from the estimated useful life. The Company periodically evaluates technological and sector changes to update the residual useful life. This periodic update could result in a change in the depreciation period and therefore in the depreciation charge in future years.

(c) Provisions for risks and charges
Provisions are recorded against risks of a legal nature and employee disputes. The value of the provisions recorded in the financial statements relating to these risks represents the best estimate at that date made by the directors. This estimate results in the adoption of assumptions concerning factors which may change over time and which may, therefore, have significant effects compared to the present estimates made by the Directives for the preparation of the financial statements. In addition, the restoration and replacement provision of the assets under concession, recorded in accordance with IFRIC 12, includes the best estimate of the present value of the charges matured at the balance sheet date for the programmed maintenance in future years in order to ensure the functionality, operations and security of the assets under concession.

(d) Trade receivables
Where there are indications of a reduction in value of trade receivables these are reduced to their estimated realisable value through a doubtful debt provision. The doubtful debt provision represents the best estimate at the reporting date made by the Directors. This estimate is based on facts and expectations which may change over time and which may, therefore, have significant effects compared to the present estimates made by the Directives for the preparation of the financial statements.

## 3. Comparability of financial statements

On the preparation of the financial statements of December 31, 2012, SEA included, as illustrated in the accounting principles Note 2.4, the change to the accounting of the actuarial gains and losses in accordance with IAS 19 and the reclassification of some income statement accounts.

Relating to the changes in the accounting criteria of IAS 19, in June 2012 EU Regulation No. 475-2012 was issued which approved, at European level, the revised version of IAS 19 (Employee Benefits), which is applicable from January 1, 2013 under the retrospective method. The SEA Group decided to apply, as permitted, these amendments in advance from the financial statements for the year ended December 31, 2012. Therefore, the actuarial gains and losses, which up to December 31, 2011 were recorded directly in the income statement, are recognised under "Other comprehensive income" and in a specific equity reserve.

The presentation of uniform financial figures also required new classification in some of the income statement accounts in the financial statements of SEA for the year 2012 and the comparative year 2011.

These reclassifications were necessary in order to provide a better clarification and comparability of information for the two years reported. The reclassifications did not result in a change in the Company net result.

A summary of the reclassifications is reported below:
- reclassification under "other operating costs" of some grants provided to operators in the aviation

sector, previously classified as reduction of revenues;
- reclassification under operating costs of the "provisions and write-downs" for the year;
- reclassification under "other operating costs" of the costs of the Board of Directors previously classified under "personnel costs";
- reclassification under "personnel costs" of the reimbursement on activities provided by personnel of the Company previously classified under "operating revenues".

The balance sheet is shown below at December 31, 2011 and at January 1, 2011 illustrating the amounts recorded under equity of the actuarial gains and losses (IAS 19).

| (in Euro) | At December 31, 2011 | Change in accounting method of Employee Leaving Indemnity | At Dec. 31, 2011 restated as per change in acc. method of Employee Leav. Indem. | At January 1, 2011 | Change in accounting method of Employee Leaving Indemnity | At Jan. 1, 2011 restated as per change in acc. method of Employee Leaving Indem. |
|---|---|---|---|---|---|---|
| Intangible assets | 763,471,121 | | 763,471,121 | 721,480,165 | | 721,480,165 |
| Property plant and equipment | 186,502,432 | | 186,502,432 | 177,025,966 | | 177,025,966 |
| Property investments | 3,420,764 | | 3,420,764 | 3,503,180 | | 3,503,180 |
| Investments in subsidiaries & associated companies | 41,190,756 | | 41,190,756 | 33,342,995 | | 33,342,995 |
| Available-for-sale investments | 26,139 | | 26,139 | 15,726,138 | | 15,726,138 |
| Deferred tax assets | 21,539,450 | (474,587) | 21,064,863 | 15,255,088 | (278,229) | 14,976,859 |
| Other non-current receivables | 378,876 | | 378,876 | 430,516 | | 430,516 |
| **Total non-current assets** | **1,016,529,538** | **(474,587)** | **1,016,054,951** | **966,764,048** | **(278,229)** | **966,485,819** |
| Inventories | 9,114,313 | | 9,114,313 | 9,546,506 | | 9,546,506 |
| Trade receivables | 140,406,382 | | 140,406,382 | 151,068,258 | | 151,068,258 |
| Current financial receivables | 27,660,331 | | 27,660,331 | 34,546,049 | | 34,546,049 |
| Income tax receivables | 3,600,632 | | 3,600,632 | 4,132,598 | | 4,132,598 |
| Other receivables | 9,403,143 | | 9,403,143 | 16,819,806 | | 16,819,806 |
| Cash and cash equivalents | 23,712,335 | | 23,712,335 | 22,667,349 | | 22,667,349 |
| **Total current assets** | **213,897,136** | **0** | **213,897,136** | **238,780,566** | **0** | **238,780,566** |
| **TOTAL ASSETS** | **1,230,426,674** | **(474,587)** | **1,229,952,087** | **1,205,544,614** | **(278,229)** | **1,205,266,385** |
| Share capital | 27,500,000 | | 27,500,000 | 27,500,000 | | 27,500,000 |
| Other Reserves | 130,011,163 | 1,251,183 | 131,262,346 | 278,806,720 | 733,513 | 279,540,233 |
| Net profit | 49,403,324 | (1,251,183) | 48,152,141 | 58,109,324 | (733,513) | 57,375,811 |
| **SHAREHOLDERS' EQUITY** | **206,914,487** | **0** | **206,914,487** | **364,416,044** | **0** | **364,416,044** |
| Provision for risks & charges | 155,167,313 | | 155,167,313 | 148,852,780 | | 148,852,780 |
| Employee provisions | 43,685,131 | | 43,685,131 | 45,503,812 | | 45,503,812 |
| Non-current financial liabilities | 62,307,293 | | 62,307,293 | 0 | | 0 |
| Other non-current liabilities | 319,015,178 | | 319,015,178 | 308,759,789 | | 308,759,789 |
| **Total non-current liabilities** | **580,174,915** | **0** | **580,174,915** | **503,116,381** | **0** | **503,116,381** |
| Trade payables | 183,055,079 | | 183,055,079 | 148,160,281 | | 148,160,281 |
| Income tax payables | 41,989,863 | (474,587) | 41,515,276 | 40,850,068 | (278,229) | 40,571,839 |
| Other payables | 158,513,379 | | 158,513,379 | 67,145,803 | | 67,145,803 |
| Current financial liabilities | 59,778,951 | | 59,778,951 | 81,856,037 | | 81,856,037 |
| **Total current liabilities** | **443,337,272** | **(474,587)** | **442,862,685** | **338,012,189** | **(278,229)** | **337,733,960** |
| **TOTAL LIABILITIES** | **1,023,512,187** | **(474,587)** | **1,023,037,600** | **841,128,570** | **(278,229)** | **840,850,341** |
| **TOTAL LIABILITIES & SHARE. EQUITY** | **1,230,426,674** | **(474,587)** | **1,229,952,087** | **1,205,544,614** | **(278,229)** | **1,205,266,385** |

The income statement for the year 2011 is reported below illustrating the amounts recorded under other comprehensive items of the actuarial gains and losses (IAS 19 revised) and the other reclassifications.

| (in Euro) | At December 31, 2011 | Change in accounting method of Employee Leaving Indemnity | Other reclassifications | At December 31, 2011 restated |
|---|---|---|---|---|
| Operating revenues | 457,550,070 | | 16,489,298 | 474,039,368 |
| Revenues for works on assets und. concession | 65,248,031 | | 0 | 65,248,031 |
| **Total revenues** | **522,798,101** | **0** | **16,489,298** | **539,287,399** |
| Personnel costs | (150,991,607) | | 896,738 | (150,094,869) |
| Consumable materials | (11,251,386) | | | (11,251,386) |
| Otheroperating costs | (160,131,099) | | (17,386,036) | (177,517,134) |
| Costs for works on assets under concession | (61,618,372) | | | (61,618,372) |
| Provisions & write-downs | | | (20,324,180) | (20,324,180) |
| **Total operating costs** | **(383,992,464)** | **0** | **(36,813,478)** | **(420,805,941)** |
| **Gross Operating margin / EBITDA** | **138,805,637** | **0** | **(20,324,180)** | **118,481,457** |
| Ammortisation & Depreciation | (35,859,109) | | | (35,859,109) |
| Provision & write-downs | (20,324,180) | | 20,324,180 | |
| **EBIT** | **82,622,348** | **0** | **0** | **82,622,348** |
| Investment income (charges) | 5,856,718 | | | 5,856,718 |
| Financial charges | (12,891,941) | (1,725,770) | | (14,617,711) |
| Financial income | 2,907,116 | | | 2,907,116 |
| **Pre-tax profit** | **78,494,241** | **(1,725,770)** | **0** | **76,768,470** |
| Income taxes | (29,090,917) | 474,587 | | (28,616,329) |
| **Net profit** | **49,403,324** | **(1,251,183)** | | **48,152,141** |
| Other comprehensive income items | | | | |
| Income from fair value measurement of available-for-sale financial assets | (12,200,275) | | | (12,200,275) |
| Tax effect from fair value measurement of available-for-sale financial assets | 79,907 | | | 79,907 |
| Fair value measurement of derivative financial instruments | (7,680,714) | | | (7,680,714) |
| Tax effect from fair value measurement of derivative financial instruments | 2,112,196 | | | 2,112,196 |
| Actuarial Profit / (Loss) on Employee Leaving Indemnity | | 1,725,770 | | 1,725,770 |
| Tax effect on Actuarial Profit / (Loss) on Employee Leaving Indemnity | | (474,587) | | (474,587) |
| **Total other comprehensive income items** | **(17,688,886)** | **1,251,183** | **0** | **(16,437,703)** |
| **Total comprehensive profit** | **31,714,438** | **0** | **0** | **31,714,438** |

## 4. Risk Management

### 4.1 Credit risk

The credit risks represent the exposure of SEA to potential losses deriving from the non-compliance of obligations by trading and financial partners.

This risk is primarily of an economic/financial nature, or rather the possibility of the default of a counterparty, and also factors of a technical/commercial or administrative/legal nature.

For SEA the credit risk exposure is largely related to the deterioration of a financial nature of the principle airline companies which incur on the one hand the effects of the seasonality related to aviation operations, and on the other consequences of geopolitical events which impact upon the air transport sector (wars, epidemics, atmospheric events, rise in oil prices and economic/financial crises).

In order to control this risk, SEA has implemented procedures and actions to monitor the expected cash flows and recovery actions.

In accordance with the internal policy on receivables the client is required to provide guarantees: this typically relates to bank or insurance guarantees issued by primary credit institutions or deposit guarantees.

In relation to the payment terms applied for the majority of the clients, credit terms are largely concentrated within 30 days from the relative invoicing.

Trade receivables are reported in the financial statements net of doubtful debt provisions, which are prudently made based on the underlying disputes at the balance sheet date. The doubtful debt provision necessary to adjust the nominal value to the realisable value is determined analysing all receivables and utilising all available information on the debtor. SEA, against overdue receivables, receivables in dispute, or for which there is a legal or administrative procedure, utilises the same write-down percentages.

A summary of trade receivables with third parties and the relative doubtful debt provisions is reported below.

| (in thousands of Euro) | At December 31, 2012 | At December 31, 2011 |
|---|---|---|
| Customer receivables | 181,708 | 188,826 |
| - of which overdue | 127,742 | 129,308 |
| Doubtful debt provision | 70,915 | 72,211 |
| **Total net trade receivables** | **110,793** | **116,615** |

The reduction in trade receivables at December 31, 2012 compared to December 31, 2011 is due to the closure of some disputes and improvement in credit control management. For further information, reference should be made to Note 7.9.

The breakdown of overdue receivables at December 31, 2012 is shown below:

| **Trade receivables** (In thousands of Euro) | At December 31, 2012 | At December 31, 2011 |
|---|---|---|
| Trade receivables | 181,708 | 188,826 |
| of which overdue | 127,742 | 129,308 |
| overdue less than 180 days | 38,280 | 45,370 |
| overdue more than 180 days | 89,462 | 83,938 |
| % of receivables overdue | 70.3% | 68.5% |
| % of receivables overdue less than 180 days | 21.1% | 24.0% |
| % of receivables due more than 180 days | 49.2% | 44.5% |

The table below illustrates the gross trade receivables at December 31, 2012, as well as the breakdown of receivables from counterparties under administration and in dispute, with indication of the bank and insurance sureties and deposit guarantees provided.

| **Trade receivables** (in thousands of Euro) | At December 31, 2012 | At December 31, 2011 |
|---|---|---|
| Customer receivables | 181,708 | 188,826 |
| (i) receivables from parties in administration | 52,843 | 46,747 |
| (ii) disputed receivables | 21,841 | 28,867 |
| **Total trade receivables net of receivables at (i) and (ii)** | **107,024** | **113,212** |
| Receivables due other than receivables at (i) and (ii) | 53,058 | 53,694 |
| Sureties and guarantee deposits | 57,631 | 79,280 |
| Percentage of receivables guaranteed by sureties and guarantee deposits compared to the total trade receivables net of receivable at (i) and (ii) | 53.8% | 70.0% |

### 4.2 Market risks

The market risk to which SEA is exposed comprises all types of risks directly and indirectly related to market prices. In 2012, the market risks to which SEA were subject were:

a) interest rate risk;
b) currency risk.

#### a) Interest rate risk

SEA is exposed to the risk of changes in interest rates in relation to the necessity to finance its operating activities and the use of available liquidity. The changes in interest rates may impact positively or negatively on the results of SEA, modifying the costs and returns on financial operations and investments.

SEA manages this risk through an appropriate mixture between fixed and variable rate loans, with the objective to mitigate the economic effect of the volatility of the interest rates.

Variable interest rates expose SEA to a risk originating from the volatility of the interest rates (cash flow risk). Relating to this risk, for the purposes of the relative hedging, SEA may take recourse to derivative contracts, which converts the variable rate to a fixed rate or limits the fluctuations in variable rates over a range, in this manner reducing the risk originating from the volatility of the rates. We highlight that these derivative contracts, underwritten exclusively for the purposes of hedging market rate volatility, are recorded through the cash flow hedge method.

At the end of 2012, the gross financial debt of SEA was comprised of medium/long-term loans (medium/long term and short-term portion due within 12 months). The medium/long term debt is reported in the following table, which shows each loan at the nominal value (which includes a spread of between 0.20% and 5.40%, not considering the hedging operations):

## Medium/long-term loans at December 31, 2012

| Loan | type of rate | issue date | maturity date | December 31, 2012 in thousands of Euro | December 31, 2012 rate | December 31, 2011 in thousands of Euro | December 31, 2011 rate |
|---|---|---|---|---|---|---|---|
| EIB 2^ drawdown (a) | F | 24/7/1998 | 15/3/2013 | 1,619 | 5.27% | 4,728 | 5.27% |
| EIB 2^ drawdown (a) | V | 24/7/1998 | 15/3/2013 | 1,291 | 0.59% | 3,873 | 1.83% |
| **Total EIB direct** | | | | **2,910** | **3.19%** | **8,602** | **3.72%** |
| Pool Cariplo 2^ drawdown | V | 20/6/1997 | 15/3/2012 | - | - | 775 | 1.86% |
| Pool Cariplo 2^ drawdown | F | 20/6/1997 | 15/3/2012 | - | - | 1,078 | 7.57% |
| Pool Cariplo 3^ drawdown | F | 8/8/1997 | 15/3/2012 | - | - | 2,079 | 6.67% |
| Pool Cariplo 4^ drawdown | F | 8/4/1998 | 15/3/2013 | 3,293 | 5.44% | 9,619 | 5.44% |
| **Total EIB/Pool Cariplo** | | | | **3,293** | **5.44%** | **13,549** | **5.59%** |
| BIIS (ex Comit) - EIB 1^ drawdown | F | 26/8/1999 | 15/3/2014 | 3,000 | 3.14% | 5,000 | 3.14% |
| BIIS (ex Comit) - EIB 2^ drawdown | V | 30/11/2000 | 15/9/2015 | 3,000 | 0.59% | 4,000 | 1.81% |
| BIIS (ex Comit) - EIB 3^ drawdown | V | 17/3/2003 | 15/9/2017 | 11,579 | 0.59% | 13,895 | 1.81% |
| **Total EIB/BIIS (ex Comit)** | | | | **17,579** | **1.03%** | **22,895** | **2.10%** |
| BNL- EIB 1^ drawdown | V | 22/11/1999 | 15/9/2014 | 4,000 | 0.47% | 6,000 | 1.76% |
| BNL- EIB 2^ drawdown | V | 11/8/2000 | 15/3/2015 | 2,500 | 0.47% | 3,500 | 1.76% |
| BNL- EIB 4^ drawdown | V | 8/5/2003 | 15/3/2018 | 6,405 | 0.47% | 7,569 | 1.76% |
| BNL- EIB 13,06,2006 1^ drawdown | V | 4/9/2006 | 4/9/2026 | 10,621 | 0.60% | 11,000 | 1.81% |
| BNL- EIB 13,06,2006 2^ drawdown | V | 4/9/2006 | 4/9/2026 | 10,621 | 0.60% | 11,000 | 1.81% |
| BNL- EIB 13,06,2006 3^ drawdown (*) | V | 4/9/2006 | 4/9/2026 | 10,621 | 0.60% | 11,000 | 1.81% |
| BNL- EIB 13,06,2006 4^ drawdown (*) | V | 4/9/2006 | 4/9/2026 | 11,586 | 0.60% | 12,000 | 1.81% |
| BNL- EIB 13,06,2006 5^ drawdown (*) | V | 4/9/2006 | 4/9/2026 | 11,586 | 0.60% | 12,000 | 1.81% |
| BNL- EIB 2007 1^ drawdown (*) | V | 7/3/2007 | 7/3/2027 | 11,000 | 0.60% | 11,000 | 1.81% |
| BNL- EIB 2007 2^ drawdown (*) | V | 7/3/2007 | 7/3/2027 | 11,000 | 0.60% | 11,000 | 1.81% |
| **Total EIB/BNL** | | | | **89,939** | **0.58%** | **96,069** | **1.80%** |
| UNICREDIT EIB 1^ drawdown (*) | V | 8/9/2007 | 8/9/2027 | 10,000 | 0.76% | 10,000 | 1.98% |
| UNICREDIT EIB 2^ drawdown (*) | V | 8/9/2007 | 8/9/2027 | 10,000 | 0.76% | 10,000 | 1.98% |
| UNICREDIT EIB 3^ drawdown (*) | V | 16/2/2009 | 15/9/2028 | 15,000 | 0.99% | 15,000 | 2.21% |
| **Total EIB/UNICREDIT** | | | | **35,000** | **0.86%** | **35,000** | **2.08%** |
| BIIS-EIB 1^ drawdown (*) | V | 25/2/2011 | 15/9/2030 | 10,000 | 1.14% | 10,000 | 2.35% |
| BIIS-EIB 2^ drawdown (*) | V | 25/2/2011 | 15/9/2030 | 5,000 | 1.14% | 5,000 | 2.35% |
| BIIS-EIB 3^ drawdown | V | 23/6/2011 | 15/3/2031 | 10,000 | 1.20% | 10,000 | 2.41% |
| BIIS-EIB 4^ drawdown | V | 23/6/2011 | 15/3/2031 | 5,000 | 1.20% | 5,000 | 2.41% |
| **Total EIB/BIIS** | | | | **30,000** | **1.17%** | **30,000** | **2.38%** |
| EIB/CDP 1^ drawdown | F | 27/4/2012 | 15/3/2027 | 10,000 | 4.05% | - | - |
| EIB/CDP 2^ drawdown | F | 27/4/2012 | 15/3/2027 | 5,000 | 4.05% | - | - |
| EIB/CDP 3^ drawdown | F | 29/6/2012 | 15/3/2027 | 10,000 | 3.88% | - | - |
| EIB/CDP 4^ drawdown | F | 29/6/2012 | 15/3/2027 | 5,000 | 3.88% | - | - |
| **Total EIB /CDP** | | | | **30,000** | **3.96%** | **-** | **-** |
| Unicredit Mediobanca | V | 8/3/2006 | 8/3/2013 | - | - | 102,500 | 2.93% |
| Unicredit Mediobanca 2011 Tranche A 1^drawdown | V | 31/7/2012 | 20/11/2015 | 22,750 | 5.72% | - | - |
| Unicredit Mediobanca 2011 Tranche A 2^drawdown | V | 13/12/2012 | 20/11/2015 | 37,250 | 5.72% | - | - |
| Unicredit Mediobanca 2012 Tranche A | V | 21/11/2012 | 20/11/2015 | 80,000 | 4.42% | - | - |
| Unicredit Mediobanca 2012 Tranche B 1^drawdown | V | 26/11/2012 | 27/2/2013 | 22,500 | 4.19% | - | - |
| Unicredit Mediobanca 2012 Tranche B 2^drawdown | V | 13/12/2012 | 14/1/2013 | 25,000 | 4.11% | - | - |
| Mediobanca 2012 | V | 20/12/2012 | 20/11/2015 | 35,000 | 4.18% | - | - |
| **Total loans excluding EIB** | | | | **222,500** | **4.67%** | **102,500** | **2.93%** |
| **TOTAL SEA SPA** | | | | **431,221** | **3.06%** | **308,615** | **2.51%** |
| | | | total tranches swapped | 105,793 | 24.5% | 107,000 | 34.7% |
| | | | portion of debt at fixed rates | 37,912 | 8.8% | 22,503 | 7.3% |
| | | | portion of debt not hedged | 287,516 | 66.7% | 179,112 | 58.0% |

(a) subject to FEI surety
(*) Tranches subject to swaps

The average cost of the gross financial debt of the medium/long term of SEA, following the hedging of the risk, at the end of 2012 was 3.74%.

The fair value of the SEA medium/long bank debt net of intercompany, equal at the end of 2012 to Euro 465,264 thousand (Euro 315,117 thousand at the end of 2011) was calculated as follows:

- for the loans at fixed interest rates the capital portion and interest were discounted utilising the spot rates for each contractual maturity, extrapolated from the market rates;
- for the loans at variable interest rates the interest portion was calculated utilising the estimate of the expected rates at the end of each contractual maturity, increased by the spread defined contractually. The interest portion defined as outlined above and the capital on maturity was discounted utilising the spot rate for each contractual maturity, extrapolated from the market rate.

The following table reports the derivative instruments utilised by SEA to cover interest rate risk (amounts recorded in accordance with the cash flow hedge).

**INTEREST RATE HEDGES**

| | Notional on signing | Residual Debt at 31/12/2012 | Signing Date | Start Date | Maturity | Fair value at 31/12/2012 | Fair value at 31/12/2011 |
|---|---|---|---|---|---|---|---|
| IRS | 10,000 | 10,000 | 18/5/2011 | 15/9/2012 | 15/9/2021 | (1,768.3) | (937.1) |
| | 5,000 | 5,000 | 18/5/2011 | 15/9/2012 | 15/9/2021 | (884.2) | (468.6) |
| | 15,000 | 15,000 | 18/5/2011 | 15/9/2012 | 15/9/2021 | (2,492.5) | (1,336.3) |
| | 11,000 | 11,000 | 18/5/2011 | 15/9/2011 | 15/9/2016 | (938.5) | (650.6) |
| | 10,000 | 10,000 | 6/6/2011 | 15/9/2012 | 15/9/2021 | (1,465.7) | (766.9) |
| | 11,000 | 11,000 | 6/6/2011 | 15/9/2012 | 15/9/2021 | (1,558.9) | (816.3) |
| | 12,000 | 11,586 | 6/6/2011 | 15/9/2012 | 15/9/2021 | (1,618.4) | (847.5) |
| | 12,000 | 11,586 | 6/6/2011 | 15/9/2012 | 15/9/2021 | (1,618.4) | (847.5) |
| Collar | 10,000 | 10,000 | 6/6/2011 | 15/9/2011 | 15/9/2021 | (1,012.8) | (622.2) |
| | 11,000 | 10,621 | 6/6/2011 | 15/9/2011 | 15/9/2021 | (1,013.2) | (630.7) |
| **Total** | | **105,793** | | | | **(14,370.9)** | **(7,923.7)** |

"- " indicates the cost for the SEA Group for advance settlement of the operation
"+" indicates the benefit for the SEA Group for advance settlement of the operation

### b) Currency risk

SEA is subject to a low currency fluctuation risk as, although operating in an international environment, the transactions are principally in Euro. Therefore, SEA does not consider it necessary to implement specific hedging against this risk as the amounts in currencies other than the Euro are insignificant and the relative receipts and payments generally offset one another.

### 4,3 Liquidity risk

The liquidity risk for SEA may arise where the financial resources available are not sufficient to meet the financial and commercial commitments within the agreed terms and conditions.

The liquidity, cash flows and financial needs of SEA are managed through policies and processes with the objective to minimise the liquidity risk. Specifically, SEA:

- centrally monitors and manages, under the control of the Group Treasury, the financial resources available, in order to ensure an efficient management of these resources, also in forward budgeting terms;
- maintains adequate liquidity in treasury current accounts;
- obtained committed credit lines (revolving and non), which covers the financial commitments in the coming 12 months deriving from the investment plan and debt repayments;
- monitors the liquidity position, in relation to the business planning.

At the end of 2012, SEA had non-utilised irrevocable credit lines of Euro 112.5 million, with a residual average life of approx. four years, as follows: Euro 60 million non-revolving credit lines from primary banking institutions through the European Investment Bank, related to infrastructural projects at Malpensa Airport, Euro 52.5 million revolving credit lines (utilised in tranches of between 1 week and 12 months). At the end of December 2012, SEA had Euro 53.3 million of available liquidity invested in ordinary and treasury current accounts.

Trade payables are guaranteed by SEA through careful working capital management which largely concerns trade receivables and the relative contractual conditions established (also utilising indirect factoring which provides further financial credit lines to guarantee adequate cash flexibility).

The following table reports the breakdown and maturity (up to expiry date) of the financial debt of SEA for the years 2012 and 2011, which in addition to principal includes medium/long-term debt, financial charges on derivative instruments and leasing, financial charges from subsidiaries, which, in accordance with the contractual terms, are repayable on demand:

| (millions of Euro) | < 1 year | > 1 year < 3 years | > 3 years < 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| **Liabilities 2012** | | | | | |
| Gross debt | 140.8 | 219.0 | 40.4 | 148.9 | 549.1 |
| Trade payables | 205.9 | | | | 205.9 |
| **Total debt** | **346.7** | **219.0** | **40.4** | **148.9** | **755.1** |

The table does not include the short-term group cash pooling debt, amounting to Euro 18.6 million at the end of 2012, against which a receivable of a similar nature exists of Euro 29.4 million.
Euro 47.5 million relating to the utilisation of three year RCF lines were prudently classified as maturing within one year.

| (millions of Euro) | < 1 year | > 1 year < 3 years | > 3 years < 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| **Liabilities 2011** | | | | | |
| Gross debt | 63.9 | 156.9 | 40.3 | 143.3 | 404.4 |
| Trade payables | 183.1 | | | | 183.1 |
| **Total debt** | **247.0** | **156.9** | **40.3** | **143.3** | **587.6** |

The table does not include the short-term group cash pooling debt, amounting to Euro 27.9 million at the end of 2011, against which a receivable of a similar nature exists of Euro 27.3 million.

## 4.4 Sensitivity

In consideration of the fact that for SEA the currency risk is almost non-existent, the sensitivity analysis refers to balance sheet accounts which could incur changes in value due to changes in interest rates.

In particular, the analysis considered:
- bank debt and cash pooling position;
- loans;
- interest risk derivative hedge instruments.

The assumptions and calculation methods utilised in the sensitivity analysis undertaken by the SEA were as follows:

a) Assumptions: the effect was analysed on the SEA income statement for the years 2012 and 2011 of a change in market rates of +50 or of -50 basis points.

b) Calculation methods:
   - the remuneration of the bank deposits and the cash pooling positions is related to the interbank rates. In order to estimate the increase/decrease of interest income to changes in market conditions, the change was assumed as per point a) on the average annual balance of bank deposits of SEA;
   - the loans measured were those at variable interest rates, which incur interest payable linked to the Euribor at 6 months. The increase/decrease of the interest payable to changes in market conditions was estimated applying the changes assumed as per point a) on the capital portion of the loans held during the year;
   - the interest risk derivative hedge instruments were measured both in terms of cash flows and fair value (in terms of changes compared to the same period of the previous year). In both cases, the values were estimated applying the changes as per point a) to the forward curve expected for the period.

The results of the sensitivity analysis are reported below:

| | December 31, 2012 | | December 31, 2011 | |
|---|---|---|---|---|
| (thousands of Euro) | -50 bp | +50 bp | -50 bp | +50 bp |
| Current accounts (interest income) | -148.53 | 170.60 | -284.67 | 287.83 |
| Cash pooling positive balance (interest income) | -161.74 | 161.74 | -136.69 | 136.69 |
| Financial receivables from subsidiaries | 0.00 | 0.00 | 0.00 | 0.00 |
| Loans (interest expense) (1) | 1,602.40 | -1,602.40 | 1,410.68 | -1,410.68 |
| Cash pooling negative balance (interest expense) (1) | 113.05 | -118.06 | 121.21 | -121.21 |
| Fin. debt to subsidiaries (interest expense) (1) | 113.65 | -137.34 | 134.25 | -135.79 |
| Derivative hedging instruments (cash flow) (2) | -163.56 | 163.56 | -210.94 | 210.94 |
| Derivative hedging instruments (fair value to IS) | 102.74 | -272.16 | -67.08 | 139.72 |
| Derivative hedging instruments (fair value to BS) | -3,315.19 | 3,370.74 | -3,275.30 | 3,037.95 |

(1) + = lower interest expense; - = higher interest expense
(2) + = hedging income; - = hedging cost

It should be noted that the results of the sensitivity analysis undertaken on some accounts of the previous tables are impacted by the low level of the market interest rates, which in the case of a change of -50 basis points would result as negative, and therefore are recorded as equal to zero.

Some loans include covenant conditions, relating to the capacity of SEA to meet annual and/or half year financial commitments, (net of financial resources available and receivables from the State) from operating activities. It should be noted that, for some loans, non-compliance of the covenant terms results in, for the following half-year period, the application of a correlated predetermined spread (in accordance with a contractually defined pricing grid).

At the present moment, SEA is not aware of any default situations related to the loans held or violations of any of the above-mentioned covenants.

## 5. Classification of the financial instruments

The following table provides a breakdown of the financial assets and liabilities by category at December 31, 2012 and at December 31, 2011:

At December 31, 2012

| (In thousands of Euro) | Financial assets and liabilities valued at fair value | Investments held-to-maturity | Loans and receivables | Available-for-sale financial assets | Financial liabilities at ammortised cost | Total |
|---|---|---|---|---|---|---|
| Available-for-sale investments | - | - | - | 26 | - | 26 |
| Other non-current receivables | - | - | 343 | - | - | 343 |
| Trade receivables | - | - | 130,792 | - | - | 130,792 |
| Current financial receivables | - | - | 29,643 | - | - | 29,643 |
| Income tax receivables | - | - | 14,542 | - | - | 14,542 |
| Other current receivables | - | - | 11,553 | - | - | 11,553 |
| Cash and cash equivalents | - | - | 53,338 | - | - | 53,338 |
| **Total** | **-** | **-** | **240,211** | **26** | **-** | **240,237** |
| Non-current financial liabilities excl. leasing | 14,371 | - | - | - | 408,036 | 422,407 |
| Non-current financial liabilities for leasing | - | - | - | - | 1,949 | 1,949 |
| Trade payables | - | - | - | - | 205,926 | 205,926 |
| Income tax payables | - | - | - | - | 52,455 | 52,455 |
| Other current and non-current payables | - | - | - | - | 145,774 | 145,774 |
| Current financial liabilities excl. leasing | - | - | - | - | 69,543 | 69,543 |
| Current financial liabilities for leasing | - | - | - | - | 1,006 | 1,006 |
| **Total** | **14,371** | **-** | **-** | **-** | **884,689** | **899,060** |

At December 31, 2011

| (In thousands of Euro) | Financial assets and liabilities valued at fair value | Investments held-to-maturity | Loans and receivables | Available-for-sale financial assets | Financial liabilities at ammortised cost | Total |
|---|---|---|---|---|---|---|
| Available-for-sale investments | - | - | - | 26 | - | 26 |
| Other non-current receivables | - | - | 379 | - | - | 379 |
| Trade receivables | - | - | 140,406 | - | - | 140,406 |
| Current financial receivables | - | - | 27,660 | - | - | 27,660 |
| Income tax receivables | - | - | 3,601 | - | - | 3,601 |
| Other current receivables | - | - | 9,403 | - | - | 9,403 |
| Cash and cash equivalents | - | - | 23,712 | - | - | 23,712 |
| **Total** | **-** | **-** | **205,161** | **26** | **-** | **205,187** |
| Non-current financial liabilities excl. leasing | 7,924 | - | - | - | 308,489 | 316,413 |
| Non-current financial liabilities for leasing | - | - | - | - | 2,602 | 2,602 |
| Other liabilities | - | - | - | - | 183,055 | 183,055 |
| Income tax payables | - | - | - | - | 41,515 | 41,515 |
| Other current payables | - | - | - | - | 220,821 | 220,821 |
| Current financial liabilities excluding leasing | - | - | - | - | 58,487 | 58,487 |
| Current financial liabilities for leasing | - | - | - | - | 1,292 | 1,292 |
| **Total** | **7,924** | **-** | **-** | **-** | **816,261** | **824,185** |

## 6. Disclosure on fair value

In relation to financial instruments measured at fair value, the table below reports information on the method chosen to measure the fair value. The methods applied are broken down into the following levels, based on the information available, as follows:

- level 1: prices practiced in active markets;
- level 2: valuation techniques based on observable market information, both directly and indirectly;
- level 3: other information.

The following table shows the assets and liabilities measured at fair value at December 31, 2012 and at December 31, 2011:

| (In thousands of Euro) | At December 31, 2012 | | |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| Available-for-sale investments | - | - | 26 |
| Derivative financial instruments | - | 14,371 | - |
| **Total** | **-** | **14,371** | **26** |

| (Importi in migliaia di Euro) | At December 31, 2011 | | |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| Available-for-sale investments | - | - | 26 |
| Derivative financial instruments | - | 7,924 | - |
| **Total** | **-** | **7,924** | **26** |

## 7. Notes to the Balance Sheet

### 7.1 Intangible assets

The following tables illustrate the changes for the year ended December 31, 2012 relating to intangible assets:

(in thousands of Euro)

| Intangible assets | At December 31, 2011 | Increases in the year | Reclassifications/ Transfers | Destruction/ obsolete/sale | Amortisations | At December 31, 2012 |
|---|---|---|---|---|---|---|
| **Gross value** | | | | | | |
| Assets under concession | 966,998 | 18,099 | 167,462 | (1,284) | | 1,151,275 |
| Airport concessions and advances | 85,568 | 81,240 | (105,980) | | | 60,828 |
| Industrial patents and intellectual property rights and other | 30,473 | - | 5,897 | | | 36,370 |
| Assets in progress and advances | 4,317 | 6,779 | (5,853) | | | 5,243 |
| **Gross value** | **1,087,356** | **106,118** | **61,526** | **(1,284)** | **-** | **1,253,716** |
| **Accumulated amortisation** | | | | | | |
| Assets under concession | (298,515) | | (24,489) | 359 | (23,349) | (345,994) |
| Airport concessions and advances | - | | | | | - |
| Industrial patents and intellectual property rights and other | (25,370) | | | - | (3,536) | (28,906) |
| Assets in progress and advances | - | | | - | - | - |
| **Accumulated amortisation** | **(323,885)** | **-** | **(24,489)** | **359** | **(26,885)** | **(374,900)** |
| **Net value** | | | | | | |
| Assets under concession | 668,483 | 18,099 | 142,973 | (925) | (23,349) | 805,281 |
| Airport concessions and advances | 85,568 | 81,240 | (105,980) | - | - | 60,828 |
| Industrial patents and intellectual property rights and other | 5,103 | - | 5,897 | - | (3,536) | 7,464 |
| Assets in progress and advances | 4,317 | 6,779 | (5,853) | - | - | 5,243 |
| **Intangible assets (net value)** | **763,471** | **106,118** | **37,037** | **(925)** | **(26,885)** | **878,816** |

As per IFRIC 12, rights on assets under concession amount to Euro 805,281 thousand at December 31, 2012 and to Euro 668,483 thousand at December 31, 2011. These rights are amortised on a straight-line basis over the duration of the concession from the State. The amortisation for the year 2012 amounts to Euro 23,349 thousand.

On these assets, SEA has the obligation to record a restoration and replacement provision, to which reference should be made to *Note 7.15*.

The industrial patents and the intellectual property rights and other intangible assets, amounting to Euro 7,464 thousand at December 31, 2012 (Euro 5,103 thousand at December 31, 2011), relate to company software licenses concerning both airport and operational management and to the purchase of software components. Specifically, the investments in 2012 principally concern the development and implementation of administrative and aviation management systems.

It is highlighted that, also in accordance with the results reported and future business prospects, the company did not identify any impairment at December 31, 2012.

### 7.2 Property, plant & equipment

The following tables illustrate the changes for the year ended December 31, 2012 relating to property, plant and equipment:

(in thousands of Euro)

| Property, plant & equipment | At December 31,2011 | Increases in the year | Reclassifications/ Transfers | Destruction/ obsolete/sale | Depreciation | At December 31, 2012 |
|---|---|---|---|---|---|---|
| **Gross value** | | | | | | |
| Land and Buildings | 232,942 | | (42,532) | (4,184) | | 186,226 |
| Plant and machinery | 7,931 | 15 | - | - | | 7,946 |
| Industrial and commercial equipment | 31,539 | 2,560 | - | (128) | | 33,971 |
| Other assets | 90,334 | 2,508 | 2,528 | (4,849) | | 90,521 |
| Assets in progress and advances | 18,993 | 8,576 | (22,098) | (0) | | 5,471 |
| **Total Gross Values** | **381,739** | **13,659** | **(62,102)** | **(9,161)** | **-** | **324,135** |
| **Accumulated depreciation & write-downs** | | | | | | |
| Land and Buildings | (81,041) | | 21,568 | 1,306 | (7,524) | (65,691) |
| Plant and machinery | (6,623) | | | - | (166) | (6,789) |
| Industrial and commercial equipment | (28,138) | | | 128 | (1,412) | (29,422) |
| Other assets | (76,515) | | | 4,849 | (4,184) | (75,850) |
| Assets in progress and advances | (2,920) | | 2,920 | - | | 0 |
| **Total Accumulated depreciation & write-downs** | **(195,237)** | **-** | **24,488** | **6,283** | **(13,286)** | **(177,752)** |
| **Net Values** | | | | | | |
| Land and Buildings | 151,901 | - | (20,964) | (2,878) | (7,524) | 120,535 |
| Plant and machinery | 1,308 | 15 | - | - | (166) | 1,157 |
| Industrial and commercial equipment | 3,401 | 2,560 | - | - | (1,412) | 4,549 |
| Other assets | 13,819 | 2,508 | 2,528 | - | (4,184) | 14,671 |
| Assets in progress and advances | 16,073 | 8,576 | (19,178) | (0) | - | 5,471 |
| **Total Net Values** | **186,502** | **13,659** | **(37,614)** | **(2,878)** | **(13,286)** | **146,383** |

The investments related to the development of the aviation sector (which, as already reported, in accordance with IFRIC 12 are classified as assets under concession and current airport concessions) and those in the non-aviation sector principally related to:

- the advancement of the completion of the works of the passenger terminal and construction of the third satellite;
- works for the construction of the BHS plant and the piers connecting to the terminal;
- urbanisation works and construction of the new cargo city loading area;
- energy saving project;
- repaving of runway 1 (17L/35R) at Malpensa;
- renovation and restyling of the passenger terminal at Linate.

All the fixed assets, including those under the scope of IFRIC 12, are reported net of State and EU grants, amounting at December 31, 2012 to Euro 499,871 thousand and Euro 1,800 thousand respectively.

Following the signing of the new Master Agreement (for which reference should be made to the Directors' Report), for the purposes of a better classification of the assets within the scope of IFRIC 12, appropriate reclassifications of assets were made between tangible and intangible fixed assets.

## 7.3 Investment property

The breakdown of property investments at December 31, 2012 are shown below:

| **Investment property** (in thousand of Euro) | At December 31, 2012 | At December 31, 2011 |
|---|---|---|
| Gross values | 4,152 | 4,153 |
| Accumulated depreciation | (733) | (732) |
| **Total net investment property** | **3,419** | **3,421** |

The changes in the accumulated depreciation provision of the property investments in 2012 are shown below:

| **Movements in investment property accumulated depreciation** (in thousands of Euro) | 2012 |
|---|---|
| Gross values | (732) |
| Accumulated depreciation | (1) |
| **Final value investment property accumulated depreciation** | **(733)** |

The account includes buildings not utilised in the operated activities (apartments and garages).

## 7.4 Investments in subsidiaries and associated companies

The breakdown of the account "investments in subsidiaries and associated companies" at December 31, 2012 and at December 31, 2011 are shown below:

| **Investments in subsidiaries and associated companies** (in thousands of Euro) | At December 31, 2012 | At December 31, 2011 |
|---|---|---|
| SEA Handling SpA | 0 | 23,544 |
| SEA Energia SpA | 7,026 | 7,026 |
| Consorzio Malpensa Construction | 22 | 22 |
| **Investments in subsidiaries** | **7,048** | **30,592** |
| SACBO SpA | 4,562 | 4,562 |
| Dufrital SpA | 3,822 | 3,284 |
| Malpensa Logistica Europa SpA | 1,674 | 1,674 |
| CID Italia SpA | - | 538 |
| Disma SpA | 421 | 421 |
| SEA Services Srl | 120 | 120 |
| **Investments in associated companies** | **10,599** | **10,599** |
| **Investments in subsidiaries and associated companies** | **17,647** | **41,191** |

In relation to SEA Handling, it is stated that:

- On May 2, 2012, the Shareholders' Meeting, approving the 2011 financial statements, carried forward the loss of Euro 10,867 thousand;
- On August 29, 2012, the Shareholders' Meeting approved the financial statements at June 30, 2012 and approved the postponement, within the terms permitted by Article 2446, paragraph 2 of the Civil Code (or if appropriate at a previous date), of the adoption of the measures considered most appropriate to cover the losses;
- A write-down was recorded of Euro 23,544 thousand, recognised in the account "investment income/charges" of the Comprehensive Income Statement (see Note 8.9), on the basis of the impairment test undertaken in accordance with IAS 36.

The test was based on discounting the cash flow streams expected from the long-term plans of the individual cash generating unit identifiable as the individual investee company, net of the fiscal effect. The assumptions reflect the negative effect deriving from the current difficult economic environment (lower traffic volume, reduced market share and prices) and cost reduction programmes. The discounting rate utilised, in line with the previous year, was determined on the basis of specific market benchmarks and the debt-free equity structure of the company. The WACC was 9.8% compared to 8.9% in 2011.

The test resulted in a write-down of Euro 23,544 thousand (of which Euro 5,770 thousand deriving from the loss in 2012) of the investee company whose activities are focused on the management of baggage handling, passengers and cargo at the Milan Airports.

### The investigation procedure of the European Commission and the decision of December 19, 2012 concerning State Aid in favour of SEA Handling

On 13.7.2006 a petition alleging presumed State Aid granted to SEA Handling in the period 2002-2005 was presented by unknown persons. On 6.10.2006 the Commission sent the Italian authorities a request for information concerning the period 2002-2005. Following a review of the response provided by the Italian authorities, the Commission concluded its preliminary examination of the case, informing the petitioner on 30.5.2007 that the measures in favour of SEA Handling to not constitute State Aid and that the petition would be archived. Slightly more than a month later, on 2.7.2007, the petitioner sent the Commission supplementary information, of which the Italian authorities were informed on 3.3.2008 (nine months later) when the Commission requested them to send a copy of a trade union agreement concerning SEA Handling. The requested document was sent to the Commission on 10.4.2008.

With decision of June 23, 2010 (after approx. 4 years from the petition and approx. 28 months from the request for the labour agreement), the Commission notified Italy of the decision to open a formal investigation, in accordance with Article 108, paragraph 2 of the Treaty on the Functioning of the European Union ("TFEU"), for presumed State aid granted by SEA to SEA Handling in the 2002-2005 period.

In addition, in July 2011 the Commission announced its intention to extend the formal investigation period also to the years 2006-2010; the period had not undergone a preliminary investigation.

The Municipality of Milan and SEA Handling presented to the Commission their defence, which demonstrates: (i) that the resources utilised by SEA for the recapitalisation of its subsidiary did not derive from the Italian State, (ii) compliance of these support actions with business strategies and policies normally applied by a private investor operating in free market conditions, (iii) subordinately, the compatibility of the measures quantifiable as State Aid with the rules of the internal market.

On 19.12.2012 the Commission adopted decision C(2012) 9448 final, concerning the share capital increase carried out by SEA in favour of SEA Handling. In particular, the Commission decided that:

(i) the share capital increases carried out by SEA in favour of SEA Handling in the 2002-2010 period, for a total amount of approx. Euro 360 million, in addition to interest, comprised State Aid in accordance with Article 107 TFEU; this State Aid, granted in violation of Article 108, paragraph 3 TFEU is incompatible with the rules of the internal market (see Articles 1-2 of the order);
(ii) Italy must recover the State Aid mentioned; the amounts to be recovered include interest and Italy must guarantee implementation of the decision within four months from the notification date and therefore by 20.4.2013 (see Article 3-4 of the order); finally
(iii) within two months of notification of the decision, Italy must send to the Commission: (a) indication of the total amount (principal and interest) which must be recovered, (b) a detailed description of the measures already adopted and scheduled to comply with the decision and (c) the documents declaring that the beneficiary has been required to repay the aid (see Article 5 of the order).

In relation to the sequence of events described above, the process which led to the Commission decision was as follows: (i) initiated in 2006; (ii) it was halted after just one year with an archiving provision; (iii) it remained suspended therefore for approx. four years; (iv) it was thereafter suddenly and without notice reactivated by the Commission in relation to the 2002-2005 period and was thereafter extended also to the subsequent period to 2005 in a manner against the principle of cross-examination.

### The initiatives undertaken by SEA Handling, by SEA, by its shareholders and by Italy against the Commission decision

#### (A) Legal initiatives

With appeal lodged on 4.3.2013 at the European Union Court (hereafter the "EU Court"), the Italian Republic requested the cancellation of the Commission decision, establishing four reasons in support of its appeal: (i) the violation of the principles of good practice and legal certainty; (ii) violation of the right to cross-examination and incomplete investigation, (iii) violation of Articles 107 and 108, third paragraph of the TFEU and the incorrect reconstruction of facts, in addition to a lack of grounds concerning the charges brought against the public authorities; (iv) violations of Articles 107 and 108, third paragraph of the TFEU and the incorrect reconstruction of facts, in addition to a lack of grounds.

Subsequently, with appeal lodged on 15.3.2003 at the EU Court, SEA Handling also requested cancellation of the decision of the Commission and subordinately the cancellation of Article 3, under which the Commission ordered the recovery of the declared State Aid. SEA Handling put forward six reasons in support of its appeal: (i) the first concerned a number of violations of procedural rules; (ii) the second, the third and the fourth concerned the violation of Article 107, first paragraph of the TFEU, respectively in relation to the use of public resources, from a point of view of traceability and the private investor doctrine; (iii) the fifth concerned the violation of Article 107, paragraph 3, TFEU; (iv) the sixth concerned the illegality of the recovery order.

Finally, with appeal lodged on 18.3.2003 at the EU Court, the Municipality of Milan similarly requested the cancellation of the Commission decision and, subordinately, the cancellation of Articles 3, 4 and 5 of the decision which requires the recovery of aid by Italy. The Municipality of Milan put forward four reasons in support of its appeal: (i) the first two concern the violation and false application of Article 107, first paragraph TFEU; (ii) the third concerned the violation on false application of the Guidelines for the rescue and restructuring of companies in difficulty and the Guidelines for the airport sector, and the consequent incorrect conclusions which the Commission reached in relation to the incompatibility of the measures alleged; (iii) with the fourth, broken into two points, the Municipality, recalling the conduct of the Commission during the initial investigation, claimed firstly (a) the violation of the principle of good practice, of the right to cross-examination and the right to a proper defence and, secondly, (b) the violation of principle of legitimate expectation and the consequent illegality of the recovery injunction.

F2i – Fondi italiani per le infrastrutture SGR S.p.A. (hereafter "F2i"), a company which holds 44.31% of the share capital of SEA, on 10.5.2013 filed at the EU Court a motion in support of the appeal put forward by SEA Handling for the cancellation of the Commission decision. The Court fixed a period until 12.6.2013 in which SEA Handling may present its observations on the motion of F2i.

In addition to the appeals mentioned above, with motions presented on 18.3.2013 and 21.3.2013 SEA Handling and the Municipality of Milan requested the President of the EU Court to provisionally suspend the execution of the European Commission decision. This latter, in the observations of 9.4.2013 on the suspension motion of SEA Handling, did not judge any reason for re-examination (*fumus boni iuris*), concentrating arguments only on the urgency aspects (*periculum in mora*) and the balancing of interests. The Italian Republic subsequently intervened in the preventative action brought by SEA Handling, in support of the arguments put forward by this latter, filing on 7.5.2013 its statement.

At a domestic level, however, the Municipality of Milan presented an appeal before the Lombardy Regional Administrative Court to request the cancellation, with prior suspension "*until the establishment of a judgment of the decision pending before the EU Courts*" of a number of preliminary acts for the execution of the Commission decision by the Government. On 18.5.2013 SEA and the Italian State filed their respective defences. With judgment of 22.5.2013 the Lombardy Regional Administrative Court accepted the preventative request of the Municipality of Milan, suspending the "*burdensome decision of 19/12/2012 (C14/2010) of the European Commission and the burdensome relative national recovery procedure of amounts by the Municipality of Milan; this decision holds until the decision relating to the case pending before the European Union Court is passed*". The Lombardy Regional Administrative Court, in addition, in the above-stated judgment, declared that the arguments of the Municipality of Milan do not appear to have *fumus boni iuris "appearing on initial examination not within the remit of the Municipality of Milan in relation to the issue of amounts within the 2002-2010 period for the various share capital increases of the company SEA Handling S.p.A… does not appeal referable to the Municipality of Milan".*

Against the judgment of the Lombardy Regional Administrative Court, the European Commission, with letter of 23.5.2013, communicated to the President of the EU Court to consider that the judgment negates the need to suspend the decision of 19.12.2012.

The Chairman of the Court set a deadline of 7.6.2013 for the submission of observations by SEA Handling with regard to the Commission letter.

(B) Extra-judicial initiatives

Following the adoption of the decision of the Commission of 19.12.2012, the Commission Recovery Unit (DG Competition) made contact with the permanent Italian Representative in Brussels ("Italrap") in view of the conclusion of the period for the sending by the State of the information concerning the above-stated decision. With letter of 29.1.2013 Italrap communicated the request of the Commission to the Italian State, in addition to the Municipality of Milan and to SEA.

On 4.2.2013, SEA sent a letter to the Commission, expressing the difficulty related to repaying in cash the aid, given the material unavailability to SEA Handling of the necessary liquidity. SEA, in particular, identified the transfer of control of SEA Handling to private parties at a market price as the only way possible to execute the recovery decision within the time period established by the Commission. SEA requested, therefore, to the Commission to confirm the suitability of the above-stated procedure in order to enact the decision, offering to send all information necessary and to organise a meeting with the Commission.

On 5.2.2013 SEA responded to the letter of Italrap of January 29, attracting attention to the fact that the issue of the recovery order was the exclusive remit of the Italian authorities. Given therefore that it was awaiting the authorities to decide if and how it would proceed with the recovery of aid, SEA reported to the

State that negotiations were in place for the sale to private parties of the controlling interest in SEA Handling at a market price as an alternative means of recovery.

On 26.2.2013 the Commission again contacted Italrap, stating that it had not received the information requested from the Italian State, reminding that Article 4 of the decision imposes upon Italy an obligation to fully execute the decision by 20.4.2013. Following this reminder, on 4.3.2013 the Italian State requested the Municipality of Milan to send to it the documentation requested by the Commission by 25.3.2013 for subsequent forwarding to Italrap.

On 12.3.2013 Italrap sent to the Commission a note concerning possible means for recovery in order to open up a dialogue. This document analysed and compared the following two situations: (i) liquidation of SEA Handling through recovery in bankruptcy of the aid and (ii) recovery of the aid through sale to third parties of the company at a market price. This document indicated, in addition, the reasons for which the sale in bonis of SEA Handling was preferable to the sale of the company within a bankruptcy procedure. In light of this, the creation of a dialogue with the Commission Services to evaluate this possibility was requested.

On 15.3.2013 a meeting was held in Brussels between the Commission Recovery Unit, the Italian authorities and SEA, following which on 26.3.2013 the Italian State sent to Italrap the documents requested by the Commission for subsequent forwarding to them.

The Commission on 3.5.2013 reviewed that sent to it on March 26, highlighting the delay with which the information was sent in comparison to the deadline of February 20 and the fact that the State had not supplied the documentation necessary to demonstrate the initiation of the aid recovery procedures. In this regard, they invited the Italian authorities to communicate within 20 working days (from 3.5.2013) the measures adopted to implement the decision. In addition, in relation to the alternative means for recovery suggested by the Italian State (i.e. the sale of SEA Handling to private parties through private sale), the Commission underlined that the methods for privatisation put forward did not appear suitable to guarantee the execution of the decision, as, according to the Commission, it would involve the transfer of the aid to the new operator. The Commission however left open however the dialogue with the Italian authorities in relation to other alternative recovery methods which would see a change in ownership.

On 8.5.2013 the Vice Chairman of the Commission J. Almunia sent a number of Italian European Parliament members a letter which noted their concerns in relation to the meeting held two days previously. In this regard, he stated the will of the Commission to meet the Italian authorities to identify the best solution possible for the correct execution of the recovery of aid.

On 10.5.2013 SEA expressed to its shareholders the intention to continue to pursue an alternative means for the execution of the decision other than repayment in cash and invited them to support the company in their dialogue with the Commission.

In light of the previous considerations and the set of circumstances mentioned, the overall situation may be summarised as follows:

(i) The review of the decision of the Commission of 19.12.2012 and the defence put forward by the Commission at the EU Court permit the affirmation that the arguments made by SEA Handling forming the basis of its request for a reform of the Commission decision are, in the opinion of the lawyers assisting the Company, reasonably founded and are therefore worthy of the attention of the EU Court;
(ii) The arguments of SEA Handling in the case before the EU Court are fully shared also by the Government and the Municipality of Milan and therefore by the authorities proposed to recover the aid, who also request the reform of the Commission decision;
(iii) Also the Lombardy Regional Administrative Court in order No. 553/2013 declared that, on first examination, the arguments of the Municipality of Milan and of SEA Handling would seem devoid of *fumus boni iuris*;
(iv) The conduct of the Italian Government and the Municipality of Milan would not seem, as it stands, to point towards a will of the national authorities to execute the decision requesting SEA Handling to repay the aid provided. Specifically:
    - no repayment order of aid has been handed down to SEA Handling by the national authorities (apart from that requested on a number of occasions by the European Commission);
    - the Italian Government has carried out a number of acts entirely of a preliminary nature (in particular the provision to the Commission of the calculation of interest), therefore provoking a reaction from the Commission which on many occasions has complained of a lack of movement by the Italian Government and has threatened to open an infraction procedure against the State;
    - the Municipality of Milan opposed the execution of the Commission decision, requesting and obtaining a stay from the Lombardy Regional Administrative Court which suspended the national procedure for the recovery of the aid; the position of the Municipality of Milan is particularly

significant, taking account that, according to the opinion expressed by the Italian Government the same Municipality of Milan would be the national authority with the remit for the recovery of the aid from SEA Handling;

(v) The European Commission has on many occasions underlined, in its defensive notes to the preventative judgment at the EU Court, that the national authorities have not shown to this point any real intention to effectively recover the aid, emphasising that SEA Handling does not appear at any risk to be required to repay the aid;

(vi) Although the negotiations are proceeding slowly, the European Commission appears open to the possibility to find a solution to the problem concerning aid provided to SEA Handling other than the repayment of the sums involved. In particular Commissioner Almunia, with letter of 8.5.2013 to the Italian EU parliamentary members clarified that the service of the Commission remain "available to the Italian authorities to help them to identify the best solution possible for the correct execution of the Commission Decision".

Therefore, the considerations in relation to the possible outcome of the case, which presents a reasonable chance of success, together with the considerations relating to the conduct of the national authorities appointed for its recovery, lead to the overall conclusion that, at the current state of events of which the Company is aware the most likely development of the situation would not be the repayment of the aid by SEA Handling through the use of economic resources.

SEA Handling, supported by the opinions of its lawyers and external experts, has not allocated in its financial statements sums to the risk provision to cover the potential repayment obligations outlined above, in that it considers the risk, on further analysis, as "possible" and no longer as "probable".

The company CID Italia was merged by incorporation into Dufrital, effective as of January 1, 2012. The merger did not give rise to any share swap, as the equity of the incorporated company was absorbed entirely by the merging entity and, therefore, held by the same shareholders in the same percentage (40% for the Company). Therefore the increase in the investment Dufrital was equal to the value of the company CID Italia at January 1, 2012.

The key financial highlights at December 31, 2012 and for the previous year of the subsidiaries and associated companies prepared in accordance with Italian GAAP is shown below.

At December 31, 2012

| (in thousands of Euro) | Assets | Liabilities | Revenues | Profit / (Loss) | % held |
|---|---|---|---|---|---|
| **Subsidiaries** | | | | | |
| SEA Handling SpA | 93,036 | 71,622 | 129,818 | (5,770) | 100.00% |
| SEA Energia SpA | 81,606 | 66,219 | 71,810 | 3,339 | 100.00% |
| Consorzio Malpensa Contruction | 906 | 732 | 878 | 4 | 51.00% |
| **Associated companies** | | | | | |
| Dufrital SpA | 59,090 | 42,628 | 125,144 | 6,140 | 40.00% |
| SACBO SpA | 168,198 | 63,591 | 108,658 | 15,101 | 30.979% |
| SEA Services Srl | 3,456 | 2,115 | 7,355 | 299 | 30.00% |
| Malpensa Logistica Europa SpA | 16,168 | 10,243 | 25,483 | (192) | 25.00% |
| Disma SpA | 19,467 | 10,289 | 6,323 | 925 | 18.75% |

At December 31, 2011

| (in thousands of Euro) | Assets | Liabilities | Revenues | Profit / (Loss) | % held |
|---|---|---|---|---|---|
| **Subsidiaries** | | | | | |
| SEA Handling SpA | 109,351 | 82,167 | 133,242 | (10,866) | 100.00% |
| SEA Energia SpA | 78,128 | 66,080 | 63,241 | 3,825 | 100.00% |
| Consorzio Malpensa Contruction | 1,336 | 1,167 | 623 | 5 | 51.00% |
| **Associated companies** | | | | | |
| Dufrital SpA | 44,678 | 31,597 | 89,465 | 4,154 | 40.00% |
| CID Italia SpA | 7,845 | 6,603 | 33,749 | 347 | 40.00% |
| SACBO SpA | 158,385 | 65,903 | 100,570 | 10,636 | 30.979% |
| SEA Services Srl | 2,777 | 1,735 | 7,388 | 370 | 30.00% |
| Malpensa Logistica Europa SpA | 18,015 | 11,898 | 26,985 | 213 | 25.00% |
| Disma SpA | 21,894 | 11,841 | 6,211 | 1,099 | 18.75% |

### 7.5 AFS Investments

The breakdown of the "available-for-sale investments" at December 31, 2012 and at December 31, 2011 is shown below:

| Company | % held at Dec. 31, 2012 | % held at Dec. 31, 2011 |
|---|---|---|
| Aereopuertos Argentina 2000 SA | 8.5% | 8.5% |
| Consorzio Milano Sistema in liquidazione | 10% | 10% |
| Romairport Srl | 0.227% | 0.227% |
| Sita Soc. Intern. De Telecom.Aereneonautiques (Belgian company) | 1 share | 1 share |

The following table reports the changes for the years 2012 and 2011 of the available-for-sale investments:

| **Available-for-sale investments** (in thousands of Euro) | At December 31, 2012 | At December 31, 2011 |
|---|---|---|
| Aereopuertos Argentina 2000 SA | 0 | 0 |
| Consorzio Milano Sistema | 25 | 25 |
| Romairport Srl | 1 | 1 |
| Sita Soc. Intern. De Telecom.Aereneonautiques | - | - |
| **Total Available-for-sale investments** | **26** | **26** |

#### AA2000

The investment of SEA in the share capital of Aeropuertos Argentina 2000 (hereafter AA2000) decreased from 10% to 8.5% following the conversion, by the Argentinean government, of the bonds issued in 2008 by AA2000 into shares.

On June 30, 2011, an agreement was signed with Cedicor for the sale of all the investment held by SEA in the share capital of AA2000, equal to 21,973,747 ordinary Class A shares with 1 vote for each share.

The consideration paid was Euro 14,000,000, entirely received in 2011.

The transfer of the shares will only be completed with authorisation by the ORSNA regulator (Organismo Regulador del Sistema Nacional de Aeropuertos). In the event that ORSNA does not authorise the sale of the investment, the parties are committed for 5 years from the contract date to find a third party which ORSNA authorises to acquire the above-mentioned shares.

With the passing of five years from any refusal by ORSNA to authorise the sale of 8.5% of AA2000 shares to Cedicor and in the absence of any authorisation granted to Cedicor and/or third parties, the contract will cease to be effective and SEA will fully reassume all rights and obligations related to the AA2000 shares, except for that reported in relation to the consideration received by SEA and dividends received and/or additional shares subscribed by Cedicor in the period.

This latter must, during the 5-year period, obtain from ORSNA authorisation to transfer 8.5% of the shares of AA2000 to a third party. SEA in turn will guarantee an irrevocable Power of Attorney to Cedicor in order that this latter may undertake all actions necessary to obtain authorisation from ORSNA and in particular:

- notify the transfer of the shares of AA2000 to ORSNA or other relevant Argentinean authorities;
- sign the necessary documentation and undertake the relative bureaucratic procedures in order to obtain authorisation from ORSNA.

Therefore at December 31, 2012, SEA still held 8.5% of the investment in AA2000. For this reason the investment was maintained in the accounts at Euro 1.

### 7.6 Deferred tax assets

The changes in the net deferred tax assets for the year 2012 are shown below:

**Net deferred tax assets** (in thousand of Euro)

| | At December 31, 2011 | Release / recognition to P&L | Release / recognition to equity | At December 31, 2012 |
|---|---|---|---|---|
| Restoration provision as per IFRIC 12 | 30,700 | 37 | | 30,737 |
| Impairment Test | 15,482 | | | 15,482 |
| Provision for risk charges | 8,159 | 781 | | 8,940 |
| Non-deductible doubtful debt provision | 6,775 | 1,656 | | 8,431 |
| Labour dispute | 4,575 | (1,128) | | 3,447 |
| Fair value measurement of derivatives | 2,112 | | 1,794 | 3,906 |
| Employee Leaving Indemnity discounting (IAS 19) | 0 | | 1,279 | 1,279 |
| Others | 215 | (12) | 0 | 203 |
| **Total deferred tax assets** | **68,018** | **1,334** | **3,073** | **72,425** |
| Accelerated deprec. & lower deprec. from first time application of IFRS | 43,957 | (2,685) | | 41,272 |
| Employee Leaving Indemnity discounting (IAS 19) | 2,255 | | (474) | 1,781 |
| Finance lease | 499 | (125) | | 374 |
| Others | 242 | (77) | | 165 |
| **Total deferred tax liabilities** | **46,953** | **(2,887)** | **(474)** | **43,592** |
| **Total net deferred tax assets** | **21,065** | **4,221** | **3,547** | **28,833** |

At December 31, 2012 no deferred tax assets were recorded on tax losses.

### 7.7 Other non-current receivables

The breakdown of the “other non-current receivables” is shown below:

| **Other non-current receivables** (in thousands of Euro) | At December 31, 2012 | At December 31, 2011 |
|---|---|---|
| Other non-current receivables | 343 | 379 |
| **Total other non-current receivables** | **343** | **379** |

Other receivables principally relate to employee receivables and deposit guarantees.

### 7.8 Inventories

The table below reports the breakdown of “inventories”:

| **Inventories** (in thousands of Euro) | At December 31, 2012 | At December 31, 2011 |
|---|---|---|
| Raw materials, consumables and supplies | 7,746 | 9,114 |
| **Total inventories** | **7,746** | **9,114** |

The account includes consumable materials for airport activities; no goods held in inventories comprised guarantees on loans or concerning other commitments.

The Company did not consider it necessary to record an inventory obsolescence provision.

### 7.9 Trade receivables

The breakdown of “trade receivables” at December 31, 2012 and for the previous year is shown below:

| **Trade receivables** (in thousands of Euro) | At December 31, 2012 | At December 31, 2011 |
|---|---|---|
| Customer receivables | 110,793 | 116,615 |
| Trade receivables from subsidiaries | 12,213 | 13,447 |
| Trade receivables from associated companies | 7,786 | 10,344 |
| **Total trade receivables** | **130,792** | **140,406** |

Trade receivables, shown net of the doubtful debt provision, mainly include receivables from clients and provisions for invoices and credit notes to be issued.

The criteria for the adjustment of receivables to their realisable value takes account of evaluations according to the state of the dispute.

The changes in the doubtful debt provision were as follows:

| **Doubtful debt provision** (in thousands of Euro) | At December 31, 2012 | At December 31, 2011 |
|---|---|---|
| Opening provision | 72,211 | 70,624 |
| Increases | 17,185 | 12,530 |
| Utilisations / reversals | (18,481) | (10,943) |
| **Closing doubtful debt provision** | **70,915** | **72,211** |

The provision in the year amounted to Euro 17,185 thousand (Euro 12,530 thousand in 2011) and was calculated to take into account the risk in deterioration of the financial positions of the principle operators in which disputes exist and write-downs for receivables under administration.

The utilisations/reversals relating to the year 2012, amounting to Euro 18,481 thousand, refer to the closure during the year of disputes in which the provisions were accrued to cover such risks in previous years.

On November 24, 2012, the SEA Group proposed to the Extraordinary Commissioners of the extraordinary administration procedures of the Alitalia Group a settlement agreement to close pending disputes. The agreement signed on February 14, 2013 provides for the write-off of receivables from the Alitalia Group in extraordinary administration.

For details on the aging of the receivables reference should be made to *Note 4.1*.

For receivables from subsidiaries and associated companies reference should be made to *Note 9*, relating to transactions with related parties.

### 7.10 Current financial receivables

The account "current financial receivables" amounts to Euro 29,643 thousand at December 31, 2012 (Euro 27,660 thousand at December 31, 2011) and relates entirely to financial receivables from subsidiaries. In particular the balance at December 31, 2012 is comprised of cash pooling receivables from SEA Energia. Reference should be made to Note 9 relating to transactions with related parties.

### 7.11 Receivables for income taxes

The account "income tax receivables" amounts to Euro 14,542 thousand at December 31, 2012 (Euro 3,601 thousand at December 31, 2011) and refers for Euro 10,384 thousand to reimbursement requests made in March 2013 for higher IRES paid against the non-deductibility of IRAP regional tax on personnel costs for the years 2007-2011 (Euro 0 thousand at December 31, 2011), for Euro 2,233 thousand to the repayment of higher IRES paid following the deduction of 10% of the IRAP paid in the years 2004-2007 (Euro 2,233 thousand at December 31, 2011), for Euro 1,541 thousand higher income tax paid in 2011 (Euro 0 thousand at December 31, 2011) and for the remaining part other tax receivables.

### 7.12 Other current receivables

The breakdown of the "other receivables" is shown below:

| **Other receivables** (in thousands of Euro) | At December 31, 2012 | At December 31, 2011 |
|---|---|---|
| Receivables from the State grants under Law 449/85 | 1,332 | 2,114 |
| Receivables from the State under the SEA/ Min. Infras. & Transp. Case | 3,542 | 3,369 |
| Other receivables | 7,040 | 4,459 |
| Receivables from employees and social security institutions | 1,341 | 937 |
| Receivables from the Ministry for Communications for radio bridge | 106 | 158 |
| Doubtful debt provision | (1,808) | (1,634) |
| **Total other receivables** | **11,553** | **9,403** |

Receivables from the State for grants under Law 449/85 concern receivables from the State, based on the "Master Agreement" between ENAC and SEA in January 1995 and revised in December 2004, which establishes the partial funding, pursuant to Law 449/85, of some infrastructure projects at Malpensa Airport.

Receivables from the State under the SEA/Ministry Infrastructure and Transport case, following the judgement of the Cassation Court, which recognised to the Company the non-compliance of handling tariffs for the period 1974-1981, in addition to interest and expenses incurred by the Company, for Euro 3,542 thousand at December 31, 2012 (Euro 3,369 thousand at December 31, 2011) relates to the residual amount not yet received from the Infrastructure and Transport Ministry, in addition to interest up to December 31, 2012.

Other receivables refer to miscellaneous receivables (reimbursements, supplier advances, insurance company receivables, arbitration with sub-contractions and other minor positions).

Employee and social security receivables mainly refers to the receivable from INPS and the Fondo Volo per la Cassa Integrazione Guadagni Straordinaria paid to employees on behalf of the institution and receivables from INAIL.

The receivable from the Ministry for Communications relates to higher provisional payments made in previous years for fees related to the radio bridges and will be offset by future fees to be paid.

### 7.13 Cash and cash equivalents

The breakdown of the account "cash and cash equivalents" is shown in the table below:

| **Cash and cash equivalents** (in thousands of Euro) | At December 31, 2012 | At December 31, 2011 |
|---|---|---|
| Bank and postal deposits | 53,246 | 23,619 |
| Cash in hand and at bank | 92 | 93 |
| **Total** | **53,338** | **23,712** |

The available liquidity at December 31, 2012 is comprised of the following assets: bank and post deposits on demand for Euro 41,048 thousand (Euro 19,810 thousand at December 31, 2011), restricted bank deposits, which cover the European Investment Bank loans due in the coming 12 months, for Euro 3,944 thousand (Euro 3,809 thousand at December 31, 2011) and a restricted deposit on the executive foreclosure on third parties for Euro 8,254 thousand relating to the case taken by Cascina Tre Pini – Quintavalle and cash amounts for Euro 92 thousand (Euro 93 thousand at December 31, 2011).

### 7.14 Shareholders' Equity

#### Share capital

At December 31, 2012 the share capital consisted of 250,000,000 shares with a par value of Euro 0.11 each.

#### AFS Reserve

The AFS reserve at December 31, 2012, equal to Euro 1, represents the investment held by SEA in AA2000 based on the agreement with Cedicor as described in *Note 7.5*.

#### Cash Flow Hedge Reserve

The balance of the reserve at December 31, 2012, amounting to Euro -10,297 thousand, relates to the change in the fair value of the effective part of the derivative hedge contracts listed at *Note 4.2*.

#### Actuarial gain/loss reserve

The balance of the reserve at December 31, 2012, amounting to Euro -2,894 thousand, relates to the actuarial losses following the advanced application in 2012 of the new amendment to IAS 19. The application of the new amendment is described in *Note 2.4* and *Note 3*.

#### Other reserves

The other reserves refer entirely to the reserves recorded in accordance with the revaluation laws 576/75, 72/83 and 413/91.

#### Distribution of dividends

On May 3, 2012, the Shareholders' Meeting approved the distribution of dividends of Euro 17,739 thousand and the carrying forward to reserves of Euro 31,664 thousand, relating to the allocation of the 2011 net profit, amounting to Euro 49,403 thousand.

## Available reserves

(in thousands of Euro)

| Nature/Description | 31/12/2012 | Possibility for utilisation (*) | Portion available | Utilisations carried out |
|---|---|---|---|---|
| Share capital | 27,500 | - | | |
| Share premium reserve | - | A.B.C | - | |
| Legal reserve | 5,500 | B | | |
| Extraordinary reserve | 76,517 | A.B.C | 76,517 | (17,739) |
| First time application of IFRS reserve | 23,686 (1) | A.B.C | 13,923 | |
| AFS reserve | 1 | - | | |
| Cash flow hedge reserve | (10,297) | - | | |
| Actuarial profit / loss reserve | (2,894) | | | |
| Other reserves (2) | | | | |
| - Revaluation under Law 576/76 | 3,649 | A.B.C | | |
| - Revaluation under Law 72/83 | 13,557 | A.B | | |
| - Revaluation under Law 413/91 | 43,083 | A.B.C | | |
| 2012 net profit | 38,155 | | | |
| **Total** | **218,457** | | **90,440** | **(17,739)** |
| **Total non-distributable portion** | | **128,017** | | |

Key (in thousands of Euro):
(*) A: for share capital increase B: to cover losses C: for distribution to shareholders
(1) In consideration of Article 7 of Legislative Decree 38/2005, the reserve is utilisable for 13.923 (A,B,C).The difference of 9.763 is entirely unavailable.
(2) Reserves for suspension of taxes.

## 7.15 Provisions for risks and charges

The changes in the provisions for risks and charges during the year are illustrated below.

**Provision for risks and charges** (in thousands of Euro)

| | At December 31, 2011 | Provisions/ increases | Utilisations | Releases | At December 31, 2012 |
|---|---|---|---|---|---|
| Provision for restoration and replacement | 111,217 | 14,834 | (11,350) | - | 114,701 |
| Provision for future charges | 43,950 | 10,170 | (4,710) | (7,052) | 42,358 |
| **Total provision for risks and charges** | **155,167** | **25,004** | **(16,060)** | **(7,052)** | **157,059** |

The restoration and replacement provision on assets under concession, created in accordance with IFRIC 12, amounting to Euro 114,701 thousand at December 31, 2012 (Euro 111,217 thousand at December 31, 2011), refers to the estimate of the amount matured relating to the maintenance on assets under concession from the State which will be undertaken in future years.

The breakdown of the provision for future charges is shown in the table below:

**Provision for future charges** (in thousands of Euro)

| | At December 31, 2011 | Provisions/ increases | Utilisations | Releases | At December 31, 2012 |
|---|---|---|---|---|---|
| Employee provisions | 16,638 | 1,168 | (3,839) | (1,432) | 12,535 |
| Disputes with contractors | 2,000 | 275 | - | - | 2,275 |
| Tax risks | 2,624 | 1,000 | (870) | - | 2,754 |
| Other provisions | 22,688 | 7,727 | (1) | (5,620) | 24,794 |
| **Total Provision for future charges** | **43,950** | **10,170** | **(4,710)** | **(7,052)** | **42,358** |

The account "other provisions" for Euro 24,794 thousand at December 31, 2012 (Euro 22,688 thousand at December 31, 2011) is mainly composed of the following items:

- Euro 9,552 thousand for legal disputes related to the operational management of the Milan Airports;
- Euro 8,000 thousand relating to charges from the acoustic zoning plan of the peripheral areas to the Milan Airports (Law No. 447/95 and subsequent Ministerial Decrees). It is reported that the Airport Commission of Malpensa has not yet provided the final approval, unlike the Airport Commission of Linate, for the intervention areas;
- Euro 6,361 thousand for risks relating to revocatory actions taken against the Company and relating to airline companies declared bankrupt;
- Euro 881 thousand for disputes with ENAV.

### 7.16 Employee provisions

The changes in the employee provisions in 2012 are shown below:

| **Employee provisions** (in thousands of Euro) | At December 31, 2012 |
|---|---|
| Opening provision | 43,685 |
| Financial income / (charges) | 1,930 |
| Transfer of personnel from SEA Handling | 335 |
| Utilisations | (2,870) |
| Actuarial profits / (losses) recognised to net equity reserve | 5,424 |
| **Total employee provisions** | **48,504** |

The actuarial calculation of the employee leaving indemnity takes into account the effects of the reform of Law No. 296 of December 27, 2006 and subsequent decrees and regulations.

The principal actuarial assumptions, utilised for the determination of the pension obligations, are reported below:

| **Principal actuarial assumptions** | At December 31, 2012 |
|---|---|
| Annual discount rate | 3.20% |
| Annual inflation rate | 2.00% |
| Annual Employee Leaving Indemnity increase | 3.00% |

### 7.17 Current and non-current financial liabilities

The table below provides a breakdown of current and non-current financial liabilities at December 31, 2012 and December 31, 2011:

| | At December 31, 2012 | | At December 31, 2011 | |
|---|---|---|---|---|
| (in thousands of Euro) | Current | Non-current | Current | Non-current |
| Bank payables | 50,904 | 394,938 | 29,497 | 289,145 |
| Payables to other lenders | 19,644 | 29,417 | 30,282 | 29,870 |
| **Total financial liabilities** | **70,548** | **424,356** | **59,779** | **319,015** |

The breakdown of the account is shown below:

| (in thousands of Euro) | At December 31, 2012 | | At December 31, 2011 | |
|---|---|---|---|---|
| | Current portion | Non-current portion | Current portion | Non-current portion |
| Long-term loans | 46,846 | 380,567 | 27,394 | 281,221 |
| Loan charges payables | 4,058 | - | 2,103 | - |
| Short-term loans (hot money) | - | - | - | - |
| Advances on State grants | - | - | - | - |
| Fair value derivatives | - | 14,371 | - | 7,924 |
| **Bank payables** | **50,904** | **394,938** | **29,497** | **289,145** |
| Financial payables to subsidiaries | 18,638 | 27,468 | 28,076 | 27,268 |
| With recourse factoring payables | - | - | 914 | - |
| Leasing payables | 1,006 | 1,949 | 1,292 | 2,602 |
| **Payables to other lenders** | **19,644** | **29,417** | **30,282** | **29,870** |
| **Total current and non-curr. liabilities** | **70,548** | **424,356** | **59,779** | **319,015** |

As illustrated in the table above the Company debt primary consists of medium/long term bank loans.

The finance leasing debt relates to radiogenic equipment.

For further information on bank loans and derivative contracts underwritten reference should be made to *Note 4*.

The table below shows the reconciliation between the finance lease payables and the future lease instalments at December 31, 2012:

| | At December 31, 2012 |
|---|---|
| Future lease instalments (principal + interest) | 3,414 |
| Implied interest | (812) |
| **Present value of instalments until contract maturity** | **2,602** |
| Amounts for unpaid invoices | 353 |
| **Total payables for leasing (current and non-current)** | **2,955** |

For further information on loans received in 2012, the principal features of these loans and repayment schedules, reference should be made to *Note 4*.

The breakdown of the Company net financial debt at December 31, 2012 and December 31, 2011, in accordance with Consob Communication of July 28, 2006 and ESMA/2011/81 recommendations are reported below:

| (in thousands of Euro) | At December 31, 2012 | At December 31, 2011 |
|---|---|---|
| A. Cash | (53,338) | (23,712) |
| B. Other Liquidity | - | - |
| C. Held-for-trading securities | - | - |
| **D. Liquidity (A)+(B)+ (C)** | **(53,338)** | **(23,712)** |
| **E. Financial receivables** | **(30,967)** | **(29,774)** |
| F. Current financial payables | 18,638 | 28,076 |
| G. Current portion of medium / long-term bank loans | 46,846 | 27,394 |
| H. Other current financial payables | 5,064 | 4,309 |
| **I. Payables and other current finacial liabilities (F) + (G) + (H)** | **70,548** | **59,779** |
| **J. Net current financial debt (D) + (E) + (I)** | **(13,757)** | **6,293** |
| K. Non-current portion of medium/long-term bank loans | 380,567 | 281,221 |
| L. Bonds issued | - | - |
| M. Other non-current financial payables | 43,788 | 37,794 |
| **N. Payables & other non-current financial liabilities (K) + (L) + (M)** | **424,356** | **319,015** |
| **O. Net Debt (J) + (N)** | **410,599** | **325,308** |

## 7.18 Trade payables

The breakdown of the "trade payables" is shown below:

| **Trade payables** (in thousands of Euro) | At December 31, 2012 | At December 31, 2011 |
|---|---|---|
| Supplier payables | 181,316 | 156,283 |
| Advances | 2,556 | 3,930 |
| Payables to subsidiaries | 21,311 | 19,527 |
| Payables to associated companies | 743 | 3,315 |
| **Total trade payables** | **205,926** | **183,055** |

Trade payables refer to the purchase of goods and services relating to the operating activity and investments.

The payables for advances at December 31, 2012, amounting to Euro 2,556 thousand, are mainly related to payments on account by clients.

For payables to subsidiaries and associated companies reference should be made to *Note 9*, relating to transactions with related parties.

## 7.19 Payables for income taxes

Payables for income taxes, amounting to Euro 52,455 thousand at December 31, 2012 (Euro 41,515 thousand at December 31, 2011), mainly relate to additional landing rights created by Law No. 166/2008, No. 350/2003, No. 43/2005 and No. 296/2006 for Euro 43,820 thousand (Euro 30,970 thousand at December 31, 2011), IRES and IRAP income tax payables of Euro 3,154 thousand (Euro 6,120 thousand at December 31, 2011), payables relating to higher IRES income tax paid by the Subsidiaries (within the Tax Consolidation) and requests for reimbursement in March 2013 through the consolidating company, against the non-deductibility from IRES of the IRAP regional tax on personnel costs relating to the years 2007-2011, for Euro 1,069,028 (Euro 0 at December 31, 2011), tax consolidation payable of Euro 577 thousand (Euro 1,180 thousand at December 31, 2011), employee and consultant's withholding taxes of Euro 3,590 thousand (Euro 2,835 thousand at December 31, 2011) and other minor tax payables.

For the year 2012 SEA adhered to the National Tax Consolidation with the subsidiary SEA Handling.

### 7.20 Other current and non-current payables

The breakdown of the account "other current and non-current payables" at December 31, 2012 is shown below:

| **Other current payables** (in thousands of Euro) | At December 31, 2012 | At December 31, 2011 |
|---|---|---|
| Payables to social security institutions | 11,663 | 11,249 |
| Other payables | 71,653 | 62,164 |
| Payables to shareholders for dividends | 62,458 | 85,101 |
| **Total other current payables** | **145,774** | **158,514** |

| **Other non-current payables** (in thousands of Euro) | At December 31, 2012 | At December 31, 2011 |
|---|---|---|
| Payables to others | - | - |
| Payables to shareholders for dividends | - | 62,307 |
| **Total non-current payables** | **-** | **62,307** |

The breakdown of "other payables" is as follows:

| **Other payables** (in thousands of Euro) | At December 31, 2012 | At December 31, 2011 |
|---|---|---|
| Payables due to employees for amounts accrued | 10,894 | 8,994 |
| Payables due to employees for untaken holidays | 5,829 | 6,527 |
| Payables due to the State for concession charges | 6,392 | 2,704 |
| Payables for civil liability damages | 408 | 782 |
| Payables due to third parites for ticket collection | 1,398 | 1,205 |
| Payables due to State for security concession services | 68 | 71 |
| Others | 46,664 | 41,881 |
| **Total other payables** | **71,653** | **62,164** |

The account "Other", amounting to Euro 46,664 thousand at December 31, 2012 (Euro 41,881 thousand at December 31, 2011), mainly relates to the contribution share of the Company to the airport fire protection services created with Law No. 296 of December 27, 2006 for Euro 28,250 thousand (Euro 22,103 thousand at December 31, 2011), in addition to deferred income and other minor payables totalling Euro 18,414 thousand (Euro 19,778 thousand at December 31, 2011).

The increase of Euro 9,489 thousand in the account "Other current payables", compared to December 31, 2011, is due for Euro 6,147 thousand to the contribution share of the Company to the fire protection airport services and for Euro 3,688 thousand to concession fees which from September 23, 2012 (start date of the Master Agreement with ENAC) SEA must pay the entire amount.

Relating to the payable of the Company for airport fire protection services, on January 16, 2013, SEA was notified, on request of the Internal Ministry and Economic and Finance Ministry, of the Injunction Decree issued by the Milan Court for the payment of Euro 10,658 thousand, with interest and expenses of Euro 3.2 thousand. The Court did not authorise, despite the requests made, the provisional execution of the decree. The Company appealed and the case in pending.

In relation to this issue, an appeal made in 2009 before the Lazio Administrative Court for the cancellation of the notice in which ENAC communicated the share of each of the airport management companies and the appeal made in 2012 before the Rome Civil Court in order to be exonerated from the payment of this contribution are still pending.

### 7.21 Payables and receivables beyond five years

There are no receivables over five years.

The financial payables over 5 years amount to Euro 126,268 thousand. This relates to the repayment of principal on medium/long-term loans at December 31, 2012.

# 8. Income Statement

## 8.1 Operating revenues

The breakdown of operating revenues by business unit is reported below:

**Operating revenues by Business Unit**

| (in thousands of Euro) | 2012 | 2011 |
|---|---|---|
| Aviation | 328,956 | 299,562 |
| Non Aviation | 183,628 | 174,477 |
| **Total operating revenues** | **512,584** | **474,039** |

As described in Note 3 some of the accounts in the 2011 financial statements were reclassified for the purposes of the comparability of the financial statements. In particular the account "non aviation operating revenues" in 2011 was restated to take account of reimbursement of personnel costs of the Company which were classified as reduction of "salaries and wages", while the account "aviation revenues" was restated in order to reclassify some grants paid to operators in the aviation sector from "aviation revenues" to "other operating costs".

The breakdown of aviation operating revenues is reported below.

**Aviation operating revenues**

| (in thousands of Euro) | 2012 | 2011 |
|---|---|---|
| Centralised infrastrucure and rights | 243,153 | 219,365 |
| Operating revenues from security controls | 51,691 | 52,532 |
| Use of regulated spaces & other service revenues | 22,793 | 27,665 |
| Free asset transfer | 11,319 | - |
| **Total Aviation operating revenues** | **328,956** | **299,562** |

The breakdown of non aviation operating revenues is reported below.

**Non-Aviation operating revenues**

| (in thousands of Euro) | 2012 | 2011 |
|---|---|---|
| Retail | 81,892 | 79,208 |
| Parking | 45,752 | 42,488 |
| Cargo spaces | 10,830 | 10,362 |
| Services and other revenues | 45,154 | 42,419 |
| **Total Non-Aviation operating revenues** | **183,628** | **174,477** |

The breakdown of retail revenues is reported below.

**Retail Revenues**

| (in thousands of Euro) | 2012 | 2011 |
|---|---|---|
| Shops | 35,373 | 33,908 |
| Food & Beverage | 15,923 | 15,254 |
| Advertising | 10,166 | 10,353 |
| Other | 20,430 | 19,693 |
| **Total Retail** | **81,892** | **79,208** |

## 8.2 Revenue for works on assets under concession

Revenues for works on assets under concession increased from Euro 65,248 thousand in 2011 to Euro 88,662 thousand in 2012.

These revenues refer to construction work on assets under concession increased by a mark-up of 6% representing the remuneration of the internal cost for the design and management of the works undertaken by the Company, which corresponds to a mark-up which a general constructor would request to undertake such activities, and are included in the aviation business unit.

This account is strictly related to investment activities.

### 8.3 Personnel costs

The breakdown of personnel costs is as follows:

| **Personnel costs** (in thousands of Euro) | 2012 | 2011 |
|---|---|---|
| Wages & Salaries | 110,215 | 106,869 |
| Social security charges | 32,720 | 31,435 |
| Employee Leaving Indemnity | 7,478 | 7,101 |
| Other personnel costs | 5,274 | 4,690 |
| **Total personnel costs** | **155,687** | **150,095** |

For the purposes of a better presentation of the financial statements the account "salary and wages" was restated (Euro 107,146 thousand in the financial statements published in December 31, 2011) to take into account the reimbursement of personnel costs of the Company, while the account "emoluments and other costs of the Board of Directors" was reclassified under "other operating costs".
Personnel costs increased from Euro 150,095 thousand in 2011 to Euro 155,687 thousand (+3.7%) in 2012.

Personnel costs increased due to higher charges relating to the renewal of the National Labour Contract and lower benefit compared to 2011 of the recourse to the Extraordinary Temporary Lay-off Programme.

The average number of employees by category in the two year period 2011-2012 (Head-Count and Head-Equivalent) is as follows:

| **Average number employees** | HDE | | HDC | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| Senior Managers | 53 | 51 | 54 | 51 |
| Managers | 264 | 260 | 262 | 264 |
| White-collar | 1,674 | 1,669 | 1,703 | 1,704 |
| Blue-collar | 719 | 750 | 722 | 742 |
| **Total employees** | **2,710** | **2,730** | **2,741** | **2,761** |

### 8.4 Consumable materials

The breakdown of "consumable materials" is as follows:

| **Consumable Material costs** (in thousands of Euro) | 2012 | 2011 |
|---|---|---|
| Raw materials, consumables and supplies | 15,129 | 10,818 |
| Change in inventories | 1,369 | 433 |
| **Total** | **16,498** | **11,251** |

The account "consumable materials" mainly includes the purchase of goods for airport activities (chemical products for de-icing and de-snowing, clothing, spare parts, etc). The increase of Euro 5,247 thousand compared to the previous year is principally due to the increase in the purchases for inventories of chemical products for de-icing and anti-icing utilised in the case of snow and/or ice.

## 8.5 Other operating costs

The table below reports the breakdown of the account "other operating costs".

| **Other operating costs** (in thousands of Euro) | 2012 | 2011 |
|---|---|---|
| Utilities & Security | 41,592 | 37,011 |
| Commercial costs | 29,724 | 21,713 |
| Ordinary maintenance costs | 28,374 | 31,977 |
| Services provided by SEA Handling SpA | 17,557 | 16,644 |
| Fees to public entitites | 16,217 | 12,538 |
| Cleaning | 11,464 | 12,613 |
| Legal, administrative and strategic services fees | 9,932 | 11,583 |
| Hardware and software license fees | 5,323 | 5,946 |
| Tax charges | 4,765 | 3,787 |
| Losses on assets | 3,833 | 5,132 |
| Rental of equipment and vehicles | 2,864 | 2,949 |
| Insurance | 2,602 | 2,920 |
| Emoluments and costs of the Bd. Stat. Auditors & BOD | 1,511 | 1,463 |
| Disabled assistance service | 1,497 | 1,934 |
| Rental charges | 351 | 806 |
| Misc. charges | 10,093 | 8,501 |
| **Total Other operating costs** | **187,699** | **177,517** |

For the purposes of a better presentation of the financial statements the accounts "Administrative costs" and "Industrial costs", detailed in the 2011 accounts, were included in the account "Other operating costs" and thus resulted in a restatement of the aggregate accounts and appropriate reclassifications where considered necessary.

In addition the account "commercial costs" was restated for the year 2011 due to the reclassification of grants paid to operators in the aviation sector from the account "aviation revenues".

In 2012, the account "Other operating costs" increased by Euro 10,182 thousand compared to the previous year. This increase was principally due to the following factors:

- higher utility costs of which Euro 2,158 thousand related to the increase in heating and air conditioning charges and Euro 2,793 thousand related to higher electricity costs. This increase is strictly correlated to the increase in the price of the raw materials;
- higher commercial costs of Euro 8,011 thousand principally related to the higher charges incurred by the Company on financial disclosure obligations and the IPO process and an increase in incentive charges;
- lower ordinary maintenance costs of Euro 3,603 thousand, among which we highlight a reduction in programmed maintenance on property, plant and equipment;
- higher fees to Public Entities for Euro 3,679 thousand based on an increase in the concession fee which, from September 23, 2012 (date of entry into force of the Master Agreement with ENAC), SEA must pay the entire amount, while up to that date benefitted from an abatement of 75%;
- lower costs for professional legal, administrative and strategic services of Euro 1,651 thousand following reduced outsourcing of consultants;
- lower losses related to demolitions in 2012 of property and plant compared to the previous year;
- reduction in insurance premiums based on an optimisation of the management of the risk and renegotiation of annual premium;
- the commencement from April 1, 2012 of the management contract relating to the Malpensa T1 parking.

The residual account "Other costs" includes, principally, miscellaneous industrial costs (cost for direct management of Malpensa T1 parking, certification and authorisation charges, reception and welcoming passengers etc.) amounted to Euro 3,019 thousand (Euro 2,446 thousand in 2011), VIP lounge catering services of Euro 1,887 thousand (Euro 1,855 thousand in 2011), landside transportation services of Euro 869 thousand (Euro 874 thousand in 2011), association contributions paid by the Company of Euro 856 thousand (Euro 791 thousand in 2011), commission costs and intermediary services of Euro 796 thousand (Euro 502 thousand in 2011), purchase and subscription of newspapers and magazines of Euro 587 thousand (Euro 405 thousand in 2011) and office running expenses.

## 8.6 Costs for works on assets under concession

Costs for works on assets under concession increased from Euro 61,618 thousand in 2011 to Euro 83,453 thousand in 2012. This account is strictly related to investment activities.

These costs refer to the costs for the works undertaken on assets under concession and are included in the Aviation Business Unit.

### 8.7 Provisions and write-downs

The breakdown of provisions and write-downs is as follows:

| **Provisions and write-downs** (in thousands of Euro) | 2012 | 2011 |
|---|---|---|
| Write-downs of current assets and cash and cash equiv. | 17,358 | 12,703 |
| Fixed asset write-downs | - | - |
| Release of doubtful debt provision | (10,626) | (9,298) |
| Provisions / (release) of future charges provisions | 3,118 | 6,277 |
| Provisions for restoration and replacement | 11,349 | 10,642 |
| **Total provisions and write-downs** | **21,199** | **20,324** |

In 2012, provisions and write-downs increased by Euro 875 thousand (+4.3%) compared to the previous year, from Euro 20,324 thousand in 2011 to Euro 21,199 thousand in 2012.

This increase is due to the higher provisions to cover the greater credit risk of the company compared to the previous year, only partially offset by the reduction in the net provisions for future charges.

The doubtful debt provision in the year and was calculated to take into account the risk in deterioration of the financial positions of the principle operators in which disputes exist and write-downs for receivables under administration.

The net provisions for future risks and charges, amounting to Euro 3,118 thousand (Euro 6,277 thousand in 2011) mainly refers to environmental charges (acoustic zoning interventions of the peripheral areas to the Milan Airports), adjustments to valuations on the labour charges deriving from trade union agreements concluded at the end of July 2011 and disputes relating to the operational activities at the Milan Airports.

The restoration and replacement provision, set up as per IFRIC 12, totalled Euro 11,349 thousand in 2012 (Euros 10,642 thousand in 2011) and relates to the provisions for the year.

### 8.8 Amortisation & Depreciation

The account "amortisation & depreciation" is comprised of:

| **Ammortisation and depreciation** (in thousands of Euro) | 2012 | 2011 |
|---|---|---|
| Ammortisation of intangible assets | 26,885 | 24,197 |
| Depreciation of property, plant & equip. & property invest. | 13,288 | 11,662 |
| **Total ammortisation and depreciation** | **40,173** | **35,859** |

The depreciation of tangible fixed assets reflects the estimated useful life made by the company while, for the intangible assets within the "Lease Rights" consideration is taken of the concession duration.

### 8.9 Investment income and charges

The breakdown of investment income and charges is as follows:

| **Investment income/(charges)** (in thousands of Euro) | 2012 | 2011 |
|---|---|---|
| Income from sale of Aeropuertos Argentina 2000 S.A. | - | 12,890 |
| GESAC SpA valuation gain | - | 5,811 |
| Sea Handling SpA write-down | (23,544) | (14,506) |
| Dividends from SACBO SpA | 922 | 658 |
| Dividends from Aeropuertos Argentina 2000 S.A. | - | 654 |
| Dividends from Dufrital SpA | 1,600 | - |
| Dividends from Disma SpA | 338 | 190 |
| Dividends from CID Italia SpA | - | 160 |
| Other | 22 | - |
| **Total investment income/(charges)** | **(20,662)** | **5,857** |

Investment income reduced by Euro 17,481 thousand compared to the previous year, from Euro 20,363 thousand in 2011 to Euro 2,882 thousand in 2012, as the previous year included extraordinary events such as the agreement to sell the holdings in the companies GESAC SpA and Aeropuertos Argentina

2000 S.A. which generated total income of Euro 18,701 thousand.

Dividends received in 2012 from investee companies increased by Euro 1,220 thousand (+73.4%), from Euro 1,662 thousand in 2011 to Euro 2,882 thousand in 2012.

Investment charges increased by Euro 9,038 thousand (+62.3%), from Euro 14,506 thousand in 2011 to Euro 23,544 thousand in 2012 and relates to the write-down of the investment in the subsidiary SEA Handling SpA, for which reference should be made to Note 7.4.

### 8.10 Financial income and charges

The breakdown of the account "financial income and charges" is as follows:

| **Financial income (charges)** (in thousands of Euro) | 2012 | 2011 |
|---|---|---|
| Currency gains | 15 | 12 |
| Other financial income | 1,907 | 2,895 |
| **Total financial income** | **1,922** | **2,907** |
| Interest expense on medium/ long-term loans | 7,831 | 7,188 |
| Currency losses | 25 | 11 |
| Other interest expenses | 10,031 | 7,419 |
| **Total financial charges** | **17,887** | **14,618** |
| **Total financial income (charges)** | **(15,965)** | **(11,711)** |

Net financial charges increased by Euro 4,254 thousand, from Euro 11,711 thousand in 2011 to Euro 15,965 thousand in 2012. The increase is principally due to the combined effect of the decrease of "Other financial income" of Euro 988 thousand (-34.1%) and the increase in "Other interest expenses" of Euro 2,612 thousand (+35.2%).

In particular, in 2011 the account "other financial income" benefitted from higher interest income on bank current accounts of Euro 762 thousand.

The increase in "Other interest expenses" is principally due to higher charges related to commissions on loans provided by primary credit institutions for Euro 3,421 thousand, from Euro 59 thousand in 2011 to Euro 3,480 thousand in 2012, partially offset by the increase in financial charges capitalised as per IAS 23R for Euro 482 thousand, from Euro 113 thousand in 2011 to Euro 595 thousand in 2012.

### 8.11 Income taxes

The breakdown of the account "income taxes" is shown below:

| **Income taxes** (in thousands of Euro) | 2012 | 2011 |
|---|---|---|
| Current income taxes | 25,976 | 32,708 |
| Deferred income taxes | (4,221) | (4,092) |
| **Total** | **21,755** | **28,616** |

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

| (in thousands of Euro) | 2012 | **%** |
|---|---|---|
| **Pre-tax profit** | **59,911** | |
| Theoretical income taxes | 16,476 | 27.5% |
| Tax effect of permanent differences | 4,187 | 7.0% |
| IRAP | 10,234 | 17.1% |
| Other | (9,142) | -15.3% |
| **Total** | **21,755** | **36.3%** |

The account "Other" mainly relates, for Euro 9,315 thousand to the economic benefit deriving from the presentation in March 2013 of the reimbursement request of the higher IRES paid against the non-deducibility of IRAP on personnel costs for the years 2007-2011, for Euro 1,356 thousand of higher income taxes paid in 2011 and reduced by Euro 1,297 thousand due to the deferred tax assets relating to the employee leaving indemnity as per IAS 19 revised.

## 9. Transactions with Related Parties

The tables below shows the balances and transactions of the Group with related parties for the years ended December 31, 2012 and December 31, 2011, with indication of the percentage of the relative account:

| Transactions with related parties | | | | | | At December 31, 2012 |
|---|---|---|---|---|---|---|
| (in thousands of Euro) | Trade receivables | Current finacial receivables | Income tax receivables | Trade payables | Current & Non-Current Fin. Liabilities | Income tax payables |
| **Subsidiaries** | | | | | | |
| Sea Handling SpA | 11,102 | - | - | 10,881 | 46,107 | 1,605 |
| Sea Energia SpA | 806 | 29,643 | - | 9,965 | - | 67 |
| Consorzio Malpensa Construction | 324 | - | - | 438 | - | - |
| **Associated companies** | | | | | | |
| SACBO SpA | 2 | - | - | - | - | - |
| Dufrital SpA | 4,630 | - | - | 10 | - | - |
| Malpensa Logistica Europa SpA | 2,366 | - | - | 27 | - | - |
| SEA Services Srl | 637 | - | - | 732 | - | - |
| Disma SpA | 132 | - | - | - | - | - |
| **Total related parties** | **19,999** | **29,643** | **-** | **22,054** | **46,107** | **1,672** |
| Total financial statements | 130,792 | 29,643 | 14,542 | 205,926 | 494,904 | 52,455 |
| **% of total financial statements** | **15.29%** | **100.00%** | **0.00%** | **10.71%** | **9.32%** | **3.19%** |

| Transactions with related parties | | | | At December 31, 2012 |
|---|---|---|---|---|
| (In thousands of Euro) | Operating revenues | Operating costs (ex. Costs for works on assets und. concession) | Net financial income/(charges) | Investment income/(charges) |
| **Subsidiaries** | | | | |
| Sea Handling SpA | 21,565 | 17,752 | 228 | - |
| Sea Energia SpA | 1,213 | 34,288 | (1,228) | - |
| Consorzio Malpensa Construction | 357 | 1 | - | - |
| **Associated companies** | | | | |
| SACBO SpA | 41 | - | - | 922 |
| Dufrital SpA | 24,403 | 33 | - | 1,600 |
| Malpensa Logistica Europa SpA | 4,480 | 280 | - | - |
| SEA Services Srl | 2,189 | 1,941 | - | - |
| Disma SpA | 309 | - | - | 338 |
| **Total related parties** | **54,557** | **54,295** | **(1,000)** | **2,860** |
| Total financial statements | 512,584 | 381,082 | (15,965) | (20,662) |
| **% of total financial statements** | **10.64%** | **14.25%** | **6.26%** | **-13.84%** |

| Transactions with related parties | | | | | | At December 31, 2011 |
|---|---|---|---|---|---|---|
| (in thousands of Euro) | Trade receivables | Current finacial receivables | Income tax receivables | Trade payables | Current & Non-Current Fin. Liabilities | Income tax payables |
| **Subsidiaries** | | | | | | |
| Sea Handling SpA | 12,238 | - | - | 10,399 | 55,344 | 1,180 |
| Sea Energia SpA | 843 | 27,660 | 681 | 8,440 | - | - |
| Consorzio Malpensa Construction | 366 | - | - | 688 | - | - |
| **Associate companies** | | | | | | |
| SACBO SpA | 90 | - | - | - | - | - |
| Dufrital SpA | 5,544 | - | - | 432 | - | - |
| CID Italia SpA | 629 | - | - | 1 | - | - |
| Malpensa Logistica Europa SpA | 2,272 | - | - | 928 | - | - |
| SEA Services Srl | 1,790 | - | - | 1,859 | - | - |
| Disma SpA | 19 | - | - | 95 | - | - |
| **Total related parties** | **23,791** | **27,660** | **681** | **22,842** | **55,344** | **1,180** |
| Total financial statements | 140,406 | 27,660 | 3,601 | 183,055 | 378,794 | 41,515 |
| **% of total financial statements** | **16.94%** | **100.00%** | **18.91%** | **12.48%** | **14.61%** | **2.84%** |

| Transactions with related parties | | | | At December 31, 2011 |
|---|---|---|---|---|
| (In thousands of Euro) | Operating revenues | Operating costs (ex. Costs for works on assets und. concession) | Net financial income/(charges) | Investment income/(charges) |
| **Subsidiaries** | | | | |
| Sea Handling SpA | 24,782 | 17,202 | (580) | - |
| Sea Energia SpA | 780 | 30,268 | 1,402 | - |
| Consorzio Malpensa Contruction | 139 | - | - | - |
| **Associated companies** | | | | |
| SACBO SpA | 123 | 1 | - | 658 |
| Dufrital SpA | 20,510 | 4 | - | - |
| CID Italia Spa | 2,502 | 29 | - | 160 |
| Malpensa Logistica Europa SpA | 4,101 | 1,375 | - | - |
| SEA Services Srl | 1,981 | 1,851 | - | - |
| Disma SpA | 258 | - | - | 190 |
| **Total related parties** | **55,176** | **50,730** | **822** | **1,008** |
| Total financial statements | 474,039 | 359,188 | (11,711) | 5,857 |
| **% of total financial statements** | **11.64%** | **14.12%** | **-7.02%** | **17.21%** |

## Transactions with subsidiary companies

Commercial transactions between SEA and subsidiary companies are as follows:

i) the transactions between SEA and SEA Handling, among others, (a) SEA Handling undertakes on behalf of the Company some operating services at the Milan Airports, among which de-icing services (de-icing of airplanes), snow clearing, baggage handling for all airlines at the airports (BHS), state military and humanitarian flight assistance and Fast-track service assistance; (b) the Company provides to the subsidiary SEA Handling some administrative services (among which legal, administrative, auditing and customer care) and operating services (among which airplane movement and passenger and flight crew transport from the terminal to the airplanes and vice versa), and allows, against a contractually agreed fee, the utilisation of its automated baggage handling system and premises at the Milan Airports for the undertaking of the services at (a) above on behalf of SEA;

ii) with reference to SEA Energia the transactions between this company and SEA concern the provision by SEA Energia in favour of the Milan Airports, of electric and thermal energy produced by the Co-generation plants, located at the above-mentioned airports, for the satisfaction of its energy requests, the agreements relating to the division of the Green Certificates generated by the Co-generation plants at the Milan Linate Airport, as well as the agreement for the provision, by the Company in favour of SEA Energia, of administrative services (among which legal, fiscal, planning and control);

iii) the transactions between the Company and the Malpensa Construction Consortium relate to the provision of design and management of the works for the expansion and improvement of the Milan Airports which the Consortium undertakes on behalf of SEA.

The financial transactions between SEA and the other subsidiary companies principally refer to:

i) centralised treasury services (cash pooling) which SEA undertakes on behalf of the subsidiaries SEA Handling and SEA Energia;

ii) loans of SEA Handling to SEA which originated since the incorporation of SEA Handling, utilised and to be utilised for the financial needs of the company, including interest matured.

## Transactions with associated companies

The transactions between the Company and the associated companies related to:

- commercial transactions with reference to the recognition to SEA of royalties on sales (Dufrital);
- rental of premises (Malpensa Logistica Europa);
- supply to SEA of catering services (SEA Services);
- commercial transactions deriving from the concession for the distribution of fuel (Disma).

The above-mentioned transactions were within the ordinary activities of the Group and undertaken at market values.

## Other transactions with Related Parties

SACBO
In 2012, SACBO distributed dividends to SEA for Euro 922 thousand.

DISMA
In 2012, Disma distributed dividends to SEA for Euro 338 thousand.

DUFRITAL
In 2012, DUFRITAL distributed dividends to SEA for Euro 1,600 thousand.

## 10. Board of Directors fees

In 2012, the remuneration for the Board of Directors, including welfare and accessory charges, amounted to Euro 589 thousand (Euro 519 thousand in 2011).

## 11. Board of Statutory Auditors fees

In 2012, the remuneration for the Board of Statutory Auditors, including welfare and accessory charges, amounted to Euro 922 thousand (Euro 944 thousand in 2011).

## 12. Independent Audit Firm fees

The fees for the audit of the statutory financial statements of SEA recognised to the audit firm PricewaterhouseCoopers SpA for the year 2012 amounted to Euro 125 thousand.

## 13. Commitments and guarantees

### 13.1 Investment commitments

The principal commitments for investment contracts under Consortium Regroupings are shown below net of works already realised:

| **Breakdown of Commitments by project** (in thousands of Euro) | At December 31, | |
|---|---|---|
| | 2012 | 2011 |
| R.T.I. Taddei S.p.A./Gemmo S.p.A./Costruzioni Giuseppe Montagna S.r.l./Gencantieri S.p.A./ CPL Concordia Soc.Coop/One Works S.p.A./Manens-Tifs S.p.A./Editecna S.r.l. | 38,244 | - |
| R.T.I. Codelfa S.p.A./Coiver Contract S.r.l./Omeras Gmbh | 29,222 | 38,619 |
| R.T.I. Gemmo S.p.A./Elettromeccanica Bustese S.r.l. | 12,720 | 20,180 |
| R.T.I. Impresa Bacchi S.r.l. / SO.CE.CO. Engineering Group S.r.l./ Bacchi Matteo Giorgio | 10,964 | - |
| R.T.I. Codelda S.p.A./ Impresa Bacchi S.r.l. | 8,184 | 15,764 |
| R.T.I. Impresa Cavalleri Ottavio S.p.A./Gemmo S.p.A. | 7,482 | 15,370 |
| R.T.I. Cefla Soc.Coop./Gruppo PSC S.p.A./Siemens S.p.A. | 6,771 | 14,447 |
| R.T.I CCC Società cooperativa/Cile S.p.A./Panzeri S.p.A./ Boffetti S.p.A./STS Servizi Tecnologici Sistemi S.p.A. | - | 7,034 |
| R.T.I C.I.C. Compagna Italiana Costruzioni S.p.A./Sirti Società per Azioni/ Centroedile Scavi S.r.l./Econord S.p.A. | - | 691 |
| ATI - COTEA / Gemmo | - | 509 |
| **Total** | **113,587** | **112,615** |

### 13.2 Commitments for rental contracts

At December 31, 2012, SEA has commitments on rental contracts totalling Euro 6,293 thousand, principally relating to the rental of airport buses and motor vehicles. The breakdown of the minimum payments on the contracts of the Company at December 31, 2012 is as follows:

| In thousands of Euro | At December 31, 2012 |
|---|---|
| Within 12 months | 2,667 |
| Between 1 and 5 years | 3,626 |
| **Total** | **6,293** |

### 13.3 Guarantees

The secured guarantees, amounting to Euro 4,842 thousand at December 31, 2012, relate to the lien on receivables against loans provided by credit institutions on European Investment Bank funds.

At December 31, 2012, the sureties in favour of third parties were as follows:

- surety issued by the European Investment Fund for Euro 8,602 thousand to guarantee the European Investment Bank loans;
- surety issued by Banca Popolare di Lodi S.p.A. in favour of ENAC, amounting to Euro 5,500 thousand as guarantee of the lease instalment;
- surety of Euro 25,000 thousand to Banca Popolare di Milano S.c.a.r.l. to guarantee credit lines received from companies within the centralised treasury system;
- surety of Euro 4 million in favour of the Defence Ministry for utilisation by SEA of land owned by the Ministry following the road access works undertaken for the opening of the new multi-storey parking at Milan Linate Airport. This guarantee is within the technical agreement which SEA signed on June 4, 2009 with the Defence Ministry and with ENAC which establishes that the Defence Ministry transfers to ENAC some state buildings no longer of military interest adjacent to the Milan Airport. SEA, having the necessity to utilise these assets to improve and develop the airport infrastructures, acquired the concession to utilise these assets until 2041 against the realisation of a series of works in favour of the Defence Ministry for a total amount of Euro 25,900 thousand;
- surety of Euro 1,126 thousand in favour of the Parco Lombardo Valle del Ticino Consortium for the

correct execution of the forestry offsetting work for the transformation of a portion of the forest on the airport grounds of Milan Malpensa and in the Lonate Pozzolo Municipality;
- surety of Euro 342 thousand in favour of the supplier Contract GmbH for the rental of airport buses;
- Euro 546 thousand for other minor sureties.

## 14. Contingent liabilities and disputes

Reference should be made to point 7.4 "Investments in subsidiaries and associated companies".

## 15. Transactions relating to atypical or unusual operations

In accordance with Consob Communication of July 28, 2006, during 2012, the Company did not undertake any transactions deriving from atypical or unusual operations, as set out in the communication.

## 16. Subsequent events to the year end

Reference should be made to the Directors' Report.

The Chairman of the Board of Directors
Giuseppe Bonomi

# Board of Statutory Auditors' Report

**To the shareholders' meeting on the activities undertaken for the year end december 31, 2012 SEA – Società esercizi aeroportuali S.p.A. as per Article 2429 of the Civil Code**

Dear Shareholders,

in accordance with Article 2429, second paragraph, of the Civil Code, the Board of Statutory Auditors reports to the Shareholders' Meeting on the supervision activities undertaken for the year ended December 31, 2012 relating to its obligations in accordance with Law, on compliance with the Company By-laws, on compliance with the principles of correct administration, on the adequacy and functioning of the organisational structure within our remit, on the adequacy and functioning of the internal control system, on the adequacy and functioning of the administration/accounting system, as well as on the reliability of this latter to correctly represent the operational events and on the implementation of the Corporate Governance Regulations.

It is recalled that, in relation to the appointment of the Independent Auditors, the Shareholders' Meeting resolution of April 28, 2010 appointed the audit firm PricewaterhouseCoopers SpA, pursuant to Article 37 of Legislative Decree No. 39 of January 27, 2010 for the 3-year period 2010-2012. Subsequently, in view of the upcoming stock market listing of the shares of the Company and the consequent acquisition, by this latter, of the qualification as an Entity of Public Interest, the Shareholders' Meeting resolution of May 3, 2011 appointed the same audit firm, pursuant to Articles 14 and 16 of Legislative Decree No. 39/2010 of January 27, 2010, and Articles 155 and thereafter of Legislative Decree No. 58/1998 of February 2, 1998, as Auditors for the 9-year period from December 31, 2011 to 2019 concerning the financial statements of SEA S.p.A. and the consolidated financial statements of the SEA Group: the same audit firm was also appointed the limited audit of the half-year condensed consolidated financial statements at June 30, as recommended by CONSOB, with Communication No. 97001574 of February 20, 1997, point 1.2.d. These latter appointments were conferred subject to the Company acquiring and retaining the qualification of an Entity of Public Interest and with an express clause to withdraw from the assignment in the case of the loss of this qualification.

The Company, following the withdrawal from the Global Sale and Subscription Offer on November 30, 2012, lost the status as Entity of Public Interest and, therefore, the assignment pursuant to Article 37 of Legislative Decree No. 39 of January 27, 2010 for the 3-year period 2010-2012 will also expire with the approval of the 2012 financial statements.

The Board of Statutory Auditors also recalls that the Board of Directors Resolution of March 26, 2013 extended the period for the approval of the 2012 financial statements in accordance with Article 2364, second paragraph of the Civil Code.

In relation to the audit of the financial statements, reference should be made to the Auditors' Report issued on June 7, 2013.

## 1. Activities

Our activities during the year were performed in accordance with the requirements of Law and the Conduct Principles for the Boards of Statutory Auditors recommended by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili).

During the year 2012, the Board of Statutory Auditors attended the meetings of the Board of Directors and the Shareholders' Meetings and observed compliance with law and the company By-laws, including the correct exercise of the powers conferred to the Directors.

The Board of Directors met 17 times during the year to report on the activities undertaken and approve resolutions; the Shareholders' Meeting met twice during the year in ordinary session and once in extraordinary session, in April and October 2012.

In particular, during the meetings, the Board of Directors were informed by the Executive Bodies periodically and in a timely manner on the management activities and on the principal ordinary and extraordinary matters, also in relation to the subsidiary companies, which permitted us to verify that the management was undertaken in accordance with the corporate objects; in particular the formulation of the decision making process adopted by the Board of Directors appears to us to ensure the provision of adequate information.

The Board of Statutory Auditors met 6 times in the undertaking of its periodic verifications, in which it exchanged information with senior management and with the independent auditors. No significant matters arose on the operations or on matters relating to conflicts of interest.

We have maintained constant and adequate liaison with the Internal Audit Department and we have verified that this department has the required capacity, autonomy and independence; we have also verified that adequate collaboration and exchange of information took place between bodies and departments undertaking control functions.

Reciprocal exchange of information also took place with the Board of Statutory Auditors of the principle subsidiaries and associated companies.

In particular:

- we have verified compliance with law and the company By-laws and with the principles of correct administration;
- we attended the Shareholders' Meetings and the Board of Directors Meetings and we verified that they were carried out in compliance with the applicable By-laws, Regulations and Legislation; we can also reasonably assure that the Resolutions undertaken were in accordance with the law and the Company By-laws;
- we verified that the activities of the Board of Directors were not imprudent or reckless, or in potential conflict of interest or such as to compromise the integrity of the Company's assets;
- we have received from the Directors, during the meetings held, information on the general performance of the business and on the outlook, as well as the most significant operations, for their size or characteristics, made by the company and its subsidiaries and we can reasonably assert, on the basis on the controls performed, that the operations undertaken by the Company are in conformity with law and the Company By-laws and there have been no cases of imprudence, excessive risks, potential conflict of interest or contrary to the resolutions of the Shareholders' Meetings or that would compromise the integrity of the company assets;
- the Company has not undertaken, as far as we are aware, atypical or unusual transactions with companies of the Group, related parties or third parties; the transactions with companies of the SEA Group are of a commercial or financial nature, made in accordance with the procedures adopted by the Board of Directors which have verified their appropriateness and effective interest for the Company;
- we obtained information and reviewed, in relation to our remit, the adequacy of the organisational structure of the Company, also through the information received from departmental managers and in relation to this there are no matters to report upon;
- we reviewed the adequacy and functioning of the internal control system, which refers to the overall system which verifies compliance with internal procedures, both operating and administrative, adopted in order to safeguard the company's assets, the correct and efficient management, as well as the identification, prevention and management of risks of a financial and operating nature and business risks, through constant monitoring of the risks and their management; this activity is also undertaken in collaboration with the Independent Auditors;
- we analysed and reviewed the adequacy of the administrative/accounting system of the Company, as well as the reliability of this latter to provide a true and fair representation in the financial statements of the operating events; in this context, we requested and obtained all necessary information from Managers of the respective Departments, undertaking all verifications considered necessary through the direct examination of company documents. we periodically reviewed the correct functioning of the system through meetings with the Group CFO and directly with individual Directors of the Administration, Finance and Control Department, and in relation to this there are no matters to report upon.
- we maintained a constant exchange of information with the audit firm PricewaterhouseCoopers SpA, appointed as the Company's Auditors, and no significant matters arose requiring disclosure in the present report;
- we attended the meetings of the SEA Group Risk and Control Committee, of the Ethics Committee and of the Remuneration and Appointments Committee during the year;
- we reviewed the quarterly reports, the 2012 annual report and the 2012 audit plan, prepared by the Internal Audit Department, with which the Board of Statutory Auditors maintained constant exchange of information;
- we report that during 2012 no complaints were presented to the Board of Statutory Auditors pursuant to Article 2408 of Civil Code and that during our supervision activities, as described above, no omissions emerged or significant facts that should be mentioned in the present report.

The financial statements for the year ended 31/12/2012 were audited by PricewaterhouseCoopers S.p.A., which issued its Auditors' Report on June 7, 2013, in accordance with Article 14 of Legs. Decree No. 39 of January 27, 2010, which expressed a favourable opinion and also drew the attention of the reader to the following matter: "*We draw attention to Note 7.4 "Investments in subsidiaries and associated companies" included in the explanatory notes to the Statutory Financial Statements which describe the initiatives promoted by SEA – Società Esercizi Aeroportuali S.p.A., by its shareholders, by the subsidiary SEA Handing SpA, as well as the Italian Republic against the decision taken on December 19, 2012 by the European Commission concerning violations of European Regulations on State Aid, and the considerations of the Board of Directors of SEA SpA and of SEA Handling SpA in relation to the probable outcome of the procedure.*"

In relation to the accounting principles utilised for the preparation of the financial statements, reference should be made to the Independent Auditors' Report.

The explanatory notes report the assignments conferred to the audit firm; for the year 2012 the fees for the audit of the Statutory Financial Statements of

SEA SpA and of the Group SEA consolidated financial statement amounted to Euro 220 thousand. In 2012 PricewaterhouseCoopers was also paid fees related to the stock market listing (IPO) totaling Euro 309 thousand; from the information obtained no other assignments were conferred to the audit firm or its network other than the audit of the financial statements of the Company and of its subsidiaries. No matters arose on the evaluation by the Board of Statutory Auditors of the independence of the audit firm.

## Significant transactions

The Board of Directors, in the Directors' Report, provided detailed information on the most significant operations in the year 2012 which we summarise below:

- *Withdrawal of the Public Offer of SEA shares*
  Following the admission to trading in November 2011 of SEA shares by Borsa Italiana, consequent also to the clearance by Consob for publication of the Registration Document, in the 12 subsequent months and as established by the regulation, SEA was granted the right to offer its shares on the market. In particular, at the Shareholders' Meeting of SEA on October 10, 2012, shareholders approved the reopening of the listing process temporarily suspended at the end of 2011 through the launch of a Public Offer of shares, originating in part from the share held by ASAM in SEA and for the remaining part from the share capital increase of the company. The Offer, carried out in the period November 19 – 30, was withdrawn by the Company as the number of shares requested for subscription was insufficient;
- Sale of a shareholding of 14.56% in the share capital: on December 28, 2012 F2I, Fondi Italiani per le Infrastrutture, acquired a shareholding of 14.56% in the share capital of SEA, from ASAM SpA, holding company of the Milan Province. Following this operation F2I, Fondi Italiani per le Infrastrutture, which during 2011 already acquired 29.75% of the share capital of SEA, now has a shareholding of 44.31%;
- Master Agreement: from September 23, 2012, the new Master Agreement signed between SEA and ENAC in 2011 entered into force, which permits a progressive closing of the tariff gap compared to the major European airport operators;
- During the year the Company continued and consolidated the organisation and restructuring of the subsidiary SEA Handling SpA, which began in 2009;
- In 2012 the Company continued to utilise social security schemes (Extraordinary Temporary Lay-off Scheme and similar schemes), following the crisis created by the dehubbing of Alitalia - although at lower levels than the previous year. These measures will remain in place for the 2-year period 2012/2013.

## Management and direction activity

The Company is not subjected to the direction and coordination by the Shareholder Municipality of Milan, pursuant to Article 2497 of the Civil Code and thereafter, while it exercises direction and coordination, also in accordance with Article 2497 of the Civil Code and thereafter, on the 100% subsidiaries SEA Handling SpA and SEA Energia SpA.

During 2012, the Board of Directors were not attributed remuneration above that contained in Article 1, paragraphs 725 and thereafter, of Law No. 296/2006, both for public nominated directors and private nominated directors.

During the year the Board of Statutory Auditors provided only one opinion in accordance with current regulations, in particular:

- during the Shareholders' Meeting of October 10, 2012, the Board gave its opinion pursuant to Article 2441, sixth paragraph, of the Civil Code, in relation to the appropriateness of the issue price of the shares following the share capital increase with exclusion of the pre-emption rights;

We noted that the Company during 2012:

- confirmed the maintenance of the ISO 14001 Environment Certificate for the 3-year period 2012/2015, previously issued by TUV on April 14, 2006, subsequently reconfirmed in 2009, on the Environment Management System;
- maintained the Corporate Governance system introduced in 2003, based on the recommendations of the Self-Governance Code of Listed Companies, although not obligatory, and creating the Group Risk and Control Committee, the Ethics Committee and the Remuneration Committee. During 2012, following the introduction of the new Self-Governance Code of Listed Companies" (December 2011), the Internal Control Committee, created in 2003, approved the new Regulation which changed its name to the Group Risks and Control Committee and increased its members from 2 to 3, in accordance with the Board of Directors' resolution of February 27, 2012;
- maintained the adoption of an Ethics Code which defines the ethical and moral values of the Company, indicating the conduct to be undertaken by personnel and members of the Corporate Boards in Corporate Business and External Affairs; the Code also underlines that, in the undertaking of its activities, the Company bases its actions on the criteria of transparency and correctness, in compliance with Law and in the interest of the community. The Ethics Code, approved by the Board of Directors on August 23, 2011, in 2012 was updated with the change of the Personnel and Organisational Department to the Human Resources and Organisational Department.

- maintained and updated in accordance with Legislative Decree No. 231/2001 the Organisation and Management model, approved by the Board of Directors on December 18, 2003 and subsequently updated, most recently with the introduction of the offense of employing illegal aliens (Article 25 duodecies of Legislative Decree 231/01) and approved by the Board of Directors on November 5, 2012. The updating also began of the "Organisation and Management Model" following the introduction of the offences as per Law No. 190 of November 6, 2012 enacting the "Provisions for the prevention and repression of corruption and illegality in the public administration". It is recalled that control over the effectiveness and adequacy of the Organisational, Management and Control model is undertaken by the Supervisory Board, set up in accordance with Legislative Decree No. 231/2001 and that during the meetings between the Board and the Supervisory Board no violations were reported.

During the verifications, as described above, there were no more significant facts meriting mention in this report.

We reviewed the financial statements as at 31/12/2012, in relation to which we report upon below.

## 2. Financial Statements at 31/12/2012

The financial statements of your Company for the year 2012 report a net profit of Euro 38,155,530 compared to a net profit of Euro 48,152,141 in the previous year, prepared in accordance with international accounting standards.

As we were not required to perform analytical control of the financial statements, we verified the general preparation of the data, the general conformity to law in relation to the formation and structure – upon which there are no particular matters to report upon.

The Directors' Report on the operational performance for the year ended December 31, 2012 is exhaustive and complete in accordance with law: the principal events in the year are reported; the report is exhaustive in terms of information relating to the operating activities and developments of the Company, strategies, as well as the description of the principle risks and uncertainties to which the Company is exposed and provides information on factors which can impact the outlook of the business activities.

The Directors' Report was also consistent with the data in the financial statements, as also reported in the Auditors' Report of PricewaterhouseCoopers SpA.

The Company implemented the option, permitted by Legislative Decree No. 38 of February 28, 2005, to apply IFRS Standards for the preparation of the standalone financial statements included in the consolidated financial statements prepared in accordance with IFRS, from the financial statements for the year ended December 31, 2012.

Investments in subsidiary companies: with reference to the Company SEA Handing SpA a write-down was recorded of Euro 23,544 thousand, recorded in the account investment income/charges of the Comprehensive Income Statement based on the impairment tests as per IAS 36.

In relation to the investigation by the European Commission and the Decision of December 19, 2012 concerning State Aid in favour of SEA Handling SpA, for a better understanding of the financial statements, the Board of Statutory Auditors draws the attention of the reader to the facts and information described in greater detail in the Directors' Report and in the explanatory notes, reproducing a part of the report below: "*Therefore, the considerations in relation to the possible outcome of the case, which presents a reasonable chance of success, together with the considerations relating to the conduct of the national authorities appointed for its recovery, lead to the overall conclusion that, at the current state of events of which the SEA Handling is aware the most likely development of the situation would not be the repayment of the aid by SEA Handling through the use of economic resources. The Company, supported by the opinions of its lawyers and external experts, has not allocated in its financial statements sums to the risk provision to cover the potential repayment obligations outlined above, in that it considers the risk, on further analysis, as "possible" and no longer as "probable*".

Given that outlined above, the Board of Statutory Auditors invited the Directors to continue dialogue with the European Commission in order to identify alternative measures, compared to the monetary recovery of the aid, to comply with the decision.

The Board of Statutory Auditors also invited the Directors to continue to constantly monitor the matter in order to take the most appropriate measures in a timely manner.

The Board of Directors has adequately illustrated the individual accounts of the financial statements, the changes compared to the previous year and the reasons behind such, as well as the accounting principles adopted, which are in accordance with the International Financial Reporting Standards adopted by the European Union.

The Board complied with the provisions of Article 10, first paragraph, of Law No. 71 of March 19, 1983 and also indicated the composition of the reserves and the provisions recorded in the financial statements.

To our knowledge, the Directors, in the preparation of the Financial Statements, did not make recourse to any exceptions as permitted by Article 2423, paragraph 4 of the Civil Code.

We have verified that the financial statements correspond to the facts and the information which we have acquired during our work and we have no matters to report.

## 3. Conclusions

Based on the controls carried out directly, on the information exchanged with the Independent Audit Firm and the Auditors' Report issued today, which expresses a favourable opinion, although drawing the attention to the readers on some information, and on the consistency of the Directors' Report to the aforementioned report as per Article 14 of Legislative Decree 39/2010 attached to the financial statements, the Board of Statutory Auditors has no objections in approving the financial statements at December 31, 2012, as prepared by the Directors.

Milan, June 7, 2013
The Board of Statutory Auditors

Mr. Giancarlo Giordano
(Chairman)

Mr. Aldo Londei
(Statutory Auditor)

Mr. Fabio Malcovati
(Statutory Auditor)

Ms. Maria Luisa Mosconi
(Statutory Auditor)

Ms. Raffaella Pagani
(Statutory Auditor)

# Parent company financial statements auditors' report

pwc

**AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010**

To the shareholders of
S.E.A. - Società Esercizi Aeroportuali SpA

1 We have audited the separate financial statements of S.E.A. - Società Esercizi Aeroportuali SpA (the "Company") as of 31 December 2012 which comprise the statement of financial position, separate income statement, statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flows and related notes. The directors of S.E.A. - Società Esercizi Aeroportuali SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union. Our responsibility is to express an opinion on these separate financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 11 April 2012.

3 In our opinion, the separate financial statements of S.E.A. - Società Esercizi Aeroportuali SpA as of 31 December 2012 comply with the International Financial Reporting Standards as adopted by the European Union; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of S.E.A. - Società Esercizi Aeroportuali SpA for the period then ended.

4 We draw your attention to note 7.4 " Investments in subsidiaries and associated companies " included in the notes to the separate financial statements of SEA - Società Esercizi Aeroportuali SpA which describes the initiatives promoted by SEA - Società Esercizi Aeroportuali SpA , its shareholders, the subsidiary SEA Handling SpA and the Italian Republic with respect to the decision taken on 19 December 2012 by the European Commission on the alleged breach of European legislation on state aid, and it describes the assessment made by the board of directors of SEA - Società Esercizi Aeroportuali SpA and by SEA Handling SpA on the probable development of the proceedings.

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5 The directors of S.E.A. - Società Esercizi Aeroportuali SpA are responsible for the preparation of a report on operations in compliance with the applicable laws. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili and recommended by Consob. In our opinion, the report on operations is consistent with the financial statements of S.E.A. - Società Esercizi Aeroportuali SpA as of 31 December 2012.

Milan, 7 June 2013

PricewaterhouseCoopers SpA

Signed by
Sergio Pizzarelli
(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers.*

# Glossary

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### Bilateral Agreements
Agreements which govern air traffic between two states, for destinations outside the European Union, established as fixed arrangements and based on the principle of reciprocity. Through the signing of a bilateral agreement, the maximum operable capacity (in terms of flights and places offered), the number of airlines permitted to operate and the access points (in terms of operable destinations) of the respective countries are established.

### ACI
*Airports Council International*. International association of airport managers. The European headquarters are in Brussels.

### Airport Carbon Accreditation
Certification promoted by ACI Europe with the technical support of WSP Environmental (a leading London company involved in environmental consultancy), which establishes the introduction of a series of actions for the control and reduction of $CO_2$ emissions by airport managers, operators, of aircraft and of those who work at the airport.

### A-SMGCS
Advanced Surface Movement Guidance and Control System: the system of ground guiding lights which automatically bring aircraft from a pre-established point of entry to an expected point for take-off.

### Schengen Area
Airport area in which direct flights to countries adhering to the Schengen Agreement operate, in which systematic border controls have been abolished.
At 31.12.2012 the countries adhering to the Schengen agreements are: Belgium, France, Germany, Luxembourg, Netherlands, Italy, Portugal, Spain, Austria, Greece, Denmark, Finland, Sweden, Iceland, Norway, Slovenia, Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Hungary, Malta, Switzerland and Liechtenstein.

### Misdirected luggage
Luggage not delivered to the passenger on arrival at the destination airport.

### Regulatory Asset Base
The Regulatory Asset Base (RAB) is the value of net capital employed, which forms the basis of the calculation for equal remuneration of airport managers for regulated activities, in order to establish benchmark revenues.

### Services Charter
Document containing information concerning the quality of services offered by airport managers and by airlines, which each management company must prepare according to Presidential Decree of December 30, 1998 and the guidelines of ENAC in circular of May 2, 2012 (ENAC Circular APT-12).

### Green Certificates
Incentive structure for the use of renewable energy based on traded securities representing set quantities of $CO_2$ emissions. The certificates are thereafter exchanged on the market by electricity producers in order to correct imbalances in terms of authorised carbon dioxide emissions.

### White Certificates
White certificates, or more precisely Energy Efficiency Securities, are securities which certify energy savings achieved by various parties through specific actions (introduction of energy efficiencies for example) and which receive an economic benefit, therefore incentivising the reduction of energy in relation to the asset distributed.

### CIGS (in Italian)
Extraordinary Temporary Lay-off Scheme

### Dual Till
Tariff principle according to which fees are calculated, taking account only of Aviation activities, without therefore considering Non-Aviation activities.

### EBITDA
Earnings Before Interest, Taxation Depreciation, and Amortisation, equivalent to Gross Operating Margin therefore (GOM).
It is calculated as the difference between operating revenues and operating costs.

### ENAC
The National Civil Aviation Authority, the only Authority for technical, certification, oversight and control regulation in the civil aviation sector in Italy, created under Legislative Decree of July 25, 1997, No. 250. ENAC's remit concerns the regulation of civil aviation, of control and oversight of the application of regulations and governs the administrative-economic aspects of the air transport system.

### Handler
The operator which carries out handling services, therefore all land-side assistance activities for airlines governed by and listed in Annex A of Legislative Decree No. 18 of January 13, 1999 – which enacts Directive 96/67/EC of October 15, 1996 – such as the activities of (i) ramp assistance for flight operations (services provided Airside, including boarding, dis-embarkment of passengers, luggage and cargo, balancing of aircraft load, clearing, movement and reconciliation of bags) and (ii) ground passenger assistance (services provided land-side, including Check-in and Lost & found) in ad-

dition to (iii) administrative, refueling and catering, aircraft maintenance, cargo and mail handling.

### IATA
International Air Transport Association. International Organisation which represents international airlines.

### Fifth freedom traffic rights
Rights for an airline from a country (for example "A"), which flies from that country ("A") to a third country (for example "B") and from there undertakes a further flight to another country (for example "C"), to carry passengers and cargo, in addition from "A" to "B" and from "A" to "C", also from "B" to "C" and therefore between two countries outside of its own country.

### Self Hub
Process through which a passenger may undertake an air journey comprising of subsequent legs utilising airlines which do not have code sharing commercial agreements.

### Slot
Permission, given by an airline, to use the entire range of airport infrastructure necessary to operate an air service, in a coordinated airport, at a date and a time assigned to the same airline for landing and take-off.

### Cargo airlines
Airlines whose aircraft exclusively transport cargo.