SEA BOARD OF DIRECTORS APPROVES 2020 SEPARATE FINANCIAL STATEMENTS AND NON-FINANCIAL REPORT

COVID-19 pandemic significantly impacts SEA Group results

Passenger traffic: 9.5 million**, down **73.1%

Revenues: Euro 257 million**, down **63.6%;

***EBITDA: loss of Euro 26.6 million** (profit of Euro 274.7 million in 2019)*

***Group Net Result: loss of Euro 128.6 million** (profit of Euro 124.4 million in 2019)*

***Net Financial Debt: Euro 626.7 million** (increasing Euro 175.8 million)*

Milan, March 25, 2021 - The Board of Directors of SEA S.p.A. has today reviewed and approved the separate financial statements of SEA S.p.A., the consolidated financial statements of the SEA Group and the 2020 Consolidated Non-Financial Report.

Traffic

The Milan airport system managed by SEA in 2020 served **9.5 million passengers, down 73.1%** on the previous year.

2020 was marked by the COVID-19 outbreak which significantly hit passenger traffic from the final week of February, as a result of the measures introduced to restrict domestic and international traffic to contain the spread of the virus.

Commercial aviation reported growth only for the month of January on the previous year (+7.0%), while declining 6.2% in February, due to the initial phase of the pandemic.
Over the next four months, traffic fell sharply to almost zero in March and April (down 99% on the same months for 2019).

Ministerial Decree No. 112 of March 12, 2020 enforced the closure of Linate airport from March 16, while at Malpensa the limited residual traffic was managed only from Terminal 2 until June 14. In order to comply with the social distancing rules, it was decided from June 15 to transfer operations to Terminal 1 and simultaneously close Terminal 2 (the terminal with the lowest capacity).

Ministerial Decree of July 1, 2020 reopened travel within Europe, while Ministerial Decree of July 13, 2020 restarted Linate airport operations, allowing for a partial passenger traffic recovery from July. This recovery held over the summer period, with peaks in July, August and September (2.9 million passengers managed in three months - down on average 70.9% on 2019).

The traffic declined again following the issue of the Ministerial Decree of October 25, which newly restricted travel between regions, with a negative impact mainly on air travel between domestic destinations. In response to the new traffic levels, from November 11 only the central satellite remained operative at Malpensa Terminal 1, while the Northern and Southern satellites were temporarily closed.

The general aviation operations managed by SEA Prime totalled 15,655 movements, declining 36.1% on 2019, despite uninterrupted general aviation terminal operations.

Cargo traffic handled in 2020 by the Milan Airport System amounted to 512 thousand tonnes, only down 7.1% on the previous year. Unlike passenger traffic, which was heavily impacted by the pandemic, the cargo segment performance reported a limited reduction, supported by the significant all-cargo activity (movements up 55.7% and freight managed up 19.8%). Milan Malpensa's Cargo City was the main hub for the importation via air of anti-COVID equipment during the lockdown and the only Italian non-humanitarian international air cargo gateway (particularly for e-commerce shipments). Also in the following months of 2020, cargo traffic bucked the commercial aviation trend, particularly after the opening of the South Europe and Mediterranean Hubs of DHL.

Consolidated Key Financial Highlights

Introduction

The accounting policies applied in preparing the 2020 consolidated figures are in line with those utilised for the 2019 consolidated financial statements. In 2020, the associate of SEA Prime, Signature Flight Support Italy Srl, exited the consolidation scope on completion of the sale of the investment in June.

Operating revenues in 2020 totalled **Euro 257 million,** contracting 63.6% (-Euro 449.9 million on 2019).

This drop is due to the significant reduction in traffic as a result of the COVID-19 outbreak. Revenues for the initial two months (Euro 104.2 million) were in fact in line with the previous year (Euro 105.2 million), while significantly declining over the subsequent ten months. The slight recovery over the summer - as a direct effect of the loosening of travel restrictions - was interrupted in the autumn following the second wave of the pandemic.

Operating costs totalled Euro 285.9 million, reducing Euro 151.1 million on the previous year (-34.6%). In fact, in order to offset the significant drop in business, prompt actions were taken to cut operating costs and limit cash absorption. Principal among which were the utilisation of the extraordinary temporary lay-off scheme (CIGS) from March 16, the renegotiation of the main goods and services supply contracts, also following a review of the overall infrastructure, and the containment of costs at all levels.

EBITDA reports a **loss of Euro 26.6 million**, compared to a profit of Euro 274.7 million in the previous year.

EBIT reports a **loss of Euro 133.1 million**, compared to a profit of Euro 174.7 million in 2019 and reflects higher doubtful debt provisions, partially offset by reduced amortisation and depreciation, as a result of the extension of the concession period, and the reduction in the restoration and replacement provision following the review of the investment, replacement and maintenance plan at December 31, 2020.

The Group Net Result reports a **loss** of **Euro 128.6 million**, declining Euro 253 million on the previous year (profit of Euro 124.4 million).

2020 **Investments** totalled **Euro 61.8 million**, significantly down on recent years due to the COVID-19 emergency, which prompted a review and reprioritization of the investment plan, adapted to the new traffic scenario, with the postponement of a series of not-strictly-necessary works.

Investments at **Malpensa** included the upgrading of existing areas and the maintenance and improvement of the levels of security and operating functionality of the airport, the upgrading of the hold baggage security (HBS) screening systems to comply with the new European directives (ECAC standard 3), the completion of works to build the new arrivals bus shelter for Terminal 1 satellite A airside area, the revamping of boarding bridges, the continuation of upgrading and standardization of bathrooms open to the public, seismic upgrading and the continuation of works to upgrade the fire detection system. It should also be noted that the new TGE turbine at the Malpensa cogeneration plant was delivered to the site and positioned on the existing foundation (entry into operation is scheduled for H1 2021).

At **Linate** the main works concern the refurbishment of the terminal, with the revamping of the “Corpo F” building and the expansion of the gates on the ground floor, which became operational in October 2020, the resurfacing of a section of the taxiway C and of the area of the apron in front of the “Corpo F” building of the terminal. In the baggage checks area, new next-generation radiogenic equipment was installed to optimise flows and increase the quality of the service offered to passengers.
In addition, work is underway on upgrading the terminal's check-in areas and on building the new vertical links to the M4 subway station.

Despite the challenging period, SEA Group invested in innovative projects such as the Indoor Navigation system at Malpensa Terminal 1 and the development of a Digital Marketplace for the airport. Furthermore, SEA began the design work on the APOC-AirPort Operation Centre system (a centralised system for the integrated management of information at the airport) and continued testing the biometric technology for seamless passenger services.

The Net financial debt of Euro 626.7 million, up Euro 175.8 million on December 31, 2019 (Euro 450.9 million), impacted by the negative cash-flow from operating activity and the outlay for investments, with this latter mainly related to the significant works undertaken in H2 2019, including the resurfacing of the Linate runway.

Despite a particularly complex financial market as a result of the COVID-19 pandemic, in October 2020 the SEA Group successfully refinanced the bond maturing in April 2021, through a new 300 million bond issue, reserved for institutional investors, listed on the Irish Stock Exchange regulated market (Euronext Dublin).
In order to strengthen its financial structure, granting a liquidity buffer to cover the financial requirements deriving from the temporary slowdown in operations as a result of the COVID-19 emergency, SEA group signed and disbursed additional new credit lines totalling Euro 400 million, in addition to the still available Euro 390 million of committed credit lines.

Parent Company SEA S.p.A

The **Parent Company SEA S.p.A.** reports revenues for 2020 of Euro 269.9 million, down 63.4% on the previous year. EBITDA reports a loss of Euro 35.3 million, with **the company's net loss totalling Euro 120.4 million.**

Outlook and significant events

Outlook

The economic and industrial environment in which the SEA Group will operate in 2021 will be characterised by a significant degree of uncertainty. Global GDP is forecast to recover and return to 2019 levels in 2022. The most recent forecasts of the International Air Transport Association (IATA) link the passenger traffic recovery globally to the effective and even distribution of vaccines. According to these forecasts, the United States, the United Kingdom and Canada may reach COVID-19 immunity by H1 2021, while European Union immunity is expected during Q3. Subsequently, in 2022, the countries of Latin America and the leading Asian countries, including Japan and China, are expected to achieve immunity. India and Russia are also expected to reach immunity only by 2023.

The IATA forecasts the recovery of 2019 global passenger traffic volumes between 2023 and 2025, with domestic segments initially recovering and continental and international traffic only rebounding subsequently. In particular, for the European market, 2019 traffic volumes are not expected to recover before 2024.

As outlined above and taking into account the actual performances and the most recent projections, the SEA Group currently expects the effects of the crisis to continue for the full year of 2021; in the subsequent two-year period, an accelerated recovery for passenger traffic is forecast, with a return to 2019 volumes only from 2024.
Due to the major uncertainties linked to the COVID-19 emergency, both in terms of the duration of the restrictions and the structural macro-economic impacts, an accurate forecast process for the current year is extremely difficult. The Group is closely monitoring developments of the scenario, updating its sensitivity analyses on the impacts of the Covid-19 epidemic, and has already identified measures to contain also in the current year the possible negative economic/financial effects.

Traffic volumes in the initial months of 2021, due to the second wave of the pandemic and the related restrictions, were down 85% on the corresponding months of 2019 - the last year not affected by the pandemic - and are in line with the final months of 2020. A gradual recovery is expected in the summer season, provided that the vaccination campaign and the containment of the virus variants are successful.
In order to offset the economic and financial impacts deriving from the reduction of the traffic volumes, the Group promptly took significant cost saving actions to curb the economic damage. Most investments have been postponed, focusing on those related to airport safety and security, compliance to rules and regulations, and the completion of works in progress.

The liquidity and the committed credit lines available at December 31, 2020 will allow the Group to cover the debt maturities and to manage the cash requirements deriving from the scenario analyses developed, until the gradual recovery of traffic.

The public support initiatives for the airport sector, such as the extension of the social security schemes and the establishment of the fund to compensate losses incurred (see Budget Law 2021 - Law 178 of 30/12/2020), will contribute to the offsetting of the negative 2021 economic-financial impacts.

Significant events after the year-end

In view of the volatile macroeconomic environment and the uncertain industrial situation, the Board of Directors approved the 2021-25 Industrial Plan which reflects the effects of the industrial discontinuity from the 2020-2024 Plan approved in February 2020. The plan was developed on the basis of different traffic "scenarios", with the common assumption of a faster recovery for short/mid-range flights, driven by the low-cost carriers, and with a further development of the cargo traffic.
The investment plan was significantly revised versus the one included in the 2020-2024 Plan: the works related to the maintenance of the infrastructure and the regulatory compliance were confirmed, while the commercial development initiatives were limited to those already underway. The other projects are currently suspended ahead of a passenger traffic recovery.

In order to implement the approved plan, on February 19, 2021, an agreement was signed with the Trade Union Representative (RSU) and all of the trade union organisations, defining the actions to contain the personnel costs also through an optimization of the workforce in the 2021-2025 period. In particular, was established the use of social security schemes until 2023 and, simultaneously, the management of 550 redundancies through both an early pension plan and a voluntary exit plan. The technical agreements required to implement the framework agreement shall be signed according to the timeframes set out in the applicable rules.

2020 Non-Financial Report

The Board of Directors of SEA S.p.A. also approved the 2020 Non-Financial Report which SEA, as a Public Interest Entity, is required to prepare as per Legislative Decree 254/2016. The reporting method adopted is in line with the Global Reporting Initiative standards and focuses primarily on "material" topics, integrated with business objectives.

Among the key sustainability performance highlights relating to material topics, the following are of particular note.

Service quality

In 2020, actions were undertaken at airports to improve the quality of passenger service and health safety. The most significant were:

- ✓ the introduction at Linate airport, at the security checkpoints, of 5 new generation x-ray machines equipped with scanners based on CT technology, which allow passengers to avoid opening their baggage to take out liquids, creams and electronic devices, thereby reducing waiting times and crowding.
- ✓ adoption of the automated "No need to knock" system to 70% of bathrooms at Malpensa (currently being introduced at Linate), optimising the management of passenger access to toilets via sensors that detect the number of transits and indicate the number of available toilets in real time. The bathroom revamp also included the introduction of "nursery&children" areas.

Passenger satisfaction with the measures introduced at the Milan airports to prevent COVID-19 infection (signs and information, availability of sanitizing gel, installation of plexiglass barriers, etc.) averaged 75/100, while was above 80/100 at Linate airport. Malpensa was also one of the 140 airports worldwide (33 in Europe) receiving the ACI World's "The Voice of the Customer" award for airports making significant efforts to collect passenger feedback to improve the level of care during the pandemic.

The environment

The sharp drop in traffic volumes and the consequent reduction in airport operations led to a 14% contraction in energy consumption and a 9% reduction in CO_2 emissions, which fell by over 16 thousand tonnes. There was also a significant increase in the separated collection of solid urban waste, which rose from 37.9% to 41.2% at Malpensa and from 65.8% to 73.1% at Linate.

In addition to renewing all the certifications in terms of the carbon footprint (Airport Carbon Accreditation at "neutrality" level for the eleventh consecutive year), the integrated energy, environment and safety system (ISO 50001 regarding energy efficiency, ISO 14001 regarding environmental management and ISO 45001 regarding the health and safety of workers) and in terms of anti-corruption (ISO 37001), the Milan airports in terms of anti-COVID19 measures received:

- ✓ the "Hygiene-Synopsis" Certificate - developed at international level by TUV Italia for passenger management services in terminals and working environments;
- ✓ Airport Health Accreditation certification, which guarantees all operators a safe stay at the airport, in line with the operational and health recommendations of ACI World, Airports Council International and ICAO, International Civil Aviation Organization.

Workplace well-being

The introduction of remote working in 2019 was a key organisational tool for 2020, allowing for a rapid and efficient scaling of remote working to 90% of the administrative workforce in just a few weeks. Compared to 2019, the number of those working remotely at SEA increased from 558 to 774 and outside office work days quadrupled (from 12,710 to 52,285).

Socio-economic impact

The socio-economic impact of the Milan airports, in particular Malpensa Cargo City, was significant also during the year of the pandemic. During the most critical phases of the

lockdown, in terms of healthcare supply, Cargo City moved approx. 1 billion masks, 200 million hospital gowns and more than 2500 critical care devices.
As the global production supply chains restarted, the Malpensa Cargo area has moved in step with the Northern Italy manufacturing sector, recovering in terms of exports to more remote and economically more dynamic markets. While in 2020 the Italian exports decline of over 10%, Malpensa continued to support the main "Made in Italy" production chains, carrying 11.5% of total Italian exports in value terms to non-EU countries, 13% of exports in value terms for the furniture sector, 12.6% for fashion and approx. 7% for mechanics.

Shareholders' AGM Call

The Board of Directors of SEA called the Shareholders' AGM in ordinary session for April 29, 2021 in first call and, where required, in second call for May 4, 2021, to consider the following matters: approval of the financial statements at 31.12.2020, proposal to cover the loss for the year and supplementation of the members of the Board of Statutory Auditors.

The call notice of the Shareholders' AGM will also be published in accordance with law on the www.seamilano.eu website and will contain appropriate provisions to allow, with the cooperation of shareholders, the holding of the shareholders' meeting despite the emergency situation resulting from the COVID-19 epidemic.