ANNUAL REPORT 2015

SEA

Milano Malpensa

Best European Airport of 2015

AWARDS

CATEGORY WINNER
10-25 MILLION PASSENGERS

AIRPORTS COUNCIL INTERNATIONAL

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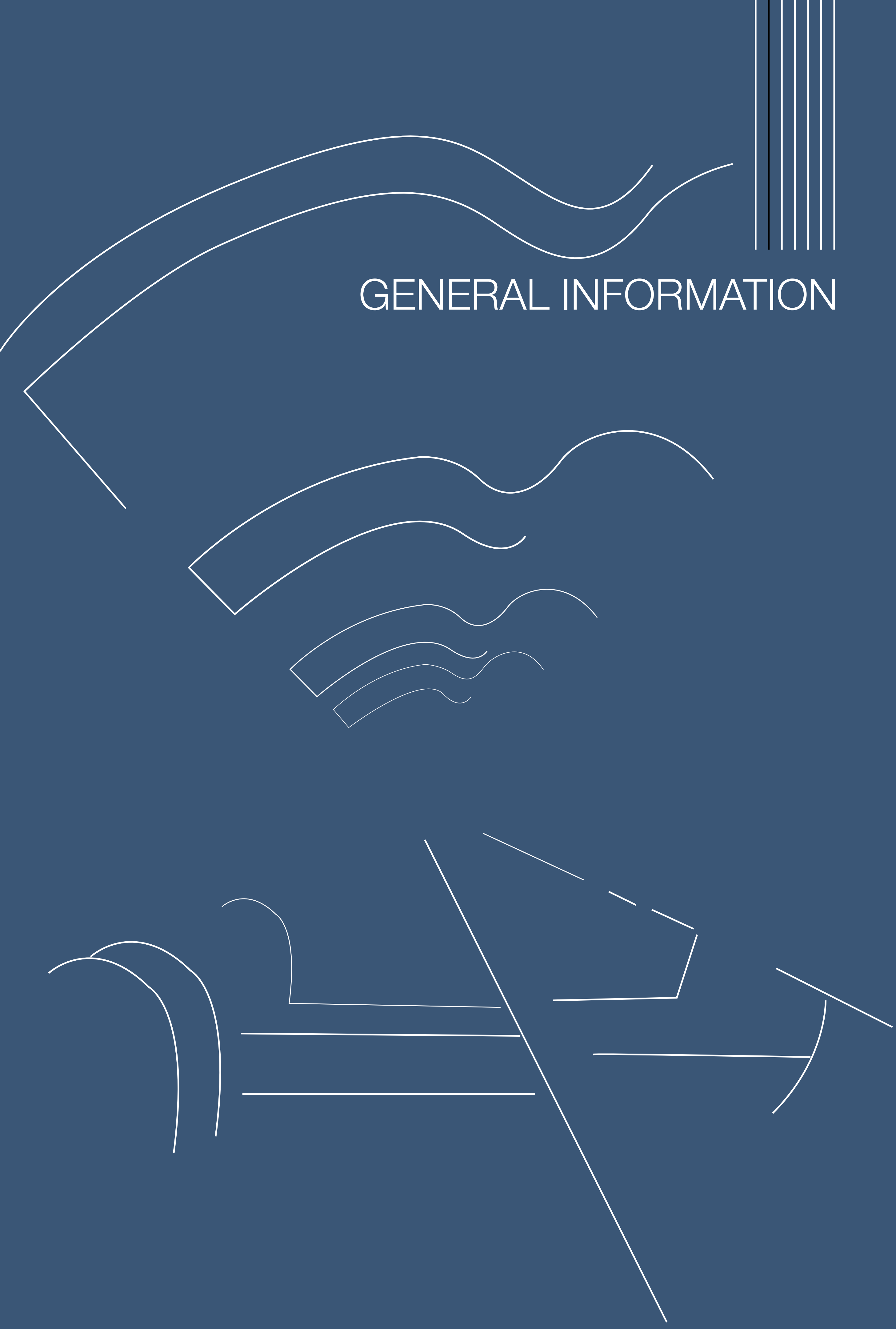
GENERAL INFORMATION




change

THE SEA GROUP

The SEA Group, under the forty-year Agreement signed by SEA and ENAC in 2011, manages the Malpensa and Linate airports and is among the leading ten operators in Europe in traffic volume terms, both on the passenger and cargo sectors, while in Italy it is respectively second in terms of volume in the passenger segment and first in the cargo sector.

The airport system managed by the SEA Group comprises:

- **Milan Malpensa**, dedicated to international traffic development and currently hosting the most international operators in Northern Italy. As a result of a thorough redesign of the airport the check-in, boarding and security check areas were functionally and stylistically upgraded and a new shopping area was added, which is amongst the largest in Europe extending over twenty-three thousand square meters with over 100 shops. The airport features a "Piazza del Lusso" and a "Piazza del Gusto" dedicated to luxury retail, offering the top Italian fashion and gourmet brands.

- **Milan Malpensa Cargo**, support infrastructure for air cargo transport, which in the coming years will see its capacity extended and its equipment upgraded. The construction of new warehouses is scheduled, together with extensive areas for the parking and movement of vehicles. Thanks to high technological content structures and innovative IT systems, Milan Malpensa Cargo confirmed its position as the leading cargo airport in Italy, managing 56% of total Italian cargo traffic and is the 5th largest in Europe in terms of cargo traffic.

- **Milan Linate**, which principally serves a frequent-flyer customer base on domestic and inter-EU routes. Just 8 km from Milan city centre, Linate is truly a city airport, with structures and areas dedicated to business and shopping.

- **Milan Linate Prime**, managed by SEA Prime SpA, a subsidiary of SEA SpA. Dedicated principally to business customers, it offers high added value services and facilities. During 2015 the air terminal was thoroughly redesigned and new services were added. Among them, the new Prime Business Center, with access reserved on request not only for transit passengers in the Milan Linate Prime terminal, but also for external guests coming from the city and looking for an exclusive space for their confidential and important meetings, and the Prime Concierge service for airport passengers.

Finally, through SEA Energia (wholly owned by SEA SpA), the Group owns two co-generation plants mainly dedicated to satisfying the energy needs of Linate and Malpensa, through the combined production of electricity, heat and cooling.

STRUCTURE OF THE SEA GROUP AND INVESTMENTS IN OTHER COMPANIES

Direct and indirect holdings of SEA SpA at December 31, 2015

SEA SPA

Airport management	Utilities	Commercial activities	Other activities	Handling
SACBO SpA Società per l'aeroporto civile di Bergamo - Orio al Serio **30.98%**	SEA Energia SpA **100%**	Dufrital SpA **40%**	Consorzio Malpensa Construction** **51%**	Prime AviationServices SpA*** **98.34%**
Aeropuertos Argentina 2000 SA* **8.5%**	Disma SpA **18.75%**	SEA Services Srl **40%**	Romairport SpA **0.23%**	Malpensa Logistica Europa SpA **25%**
SEA Prime SpA **98.34%**			SITA Società Cooperativa arl **12 shares**	

Key
Controlling shareholding
Associated company
Investment in other companies

* *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 Organismo Regulador del Sistema Nacional de Aeropuertos, which had not yet been issued at the approval date of the present Consolidated Financial Statements.*

** *The Board of Directors on November 6, 2014 confirmed the conclusion of the Consortium for December 31, 2014. In accordance with Article 5 of the By-Laws, the Consortium will continue operations until the complete discharge of all contractual commitments undertaken.*

*** *Company indirectly controlled through SEA Prime SpA.*

At December 31, 2015 the SEA Group included the following companies in liquidation:

- SEA Handling SpA in liquidation (100% SEA SpA);
- Consorzio Milano Sistema in liquidation (10% SEA SpA).

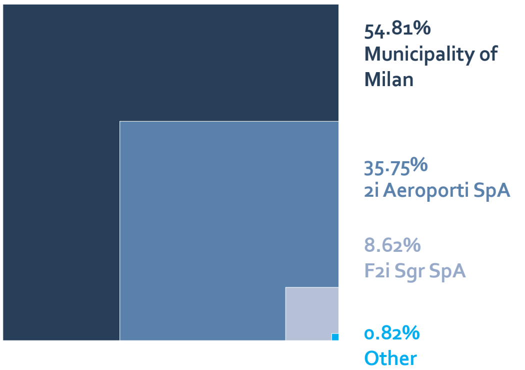
SHARE CAPITAL STRUCTURE

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, 74,375,102 Class B shares and 38,601,093 other shares.

The Class A shareholders upon divestment resulting in the loss of control 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, 2015, SEA did not hold treasury shares. The ownership structure was as follows:

Shareholders



Public shareholders		
10 entities/comp.	Municipality of Milan*	54.81%
	Province of Varese	0.64%
	Municipality of Busto Arsizio	0.06%
	Other public shareholders	0.08%
Total		**55.59%**

Private shareholders		
	2i Aeroporti SpA**	35.75%
	F2i Sgr SpA***	8.62%
	Other private shareholders	0.04%
Total		**44.41%**

* *Holder of Class A shares.*
** *"F2i Aeroporti SpA" changed its name to "2i Aeroporti SpA" as at April 24, 2015.*
*** *On behalf of F2i – second Italian Fund for infrastructure.*

CORPORATE BOARDS

Board of Directors

for the three-year period 2013-2015
appointed by the Shareholders' Meeting of June 24, 2013

Chairman	Pietro Vitale Antonio Modiano
Directors	Armando Brunini (1) (2) (*)
	Mario Anastasio Aspesi (3) (5)
	Salvatore Bragantini (2) (4)
	Stefano Mion (3) (*)
	Susanna Stefani (3)
	Susanna Zucchelli (2)

Board of Statutory Auditors

for the three-year period 2013-2015
appointed by the Shareholders' Meeting of June 24, 2013

Chairman	Rita Cicchiello
Standing members	Andrea Galli
	Paolo Giovanelli
	Antonio Passantino
	Ezio Maria Simonelli
Alternate members	Andrea Cioccarelli
	Ilaria Moretti

Independent Auditors

Deloitte & Touche SpA
appointed by the Shareholders' Meeting of June 24, 2013

(1) Vice Chairman
(2) Member of the Control and Risks Committee
(3) Member of the Remuneration Committee
(4) Member of the Ethics Committee
(5) Member of the Supervisory Board

(*) Armando Brunini and Stefano Mion were appointed Directors at the Shareholders' Meeting of April 30, 2015, in replacement of the resigning Mauro Maia and Renato Ravasio. The Board of Directors, meeting after the Shareholders' Meeting, appointed Armando Brunini as Vice Chairman of the Company.

KEY FINANCIAL INDICATORS AT DECEMBER 31, 2015

In application of IFRS 5, the item "Discontinued Operations profit/(loss)" summarizes the net profit/(loss) of SEA Handling SpA in liquidation and similarly the asset and liability items are summarized in the assets and liabilities of the Statement of Financial Position.
The condensed consolidated figures taken from the Financial Statements are illustrated below.

(In thousands of Euro)	2015	2014	Change
Revenues	694,792	685,100	9,692
EBITDA (1)	219,831	205,883	13,948
EBIT	146,065	129,697	16,368
Profit/(loss) before tax	134,718	108,605	26,113
Discontinued Operations profit/(loss)	3,238	(21,304)	24,542
Group Net Profit	83,850	54,858	28,992

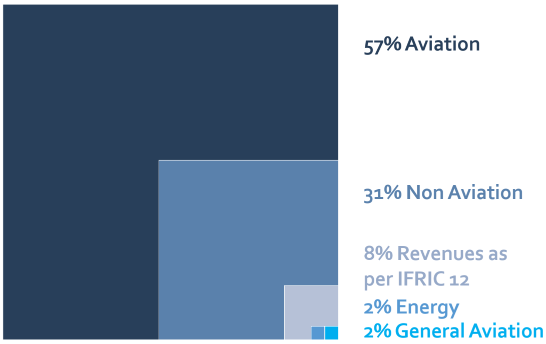
(1) EBITDA is calculated as the difference between total operating revenues and total operating costs, including provisions and write-downs and excluding the restoration and replacement provision.

	At December, 31		
(In thousands of Euro)	2015	2014	Change
Fixed assets (A)	1,306,932	1,288,441	18,491
Working capital (B)	(197,299)	(182,380)	(14,919)
Provision for risks and charges (C)	(177,902)	(174,567)	(3,335)
Employee benefit provisions (D)	(48,239)	(50,505)	2,266
Net capital employed (A+B+C+D)	**883,492**	**880,989**	**2,503**
Group shareholders' equity	344,668	309,200	35,468
Minority interests	541	600	(59)
Net Debt	538,283	571,189	(32,906)
Total sources of funds	**883,492**	**880,989**	**2,503**

(A) Fixed assets, including those falling within IFRIC 12 scope, are shown net of fixed assets financed by State and European Community grants. At December 31, 2015 the latter amounted to Euro 498,553 thousand and Euro 5,517 thousand respectively; at December 31, 2014 they amounted to Euro 495,654 thousand and Euro 1,831 thousand respectively.

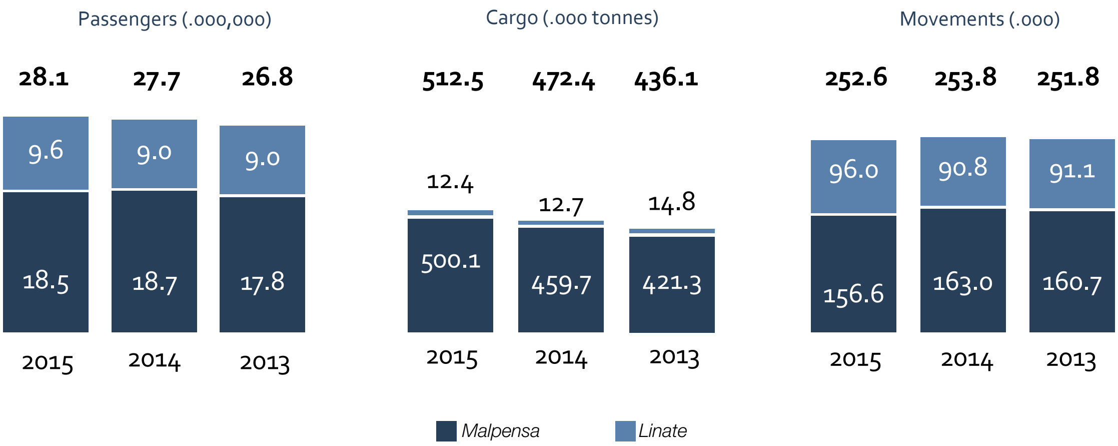
	At December, 31		
	2015	2014	Change
Investments in tangible and intangible assets (€/000)	86,780	97,728	(10,948)
Employees HDC (at year-end)	2,905	2,684	221

Consolidated Revenues for 2015 Euro 694,792 thousand

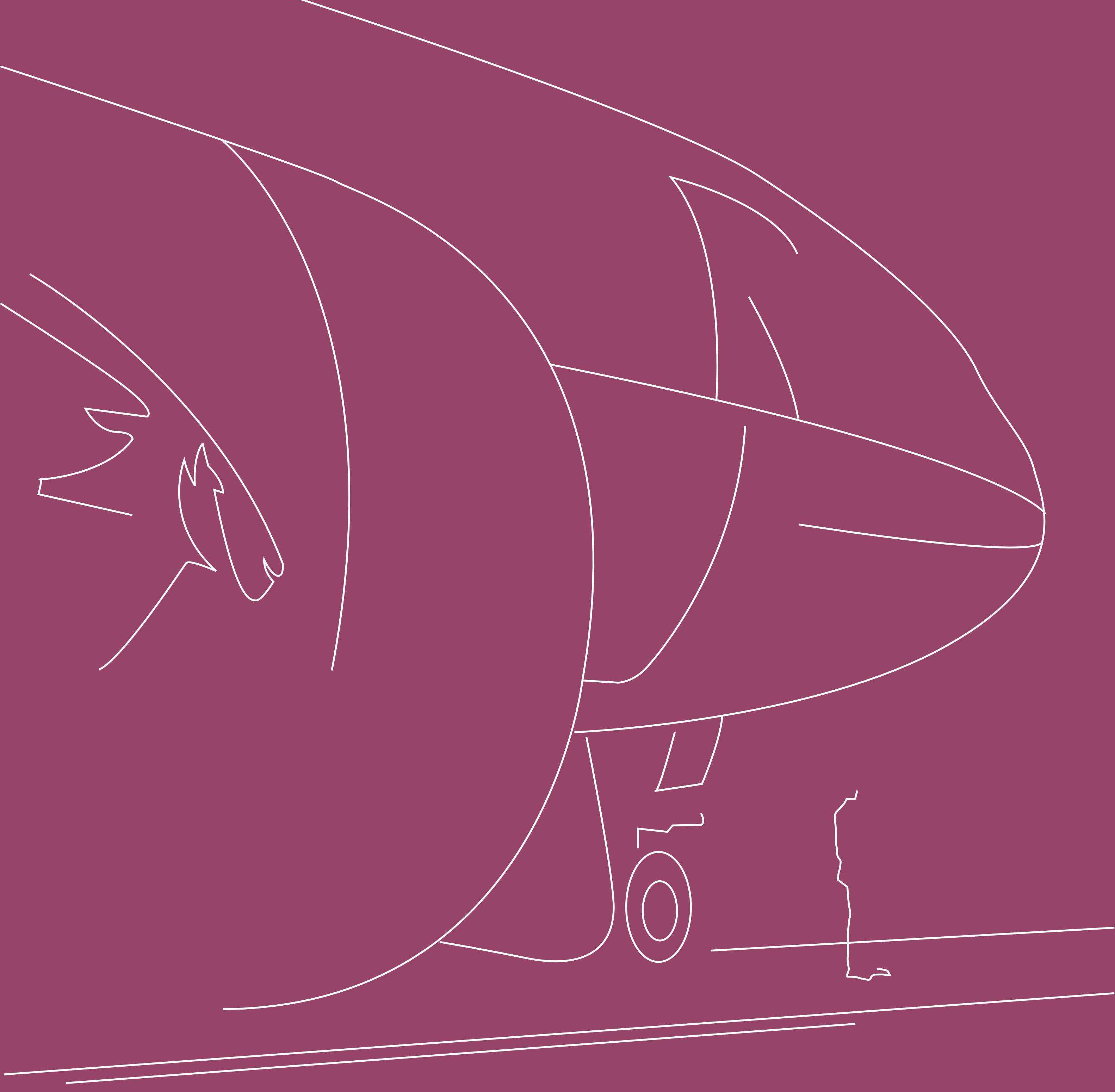


2015 Consolidated Revenues	Thousands of Euro	% of total Revenues
Aviation	395,877	57%
Non Aviation	214,864	31%
General Aviation	16,179	2%
Energy	15,488	2%
Revenues as per IFRIC 12	52,384	8%
Total revenues	694,792	100%

Traffic data



2015
DIRECTORS' REPORT



ECONOMIC OVERVIEW

Growth forecasts in the advanced countries have slightly improved, while those in China and the other emerging economies remain uncertain and exposed to risks. The slowdown in China has combined with the resurgence of financial and currency instability, fueling stronger than expected fears of a halt in this economy with implications for the global environment. At the same time, the heightening of tensions in the Middle East and the prospect of an imminent come back of Iranian oil did not affect the OPEC policy to maintain production levels, despite the large oversupply that characterizes the market. Altogether, these developments have fostered a new fall in oil prices. In January the price of Brent crude dropped below $ 30, the lowest level in the last twelve years. In the wake of fears for China and the global weakening signals inherent in the fall of crude oil, the financial markets of developed countries were hit by high volatility, with sharp falls in stock market indices. Despite this high volatility and uncertainty, the performance of the world economy in the last months of 2015 was moderately expansionary, driven by the advanced economies. After the decline of the first half of 2015, world trade showed signs of recovery since the summer. Looking ahead, in its most recent forecasts (January) the International Monetary Fund (IMF) noted an acceleration of world trade: global trade is expected to grow by 3.4% this year (+0.7 points compared to the previous forecast) and by 4.1% in 2017 (+0.5 points).

In the main non-Euro advanced countries, economic activity in the third quarter strengthened more than expected in the United States (+ 2.0% per annum), Japan (+ 1%) and the UK (+ 1.8%). The latest indicators suggest that the upswing has continued in the fourth quarter, despite signs of a slowdown in manufacturing activity in the United States. In the major emerging economies, the economic situation remains generally weak, with performances varying considerably across countries: the intensification of the recession in Brazil contrasts with positive developments of the economic situation in India and the slowdown in the fall of Russian GDP. At the beginning of the year, the disappointing performance of the Chinese manufacturing sector PMIs (*Purchasing Managers' Index*) helped rekindle the fears of last summer about a more marked slowdown of the Chinese economy in the coming months.

The forecasts issued by the OECD (Organization for Economic Cooperation and Development) last November predict a gradual acceleration in global economic activity this year and next. Compared to previous forecasts, growth projections for 2016 have been revised downwards, especially for Japan, Russia and Brazil.

Consumer inflation remained at very low levels in all major advanced countries. In November, the growth of consumption deflator in the United States stood at 0.5% (1.3% excluding energy and food). The change in prices was 0.3% in Japan and returned barely positive in the United Kingdom (0.1%). Inflation in the main emerging countries performed as follows: it remained low in China (1.5% in November); it was in line with the objective of the Central Bank in India (5.4%); it remained high in Russia (15%); it grew further in Brazil (10%).

Growth in the Euro area continues, but is still at low levels: the rapid weakening of the export thrust has so far been gradually offset by the positive contribution from domestic demand; however, the economic activity is exposed to risks related to the uncertain developments in the world economy and the geopolitical situation. Inflation remains very low, partly due to the fall in oil prices.

In the third quarter of 2015 GDP rose by 0.3% over the previous period, driven by domestic demand. GDP grew by 0.3% in Germany and France and by 0.2% in Italy. The economic activity in the area continued to expand in the fall, at a pace similar to that in the previous period, with almost uniform performance across the major countries. In December, the €-coin indicator (monthly estimate of the underlying momentum of GDP in the area) drawn up by the Bank of Italy increased, reaching the highest level since July 2011. The confidence of businesses and households, supported by favorable employment signals, indicates that the recovery is ongoing. Growth prospects in the area are exposed to downside risks related to ongoing demand uncertainty in major markets, especially in emerging countries. Moreover, the intensification of geopolitical tensions, especially in the Middle East, could have a negative impact on confidence and cause a slowdown in the recovery of consumption and in global activities.

According to preliminary data, in December, inflation stood at 0.2%, below expectations; excluding the more volatile components it was unchanged at 0.9%. The weakness of the overall price index continued to be affected by the negative trend in energy prices (-5.9% in December). According to ECB expert projections issued in December, inflation is expected to rise in 2016 to 1% (from zero in 2015).

The monetary policy decisions taken by the ECB Governing Council during 2015 were aimed at combating the risk that persistent downward pressures on prices, triggered inter alia by the fall in commodity prices, affect longer-term inflation expectations thereby accentuating deflationary risks.

In Italy the recovery is gradually progressing. The export thrust is weakening after supporting the economic activity in the last four years, as exports are being held back, like in the rest of the Euro area, by declining demand from non-European countries. Export is gradually being replaced by domestic demand, especially consumption and restocking. In addition to favorable cyclical conditions in manufacturing, there are signs of expansion in the service sector, while the construction sector is stabilizing after a prolonged recession. The outlook for investments, however, is still uncertain. In the third quarter, GDP increased by 0.2% in quarterly terms, just below expectations. Foreign trade subtracted four-tenths of a percentage point to GDP growth, mainly due to the decline in exports (-0.8%), which were affected, like other major countries in this area, by the slowdown of the main emerging economies. The increase in household consumption (0.4%, as in the previous quarter) and inventories (which contributed three-tenths of a percentage point to GDP growth) more than offset the decrease in investments (-0.4%), concentrated in expenditure on plant and equipment and intangible assets. Investment in capital goods however grew by 4.1% from a year earlier. On the supply side, value added increased in almost all major sectors of activity, stabilizing in construction, after a prolonged recession.

On the basis of information available so far, GDP in the fourth quarter recorded a new increase on a quarterly basis, estimated at 0.2%, as in the third quarter. The slightly positive contribution coming from manufacturing was supported by the consolidating recovery in the services sector, along with more favorable signs in the real estate market. In December, the Ita-coin indicator developed by the Bank of Italy - which estimates in real time the underlying changes in GDP - rose to 0.20, extending the positive trend since November 2014. According to leading prospective indicators, the recovery is expected to strengthen at the beginning of this year: the measures put in place by the 2016 Stability Act to stimulate the purchase of capital goods are expected to support investments as of the first quarter; investment in the construction industry is expected to support capital accumulation, as a result of stronger signs of recovery in the real estate market, which were already apparent since June of last year. Current and future assessments of households and firms on the general performance of the economy remain favorable. According to preliminary estimates, inflation, as measured by the annual change in the Harmonised Index of Consumer Prices (HICP), fell in December to 0.1%. The weak trend in prices was affected by the decline in core inflation (0.5%), together with the marked decline in energy prices.

Air transport and airports

Global air transport performance

Global **passenger traffic** in 2015, based on a sample of 908 airports, reported over 6% growth on the previous year.

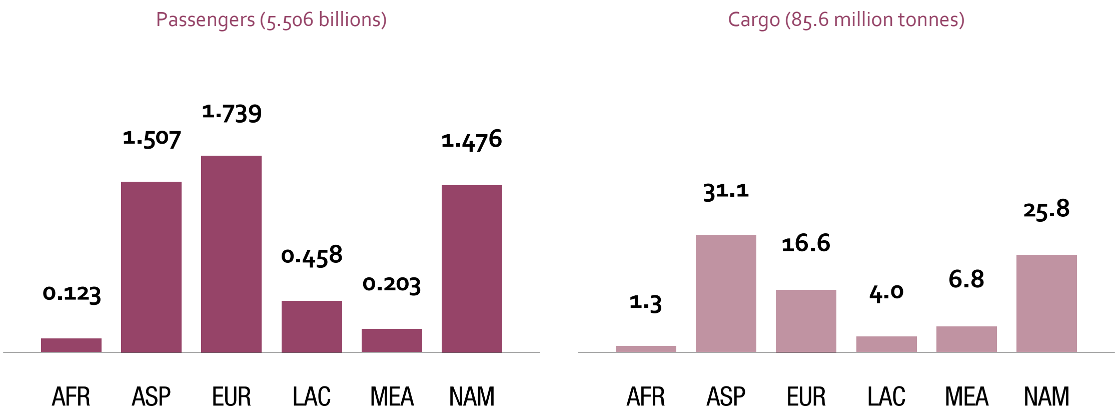
The geographical areas, that account for 86% of world traffic, showed positive performances: in terms of size of generated traffic, Europe ranked first with + 5%, followed by Asia + 8% and North America +5.6%. The Middle East reported the highest percentage growth (+11.3%), followed by Central/South America with +5.5%. Only the African continent was in line with the 2014 figures.

The **cargo traffic** also showed increases of more than 2 percentage points with 86 million tonnes of handled goods globally.

Out of a sample of 656 airports, the Middle East area showed the highest growth percentage, with about 11 points more than in 2014 and Asia, which had the largest cargo traffic worldwide with over 31 million tonnes, grew by +1.5% compared to 2014.

In the ranking of the most important cargo airports reported by ACI World (78 airports carrying at least 200 thousand tonnes of goods), **Malpensa** confirmed its position as one of the leading world airports, improving its previous placing and ranking 14th in terms of percentage growth (in 2014 the airport ranked 16th).

Global air traffic 2015[1]



Key: AFR (Africa), ASP (Asia Pacific), EUR (Europe), LAC (Latin America), MEA (Middle East), NAM (North America).
Source: ACI World (Pax Flash & Freight Flash).

European airport performances – 2015 [2]

In the course of 2015, **passenger traffic** at the major **European airports** showed an overall increase of + 4.9%.
Cargo traffic at the **European airports** in 2015 was substantially in line with the previous year, totaling nearly 11 million tonnes of cargo processed.
Among the major cargo airports in Europe, **Malpensa** is ranked fifth in terms of volume of goods handled and second in percentage growth (+ 8.8%) after Munich (+ 8.9%) which handles significantly lower cargo volumes.

2015 Italian airport traffic performance [3]

The performance of the 35 **Italian airports** that are members of Assaeroporti, reported strong passenger traffic recovery on 2014 (+4.5%), for a total of 157.2 million passengers. Aircraft movements also increased (+1%), for an annual total of 1.5 million movements.
In 2015, Rome Fiumicino, Malpensa, Bergamo, Linate and Venice were confirmed as the five leading Italian airports in terms of passenger transits.

1 *Source: ACI World (Pax Flash & Freight Flash).*
2 *Source: ACI Europe.*
3 *Source: Assaeroporti.*

REGULATORY FRAMEWORK

Publication of final documentation for the second 2016-2020 tariff sub-period of the ENAC-SEA Regulatory Agreement

On October 30, 2015 ENAC published the final documentation for the second tariff sub-period (2016-2020) of the ENAC-SEA Regulatory Agreement.
The published information contains traffic forecasts for the reference period in the Malpensa and Linate airports, in conjunction with the investment plan, the quality and environmental protection plan and the financial parameters necessary for calculation of the five-year tariffs. The new tariffs will enter into force on January 1, 2016 and will be valid for the entire year; on the other hand, tariffs for the 2017-2020 years will be reviewed annually by ENAC and recalculated on the basis of variable elements provided in the ENAC-SEA Regulatory Agreement, namely: expected inflation rate, investments actually made, any incremental costs incurred by virtue of legal or regulatory provisions, any benefits and/or penalties related to quality and environmental protection objectives being exceeded or not met.
The final publication of the Regulatory Agreement second period documentation completes a process that lasted several months, the stages of which can be summarized as follows: *i)* definition by SEA and submission to ENAC of the proposal on traffic forecasts, investment plan, quality and environmental protection plan; *ii)* obtaining clearance from ENAC for starting consultations; *iii)* publication of the proposal and consultation process with airport users; *iv)* closing of consultations and new submission of the final proposal to ENAC; *v)* publication by ENAC of the final documentation.
The final proposal published by ENAC incorporates the changes made to the original proposal submitted by SEA, which resulted from consultations with airport users that were held between July and October 2015, and which were necessary to take account of the positions expressed by airlines' and handlers' representatives. More specifically, the changes concerned the investment plan, the quality plan and the tariff structure.

On average the fees show a slight price increase, in line with the expected inflation rate for the year in question, and are diversified across the various tariffs and by airport.
In addition, the two previous security fees were aggregated and the fees for common use goods/centralized services related to Linate Airport General Aviation were included as part of airport fees.
At the outcome of the consultations with airport users, new tariff structures were added for landing and departure fees (price differentiated by weight ranges and type of aircraft - passenger flights, cargo and General Aviation) and for stopover fees (price differentiation between day and night stopover).
After publication of the final proposal, no user has activated the dispute settlement procedure with ENAC.

Relevant new national and Community legislation

- *EU Regulation 2015/1998*: the new regulation, published in the European Official Journal L series No. 299/2015, lays down detailed measures for the implementation of common basic standards on aviation security and repeals and replaces in full EU Regulation 185/2010.
- *Decree of the President of the Republic No. 201 of September 17, 2015 (OJ No. 294 of 18/12/2015)*: in application of the criteria set by Article 698 of the Navigation Code, airports and airport systems of national interest have been identified, as key nodes over which the State exercises exclusive power, for each of the ten traffic areas identified in the national network, as specified below.
  Traffic areas Airports of national interest:
  1. North West (Milan Malpensa, Milan Linate, Turin, Bergamo, Genoa, Brescia, Cuneo);
  2. North East (Venice, Verona, Treviso, Trieste);
  3. North Center (Bologna, Pisa, Florence, Rimini, Parma, Ancona);
  4. Central Italy (Rome Fiumicino, Ciampino, Perugia, Pescara);
  5. Campania (Naples, Salerno);
  6. Mediterranean/Adriatic sea (Bari, Brindisi, Taranto);
  7. Calabria (Lamezia Terme, Reggio Calabria, Crotone);
  8. Eastern Sicily (Catania, Comiso);

9. Western Sicily (Palermo, Trapani, Pantelleria, Lampedusa);
10. Sardinia (Cagliari, Olbia, Alghero).

From among the airport of national interest, the following airports are of particular strategic importance, in relation to the criteria set out in Article 698 of the Navigation Code:

1. North West (Milan Malpensa, Turin);
2. North East (Venice);
3. North Center (Bologna, Pisa / Florence);
4. Central Italy (Rome Fiumicino);
5. Campania (Naples);
6. Mediterranean / Adriatic (Bari).

The following airports play the role of international gates for their ability to meet the demand of large catchment areas and their high level of connectivity with European and international destinations:

a) Rome Fiumicino, primary national *hub*;
b) Milan Malpensa;
c) Venice.

The national interest airports, except those of particular strategic importance, must satisfy the following conditions:

- exert a clearly defined role within the served area, with an airport specialization and orientation, according to the airport system of the area to be developed;
- demonstrate, through a business plan and corresponding financial plan, the achievement of break-even and financial balance, including in the longer term, and adequate capital solvency ratios, at least over a three-year period.

The Regulation became effective on January 2, 2016.

ENAC regulation

- *ENAC circular SEC 05 A (28/09/2015)*: circular issued by ENAC on airport security with the objective of ensuring proper training of the personnel in charge of implementing security measures (security). Therefore, the circular was issued in conjunction with a new Security Training Manual, containing training programs for the staff concerned.

Activities and initiatives in the international, Community and national arena regarding the Airport sector, the business of the SEA Group and its subsidiaries whose main regulatory developments are followed by SEA

- As part of the process for the implementation of the new EU Regulation No. 139/2014 on aviation safety, a framework agreement between airport operators and ENAV has been finalized at national level.
- On 15.11.2015 the new EU Regulation 376/2014 on compulsory reporting of civil aviation occurrences entered into force. On the same matter ENAC has also initiated a regulatory consultation process in view of the adoption of a new GEN 01C circular, which would lead to an alignment of legislation with the new European requirements and would result in an update of the eE-MOR aviation occurrences reporting system.
- *User Efficient Systems (implementation of resolution 578/2013/R/eel of the Authority for Electricity and Gas)*: User Efficient Systems (SEU or SEESEU) are simple production and consumption systems consisting of a production plant and a consumption unit directly connected to each other via a private link, with no obligation to connect to third parties. By means of resolution 578/2013/R/eel, the Authority attributed to the Energy Services Operator (GSE) the task of qualifying SEUs and SEESEUs. During 2015 the GSE published a document that specifies the application rules for submitting the application and obtaining the User Efficient System (SEU) and the Existing Equivalent User Efficient System (SEESEU) qualification, for Systems that came into operation before December 31, 2014. Obtaining the SEU-SEESEU qualification involves preferential tariff conditions on the electricity consumed and not withdrawn from the grid. See further comments in the section *"Financial Year 2015: Significant events"*.

PERFORMANCE OF THE SEA GROUP

Quantitative traffic data

Milan Malpensa and Milan Linate airport traffic

	Movements		Passengers[1]		Cargo (tonnes)	
	2015	%	2015	%	2015	%
Malpensa	156,642	-3.9%	18,444.8	-1.2%	500,054	8.8%
Linate	96,049	5.7%	9,638.8	7.3%	12,435	-2.2%
Total commercial traffic	**252,691**	**-0.4%**	**28,083.6**	**1.6%**	**512,489**	**8.5%**
General Aviation[2]	26,443	0.9%	58.2	8.6%	–	–
Airport System managed by the SEA Group	279,134	-0.3%	28,141.8	1.6%	512,489	8.5%

1 *Arriving + departing passengers (thousands).*
2 *Sources General Aviation: Linate - SEA Prime; Malpensa - Handlers.*

During 2015, more than 28 million passengers transited the Milan Airport System managed by the SEA Group, with a 1.6% growth over the previous year.
In 2015, intercontinental passengers also grew by 4.8%. Excluding the figure for the North African region influenced by geopolitical events, this market segment shows a 12.4% increase compared to 2014.
It should be noted that the comparison with the previous year is affected by the temporary transfer to Malpensa of traffic from the Bergamo airport, following the resurfacing of the runway in the month of May 2014.
On a like for like basis, passenger traffic was up by 3.3%.
The General Aviation traffic recorded an 8.6% growth, exclusively concentrated in the Linate airport (+ 24.3%), which was favorably affected by the EXPO event.

Income Statement

(In thousands of Euro)	2015	%	2014	%	Change % 2015/2014
Operating Revenues	642,408	92.5%	621,634	90.7%	3.3%
Revenues for works on assets under concession	52,384	7.5%	63,466	9.3%	-17.5%
Total revenues	**694,792**	**100.0%**	**685,100**	**100.0%**	**1.4%**
Operating costs					
Personnel costs	(176,979)	-25.5%	(161,501)	-23.6%	9.6%
Consumable materials	(44,262)	-6.4%	(47,243)	-6.9%	-6.3%
Other operating costs	(201,694)	-29.0%	(192,938)	-28.2%	4.5%
Provisions & write-downs	(3,245)	-0.5%	(17,995)	-2.6%	-82.0%
Costs for works on assets under concession	(48,781)	-7.0%	(59,540)	-8.7%	-18.1%
Total operating costs	**(474,961)**	**-68.4%**	**(479,217)**	**-69.9%**	**-0.9%**
Gross Operating Margin / EBITDA [1]	**219,831**	**31.6%**	**205,883**	**30.1%**	**6.8%**
Restoration & replacement provision	(14,242)	-2.0%	(18,000)	-2.6%	-20.9%
Amortisation and Depreciation	(59,524)	-8.6%	(58,186)	-8.5%	2.3%
EBIT	**146,065**	**21.0%**	**129,697**	**18.9%**	**12.6%**
Investment income (charges)	7,723	1.1%	2,027	0.3%	281.0%
Financial expenses	(19,929)	-2.9%	(24,549)	-3.6%	-18.8%
Financial income	859	0.1%	1,430	0.2%	-39.9%
Pre-tax profit	**134,718**	**19.4%**	**108,605**	**15.9%**	**24.0%**
Income taxes	(54,165)	-7.8%	(32,454)	-4.7%	66.9%
Continuing operations profit	**80,553**	**11.6%**	**76,151**	**11.1%**	**5.8%**
Discontinued Operations profit/(loss)	**3,238**	**n.s.**	**(21,304)**	**n.s.**	**-115.2%**
Minority interest profit	(59)	n.s.	(11)	n.s.	436.4%
Group profit	**83,850**	**12.1%**	**54,858**	**8.0%**	**52.8%**

1 *EBITDA is calculated as the difference between total operating revenues and total operating costs, including provisions and write-downs and excluding the restoration and replacement provision.*

Revenues

In FY2015, **operating revenues** (revenues net of the component for works on assets under concession), amounting to Euro 642,408 thousand, were up by Euro 20,744 thousand compared to the previous year (+ 3.3%) and include Aviation revenues of Euro 395,877 thousand (Euro 386,884 thousand in 2014), Non Aviation revenues of Euro 214,864 thousand (Euro 203,420 thousand in 2014), General Aviation business revenues of Euro 16,179 thousand (Euro 16,477 thousand in 2014), and the Energy business revenues of Euro 15,488 thousand (Euro 14,853 thousand in 2014).

Revenues performance in the Aviation activities was due to:

- higher airport fees as a result of the annual tariff update provided by the Regulatory Agreement and higher traffic volumes recorded in the year following the activation of new routes and increased number of flights on existing routes, for Euro 14,662 thousand;
- lower non-recurring revenues of Euro 5,669 thousand (Euro 7,479 thousand in 2014 vs. Euro 1,810 thousand in 2015).

In the *Non Aviation* activities it was due to:

- primarily, the good performance of shops and the food & beverage segment which benefited from the new retail offering as a result of the redesign of Malpensa Terminal 1, for Euro 10,444 thousand. Growth was also recorded by advertising revenues, driven by the EXPO, the car rental segment and the allocation of space in the cargo area;
- higher non-recurring revenues of Euro 1,000 thousand (Euro 2,200 thousand in 2015 vs. Euro 1,200 thousand in 2014).

Revenues for works on assets under concession decreased from Euro 63,466 thousand in 2014 to Euro 52,384 thousand in 2015 (-17.5%). These revenues refer to construction work on assets under concession increased by a mark-up representing the best estimate of the remuneration of the internal cost for the management of the works and design activities undertaken, which corresponds to a mark-up which a third-party general constructor would request to undertake such activities. This account is strictly related to investment activities on assets under concession.

Personnel cost

Group personnel costs in 2015 increased by Euro 15,478 thousand (+9.6%) on the 2014 figures, from Euro 161,501 thousand in 2014 to Euro 176,979 thousand in 2015.

The increase is determined by the loss in 2015 of benefits arising from the use of social welfare, the adjustment to the National Labour Agreement for the year 2014 and the growth in the average number of employees as a result of union agreements for termination of SEA Handling (a company currently in liquidation) and Airport Handling activities. The staff added within the scope of SEA operations will be gradually retrained for Security activities, which have been extended in accordance with the entities currently responsible for security checks. This increase was partially offset by lower voluntary redundancy costs.

The average Full-Time Equivalent workforce was 2,783 in 2015 against 2,678 in 2014.

Consumable materials

Consumable material costs decreased from Euro 47,243 thousand in 2014 to Euro 44,262 thousand in 2015 (-6.3%). This decrease is mainly attributable to the net effect of *i)* lower price of natural gas purchased and lower purchases of electricity from third parties (Euro -1,344 thousand compared to the previous year); *ii)* lower costs for stock purchases (Euro -175 thousand compared to the previous year); *iii)* higher costs than the previous year for the purchase of chemical de-icing and anti-icing products used in case of snow and/or ice formation due to more unfavorable weather conditions (Euro 1,097 thousand compared to the previous year); *iv)* lower fuel costs, mainly by the subsidiary SEA Prime (Euro -1,099 thousand compared to the previous year); *v)* higher costs for inventory write-downs (Euro 300 thousand compared to the previous year).

Others operating costs

In 2015, the account "Others operating costs" increased by Euro 8,756 thousand compared to the previous year (+4.5%).

This increase includes the penalty imposed by the Competition Authority (AGCM) to SEA, which has been widely discussed in the section *"Pending disputes as at December 31, 2015"* amounting to Euro 3,365 thousand. There have also been higher operating and maintenance costs, mainly due to the commissioning of the new areas at the Malpensa Terminal 1 and the maintenance of runways and roads, and higher charges for airport services (costs for assistance to passengers with reduced mobility, emergency/contingency services, snow emergency services, de-icing services) for a total of Euro 7,606 thousand.

Partially offsetting the above increases, in FY2015 there were lower costs for utilities and insurance for a total of Euro 1,065 thousand and lower traffic development fees of Euro 3,147 thousand.

Provisions & write-downs

In 2015, provisions and write-downs decreased by Euro 14,750 thousand compared to the previous year, from Euro 17,995 thousand in 2014 to Euro 3,245 thousand.

Following the agreements reached with certain carriers for the repayment of old debts, which were fully complied with, the provisions for doubtful receivables were significantly reduced. This reduction in provisions was only partly offset by provisions made for new doubtful receivables arising in the course of 2015.

The net allocations to future charge provisions of Euro 4,850 thousand as at December 31, 2015 (Euro 1,534 thousand as at December 31, 2014), principally refer to the provisions for pending litigation.

There was a slight increase of Euro 219 thousand in the provisions for asset impairment (Euro 1,872 thousand for the year ended December 31, 2014 and Euro 2,091 thousand for the year ended December 31, 2015), as a results of the physical inventory for 2015.

Costs for works on assets under concession

Costs for works on assets under concession decreased from Euro 59,540 thousand in 2014 to Euro 48,781 thousand in 2015. These costs refer to the costs for the works undertaken on assets under concession. The changes in this item are strictly related to investment activities.

Restoration and replacement provision

The account decreased by Euro 3,758 thousand in 2015, from Euro 18,000 thousand in 2014 to Euro 14,242 thousand, following the updating of the long-term scheduled replacement and maintenance plan of the assets within the "Concession Right".
As a result of the above changes, the EBITDA came to Euro 219,831 thousand (Euro 205,883 thousand in FY 2014), an increase of 6.8% over the previous year. This growth is particularly significant considering that 2014 EBITDA benefited from the temporary transfer of flights from Bergamo occurred in May 2014.

Investment income and charges

In 2015, net investment income increased Euro 5,696 thousand, from Euro 2,027 thousand in 2014 to Euro 7,723 thousand in 2015, which reflects the result of the investments measured under the equity method and the charges from investments valued at cost.
The "equity valuation of investments" reflects the economic effects deriving from the measurement of the associated companies at equity, amounting to Euro 7,723 thousand in 2015 (Euro 2,987 thousand in 2014). 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. The increase between the two years, amounting to Euro 4,736 thousand, is mainly due to the results achieved by the associated company SACBO SpA.
Investment charges amounted to zero in 2015 compared to Euro 969 thousand in 2014, which was related to the loss of Airport Handling SpA as at the date of disposal of the investment to the Trust; the subsidiary was valued at cost since it was dormant until its sale to the Trust which resulted in deconsolidation in accordance with IFRS 10.

Financial income and charges

In 2015, net financial charges decreased Euro 4,049 thousand, from Euro 23,119 thousand in 2014 to Euro 19,070 thousand as at December 31, 2015.
This reduction derives from a number of factors, including: *i)* lower interest expense for the period on medium-long term loans of Euro 1,035 thousand, as a result of significant lower average cost of debt, which more than offset the higher average gross debt; *ii)* lower fees on loans of Euro 4,124 thousand, taking into account the non-occurrence of 2014 non-recurring costs incurred in relation to the reorganization of the Group financial structure carried out that year and the decrease in commitment fees on a revolving line that was favorably renegotiated in 2015; *iii)* higher other interest expenses of Euro 407 thousands for bank guarantees relating to EIB loans disbursed in June 2015.
Please note that the account "Other financial income" includes Euro 335 thousand resulting from the positive closing of a doubtful non-interest bearing receivable in SEA Prime prior to the acquisition by SEA.

Income taxes

Income taxes in 2015 amounted to Euro 54,165 thousand compared to Euro 32,454 thousand in 2014, with a tax rate of 39.5% as at December 31, 2015 compared to 32.9% in the previous year.
The difference in tax rate between December 31, 2015 and December 31, 2014 is mainly due to:

- *i)* changes in prepaid/deferred tax items as a result of the entry into force of the 2016 Stability Act No. 302 of December 30, 2015, by which the IRES rate has been reduced by 3.5 percentage points, currently standing at 27.5%, with effect from the tax year 2017. The deferred tax assets and deferred tax liabilities were therefore realigned to the future tax rate based on the reversal period;
- *ii)* substantially lower tax loss contributed by SEA Handling in liquidation to the fiscal unit within the Group tax consolidation;
- *iii)* greater impact of permanent tax adjustments, due to both the non-deductibility of the Antitrust Authority's penalty and the lower deduction of IRAP, relating to labor costs, from the IRES taxable income, as a result of the substantial IRAP decrease, due to the full deductibility of labor costs on open-ended employment contracts, starting from fiscal year 2015.

Reference should be made to *Note 7.12* for a detailed analysis of the items which contributed to this result and comparison with 2014 in application of IFRS 5.

Discontinued Operations profit/(loss)

The Discontinued Operations profit, concerning the Commercial Aviation handling sector, amounted to Euro 3,238 thousand.

As already mentioned, this item includes the profit of the company SEA Handling SpA in liquidation which benefits from the capital gain realized on the sale of equipment to Airport Handling as described in more detail in the section *"SEA Group risk factors"*.

It is recalled that in 2014 the Company's results were presented net of the release of the provision for investment charges of Euro 10,305 thousand, accrued in 2013 in relation to the restructuring started in that year and completed in 2014 with its liquidation and exit from the business sector. Reference should be made to *Notes 5.2* and *7.13* for a detailed analysis of the items which contributed to this result and comparison with 2014 in application of IFRS 5.

Net profit

As a result of the changes discussed above, the Group Net Profit for the year increased by Euro 28,992 thousand - from Euro 54,858 thousand in 2014 to Euro 83,850 thousand in 2015.

Reclassified Balance Sheet

(In thousands of Euro)	At December 31, 2015	At December 31, 2014	Change
Intangible Assets	1,004,432	978,171	26,261
Property, plant & equipment	190,925	192,733	(1,808)
Property Investments	3,412	3,414	(2)
Investments in associated companies	47,387	41,882	5,505
Investments held for sale	26	26	0
Deferred tax assets	42,282	46,558	(4,276)
Other non-current financial assets	16,776	23,966	(7,190)
Other non-current receivables	1,692	1,691	1
Fixed assets (A)	1,306,932	1,288,441	18,491
Inventories	4,865	5,793	(928)
Trade receivables	90,527	118,526	(27,999)
Income tax receivables	12,751	16,110	(3,359)
Other receivables	13,286	15,617	(2,331)
Other current financial assets	7,190		7,190
Current assets	**128,619**	**156,046**	**(27,427)**
Discontinued Operations	**11,502**	**16,010**	**(4,508)**
Trade payables	164,486	170,711	(6,225)
Other payables	106,898	98,753	8,145
Income tax payables	63,017	59,529	3,488
Current liabilities	334,401	328,993	5,408
Liabilities related to Discontinued Operations	**3,019**	**25,443**	**(22,424)**
Working capital (B)	(197,299)	(182,380)	(14,919)
Provision for risks and charges (C)	(177,902)	(174,567)	(3,335)
Employee benefit provisions (D)	(48,239)	(50,505)	2,266
Net capital employed (A+B+C+D)	883,492	880,989	2,503
Group shareholders' net equity	(344,668)	(309,200)	(35,468)
Minority interests net equity	(541)	(600)	59
Net Debt	(538,283)	(571,189)	32,906
Total sources of funds	(883,492)	(880,989)	(2,503)

All fixed assets, including those falling within IFRIC 12 scope, are shown net of fixed assets financed by State and European Community grants. At December 31, 2015 the latter amounted to Euro 498,553 thousand and Euro 5,517 thousand respectively (at December 31, 2014 they amounted to Euro 495,654 thousand and Euro 1,831 thousand respectively).

Net capital employed at December 31, 2015 amounted to Euro 883,492 thousand, an increase of Euro 2,503 thousand on December 31, 2014.

Fixed assets, amounting to Euro 1,306,932 thousand, include investments in tangible and intangible fixed assets of Euro 1,198,769 thousand, investments in associated companies of Euro 47,413 thousand, deferred tax assets of Euro 42,282 thousand, other non-current financial assets of Euro 16,776 thousand and other non-current receivables of Euro 1,692 thousand. Net fixed assets increased by Euro 18,491 thousand compared to December 31, 2014, mainly due to: *i)* net investments for the year of Euro 86,780 thousand, partly offset by amortization and depreciation for the period amounting to Euro 59,524 thousand; *ii)* the decrease in net deferred tax assets of Euro 4,276 thousand, due in particular to the adjustment of deferred tax assets to the new IRES tax rate introduced by the 2016 Stability Act and effective in 2017; *iii)* the increase in financial fixed assets as a result of the associated companies being measured with the equity method for Euro 5,505 thousand.

Net working capital amounted to Euro -197,299 thousand, decreasing by Euro 14,919 thousand compared to December 31, 2014, principally due to the following:

- lower inventories, decreasing from Euro 5,793 thousand to Euro 4,865 thousand;
- lower trade receivables, which recorded a decrease from Euro 118,526 thousand to Euro 90,527 thousand and lower trade payables, which decreased from Euro 170,711 thousand to Euro 164,486 thousand. The decrease in trade receivables at December 31, 2015 is mainly related to the non-recourse factoring agreement entered into by the parent company as of the second half of 2015;
- lower other receivables for Euro 2,331 thousand and higher other payables for Euro 8,145 thousand, lower tax receivables for Euro 3,359 thousand and higher tax payables for Euro 3,488 thousand;
- increase in other current financial assets of Euro 7,190 thousand related to the reclassification to short-term of the portion (30%) of other financial assets linked to the agreement with dnata for the sale of the shares of Airport Handling (for more details see chapter "*FY2015: significant events*");
- decrease in Discontinued Operations for Euro 4,508 thousand and decrease in liabilities related to Discontinued Operations for Euro 22,424 thousand.

The following table illustrates the main components of Net Working Capital:

(In thousands of Euro)	At December 31, 2015	At December 31, 2014	Change
Inventories	4,865	5,793	(928)
Trade receivables	90,527	118,526	(27,999)
Trade payables	(164,486)	(170,711)	6,225
Other receivables/(payables)	(143,878)	(126,555)	(17,323)
Other current financial assets	7,190	0	7,190
Discontinued Operations	11,502	16,010	(4,508)
Liabilities related to Discontinued Operations	(3,019)	(25,443)	22,424
Total net working capital	**(197,299)**	**(182,380)**	**(14,919)**

Reclassified Cash Flow Statement

At December 31, 2015, the Net Financial Position was a debt of Euro 538,283 thousand, decrease of Euro 32,906 compared the end of 2014 (Euro 571,189 thousand).

The positive change in net debt was affected by a number of factors, including:

a. the decrease in the amount of medium and long-term loans for Euro 3,814 thousand, resulting from the repayment of debt maturing in May 2015, and amortization of a portion of EIB loans (principal amounts repaid in 2015 of Euro 13,898 thousand); these transactions were almost totally covered by the disbursement, in late June 2015, of new medium-term loans for Euro 60 million granted by the EIB, with floating rate and a twenty-year term;
b. lower IAS adjustments for Euro 3,461 thousand, which were positively affected by various factors including the reduction in the fair value of derivatives and lower lease payables;
c. the increase in cash and cash equivalents for Euro 24,916 thousand (net of cash related to Discontinued Operations). This result was due to the favorable cash flow performance from operating activities, which fully covered the needs of investing and financing activities, including the payment of Euro 50,916 thousand as dividend on 2014 profits.

The changes in the Net Financial Position between December 31, 2015 and December 31, 2014 are illustrated below.

(In thousands of Euro)	2015	2014
Opening Net Financial Position	(571,189)	(487,740)
Net cash flow from operating activities (before work. capital changes)	168,947	102,852
Change in Net Working Capital	12,442	(24,051)
Net operating investments	(77,848)	(106,785)
Interest paid	(18,707)	(21,425)
Dividends paid	(50,916)	(26,480)
Disposal/Acquisition of investments		(180)
Other	(1,012)	(7,380)
Total changes	**32,906**	**(83,449)**
Closing Net Financial Position	**(538,283)**	**(571,189)**

The cash flow movements during the year are reported below:

(In thousands of Euro)	2015	2014
Cash flow generated/(absorbed) from operating activities	181,390	78,801
Cash flow generated/(absorbed) from investing activities *	(75,511)	(105,080)
Cash flow generated/(absorbed) from financing activities	(75,392)	(2,928)
Increase / (Decrease) in cash and cash equivalents	30,487	(29,206)
Cash and cash equivalents at beginning of year	31,514	60,720
Cash and cash equivalents at end of year	62,001	31,514
- of which, cash and cash equivalents included under Discontinued Operations	6,499	928
Cash and cash equivalents at year-end reported in the accounts	55,502	30,586

* *Includes the amount relating to dividends received of Euro 2,377 thousand at December 31, 2015 and Euro 1,706 thousand at December 31, 2014.*

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

Net cash flow from operating activities

(In thousands of Euro)	2015	2014
Cash flow generated from operating activities before working capital changes	**202,897**	**135,595**
Change in inventories	628	923
Change in trade receivables & other receivables	37,393	(34,478)
Change in other non-current assets	(1)	125
Change in trade payables & other payables	(6,339)	(3,450)
Cash generated/(absorbed) from changes in working capital of Discontinued Operations	(19,239)	12,829
Cash flow generated/(absorbed) from changes in working capital	**12,442**	**(24,051)**
Income taxes paid	(37,987)	(42,414)
AGCM penalty payment (including interest)	(3,368)	
Enforcement of contract guarantees	2,200	
Damages received from Customs agency		5,631
Repayment Quintavalle dispute (excluding interest)		2,313
Cash generated/(absorbed) by payment of Discontinued Operations	5,206	1,727
Cash flow generated/(absorbed) from operating activities	**181,390**	**78,801**

Net cash flow from investing activities

(In thousands of Euro)	2015	2014
Investment in fixed assets:		
- intangible	(65,775)	(63,718)
- tangible	(17,557)	(18,076)
- financial		(180)
Changes in other non-current financial assets		(24,950)
Divestments of fixed assets:		
- tangible		139
- financial	70	(2)
Dividends received	2,337	1,706
Cash generated/(absorbed) from investing activities of Discontinued Operations	5,414	2
Cash flow generated/(absorbed) from investing activity	**(75,511)**	**(105,080)**

Net cash flow from financing activities

(In thousands of Euro)	2015	2014
Change in gross financial debt		
- increases / (decreases) in short-term and medium/long-term debt	(3,814)	(253,273)
- increases/(decreases) for bond issue		300,000
Change in other financial asset/liabilities	(2,439)	(38,773)
Dividends distributed	(50,916)	(26,480)
Interest paid	(18,707)	(21,425)
Interest received	484	986
Cash generated/(absorbed) from financing activities of Discontinued Operations		36,037
Cash flow generated/(absorbed) from financing activities	**(75,392)**	**(2,928)**

The amount of "Cash generated by/(absorbed from) financing activities of the Discontinued Operations", amounting to zero in 2015 (Euro 36,037 thousand at December 31, 2014) is shown net of the cash flows generated from SEA capital contributions in favor of SEA Handling in liquidation of Euro 16,488 thousand (Euro 9,823 thousand at December 31, 2014).

SEA GROUP INVESTMENTS

In 2015 the SEA Group continued its commitment to support investments in line with the programmed development plan. The following table shows the breakdown of the investments in 2015, amounting to Euro 99 million, between new constructions (Euro 86.8 million) and restoration work (Euro 12.2 million).

(In thousands of Euro)	New constructions	Restoration investments	Total
Flight infrastructure	4,598	3,325	7,923
Terminals	39,420	5,911	45,331
Malpensa Cargo City	5,914	0	5,914
Access systems - roads - parking	16,167	700	16,867
Buildings	2,082	893	2,975
Plant and network	5,808	1,389	7,197
Ecology	43	0	43
ICT projects	10,179	0	10,179
Miscellaneous	2,568	0	2,568
Total	**86,780**	**12,218**	**98,998**

The amounts include the 6% remuneration according to IFRIC 12 (Euro 3.6 million) and the portion of financial charges (Euro 0.3 million).

Investments made in 2015 amounted to Euro 99 million and include the expansion and redesign works at Milan Malpensa and Linate. Specifically, in Terminal 1 a new centralized area for safety checks for all passengers at the check-in floor, the common retail area (Schengen-non Schengen) at the boarding floor, configured to maximize visibility and usability of the retail space, and the arrivals and check-in areas were added and made viable. At Terminal 2 the reconfiguration works on the departures hall and the boarding areas were completed.

At Malpensa Terminal 1 the finishing works in the former security filters area were commenced by adding new areas for Tax Refund operations. At Terminal 2, work continued for the construction and extension of the new railway station. In the Milan Malpensa Cargo area works are currently being carried out for the construction of the first warehouse intended for a cargo carrier.

A number of flight infrastructure plant upgrades continued at Linate and Malpensa for the implementation of the ASMGCS (Advanced Surface Movement Guidance and Control System) systems, 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.

Significant development capex were made in the field of information and communication technology, specifically: the migration of Business Intelligence applications of the SAP ERP (Enterprise Resource Planning) system to a new platform called HANA in Cloud environment, which is the first project in Italy that combines the use of Cloud technologies with the most advanced data processing technologies; the complete renovation of the Flight Information Display System, for information to passengers at the Malpensa Terminal 1.

Finally, functional software developments increased with a focus on E-Commerce applications, but also extended to the Apps of the Linate and Malpensa airports and to the parking integrated management systems.

FY2015: SIGNIFICANT EVENTS

SEA-SACBO merger

Following the study conducted by the University of Bergamo in order to assess the establishment of a single entity combining the operations of the Milan Linate, Milan Malpensa and Bergamo Orio al Serio airports, which was submitted to the Board of Directors' meetings of the two companies on September 14, 2015, the industrial project was considered valid and the Chairmen of the two companies were assigned the task to assess potential solutions to implement the merger. The Chairmen of the two companies also signed a letter of intent that sets June 30, 2016 as deadline for approval of the transaction by the Extraordinary General Meetings of both companies. The two companies have also undertaken, for the aforesaid period, not to initiate, continue, maintain, contribute to, or even encourage any type of negotiations involving third parties, concerning, or leading to, directly or indirectly, the transfer of, integration and/or concentration with other activities included in the transaction or being a substantial part thereof.

Updates on the Malpensa Master Plan

In November 2015, the guidelines of the 2030 Malpensa *Master Plan* were submitted to the local institutional representatives (Lombardy Regional Government, Piedmont Regional Government, Milan, Varese and Novara Provincial Governments, Mayors of the municipalities of the Malpensa area). Meetings are scheduled until the spring of 2016, aimed at gathering views and comments of all the stakeholders concerned, useful for finalizing the detailed technical design. With the support of ENAV, analysis were carried out on the Malpensa dual runway system in order to identify the renovation works necessary to optimize the airport capacity while keeping the same flight infrastructure. Given the developments in the market environment and growth projections regarding airport traffic, it was found that the third runway will not be necessary until after 2030. The optimized dual runway system along with the upgrading of the *airside* infrastructure constitutes the basis of the guidelines of the new Airport Master Plan, approved by the Board of Directors and by ENAC.

ACI Awards, Milan Malpensa judged best airport in Europe

In June, Malpensa airport was awarded the prestigious ACI Award as the best European airport in the 10 to 25 million passenger category for the excellent performances achieved across all operating areas, excelling particularly in terms of the quality of services and infrastructure and for the objectives delivered in terms of customer service, security, shopping and in the welcoming of international passengers through the Chinese Friendly Airport initiative.
Specifically, we highlight the preparation of mobile boarding bridges for A380 passengers, the new security controls area, Piazza del Lusso and Piazza del Gusto, in addition to the extensive number of digital services such as Apps, Virtual Desks and unlimited free Wi-Fi and the restyling of the airport ahead of EXPO 2015.
The association which conferred the award represents 450 airports and 90% of European commercial air traffic.

New Ryanair flights from Malpensa

On December 1, 2015, the Irish airline Ryanair, the main low-cost operator and first carrier in Italy for passenger traffic, opened a new base at Malpensa Terminal 1. Ryanair operates flights from Malpensa to London Stansted (with the remarkable frequency of 2 flights per day), Comiso (1 flight per day), Bucharest (4 times a week) and Seville (3 times a week).

Sale of Profit Sharing Instruments (SFP) Airport Handling

In accordance with the commitments undertaken with the European Commission – as described in more detail in the section "*SEA Group risk factors*" – in September the Trustee, by virtue of the mandate given by SEA, signed an agreement with dnata (Dubai National Air Travel Agency), a major international company of the Emirates Group and engaged in the airport handling sector, for the transfer of 30% of the shares of Airport Handling, which involves the simultaneous transfer of the same percentage of SFPs held by SEA in Airport Handling. The agreement, in line with the provisions of the Deed of Trust and in the framework of the previously mentioned negotiations

between the Italian Authorities and the European Commission, also provides an option in favor of dnata for the purchase of an additional 40% of shares and a corresponding portion of SFPs.
In February 2016, the Competition Authority decided that the current transaction does not determine, in accordance with Article 6, paragraph 1, of Law No. 287/90, the establishment or strengthening of a dominant position in the market such as to eliminate or substantially and durably reduce competition. The transaction was completed on March 23, 2016. Upon completion of the transaction dnata is expected to obtain the operational control of the company and the majority of the board of directors in its capacity as industrial partner.
The transaction provides for the payment of Euro 7.5 million by dnata for the purchase of the first 30% and Euro 10 million for the additional 40% interest (amounts to be divided proportionally between stocks and SFPs respectively held by the Trustee and SEA).

New Regulatory Agreement

On October 30, 2015 ENAC published the final documentation for the second tariff sub-period (2016-2020) of the ENAC-SEA Regulatory Agreement.
The published information contains traffic forecasts for the reference period in the Malpensa and Linate airports, in conjunction with the investment plan, the quality and environmental protection plan and a set of financial parameters linked to calculation of the five-year tariffs. For further information please refer to the section *"Regulatory framework"* of this report.

Application by SEA and SEA Energia to qualify as Existing Equivalent User Efficient Systems (SEESEU)

On 29 September SEA and SEA Energia applied to the GSE in order to obtain the qualification as Existing Equivalent User Efficient Systems (SEESEU). Obtaining the qualification as SEU or SEESEU involves maintaining favorable tariff conditions on high efficiency self-produced electricity, not withdrawn from the grid, limited to the variable components of the system and grid general costs, as required by Legislative Decree No. 115/08 and Article 25-bis of Law Decree No. 91/14 converted into Law No.116/14. The application is currently under evaluation by GSE. On the basis of these considerations, despite the uncertainties related to the progress of the application and the fact that the SEESEU-C qualification for application of the preferential tariff system charges had not yet been obtained as at the reporting date, the Companies considered it reasonable to estimate the payment of system charges for the year 2015 on favorable tariff conditions, supported by their technical management regarding the objective evidence in support of the application and on the basis of the progress in the application process. For more details on this regulation, please refer to the chapter *"Regulatory framework"*.

SIGNIFICANT EVENTS SUBSEQUENT TO YEAR END

Traffic development: increase in airlines, frequencies and services

With three additional aircraft, easyJet expands its network with seven new destinations from Malpensa: Krakow, Lanzarote, Bilbao, Lille, Manchester, Toulouse and Alicante.

Ryanair announced an increase in activity from Malpensa for the *winter season* 2016, as of November, with flights to the following destinations: Brussels, Catania, Sofia, Las Palmas for a total of 47 weekly flights. Flybe will add a daily flight to Hanover in August, in addition to increasing the number of flights to Birmingham (from 14 to 19 per week). Vueling increases the number of flights to Paris (from 10 to 12 per week) in addition to the already announced new destinations (Amsterdam, Las Palmas, Alicante),

For the *summer season* two new destinations in Greece have been added: Kalamata (Aegean Airlines) and Thessaloniki (Ellinair). Lourdes will also be connected with two weekly scheduled AlbaStar flights.

As for the long haul, Air Canada will again operate a daily flight (in the 2015 *summer season* it had operated five weekly flights), Singapore Airlines will add a sixth flight as of the *summer season* also increasing its winter operations and Air India will add a fourth direct flight to Delhi. Emirates postponed the introduction of the A380 on the second flight to Dubai from February to July.

In addition, as of July 2016 Aeroflot will add a fourth daily flight to Moscow.

Updates on Judgement 7241/2015 issued by the Milan Court

With regard to judgment 7241/2015 issued by the Court of Milan which ordered the Ministry of Transport to pay damages to SEA for Euro 31,618 thousand plus revaluation according to ISTAT indices and interest at the statutory rate, upon request of the General Attorney's Office, the Milan Court of Appeal ordered the stay of the provisional enforcement of the judgment, as it considered that:

- there was a *"Danger in Delay"* in relation to the prejudice that the right in question may suffer from enforcement of the judgment, given in particular, the relevant amount of the claim;
- there was a *"Prima facie case"* with regard to a potential reversal of the first instance ruling, having noted obvious defects and/or manifest logical inconsistencies in the judgment challenged with respect to the application to the specific case of a principle of law pertaining to the substance of the matter, drawn from judgment of the United Sections of the Supreme Court No. 20566 of 06.09.2013 which, however, only regarded a jurisdiction matter.

The hearing for submission of the final statements has been scheduled on June 7, 2016.

OUTLOOK

The global macroeconomic scenario for 2016 presents risks and uncertainties which arise from the slowdown of production activities in China, the Eurozone and in commodity exporting countries. After touching their lowest point in the last thirteen years, below $30/barrel, oil prices are expected to continue to show a weak performance owing to structural imbalances of the market that is burdened by overproduction and by uncertainties over the medium-long term growth prospects of energy demand.

IATA (International Air Transport Association) figures on the performance of the global air transport industry point out that in January 2016, air traffic grew by 7.1% over the same month of 2015 (6.5%). The load factor increased by 1.1% to 78.8%.

IATA figures on cargo air traffic in January show an overall increase of 2.5% compared to the same month of the prior year and an improved performance compared to the last months of 2015.

According to ACI Europe data, in January traffic at European airports increased by an average of 6.3%. In EU airports, the increase in passengers was 6.9%, while in non-EU airports the increase was 4.3%. For the coming months ACI Europe predicts that the positive conditions created by improved conditions of the Eurozone economy, low oil prices and expansionary monetary policy, will continue for most of 2016. This will promote the growth of passenger traffic, with the exception of Russian airports. However risks remain, mainly of geopolitical nature, concerning the refugee crisis with its repercussions on the Schengen agreement, the possible exit of UK from the European Union, terrorist threats, instability in the Middle East and North Africa and the emerging markets crisis.

The cargo sector also sees a come-back to a lively market.

Despite the continued uncertainties within the sector, the SEA Group confirms its commitment to the development of the business areas managed, in order to achieve further efficiencies and develop its traffic, passenger and cargo management expertise.

The main lines of development relate to the continuing development of new routes and increased number of both long-range flights, in order to constantly improve Malpensa connectivity and appeal to passengers, and low cost flights, by combining volume and margin growth. The infrastructure development plan for 2016 envisages an increase in capex to maximize returns on the investments made in the *Non Aviation* activities, with specific reference to the new *layout* of Terminal 1 as of April 2015, and to continue the investment efforts designed to deliver new infrastructure, especially in the cargo area.

In addition, in the course of 2016, major capital expenditures will be made within the General Aviation business, including the construction of a new hangar. Industry growth is also expected to affect Malpensa.

In order to strengthen the position of the General Aviation handling in the markets in which it operates and expand its position at the *network level*, the assessment of a number of potential strategic alliances with major worldwide operators in the industry should be completed in the early months of the year.

OPERATING PERFORMANCE - INDUSTRY ANALYSIS

Following the exit of Airport Handling SpA from the scope of consolidation and the liquidation of SEA Handling SpA, the industry analysis has been modified to take account of the business areas managed by the SEA Group, which are shown below.

Commercial Aviation

The Commercial Aviation business comprises the Aviation and Non Aviation activities: the former concern the management, development and maintenance of airport infrastructure and plants and the offer to SEA Group customers of services and activities related to aircraft arrival and departure and 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 centralized infrastructure, in addition to security fees and tariffs for the use of check-in desks and spaces by airlines and handlers. The Non Aviation activities provides a wide and differentiated 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 sector. The revenues from this area consist of the market fees for activities directly carried out by SEA and 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. This business also includes the activities carried out by the company Malpensa Construction Consortium directly related to the airport business.

General Aviation

The General Aviation business includes both General Aviation activities that are carried out through the subsidiary SEA Prime, which was acquired in 2013 and which provides the full range of services related to the business traffic at the West apron of Linate airport, and the General Aviation handling activities of the subsidiary Prime AviationServices. The latter operates at the Linate airport and offers services at the General Aviation airports of Milan Malpensa, Venice Tessera and Rome Ciampino.

Energy

The Energy business, which is operated through the subsidiary SEA Energia, includes the generation and sale of electricity and thermal energy, primarily to cover the needs of the Malpensa and Linate airports and, on a residual basis, to be sold on the market.

In order to make the information comparable, the 2014 figures were restated according to the new structure.
The main results for each of the businesses described above are presented below.

	Commercial Aviation		General Aviation		Energy		Consolidated data	
(In thousands of Euro)	2015	2014	2015	2014	2015	2014	2015	2014
Operating revenues	610,741	590,304	16,179	16,477	15,488	14,853	642,408	621,634
EBITDA	211,590	201,321	5,340	4,406	2,901	156	219,831	205,883
EBIT	140,028	127,698	3,546	2,489	2,491	(490)	146,065	129,697

Commercial Aviation

Traffic data

Milan Malpensa and Milan Linate airport traffic

	Movements		Passengers [1]		Cargo (tonnes)	
	2015	%	2015	%	2015	%
Malpensa	156,642	-3.9%	18,444.8	-1.2%	500,054	8.8%
Linate	96,049	5.7%	9,638.8	7.3%	12,435	-2.2%
Total commercial traffic	**252,691**	**-0.4%**	**28,083.6**	**1.6%**	**512,489**	**8.5%**

1 *Arriving + departing passengers (thousands).*

During 2015, more than 28 million passengers transited the Milan airport system managed by the SEA Group, with a 1.6% growth over the previous year.
In 2015, international passengers also grew by 4.8%. Excluding the figure for the North African region influenced by geopolitical events, this market segment shows a 12.4% increase compared to 2014.
It should be noted that the comparison with the previous year is affected by the temporary transfer to Malpensa of traffic from the Bergamo airport, following the resurfacing of the runway in the month of May 2014.
On a like for like basis the results achieved in 2015 show more sustained developments as shown below:

- passengers +3.3%
- aircraft movements + 1%
- cargo + 10%.

The breakdown of passenger traffic on the Milan Airport System by main destinations and airlines is provided below.

Main destinations in terms of passengers served by the Milan airport system (000)

	Year 2015	% Change on 2014	% Share on total
London	1,906	7.3%	7%
Paris	1,697	9.6%	6%
Rome	1,686	-5.8%	6%
Catania	1,092	-12.8%	4%
Naples	1,035	-4.1%	4%
Amsterdam	1,007	11.7%	4%
New York	831	17.1%	3%
Frankfurt	764	2.7%	3%
Madrid	759	3.2%	3%
Barcelona	717	1.9%	2%
Others	16,588	1.1%	58%
Total	**28,084**	**1.6%**	**100%**

London: Heathrow, Gatwick, City, Luton and Stansted; Paris: Charles de Gaulle, Orly; Rome: Fiumicino, Ciampino; New York: New York and Newark.

Main airlines in terms of passengers served by the Milan airport system (000)

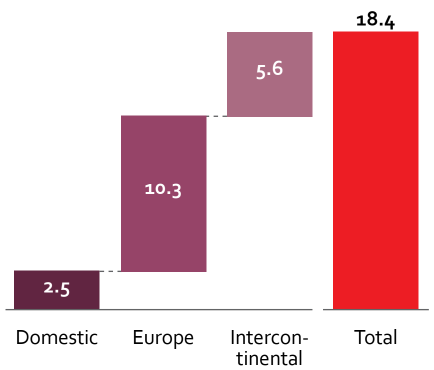
	Year 2015	% Change on 2014	% Share on total
easyJet	7,158	3.0%	25%
Alitalia	6,415	0.7%	23%
Lufthansa	1,400	-4.8%	5%
Meridiana fly	1,117	-8.1%	4%
Emirates	830	15.9%	3%
British Airways	742	9.2%	3%
Air France	543	7.9%	2%
Neos	527	10.1%	2%
Vueling Airlines S.A.	473	40.0%	2%
Turkish Airlines	460	3.8%	2%
Others	8,420	-0.9%	29%
Total	**28,084**	**1.6%**	**100%**

48% of passenger traffic is operated by easyJet and Alitalia with a substantially equivalent share.

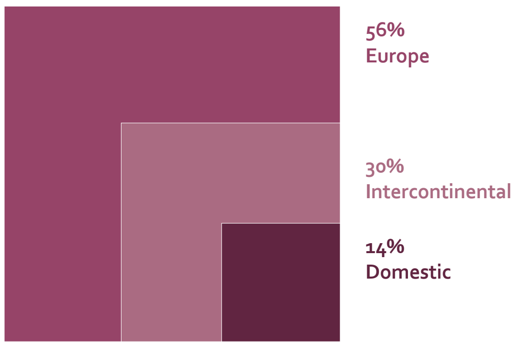
Malpensa

Malpensa passenger traffic stood at 18.4 million, slightly below the figure of the prior year (-1.2%). This result reflects the mentioned temporary transfer of flights from the Bergamo airport ("BGY"). Without considering that effect, Malpensa airport recorded passenger growth of 1.4%.

Breakdown of 2015 passenger traffic at Malpensa Airport by region (000)



	Domestic	Europe	Intercontinental	Total
2014	-11.6%	-1.4%	4.8%	-1.2%
excluding BGY	-6.3%	1.5%	5.1%	1.4%



Domestic traffic *was* down by 11.6%, as it was affected by the temporary transfer of flights from Bergamo in 2014, the cancellation of a number of flights to Catania by the Alitalia Group, to Fiumicino, Brindisi and Naples by easyJet and to Cagliari by Meridiana.

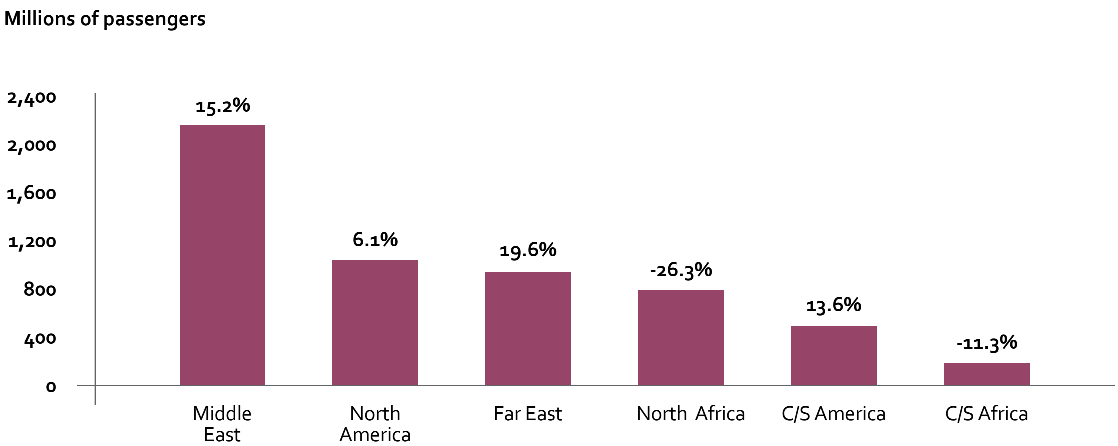
European traffic was down by 1.4% compared to 2014, mainly due to the transfer of airberlin and FlyNiki to Linate following the "Lupi" Ministerial Decree which permitted flights to all EU destinations from Linate as of the 2014 winter season. Alitalia flights to Tirana and Moscow also decreased. The European traffic was also affected by the transfer of Bergamo traffic in 2014. The above reduction in traffic was partially and

positively offset by easyJet traffic with the activation of new flights to Munich and Stuttgart, by Vueling to Paris Orly and the development of existing flights to Barcelona, Ibiza and Bilbao. British Airways traffic to London Heathrow also grew, with an increase in weekly flights during the summer season.
It should also be noted that in December 2015 Ryanair launched new flights to London Stansted, Seville and Bucharest.
International traffic grew 4.8% to 5.6 million transiting passenger.
Excluding the figure for the North African region influenced by geopolitical events, the international traffic showed a 12.4% increase compared to 2014.

This result is mainly attributable to:
i) Middle East: 44% of long haul traffic, was up 15%, with Emirates, Qatar Airways and Oman Air achieving the best performances;
ii) North America: 22% of long haul traffic, saw Emirates as the main carrier connecting to the area;
iii) Far East: 20% share, up 19.6%, with Alitalia playing an important role in this area.

Emirates has increased the capacity offered by adding an additional Airbus A380 with more than 500 seats to its fleet.
Alitalia also contributed to the growth of this market, by offering flights to the Middle East and the Far East through its carrier Etihad as of January 1, 2015. These included in particular, an expanded service to Tokyo Narita, by offering a daily flight, a daily flight to Abu Dhabi since April and the three weekly flights to Shanghai for the entire period of the World EXPO event.
Qatar Airways (Doha), Oman Air (Muscat), Korean Air (Seoul) and Pegasus (Istanbul) also contributed to the development of the international traffic through an intensification of operated routes.

2015 Passenger traffic on inter-continental routes by region



The % change refers to comparison with the previous year.

Malpensa Cargo

The Milan Malpensa airport is the most important import and export air cargo logistic hub in Italy: in 2015 it achieved record cargo traffic in terms of volumes, exceeding 500 thousand tonnes of cargo transported, an increase of 9%.

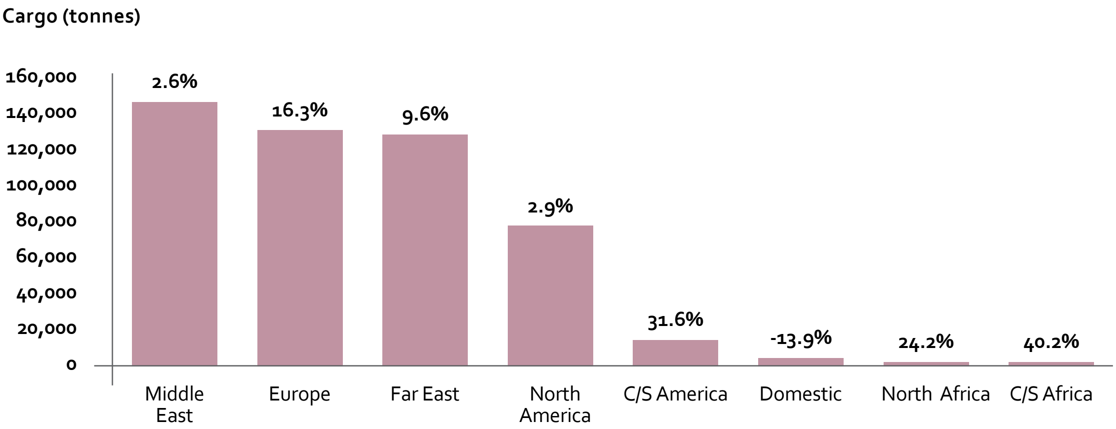
The all-cargo traffic recorded growth of + 8%, reaching 355 thousand tonnes of cargo moved. In February of 2015, DHL Express further strengthened its presence at Malpensa, with the use of 3 based aircrafts intended for new services to Leipzig, the United States and Hong Kong. In addition a new cargo carrier, SW Italia, started operations with a B747-400 with destination Baku in Azerbaijan. The other all-cargo carriers that contributed to the development during the year were: AirBridgesCargo, Nippon Cargo and Saudi Arabian.

The cargo traffic of the all-cargo carriers served at Malpensa by the SEA Group reports varying levels of growth across the final destination areas. Specifically:

- Europe + 24.6%
- Far East + 12%
- North America + 3.9%

The belly traffic grew by + 11%, achieving 145 thousand tonnes of cargo transported. Among carriers with *mixed configuration* aircraft, Emirates is the main vector in terms of amount of goods handled, while Qatar Airways, Alitalia, Korean Airlines, Turkish Airlines and Oman Air achieved the highest growth compared to the prior year.

2015 Cargo traffic by region – Airports managed by SEA

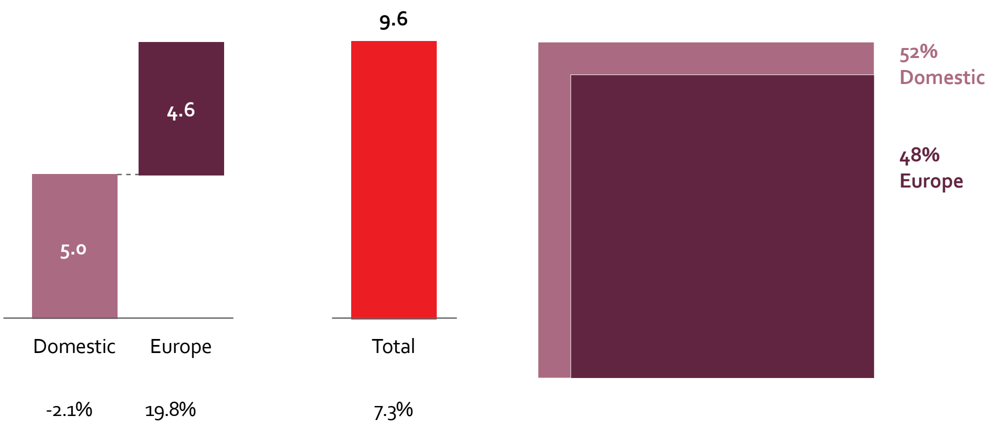


The % change refers to comparison with the previous year.

Linate

Passengers served at Linate airport reached 9.6 million in 2015, an increase of 7.3 percentage points compared to 2014.

Breakdown of 2015 passenger traffic at Linate Airport (000)



The implementation of the "Lupi" Ministerial Decree, in force since November 2014, enabled the operation of scheduled "point to point" flights, thereby eliminating the limitations on flights from Linate to the European capitals and activating flights to all Community airports, within the limits of the airport's hourly operational capacity.
Etihad partner carriers such as airberlin and FlyNiki, in agreement with Alitalia, thus transferred operations from Malpensa to Linate; as a result, Alitalia had to reduce its market share in favor of its partners.
Alitalia, which accounts for 58% of passengers served, showed a positive trend with growth of nearly 4 percentage points on the following destinations:

- **European destinations**: Berlin and Düsseldorf, not operated in the previous year, and Amsterdam, with an increase in the number of flights. Positive performance of flights to London City, Copenhagen;
- **domestic destinations**: Cagliari and Alghero routes, on which Alitalia is the main carrier, ensuring "territorial continuity" services, and Catania, Palermo and Fiumicino.

Blue Air, with flights to the Romanian capital Bucharest Otopeni, Air France, Air Malta and Brussels Airlines also recorded growth.

The Linate-Fiumicino shuttle stood at 1.4 million passengers, down 6% mainly due to easyJet. As of the month of May 2015, this company progressively decreased the number of flights, deleting them permanently as of the winter season 2015/2016.
In addition, as of the winter season, easyJet started to operate two daily flights to Paris Charles de Gaulle, a daily flight to Amsterdam and increased the number of flights to London Gatwick.

Revenues

In 2015, the **Commercial Aviation** business generated **operating revenues** of Euro 610,741 thousand, an increase of Euro 20,437 thousand (Euro 590,304 thousand in 2014).

The increase in revenues is mainly due to the **Aviation** activities for Euro 8,993 thousand and, for Euro 11,444 thousand, to the good performance of the **Non Aviation** activities, which benefited from the improved retail offering as a result of the redesign of Malpensa Terminal 1.

The increase in **Aviation** revenues is mainly due to the net effect of:

- higher revenues from "airport and centralized infrastructure fees" for Euro 17,222 thousand

compared to the previous year, inclusive of non-recurring revenues (Euro 15,412 thousand excluding non-recurring revenues) as a result of the increase in tariffs deriving from the annual update in the Regulatory Agreement and higher traffic volumes during the year driven by the activation of new routes and more frequent flights on existing routes, in addition to the increase in revenues generated from aircraft de-icing before take-off resulting from worse weather conditions in 2015 compared to the previous year;
- lower revenues from security checks, which recorded a slight decrease of Euro 415 thousand;
- lower revenues from the use of regulated spaces, down by Euro 7,814 thousand, including 2014 non-recurring revenues, linked to the "Free transfer of assets", i.e. the free transfer of assets constructed by the sub-contractors and transferred to the operator under a commercial agreement, amounting to Euro 7,479 thousand in 2014 and non-existent in 2015. The decrease in revenues net of non-recurring revenues amounted to Euro 335 thousand.

Non Aviation revenues amounted to Euro 214,864 thousand, an increase of Euro 11,444 thousand compared to 2014. Specifically, for Euro 10,444 thousand they reflect the strong performance of retail and cargo sectors, as described below, and for Euro 1,000 thousand they refer to non-recurring revenues.
They main results of Non Aviation activities are detailed below:

- Shops recorded a 17.4% revenue growth compared to 2014 (from Euro 39,348 thousand in 2014 to Euro 46,190 thousand in 2015). Revenues in 2015, compared to the previous year, were adversely affected by the reduction in traffic in the boarding area A of Malpensa Terminal 1, due both to the temporary transfer of passenger traffic from the airport of Bergamo Orio al Serio in May of last year and the application of the Lupi Decree, in force since the fall of 2014, which caused certain airlines to move flights to Linate. Nevertheless, the shop generated revenue increased compared to 2014, not only due to the new layout configuration and the retail offering at Malpensa Terminal 1, but also due to sales under a dual pricing regime (duty free and duty paid) that increases the propensity to buy of passengers with high interest in luxury goods.
  The retail offering was completed with the opening of the Calze Gallo, Vilebrequin, Falconeri and Fedon stores, in the last section of the arcade and a Rocca corner, a brand of the Damiani Group, in the Piazza del Lusso. In December 2015 the "Piazza del Pop" was inaugurated, with the important openings of Zara Home and Massimo Dutti, two brands of the Spanish Inditex Group.
  The two shopping arcades at Malpensa Terminal 2 and Linate also performed well; in Terminal 2 some new shops were opened in 2015, including Parfois, Portuguese fast fashion and accessories brand, and Piquadro.
- Revenues from the Food & Beverage segment also benefited from an enlargement of the retail offering and the quality of the proposed formats. Eating outlets of the three terminals recorded a 5.6% increase in revenue over the previous year, from total revenues of Euro 17,238 thousand in 2014 to Euro 18,211 thousand in 2015.
- Also the Car Rental segment provided a positive contribution (+366 thousand euro compared to 2014) along with banking services, which grew by 17.7% driven by currency exchange and VAT refund activities by industry operators both at Malpensa and Linate. To facilitate VAT refund procedures, a system called O.T.E.L.L.O. was implemented, through which the process for the release of the Customs approval necessary to request the refund has been digitized. As a result of the new system, the process has become faster and more efficient.
- Advertising revenues amounted to Euro 12,137 thousand (Euro 9,844 thousand in 2014), a marked increase over the previous year. The increase was driven by a more "premium perception" of Malpensa airport by investors, largely due to the redevelopment and a renewed interest in this airport as prime showcase during the EXPO. The positive trend in this sector concerned both Malpensa, with campaigns in the luxury segment, and Linate, with campaigns in the automotive and hi-tech segments.
- With reference to the Parking sector, performance in the year was negatively affected by the construction works relating to the railway station at Malpensa Terminal 2, which reduced parking capacity by 50%.
  This capacity reduction was mitigated by commercial actions aimed at differentiating the service offered and at channeling customers towards the Terminal 1 parking, as a result of which revenue reduction in Terminal 2 was approximately 29%.

Parking growth at Linate and Orio al Serio, respectively 7.8% and 14.4%, determined year end revenues of Euro 57,150 thousand, a 0.7% increase over the previous year.

- Revenues in the *Cargo* sector increased 6.6% mainly due to the allocation to DHL of warehouses at Terminal 2, as of November 2014, and to Beta Trans at Terminal 1 as of April 2015.
  Following the activation of Ryanair flights in December 2015, Airport Global Services SpA was added as fourth full handling operator at Malpensa.

EBITDA and EBIT

In FY2015, EBITDA came to Euro 211,590 thousand, a 5.1% increase in line with revenues.
Amortisation, depreciation and the provision for restoration were in line with the previous year.
As a result of the above changes, operational EBIT of the Commercial Aviation business amounted to Euro 140,028 thousand, an increase of Euro 12,330 thousand from 2014.

Other information

Investments/Aviation spaces development

The demand for operational spaces at the airport in 2015 confirmed the trend of recent years, which has seen a decline in the demand for regulated office spaces, due to the policies for the reduction in terminal costs by legacy carriers, to cope with competition from low cost carriers, which do not have representative and supervisory offices at the airport. In 2015 there has been an increased interest by carriers for premium spaces, such as VIP lounges, for use with business customers.
The main elements in space development in 2015 are listed below:

- On April 1, 2015 the space for the construction of the new 495 sq. m. lounge was delivered to Etihad – adjacent to that of Emirates and with direct access to the loading-bridge together with Emirates. The construction of a new Alitalia/Etihad lounge in the T1 north satellite is also planned by May 2016.
- From June 1, 2015, together with the introduction of the two Emirates A380's on flights to/from JFK, the 130 sq. m. Emirates Lounge extension entered into use. The total space now occupied by the Emirates Lounge is 1,062 sq. m. In September 2015 an agreement was entered into with Emirates to supply a new 94 sq. m lounge-reception in the arrivals area, combined with eight dedicated *"chauffeur-drive"* car parking spaces, reserved for Emirates first and business class passengers. This facility was inaugurated on February 24, 2016.
- As of July 2015 a trade agreement has been effective with Neos for the use of new spaces at the check-in area of Terminal 1.
- Since September Turkish Airlines Cargo has obtained the availability of a second office at Cargo City.
- As of November Ryanair occupies spaces at Terminal 1 for crew briefing activities.

Development of the retail sector

2015 saw the consolidation of SEA's commercial strategy with regard to the positioning of the retail offer at Malpensa and Linate.
In April 2015 the new security filters area at the check-in floor was inaugurated which leads directly to the heart of the shopping arcade at the boarding floor.
Access to the large Duty Free Shop is located at the base of a large stair, central with respect to the extension of Terminal 1. The retail offering is organized into thematic "piazze", on the basis of brand positioning: along the path that leads to the non-Schengen gates area the "Piazza del Lusso" and "Piazza del Gusto" are located in succession, while along the path to the Schengen gates area, the "Piazza del Pop" extends to the right of the duty free, with mainly fast fashion brand outlets. In particular, at the center of the "piazza" a Zara store will be opened extending over 400 sq.m.
The presence of Zara, the flagship brand of the Spanish Inditex Group, the world's fast fashion leader, will further enrich the retail offer of the terminal with an area of over 600 sq.m. and will better satisfy the needs and the demand of Schengen and non-Schengen passengers interested in affordable price products and services.
All retail areas are accessible to all types of passengers, regardless of destination, as the passport control for non-Schengen flights has been placed in the vicinity of boarding satellites.
The "Piazza del Lusso" and "Piazza del Gusto" resume and emphasize the stylistic standards of the city of Milan, first and foremost the Vittorio Emanuele Gallery, as if to revive the elegant atmosphere of the fashion district.

The retail offering is constantly supported by SEA marketing activity, which is also developed through on-line channels; in November 2015 the *"Milan Boutiques"* service was inaugurated, a new online service enabling customers to consult a selection of products offered by the various brands available at the airport, with the ability of booking them online and picking them up at the airport upon departure.

Via Milano

In 2015 the promotional activities for the ViaMilano service continued, principally focused on distribution and communication through the digital channels.

In the last quarter, the new ViaMilano website was put online, with the objective of aligning it to the style of the Linate and Malpensa websites, and to make it usable by mobile devices and improve its positioning within the major search engines. In addition to the functional and style redesign, some of the existing functions were improved and significant changes were introduced compared to the previous version. First of all, the integration with the tourism portal of the Municipality of Milan, which enables visitors to view the cultural activities of the city of Milan, the places to visit and the most sought after tourist itineraries.

Throughout the year, the service on-line communication and promotional activities continued through Facebook advertising campaigns and newsletters sent to the contacts stored in the service database.

Finally, the last period of the year, the technology partner Dohop, undertook new initiatives to improve the flight purchasing process offered by ViaMilano service. The solution, currently being developed, will enable the purchase of two separate tickets in a single transaction.

Self-Bag Drop

In December, the supplier for installation of the Self bag drop stations at the two Malpensa terminals was identified. At the end of the pilot project that will stretch to the end of 2016, in collaboration with some carriers, it will be assessed whether to extend the service to the Linate airport.

Chinese friendly airport and destination development

2015 saw an important development for the Chinese Friendly Airport project. In April in fact, the SEA Group was awarded "gold" level for the "Service Quality" category at the COTRI AWARDS (China Outbound Travel & Tourism Market) at the COTTM trade fair (China Outbound Travel & Tourism Market).

Throughout 2015, work continued to improve the experience of Chinese passengers, with several dedicated promotions; in addition the Chinese version of the Milano Malpensa website was made available.

With regard to destination development, 2015 was marked by intense institutional relation activities: a bilateral agreement was signed between Milan and Chengdu, China, for tourist and cultural exchanges and other joint activities; the initiative city to city between Milan and New York was encouraged to promote traffic between the two cities in early 2016; finally the City2City initiative between Milan and Cardiff was promoted.

Co-marketing and fast track activities

During 2015 several events were organized to support airlines in the promotion of new routes or new services. These included, for example, the inauguration of flights by Korean Air, Blue Panorama, Mahan Air, Cargolux, AlbaStar, LAN, Ryanair, the tomorrowland SN Brussels event, the American Airlines Customer Cup event; in addition all co-marketing activities continued through SEA social media in the usual ways.

As for the Fast Track service, in order to accommodate the different needs expressed by the carriers but with the goal of not lowering rates, the B2B pricing policy was revised.

Following the change in the Fast Track layout and signage refurbishment, the use of the service by passengers significantly increased. A number of further improvements to the infrastructure are currently being examined in order to make the Fast Track more attuned to customer needs and improve its use by passengers.

DHL Express and SEA regulatory agreement for the construction of a new state-of-the-art logistics hub at Milan Malpensa Airport

On February 12, 2016 DHL Express and SEA signed a regulatory agreement for the construction of a new state-of-the-art logistics hub at Milan Malpensa Airport. Works will start by the end of 2016 and will be completed by the first half of 2018.

The new hub, located inside the new Cargo City of Milan Malpensa Airport, the busiest airport logistics platform of Italy, will become for DHL Express the main international freight access gate in Italy, occupying a remarkable area of 46,000 sq.m. The Malpensa hub is placed in a strategic area in the North West, which is the most dynamic economic area in Italy and the most strongly oriented towards the international markets. The state-of-the-art sorting system will make the handling of goods more efficient and will triple current capacity.

Renewal of the Agreement and strengthening the partnership with IGPDecaux

In light of the agreement reached with IGPDecaux for the contract renewal, the design phase regarding the redesign of advertising installations outside Linate was started.

The new concept provides for the rationalization and technological upgrading of advertising installations, using the most advanced digital products: leveraging the strong know-how developed by JCDecaux at major international airports, new installations have been designed to meet the needs of airport advertisers, which integrate into and enhance the environment. By the end of 2016, the advertising installations positioned along the road departing from and arriving to the airport will be completely redesigned; the façade of the building will also be redesigned as a result of the installation of new large digital screens.

General Aviation

Traffic data

General Aviation traffic in Europe decreased by 0.6% in 2015 compared to the previous year. Among the top 20 European countries, Italy ranks fourth in terms of managed flights, a 1.2% decrease compared to 2014.

Altogether in 2015, Linate traffic grew by 0.8% compared to 2014 in terms of movements, benefiting from the EXPO event. The analysis of airport traffic shows that, compared to 2014, the performance declined in the period preceding the commencement and the conclusion of the Universal Exposition in Milan.

On an yearly basis, there was a 3.5% increase in aircraft tonnage, with a 2.6% increase in the average size of aircraft transiting at the airport (the average aircraft was 15.3 tonnes, compared to 14.9 the previous year).

Revenues

Revenues from the General Aviation business of Euro 16,179 thousand recorded a slight decrease of about 1.8%, compared to the previous year. The decrease in revenues is due to the net effect of several factors, which are described below:

- revenue reduction in the refueling sector, mainly driven by a decrease in fuel price and, to a minimal extent, to the decrease in liters provided;
- revenue reduction in non-regulated activities due to lower space sub-concessions and decreased use of hangars and parking, also related to the reduction in available space as a result of work sites at the airport;
- increase in revenues from centralized services, mainly related to the increase in the average aircraft and the increase in fees;
- increase in revenue from handling activities mainly due to the increase in unit revenues at the Linate airport and the volume effect on the Venice airport.

EBITDA and EBIT

Operating EBITDA amounted to Euro 5,340 thousand, up by 21% over the previous year.

The sharp increase in margins of the General Aviation business is due primarily to lower net provisions compared to the previous year. Amortisation and depreciation were essentially stable.

Energy

Quantitative data

In 2015, electricity production for sale increased 6.6% (19.4 million kWh) compared to 2014, amounting to 315 million kWh. This increase follows increased electricity production at the Linate station following the re-entry into service of motor 1, which had been stopped for almost the entirety of 2014 due to a serious breakdown.

The production of electricity for sale to third parties through the electricity exchange increased 25.6% (+18.4 million kWh) compared to 2014 to 90 million kWh. The increase follows the greater usage of "cogenerative" motors at the Linate station which, following the greater demand for thermal energy, produced increased amounts of electricity and guaranteed a sufficient financial return. The quantities of electricity sold through the Exchange increased (+25% compared to 2014), amounting to 10.8 million kWh.

The production of electricity for sale under bilateral contracts (self-produced) decreased 8% (-3.5 million kWh) compared to 2014 to 40.2 million kWh.

In 2015, electricity production increased by 15.5% on 2014 (+49.1 million kWh) to 366.9 million kWh - of which 78% serving the needs of Linate and Malpensa airports.
The increase in production principally follows the beginning of supply to civil users within the vicinity of Linate airport as from 2015 the station was connected to the "Canavese" station (located at Viale Forlanini and owned by A2A) in order to supply additional heat to the city of Milan. Consequently, sales to third party clients increased by over 31.8 million kWh (+66.6% on 2014) reaching 79.6 million kWh. The demand for thermal energy for sale under bilateral contracts increased 6.4% (+17.3 million kWh compared to 2014) to 287.3 million kWh.
As of 2015, it is subject to system charges, which are allocated to the lower extent of 5% as described under *"FY2015: Significant events"* in this report and in the section "SEESEU-C Qualification for system charges" in the notes to the Consolidated Financial Statements.

Revenues

In 2015, the Energy business (production and sale of electric and thermal energy) reported consolidated net revenues of Euro 15,488 thousand, a slight increase over 2014 (Euro 14,853).
In particular, revenues from electricity sales to third party customers decreased by 14% compared to 2014: the decrease in quantities sold to third parties depends on persistent low selling prices on the stock exchange.
Revenues from the sale of thermal energy to third parties of Euro 2,917 thousand increased Euro 870 thousand (+42.5% on 2014).

EBITDA and EBIT

EBITDA for the Energy business recorded a marked improvement compared to the previous year, reaching Euro 2,901 thousand compared to Euro 156 thousand for the year 2014. The EBITDA increase in the Energy business is attributable to a slight increase in revenues, but above all to cost reductions, especially the costs for the purchase of methane. The cost reduction is also reflected in the EBIT value, which amounted to Euro 2,491 thousand in 2015.

Green Certificates

Also in 2015 SEA Energia, at the production site of Linate and thanks to the co-generative production of thermal energy for heating in the locality of Santa Giulia and the airport, again fulfilled the requirements to obtain green certificates. Therefore, 49,267 green certificates will be requested to the Energy Services Operator, of which 35,817 SEA (equivalent of Euro 3,021 thousand) and 13,450 A2A, pursuant to the agreement in place with this company.

White certificates

The Energy Service Regulator in 2013 recognised the Malpensa station as a CAR (High yield co-generator), which exempts the requirement of green certificates. The Milan Malpensa station satisfies the requirements introduced by Ministerial Decree 5/9/2011 and subsequent amendments for the recognition by the Electricity Regulator of white certificates to support high yield co-generative units. These certificates may be requested for a period of five years, as of the date of entry into force of Ministerial Decree of September 5, 2011, within the limit of 30% of the incentives granted to newly constructed High Yield cogeneration plants, and can be obtained starting from the final 2012 data. For the co-generation production in 2015 at the Malpensa station, the Electricity Service Operator recognised 5,899 white certificates, of which 3,656 combined cycle 1 (CC1) and 2,243 combined cycle 2 (CC2). The average unitary price is Euro 106 for white certificate.

Emission trading

In accordance with European Directive 2003/87/EC, from January 1, 2005, plant operators which emit CO_2 into the atmosphere must avail of an authorisation issued by the competent national authority. Each plant, in addition, must receive special "rights" permitting the emission of CO_2 into the atmosphere without payment.
Where the rights allocated annually concerning the plant are not sufficient to cover emissions, these may be purchased on the market.
Conversely, where the rights allocated are in excess of the emissions produced, the rights not utilized may be sold.
For 2015, the overall production of CO_2 by the Group amounted to 170,901 tonnes, of which 114,338 tonnes generated by the Malpensa station and 56,563 tonnes produced by the Linate plant.
At December 31, 2015, SEA Energia had 167,625 tonnes of CO_2 on its account. Therefore, to compensate the Ministry of Environment for the 170,901 Tonnes produced, 3,276 CO_2 quotas must be purchased on the market.

SEA GROUP RISK FACTORS

The SEA Group pays great attention to the proper management of risks associated with the performance of its business activities. To this end it has processes and procedures in place to monitor and mitigate potential risks, with the aim of reducing the potential risks arising from unexpected events, protecting its tangible and intangible assets in the interest of stakeholders and ensure the long-term creation of value.

The Group's risks fall into five categories: strategic, operational, financial, commodity and compliance risks.

Strategic risks

The SEA Group conducts its airport management activities under a regulated regime; however, the Group's financial results are largely influenced by socio-political, macroeconomic and competitive events occurring on a global scale.

The main strategic risks that may have a significant impact on the performance of the SEA Group are illustrated below.

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. The trend in world, European and national GDP, oil price forecasts, any shocks arising from unforeseen events, such as the recent terrorist attacks, may significantly affect air traffic and thus the profitability of the Group. Similarly strategic choices of other operators which are an alternative to air transport, if not consistently coordinated within a broader vision of connectivity, may pose a threat to the development of domestic traffic at SEA airports.

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. More specifically, in recent years the traditional carriers have embarked on processes aimed at establishing international alliances that resulted in a strengthening of their market position and, in general, a change in the structure of demand; in the same period there has also been a significant change in the demand generated by the increased presence of low cost carriers which resulted in increased competition between airports and the development of decentralized and smaller airports.

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 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.

Nevertheless SEA believes that it is 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 the Group's traffic performance.

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 the services provided (airport fees, security control fees, fees for the use of common use assets and centralized infrastructure for handling services). Any change in the regulatory framework could impact the Group's results.

Risk related to the European Commission Decision of December 19, 2012 concerning presumed State Aid to SEA Handling and the Decision of July 9, 2014 for the set-up of a new procedure on the incorporation and capitalization of Airport 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, constituted State Aid incompatible with the internal market, and consequently imposed upon the Italian State the obligation to demand restitution of the presumed State Aid from SEA Handling.

In relation to the above-mentioned decision three independent appeals were made before the European Union Court, by the Italian State, by SEA Handling and by the Milan Municipality. These appeals are currently in an advanced stage of discussion, as the documentary stage of the proceedings was completed several months ago; a decision from the Court is therefore expected, which probably should occur by the end of this year.

In the meantime, although fully convinced – as re-confirmed by the team of attorneys representing the Group in the procedures – that the appeals were founded and that consequently no restitution of the presumed State Aid should take place, and given the impossibility for SEA Handling – in the case of a negative outcome of the procedures, considered remote – to comply with a monetary restitution of such large amounts as established by the decision, a discussion phase commenced – through the Italian Authorities – with the European Commission, in order to:

i) represent the incapacity of SEA Handling to meet this repayment and consequently the impossibility of the Italian State to enforce the decision;

ii) identify a shared solution that can guarantee the final exit of SEA Handling from the market, so that the decision may be enforced, in line with the Commission's practice for the recovery of unlawful State Aid, in a manner alternative to the monetary restitution of the alleged aid. At the same time this solution would have permitted the resolution of the problems related to the interruption of transport services at the Milan Airports and the identification of alternative socially acceptable solutions for the placement of approx. 2,300 employees of SEA Handling.

The meetings between the Italian Authorities and the European Commission commenced with the presentation on November 28, 2013 of a formal project for the 'alternative enforcement' of the decision which, in line with some important precedents in State Aid law, provided for:

i) the liquidation and definitive exit from the market of SEA Handling, with the disposal of all residual assets through an open and transparent tender process; and

ii) the possibility for SEA to continue to offer handling assistance services through the incorporation of a new company, under full competitive conditions with other handling companies and without any financial ties with SEA Handling; according to Community law, the "severing of financial ties" represents the essential condition to ensure that the State Aid restitution obligation is not 'transferred' to the newly incorporated company.

During the proceedings, in addition to this scenario, the Italian Authorities made further commitments to reassure the European Commission that there would be no "continuity" between SEA Handling and the new operator; among these, SEA commitment to transfer its entire stake in the new handling operator in a trust, a third party independent of SEA and its subsidiary SEA Handling, in order to ensure the full management and operational segregation of the new company from SEA and/or SEA Handling, and SEA commitment to include among the purposes of the trust, the access of a significant minority shareholder (and, in an envisaged second phase, also of majority shareholder) in the new handling company.

In line with the plan proposed to the European Commission,

i) on June 9, 2014, the Extraordinary Shareholders' Meeting of SEA Handling approved the placement into liquidation of the company on July 1, 2014, and the company, assigned to the sole liquidator Mr. Marco Reboa, definitively ceased operations on August 31, 2014, on conclusion of a transitory period of two months necessary for the signing of agreements with the Trade Unions;

ii) in the meantime, SEA incorporated Airport Handling and, in accordance with the commitments undertaken with the European Commission, on August 27, 2014 assigned its entire holding in the share capital of Airport Handling to a trust called "Milan Airport Handling Trust", set up on June 30, 2014 and registered in Jersey, Channel

Islands. "Crowe Horwath Trustee Services It Srl" was appointed Trustee, an ad hoc company incorporated and considered entirely independent from SEA, and all companies belonging to the SEA Group.

The creation of the Trust, a key element guaranteeing economic discontinuation, established a structural and operational basis which excludes SEA from any form of control on the conclusion of the mandate conferred over Airport Handling and continuity between SEA Handling and Airport Handling. In relation to the termination of control of Airport Handling due to the transfer of the investment to Milan Airport Handling Trust, it should be noted that a correct accounting treatment was applied at the time of determining the consolidation scope; as better described in *Note 6.7* "Other non-current financial assets" of the Explanatory Notes, in accordance with IFRS 10, with the assignment to the Trust and the removal of the "power of control" of SEA over Airport Handling - although the "risk & reward" element in relation to the trust remained applicable to SEA - the investment in Airport Handling was consequently deconsolidated.

At the same time, the Trust is required, in accordance with its incorporation deeds, to ensure the discontinuation on a structural basis (therefore also beyond the term of its mandate), providing as a guarantee the opening of the share capital of Airport Handling to a third party investor.

Against this background, and despite the developments of the institutional dialogue, on July 9, 2014 the European Commission decided to commence – in relation to the powers conferred to them concerning State Aid – a formal investigation, in order to best appreciate some aspects relating to the execution of the 2012 decision, particularly concerning the economic discontinuation between SEA Handling and Airport Handling and the possible occurrence of (further) presumed State Aid.

SEA chose to participate at the preliminary phase instigated by the European Commission through the publication of the decision of July 9, 2014 in the EU Official Gazette of February 6, 2015 and the simultaneous invitation to interested third parties to submit their observations in relation to the decision on Airport Handling. In this context, on March 30, 2015 SEA submitted its observations to the Commission, which confirmed its position that *i)* there was no economic continuation between SEA Handling and Airport Handling, with consequent inadmissibility of any claim for restitution of presumed State Aid from this latter company; *ii)* the initial capitalisation of Airport Handling does not represent in any manner further State Aid.

In greater detail, and with reference to the absence of economic continuation, SEA's arguments can be summarised as follows:

- the creation of the Trust and the assignment of the entire shareholding of SEA to Airport Handling should firstly be recalled, a circumstance which, in accordance with Community best practice, ensures full economic and operational discontinuity: indeed, as illustrated above, the Trust represents the best guarantee of the operating and ownership autonomy between Airport Handling and the SEA Group, on the one hand, and between Airport Handling and SEA Handling on the other; the Board of Directors, appointed by the Trust, acts independently in executing actions to ensure the operational viability of the company on the free market;
- secondly, we should recall the overall mechanisms of the plan communicated by the Italian Authorities to the Commission, and relating to the exit from the market of SEA Handling and the entry of the new operator in the handling sector. This appears fully in line with the requirements of the European Union practice in similar cases, as there was no automatic transfer of goods or juristic relationships between SEA Handling and Airport Handling, or in relation to employee contracts or contracts with carriers/clients. The equipment lease contract of SEA Handling, of limited duration (expiring August 2015) and concluded at market prices (as proved by several appraisals conducted by independent experts), is not considered – in view of similar precedents – as an indicator of economic continuation and consequently also from this viewpoint the utilization of the leased equipment may not be taken by the European Commission as an indicator of economic continuation.

Within the liquidation procedure of SEA Handling SpA, the liquidator undertook a tender process for transport vehicles, broken down into 9 similar lots. This tender was declared void as there were no requests for participation or requests in compliance with the tender conditions and terms.

Also following the negative outcome of the tender process, Airport Handling proposed to SEA Handling the purchase – at market conditions and based on independent valuation reports – of approx. 6 of the 9 used vehicle lots for sale by the liquidator of SEA Handling. Accordingly, it cannot be stated that all the equipment was purchased at non-market prices; on this point, it should also be noted that SEA Handling equipment has an average age of about 20 years and therefore, by definition, it cannot incorporate any undue use of alleged aid from SEA to SEA Handling in the period 2002-2010.

In relation to the inappropriate assumption that Airport Handling initial capitalisation would constitute State Aid, the considerations of SEA are summarised below:

- the financial resources that SEA transferred to Airport Handling are not under the constant control of the public shareholder and, therefore, they cannot be regarded as state assets. Moreover, the decision to invest in Airport Handling was made alongside the relevant and concomitant participation of the private investor and therefore it cannot be attributed to the State;
- it is therefore not possible to conceive how the investigation could reach the conclusion of a state origin and state responsibility (an essential condition for the qualification of State Aid) as the evidence presented in the commencement decision was not sufficient according to previous case law, or rather was based on declarations by politicians – the Transport Minister and the Mayor of Milan – and in any case was out of context and not relating to the capitalisation of Airport Handling, which took place in accordance with minimum capitalization requirements set out in art. 13 of Legislative Decree 18/1999 for carrying on the company's business;
- secondly, also on the basis of an economic study, SEA considers that it may demonstrate that the investment satisfies the MEIP (Market Economy Investment Principle), therefore excluding any undue advantage gained by Airport Handling from SEA's investment. For this purpose, SEA has provided the European Commission with evidence showing that, at the time of the investment, the industrial plan of Airport Handling appeared fully credible and capable of guaranteeing the independent economic equilibrium of the company in the medium-term and in any case such as not to impact the capital contributions made, including through subscription of share capital increases and equity financial instruments; the performance in the first year of operation is in line (actually markedly better, in some cases) with the business plan.

Based on the foregoing, restating the belief that the appeals presented by the Italian State, SEA Handling and the Municipality of Milan to the European Court (SEA joined the proceedings on a voluntary basis) are well founded and, consequently, that the presumed State Aid should not be repaid, it is considered – and supported by our legal experts – that the conditions under which the operation which resulted in SEA Handling's exit from the market and the entry of the new operator Airport Handling satisfy all the requirements imposed under European Commission common practice regarding "economic continuity", and establish therefore the full economic discontinuity between the two companies. Therefore it is considered that upon completion of its investigation which commenced on July 9, the European Commission may only find that its doubts concerning economic continuity and the existence of new aid are unfounded.

For these reasons, it is considered correct to confirm the criteria adopted in the previous annual report and interim financial reports to not recognize any amount in the provision for risks and charges in the Financial Statements of SEA Handling in liquidation and/or receivables from the company in the Financial Statements of SEA, with reference to the restitution obligations of SEA Handling to SEA of presumed State Aid and/or the recording of a receivable for the restitution of State Aid by SEA; similarly, with reference to the sums transferred by SEA to the share capital of Airport Handling and to the subscription of the equity financial instruments by SEA, it is considered that these may be recovered through the disposal of the investment or the participation in future profits of the company (for the residual holding) which are considered realisable and not affected by the decision of the European Commission.

We also report that in December 2014 SEA together with the Trustee conferred the mandate to an independent financial advisor in order to identify potential investors for the acquisition of a shareholding in Airport Handling. In September 2015, the Trustee, which today is the only entity responsible for the sale of the stake, signed an agreement with dnata (Dubai National Air Travel Agency), a major international company of the Emirates Group and engaged in the airport handling sector, for the transfer of 30% of the shares of Airport Handling, which involves the simultaneous transfer of the same percentage of SFPs held by SEA in Airport Handling; upon completion of the transaction, dnata will be entitled to appoint the majority of the members of the board of directors, thereby assuming control over Airport Handling. The agreement, which has already been approved by the Antitrust Authority, also provides for an option in favor of dnata to purchase, an additional 40% of the shares (call option) and a corresponding share of SFPs upon the occurrence of certain conditions. The agreement also provides for certain safeguards in favor of dnata (put option) – namely the ability to resell 30% of the shares and the SFPs, respectively to the Trust and SEA – which can be exercised within specific deadlines, subject to the outcome of negotiations with the European Union regarding the alleged State Aid mentioned above.

Please note, that in February 2016, the Competition Authority decided that the current transaction does not determine, in accordance with Article 6, paragraph 1, of Law No. 287/90, the establishment or strengthening of a dominant position in the market such as to eliminate or substantially and durably reduce competition. The Authority specifically stated that "in the light of such agreements, the fact that dnata will be the sole shareholder and will be able to unilaterally take all strategic decisions for Airport Handling, for a period exceeding two years, is sufficient time to qualify the transaction as a lasting change of control of the undertakings concerned and, therefore, of the market structure." The transaction was completed on March 23, 2016 and, therefore, the portion of other financial assets held for sale was reclassified as "current".

Following dnata investment in Airport Handling, the latter company is valued at Euro 25 million, such amount being in line with the carrying amount of the assets recognized in the accounts. The transaction provides for the payment of Euro 7.5 million by dnata for the purchase of the first 30%, which will be subject to lien for a predefined period as guarantee by dnata pending the outcome of negotiations with the European Union, and Euro 10 million for the additional 40% interest (amounts to be divided proportionally between stocks and SFPs respectively held by the Trustee and SEA).

In the meantime, the Italian Government is pursuing discussions with the Commission, also in light of the initiatives introduced by the Trustee (including principally the sale of a portion of Airport Handling), confirming the position expressed by the Company in its observations presented to the Commission on March 30, 2015.

Operating Risks

Operating risk factors are strictly related to the carrying out of airport activities and may impact the short and long term performances.

Risks related to safety and security management

The occurrence of accidents would have consequent impacts on Group activity and may also impact passengers, local residents and employees.

In order to monitor, mitigate and identify response plans in case of emergencies, the Safety Management System continued its activities with the aim to further consolidate and improve the results obtained in previous years. The guideline principles of the SEA airport Safety policy have remained unaltered in their consistency and suitability:

- guarantee design and construction conformity and maintenance of flight infrastructure and plant and equipment satisfying the highest sector standards;
- ensure a review of operating processes to achieve the highest compliance possible with national and international regulations concerning Safety;
- monitor the maintenance of safety standards for all operators and external parties of any type within the airport sites;
- guarantee ongoing and appropriate training of personnel, with priority for operational staff, placing particular focus on the requirements and the consequent actions for an improved level of safety;
- guarantee education and communication, so that all events which may affect safety are flagged through the filling out of a Ground Safety Report.

Ground Safety Report

As in previous years, in 2015 the safety events highlighted during the year were appraised and classified, based on the rules defined and communicated also with other operators at the periodic meetings of the Safety Committee.

Since October a new reporting system has been in

operation, which provides that these reports may be sent online, via a dedicated link. The new mode is in addition to the traditional printed reports mode, which continues to be valid.
The reporting of events to the National Flight Security Agency complies with the indications proposed by European Regulation 996/2010.

Emergency simulations

During the year, emergency air crash exercises were carried out both at Linate and Malpensa. The feedback received highlights an overall positive assessment in terms of the reaching of the prefixed objectives, both with regard to compliance with the procedures and in relation to the communication aspects.

Airport Certification

- *Auditing activities*: the internal audit plan for both airports was fully complied with, and no critical situations were detected. Likewise also the audits carried out by ENAC surveillance team did not reveal any critical situations; any observations or irregularities were accepted and promptly resolved.
- *Renewal of Malpensa airport certificate*: the certification in question had expired in November 2015 and has been renewed until December 31, 2017.
- *EU "EASA" Regulation No. 139 – New airport certification (EASA)*: the activity concerning the drafting of Airport Manuals in line with EASA certification requirements continued. A small working group was also put in place in Assaeroporti, which produced a reference model on the key issues provided by the new European regulation, which acts as guidelines for all members.

General Aviation Linate

In collaboration with SEA Prime SpA, the aircraft handling procedure for decentralization and hangar parking was prepared and approved by ENAC.

Risks related to the interruption of activities

The Group's activities are subject to interruption due to: strikes of its own or other airlines' staff, of personnel providing air traffic control services and of emergency public service operators; incorrect and non-timely provision of services by third parties and adverse weather conditions (snow, fog, etc.).
Company procedures have been prepared in order to better manage the aforementioned events. In addition, risk transfer measures were put in place where possible, including through insurance plans.

Risks related to the management of human resources

The reaching of Group objectives depends on internal resources and relations with employees. The non-ethical or inappropriate behavior of employees may have legal and financial consequences on company activities. The implemented set of procedures, also in compliance with the 231 model adopted by the Group, the Code of Ethics now Code of Conduct, training and internal education on these issues, together with talent development plans and cooperation and continuous dialogue with trade unions promote a business environment that minimizes the risks associated with human resources management.

Risk related to dependence on third parties

Airport management activities depend on third parties, such as local authorities, airlines, handlers etc. Any interruption in their activities or unacceptable conduct by third parties may damage the reputation and activities of the Group.
The risk management tools employed to address these issues comprise continuous updating of agreements with third parties, selection of partners on the basis of economic – financial and sustainability criteria, adequate contract management activity.

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 Explanatory Notes to the Consolidated Financial Statements.

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, however contained due to the high level of self-consumption by the Group of energy produced by SEA Energia, are based on the acquisition of the above-stated energy commodities.

For further information, reference should be made to paragraph 4 "Risk management" of the Explanatory Notes to the Consolidated Financial Statements.

Compliance risks

The Group operates in a sector regulated at a national, EU and international level.

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. The conformity of the processes and procedures to national and international standards leads to the consideration that the risk of non-compliance with the concession rules is remote. In addition, 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. The application of IFRIC 12 in the recognition of investments and for the refurbishment obligation enables consideration of the overall charge for depreciation and refurbishment each year in the Income Statement, in view of the obligations undertaken by SEA under the concession.

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 program for personnel is implemented in order to guarantee maximum safety protection, quality levels and the punctuality and efficiency of the service.

MAJOR ONGOING DISPUTES AS OF DECEMBER 31, 2015

Litigation for alleged abuse of dominant position in the acquisition of ATA Ali Trasporti Aerei – proceedings A474 brought by the Antitrust Authority (AGCM)

On December 20, 2013 the Antitrust Authority commenced the proceedings following a complaint lodged by Cedicor Sociedad Anonima ("CEDICOR").

The Authority alleged that SEA abused its dominant position in violation of Article 102 of the Treaty for the Functioning of the European Union ("TFEU") within the tender for the sale of ATA Ali Trasporti Aerei SpA (hereinafter also referred to as "ATA"), today SEA Prime. According to the reconstruction of the Antitrust Authority, SEA, exploiting its dominant position in the management of airport infrastructure, is accused of invoking the resolution of the Regulatory Agreement with ATA for the management of General Aviation infrastructures, in order to impede CEDICOR being awarded the acquisition of the company and thus prevent access to the market of a potential competitor in the infrastructure management and General Aviation handling services.

SEA, supported by its legal team, sustains the correctness of its conduct.

However, despite the defence put forward by SEA, on April 2 the Antitrust Authority concluded the process, establishing:

- that SEA carried out an abuse of a dominant position against Article 102 of the Treaty for the Functioning of the European Union ("TFEU"), having impeded the tender put in place for the sale of ATA Ali Trasporti Aerei SpA and ATA Ali Servizi SpA, in order to prevent the entry into the General Aviation Airport infrastructure market and the General Aviation Handling services market of CEDICOR;
- the issue to SEA of a total monetary penalty of Euro 3,365 thousand, to be paid within 30 days from the notification of the Provision, therefore by May 1, 2015.

On June 13, 2015 SEA filed an appeal against this Provision at the Regional Administrative Court ("TAR"). The hearing is scheduled for December 6, 2016.

Although considering, in light of the above-stated circumstances, that there are strong arguments to overturn the Provision at subsequent levels of judgement, SEA decided to proceed with the payment of the penalty, taking account that the extension of the procedural timings following the notification of the appeal to CEDICOR in Argentina, made it highly improbable that a hearing would be set in the short-term. The penalty was paid on July 8, 2015, in compliance with the deadline, to ensure that further interest does not mature.

Litigation commenced by ATA Handling

In May 2015, ATA Handling in liquidation and subject to administration notified SEA SpA and the Municipality of Milan of a citation, by which ATA Handling, referring to the decision of the European Commission of December 19, 2012 concerning alleged State Aid in favor of SEA Handling, requested compensation for damages suffered as a result of the above-stated aid, issued in the form of share capital increases, alleging that such gravely affected ATA Handling's operations. The alleged damages are estimated at Euro 93.1 million. At the hearing on October 20, 2015, the summons were declared null ex-officio (pursuant to Art. 164) for failure to satisfy the requirements (Art. 163) and ATA Handling was granted a period for the filing of additional statements. The next hearing was set for April 19, 2016.

In line with the previously adopted approach to the closing of the accounts in relation to the European Commission decision of December 19, 2012, also for the dispute taken by ATA Handling – directly based on the above-stated decision and to which it explicitly refers – no risks and charges provisions were accrued in the SEA Financial Statements.

Litigation commenced by Aviapartner Handling

By summons dated February 18, 2014, Aviapartner Handling SpA summoned SEA and SEA Handling in liquidation before the Court of Milan to establish their abuse of dominant position in the market of airport ground handling services, accusing the two companies of conducts contrary to the principles of professional fairness: the plaintiff claimed damages in the amount of Euro 4,322 thousand. SEA and SEA Handling in liquidation filed an appearance and pointed out the groundlessness of the action both for the extreme vagueness in the identification of the alleged illegal conduct, and lack of evidence of the damage and of the causal link between damage and the unlawful conduct. The judge ordered the filing of the contracts signed by the concerned parties with the carriers recipient of the service within April 15, 2016. The hearing was adjourned to June 14, 2016.

Litigation commenced by Emilio Noseda before the Buenos Aires Court

In 2005 SEA was notified of an action brought by Mr. Emilio Noseda before the Buenos Aires Court to seek enforcement of alleged commitments made in 1997 by SEA to Delta Group SA, a Uruguayan company of which he was the legal representative and which supported SEA in the tender phase for the granting of the concession on the Argentine airports.

Mr. Noseda, as assignee of Delta Group's rights, requested that SEA be ordered:

- to transfer 2% of AA2000 shares against the payment of their current market value;
- pay damages for loss of opportunity relating to Delta Group losing the opportunity to sell the shares in the period in which were worth more than the price then agreed (2 million USD), damages not quantified;
- pay damages for loss of profit relating to the non-award to Delta Group of some concessions in three Argentine airports, damages not quantified.

At the end of the evidentiary phase and pending the judgment, taking also into account that the judge had been replaced in the meantime and that Noseda's request for legal aid had been upheld, SEA submitted a settlement proposal of USD 500,000 which was not accepted. Noseda requested a sum of USD 3.5 million, in addition to legal costs.

In relation to this risk, SEA has set aside an appropriate amount in the provision for risks and charges.

Judgement 3553/2015 issued by the Milan Court

The Judgment of the Milan Court of Appeal, published in September 2015, refers to ongoing litigation with the Customs Agency for the non-payment of amounts for the use of space made available by SEA. This decision confirmed the grounds of the first instance judgment, which ordered the Customs Agency to pay SEA the sum of Euro 5,591 thousand. As not all jurisdictional degrees have been exhausted, no income was recognized in these Financial Statements.

Judgement 3406/2015 issued by the Milan Court

This judgment refers to the action brought by SEA claiming assets erroneously transferred to ENAV with provisional delivery notes dated 1983/1984. The Court of Appeal, reversing the first instance judgment, upheld SEA appeal and ruled out the transfer to ENAV of the assets mentioned above. The appeal judgment, reversing the first instance decision, acknowledged that SEA has a right to build on State-owned areas of the airports of Milan Linate and Milan Malpensa under concession and therefore it has temporary ownership on constructed assets.

In February 2016 both the General Attorney's Office on behalf of the Ministries and ENAV, appealed to the Supreme Court against the Court of Appeal judgment 3406/2015.

Provisions concerning Firefighters' fees

Law No. 296 of December 27, 2006 (2007 Budget Law) art. 1, paragraph 1328, established the Fire Fighting Fund, funded by airport operators in proportion to the traffic generated for a yearly amount of Euro 30 million, in order to reduce the cost, borne by the State, of the fire protection service provided by the National Fire Corps at the airports. However, following the entry into force of the provisions of Article 4, paragraph 3 bis of Law Decree No. 185 of 29/11/2008, introduced with Conversion Law No. 2 of 28/01/2009, the fund's resources have also been allocated to purposes completely unrelated to those originally planned in the 2007 Budget Law.

SEA submitted a number of illegality objections and challenged the law both before the Administrative Court and the Civil Court of Rome.

Over the years, there have been positive and important rulings, some of which have become final, as a result of which it can be seen that all the courts involved have qualified "the levy established by the law as a purpose-related levy". Up to now the courts have also established that following the entry into force of Law 2/2009 all the amounts of the Fire Fighting Fund have been used to cover costs and purposes completely unrelated to those initially planned of a reduction in the costs incurred by the State for firefighting services at the airports.

It should be noted that the following provision was added in the 2016 Stability Law, which took effect January 1, 2016:

"Article 39-bis, paragraph 1, of Decree-Law No. 159 of October 1, 2007, converted with amendments by Law No. 222 of November 29, 2007, after the words: «of Law No. 350 of December 24, 2003» the following words are inserted: «and of fees borne by airport management companies with regard to firefighting services at the airports referred to in Article 1, paragraph 1328, of law No. 296 of December 25, 2006»."

The article reclassifies the contribution to be paid to the Fund, as fee for the services rendered by the Fire Fighting Corps, in order to overcome the objections raised by airport managers on the nature of the levy and bring the issue back within the jurisdiction of the ordinary courts, in contrast to the previously issued rulings on the point.

OTHER INFORMATION

Customer Care

The SEA Group, always keenly aware of the opinion of its users – passengers, accompanying persons, visitors and employees – continued in 2015 to implement a monitoring and improvement policy of the quality level of services offered to the various parties which interact with the Group. 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.

Therefore, in line with European best practice, the SEA Group has continued pursuing an approach which identifies and intervenes on the more crucial aspects in terms of passenger expectations.

Actual quality of airport services: European situation and positioning of our airports

The punctuality data available for 2015 (last updated November 2015) and collected from among the members of the ACI Europe working group - EAPN (European Airport Punctuality Network) showed a slight deterioration compared to 2014, both for arrivals and departures. On average, the punctuality of departing flights in November was 79% against 82% recorded last year with significant monthly fluctuations ranging from 84% in February to 72% in July.

On average, the punctuality of arriving flights was 83% in November in line with the figure of last year and showing the same monthly fluctuations of departing flights.

The airports of Rome Fiumicino, Frankfurt, Düsseldorf and Munich suffered the most significant drop in punctuality values compared to 2014, due to unforeseen events and adverse weather conditions that have characterized some periods of the year.

With regard to the airports managed by SEA, Linate, with about 88% of flights leaving on time, ranked first in terms of punctuality of departing flights among the airports included in this ranking, ahead of the other comparable Italian airports of Bologna and Naples, while the average value of Malpensa, confirmed at around 82%, was above the European average and in line with the European airports of similar size (including Vienna, Athens and Manchester). It is by far ahead of the major *hub*, or at least large size, airports such as Rome Fiumicino, Amsterdam, Zürich, Madrid and London Heathrow. Rome Fiumicino ranked last among the Group's airports.

Detailed data are provided below for a performance analysis of the two airports:

Malpensa

- At Malpensa, passenger departing flight punctuality for 2015 improved 1.8% to 83.8%. The breakdown by terminal shows similar performances: Terminal 1 reported departing punctuality of 83.7% (+1.9%), with Terminal 2 reporting 84% (+1.5%). Despite the recovery in punctuality at the airport, compared to the previous year departing punctuality reduced, impacted by the significant deterioration in arriving punctuality.
- The performance in terms of baggage delivery time came, again this year, to much higher values than stated in the Charter of Services: at Terminal 1 first baggage delivery within 27 minutes was achieved for 96.5% of flights, while last baggage delivery within 37 minutes was achieved for 93.1% of flights; at Terminal 2 first baggage delivery within 26 minutes was achieved for 97.1% of flights, while last baggage delivery within 37 minutes was achieved for 98.8% of flights.
- With regard to the number of mishandled bags, there has been a constant improvement, with Terminal 1 reaching the figure of 2.1 mishandled bags per 1,000 departing passengers (2.5 in 2014) and Terminal 2, 0.47 mishandled bags per 1,000 departing passengers (this value having been achieved for the third consecutive year, is considered structural and with no further room for improvement).
- Hand baggage security screening waiting times were comfortably within those required by the Regulatory Agreement: 6'59" (weighted average of the two terminals) in 2105 against a required standard of 9'42". As of April 8, 2015 new security filters have been implemented at the check-in floor of Terminal 1. The new layout has led to a considerable reduction in queuing time.

In addition, as part of the broader "Time to Gate" project, i.e. the time needed to reach the gate, as of September queuing time for passport control at departure has been made available at Terminal 1, detected with the same technology used to monitor queues at security filters. The extension of this activity to passport control at the arrival is planned for 2016.

Linate

- At Linate, passenger flight punctuality in 2015 was 88.5%. The ability to make up for arrival delays is 1.9 points, improving over the previous year (1.6 points).
- The delivery of the first bag within 18 minutes and delivery of the last bag within 25 minutes was achieved for more than 95% of flights. These figures, in line with those of 2014, comfortably satisfy the Services Charter standards. The percentage of baggage delivered after 45 minutes was 0.2%.
- The figures for mishandled baggage show 2.8 mishandled bags for every 1,000 departing passengers in 2015 (3.1 bags in 2014), while the percentage of mishandled baggage for issues related to the sorting system was 0.2% (0.3% in 2014).
- With regard to queuing time at the hand luggage x-ray checks, the figure for 2015 (8'54"), influenced by different traffic composition and passengers "presentation curves", with a change in established passenger behavior, was worse than in 2014 (7'49"), but still within the standards guaranteed in the Services Charter (9'40"). In the last months of the year, changes in work shifts, a different use of personnel between Linate and Malpensa airports, and infrastructure works in the control areas, greatly reduced waiting times, with values slightly higher than 6'.

Passenger satisfaction: evaluation of Perceived Quality

The perceived quality perception of passengers, Customer Satisfaction with the services provided at the SEA managed airports, is assessed through CAPI interviews by a leading Market Research Institute. From 2014, SEA used an internationally utilized overall satisfaction index[4] – the CSI (ACSI model – American Customer Satisfaction Index), a sector and individual business level parameter. The CSI 2015 Customer Satisfaction index of our airports was:

CSI	2015	2014
Malpensa Terminal 1	72.9	70
Malpensa Terminal 2	71.8	70
Linate	70.2	67

The results improved compared to 2014 on all terminals, benefiting from renovation works and SEA constant efforts in priority areas for passengers, such as comfort, security control, maintenance and retail.
In May 2015 a new perceived quality monitoring instrument was introduced, by detecting passenger satisfaction on individual services 24/24, in which passengers, through dedicated totems, can express their views immediately after using the service. This tool is available in more than 50 airports around the world (e.g Heathrow UK, Orlando USA, Melbourne AU and Hong Kong).
In the course of 2015 (on the basis of 3rd quarter data available and collected through the ACI ASQ program) passengers transited at Malpensa Terminal 1 have shown greater appreciation, compared to 2014, for all the services made available in the new renovated airport. The airport redesign, which involved many areas, contributed to improved efficiency in operational activities on the one hand, while improving the overall appearance of the waiting and shopping areas on the other, by offering a renovated, bright, spacious and comfortable environment.
On a European level, Malpensa Terminal 1 stands out in terms of appreciation of its food services and wide retail offering, for its additional services, such as free Wi-Fi, and the efficiency of the security and check-in services.

Milan Malpensa has been recognized as the best European airport in the 10-25 million passengers category by a panel of industry experts within ACI EUROPE, due to the excellent results achieved in the quality of services and the new infrastructure made available to airlines and passengers. Appreciation was shown for the quality levels achieved in the services provided and in customer service, security and shopping experience initiatives, in the innovative services dedicated to specific types of passengers

4 *The index is measured on a scale of 0-100, with 75 representing excellence and 60 indicating sufficiency.*

transiting at Malpensa (Chinese Friendly Airport, Geronimo Stilton for families, etc.), in the cultural events hosted at Malpensa (Porta di Milano), in the terminal with its advanced technological equipment for staying in touch with passengers (for example: Virtual Desk, Wearable App) and in its cutting-edge operational services (mobile docks with variable height to board the new A380).

Relationships with customers and the development of B2C services

The SEA system for Customer Relationship Management

In 2015 users registered in SEA Customer Relationship Management platform (CRM) reached the figure of 1,150,000. This positive trend was mainly supported by the Wi-Fi system and the e-commerce. Over 650,000 subscribers have given consent to receiving newsletters and research questionnaires, designed to inform airport users and to learn about their expectations and assessments as guidance for the services to be offered at the airport.

Complaints

In 2015 725 complaints were received and processed, a slight increase (+ 2%) compared to 2014. Complaints relating to Malpensa Terminal 1 decreased markedly as a result of improvements in the services provided after the terminal restructuring for EXPO 2015. As of this year the Company also handles the complaints relating to parking in Orio al Serio.

Dedicated services: Family Friendly Airport

SEA initiative aimed at travelling families during the holiday seasons and public holidays continued successfully, despite the summer activity was limited by restructuring works at the security area of Linate.
During the summer and Christmas holidays at Malpensa Terminal 1 and Linate, SEA proposed a series of services, offering passengers travelling with infants and children up to 12 a Family Friendly Airport:

- Priority at security checks through a "Family lane", used by approx. 140,000 passengers, with a very high satisfaction index level.
- Distribution of 50,000 illustrative brochures (with games for kids) featuring useful airport services and procedures.
- Games area with videos and interactive flooring.
- Special priced menus for children and dedicated shopping promotions.
- Web-page dedicated to the initiative and a mini-site with games.

Information screen system

In 2015 the number of information screens was increased. In the second half of the year the number of virtual desk totems rose from 6 to 16 in total, distributed on two airports, at which passengers can receive assistance directly from a Customer Service operator communicating with them through a video.

Customer Service for e-commerce customers

Through the CRM, the services already provided to customers of Linate and Malpensa car parking, were extended to customers of Bergamo Orio al Serio car parking, the management of which was entrusted to SEA in 2014 through a tender procedure.
Pre/post-sales support services offered to customers via Call Center have thus adopted a multi-site configuration, which lays the foundations for its extension through the launch of the "Portal of Italian Parking Spaces".

Corporate customer satisfaction

As of 2013, SEA has conducted a research in order to identify the values that guide the choices of corporate customers that use Malpensa and Linate airport services; the objective is to undertake appropriate courses of action aimed at achieving increasingly higher levels of customer satisfaction; in this respect, we have gathered a lot of information regarding both the company "vision" of our corporate customers and the degree of satisfaction in relation to the products offered by SEA.
In the course of 2015, the phase regarding the company feedback on observations gathered during interviews on the "cargo" sector, carried out in 2014, was completed; a similar study was conducted with passenger Airlines, followed by a discussions with them, during which the outcomes and issues emerged from the study and previously undetected were presented, which SEA undertook to solve.

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 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.

The Corporate Social Responsibility department was created at SEA 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 "Social" dimension

In the second half of the year, the socio-economic impact assessment of the Malpensa Airport was updated with data from the end of 2015; the study was carried out by the Research Centre on Local Development of the University of Castellanza. An analysis of data shows that Malpensa involves about 450 companies operating on site, with employment and economic impacts resulting in nearly 16,500 employees and 3.3 billion Euros in production value. Compared to these figures, SEA contribution is 10% and 14% respectively. Taking account also of the indirect (the supplier chain) and spin-off effects, the impact of Malpensa on the Lombardy economy amounts to approximately 5.9 billion Euro and generates more than 23,500 jobs. In terms of tax take, the airport and its knock-on benefit generates approx. 6.5% of total Lombardy Income Tax contributions.

In July 2015, as part of the EXPO cultural program, the results of the research (funded by SEA) conducted by the Energy Department of the Politecnico of Milan were presented; the purpose of the study was to assess the economic, environmental and social aspects of the *Energy Facility* project implemented by COOPI in Malawi in the period 2011-2014 and co-financed by SEA. The research considered five types of capital (natural, physical, human, social and economic) and monitored its evolution induced by the implementation of the project.

Also on the societal front, in the third quarter of 2015 "The Social Challenge" project was launched; its objective is to encourage SEA employees to embrace the civic commitment undertaken by non-profit organisations in the regions surrounding the Linate and Malpensa airports. The Social Challenge is a participatory process involving the identification and selection of social projects designed by non-profit organisations operating in the provinces of Milan and Varese, to which the Promoters (SEA SpA and the Association Noi SEA) provide 6 contributions of 10,000 Euro each.

The key players in this process are primarily the employees of SEA SpA, who are asked to:

- identify non-profit organizations with operational offices in the provinces of Milan and Varese;
- receive or formulate with them a social, environmental or cultural project;
- submit the project to the Promoters, for an initial selection, which is carried out by a committee made up of persons inside and outside the company;
- if the project is selected, to encourage colleagues to support the project, expressing their preference in a referendum held on the intranet platform "Seanet".

The non-profit organizations with operational offices in the provinces of Milan and Varese are also asked to play an active role, by submitting social projects to the Promoters - to be submitted in turn to the employees of SEA SpA - which, if chosen by the latter, are subsequently admitted to the same assessment and voting process applied to projects submitted by employees.

In the fourth quarter of 2015 the SEA Board of Directors approved two impact investing projects, which were selected to increase the quality and effectiveness of investments in Corporate Citizenship. The resources that in previous years were traditionally granted to NGOs for international cooperation projects were granted to these projects. To this end, a partnership was established with Fondazione Opes, a qualified fund that invests in business projects with high social impact.

Management of relations with the stakeholders

In 2015, the Group's policies regarding relationships with stakeholders involved employing the usual tools through which the company systematically collects opinions, perceptions and evaluations regarding its perceived image and satisfaction for the services provided as well as the implementation of a specific stakeholder engagement project linked to the development of the new Malpensa 2015-2030 Master Plan. The project aims to ensure the widest possible transparency, clarity and dissemination of information on the Master Plan guidelines and, in particular, all the information necessary to understand:

- the general framework in which the new Master Plan is being proposed;
- the current situation of Malpensa airport in terms of operations, competitiveness, outlook and socio-economic impacts;
- the technical content of the project;
- the environmental, economic and social consequences envisaged over the Plan horizon.

The stakeholder engagement plan was also designed to enable SEA stakeholders to comment, criticize, analyse, make observations and proposals, with a view to increase the exchange of information and improve the ability to analyse and interpret the issues at stake.

The Environmental dimension

The SEA Group is strongly committed to providing quality services in respect and protection of the environment, based on the following principles:

– Extensive compliance with regulatory requirements.
– An ongoing commitment to improving the environmental and energy performance.
– Education and involvement of all actors involved in the airport system for a commitment towards respecting and protecting our common environmental heritage.
– Priority given to the purchase of products and services which adopt similar environmental sustainability parameters, with particular attention to energy saving, the reduction of atmospheric and noise emissions and water conservation.
– Identification of sources and controls of CO_2 emissions produced, both direct and indirect, through the involvement of the stakeholders, in order to reduce greenhouse gas emissions in line with the Kyoto protocol.
– A constant level of monitoring and verification of the processes related to the energy, atmospheric emission, noise and water cycle aspects, and in general the various phenomenon concerning interaction with the ecosystem.
– Highly developed system of listening and communication with a wide range of external actors to ensure transparency and sharing.

The introduction of the Group environmental policy is based on the commitment to a dedicated structure which ensures maximum attention to the principal strategic aspects and the operating implications, in addition to guaranteeing the daily inter-departmental involvement of all organisational units whose activities have a direct or indirect impact on the reaching of the environmental objectives.

Under this policy in 2004 an Environmental Management System was drawn up, which in 2006 achieved the ISO 14001 Certification, which was reconfirmed in 2009 and in 2012, and in May 2015 was renewed for the subsequent three-year period.

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 managed environmental issues is significant: water, air, noise, climate change, energy, waste, electromagnetic fields, light pollution, landscape.

The extensive experience matured since 1998 with the incorporation of SEA Energia and its cogeneration (regeneration) plant has seen the formal consolidation in October 2013 of the Energy Management System of SEA and its ISO 50001 certification by CertiQuality. In the course of 2015, these activities continued and the system was further completed and strengthened.

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). According to in depth analyses performed on the data and information for the year 2015, it is believed that renewal of the *"Neutrality"* level is possible for 2015.

The Airport Carbon Accreditation offers four possible levels for accreditation:

- Mapping – checking of emissions under the direct control of the airport manager (scope 1 and scope 2 application field).
- Reduction – in addition to the level 1 (*Mapping*) requirements, creation of a plan designed to reduce emissions, focused on the continual minimisation of emission levels (scope 1 and scope 2 application field).
- Optimisation – in addition to the level 1 (*Mapping*) and 2 (Reduction) levels, the calculation of the airport emissions of the stakeholders and their involvement in the drawing up of an action plan (scope 3).
- Neutrality – in addition to levels 1, 2 and 3, the reaching of the *"Carbon Neutrality"* objective for emissions under the direct control of the airport manager (scope 1 and 2) with the acquisition of offsets.

Scope 1 – Direct emissions – Emissions associated with sources owned or under the control of the company.

Scope 2 – Indirect Emissions - Emissions associated with the generation of electricity or thermal energy acquired or consumed by the company, which is physically emitted within the corporate scope.

Scope 3 – Other indirect emissions (Optional – Other indirect emissions related to activities, which are however produced by sources not belonging to or not controlled by the company.

The two Group airports are "neutral", therefore against direct emissions and those in relation to which SEA may have an ascertainable influence (so called "scope 1 and scope 2"), carbon credits were acquired corresponding to the tonnes of CO_2 emitted in the year.

The European project

The involvement of the company in international research and innovation projects was further developed, principally focused on environmental and safety/security issues. A brief summary of the 2015 projects is presented below:

CASCADE: important energy management project completed in 2015.

S4ECoB: project that concerns Linate, with the objective of developing more sophisticated systems for the assessment of the occupation of the operational areas and, consequently, of optimising the energy necessary to ensure an optimal level of the micro climate; it is currently being examined by the European Commission.

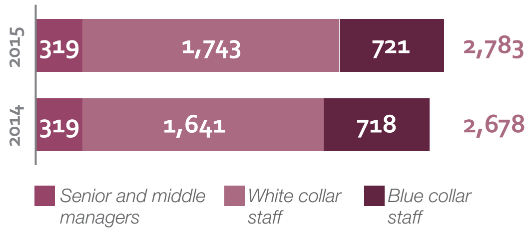
DREAM: A project, in a very advanced stage, on the issue of energy, principally involves Malpensa and was undertaken to optimise consumption and to involve the various sources, including also, naturally, SEA Energia.

WATERNOMICS: project launched in 2014 for the optimisation of the water cycle at the Linate airport; the preparatory stages for the testing activities are currently ongoing.

OCTAVE: project launched in June 2015, which focuses on security processes related to biometric recognition (voice).

Human resources

FTE personnel *(average data)*



At December 31, 2015, SEA Group employees numbered 2,905, increasing 221 on the end of 2014 (+8.2%).
The total number of Full time Equivalent employees in 2015 compared to 2014 increased 105 from 2,678 to 2,783 (+3.9%). The change in Headcount reflected the restructuring of handling activities, which culminated with the liquidation of Sea Handling.
Females at the SEA Group represented 29% of the Headcount at December 31, 2015, equally distributed across classifications.

Organisation

During the first quarter, SEA research department was formed, reporting directly to the Chairman, with the purpose of ensuring the collection, analysis and interpretation of data that characterize the evolution of the business environment; in addition, the Infrastructure Services Development Department was formed, reporting directly to the Chief Operating Officer, with the task of promoting SEA distinctive skills in the construction of airport facilities, in the domestic and international market.
In February, the Milan Airport Security Services project was launched with the objective of pursuing the continuous improvement of airport security processes, both in terms of effectiveness and efficiency and in terms of quality of the service provided; the organisational structure of the security areas was changed accordingly.
During the year, the organisational review of some line and staff units continued driven by rationalization and efficiency objectives; the review affected the Accounting, Tax and Credit Management areas and led to the establishment of an integrated unit overseeing all matters pertaining to SEA's and the subsidiaries' Financial Statements, including the consolidated accounts.

During the year, the "Continuous Improvement" department, established in December 2014 and reporting directly to the Chairman, became fully operative; its purpose is to promote the integration and therefore the effectiveness of organisational/management tools to support the continuous improvement process.
At the same time steps were taken to strengthen compliance with the best practices in corporate governance, through the issuance of regulations that govern transactions with related parties.
On October 12, Patrizia Savi was appointed Chief Financial and Risk Officer, after the previous CFRO left the Company.
With regard to the subsidiaries, the organisational structure of Ali Trasporti Aerei ATA was revised, and in March, by resolution of the respective shareholders' meetings, the trade names of Ali Trasporti Aerei ATA and ATA Ali Servizi were changed respectively into SEA Prime and Prime AviationServices. In May, Giulio De Metrio was appointed Chairman of SEA Prime and CEO of Prime Aviation Services. In December, the Board of Directors of SEA Prime co-opted Patrizia Savi as director.
With regard to projects designed to achieve the continuous improvement of internal processes and to ensure optimal allocation of corporate resources, the process for updating the cost and investment budgets was reviewed.

Development and training

Managerial development and training activities in 2015 focused on improving individual performance, on strengthening the role of leaders and on team work.
The 2015 initiatives were discussed, and their results analysed, in workshops dedicated to leaders and team leaders, which were held in September and October. The major management and development projects on the agenda were presented in the course of these meetings. The positive outcome of the workshops was published in a dedicated section of "the leaders' community" on SEAnet. The themes addressed are illustrated below:

- skill assessment campaign, extended in 2015 to the entire workforce, which was launched in October. The evaluators were supported by a specific training covering SEA Professional System and, specifically, the skill assessment process;
- the job posting project, for professional mobility, a development tool for people who wish to grow

professionally and want to change their job within SEA; the first job posting within this project was published in March 2016;
- implementation of SEAnet, the intranet of SEA, which, after the go-live last April, strengthened its role as communication, information and social collaboration tool. In this respect, various training sessions were held in 2015 to support key users in the implementation and finalization of the new departmental websites;
- follow-up activities of the 1 + 1 = 3 project, including a new training workshop on leadership development and strengthening the launch of four initiatives, dedicated to the themes of inclusiveness and the development of distinctive competences. The activities of the working groups focused on the following subjects:
  - "leadership in action";
  - "communication 1 + 1 = 3";
  - "team rule";
  - "smart Work".

The 4 groups were able to share ideas, tools and documents in the dedicated "community 1 + 1 = 3" section of SEAnet; they defined four projects that were presented to the Company in a plenary session in December.

In 2015 a new edition of the Leadership Lab was offered: it is an experience designed to strengthen female leadership, to encourage the assumption of responsibility by female employees of the company and to increase individual self-confidence and awareness of one's own potential.

In addition, counselling meetings dedicated to some female managers were held, in order to encourage awareness around their style of leadership, provide self-improvement and development instruments, develop a managerial style with a view to strengthen integrative and inclusive conduct.

Among the initiatives carried out during 2015, it is worth mentioning the new edition of the Development Center dedicated to newly appointed or hired SEA middle managers, to support them in their managerial role through a "workout" geared to strengthening managerial skills.

Professional Training in 2015 once again closely focused on compliance and on the governance and control of organisational processes across all activities relating to:
- Mandatory Training;
- Recurrent Training.

Great efforts were devoted to the design and planning of Ground Safety training, in close relation with the implementation of the new EU Regulation 139/2014 laying down technical requirements and procedures for airport operators. Within this framework, Professional Training activated the content development lines related to the Safety Management System, with a view to spread knowledge about tools such as the Airport Manual, Airport Regulation, Emergency Plans and the support and fire-fighting services.

Recurrent Training dedicated to the roles of Specialist Driver and Terminal Operator was especially relevant, mainly oriented to Airport Security in order to strongly reinforce the Culture of Security. Since the key issues are confirmed in the overall Safety, special attention was paid to further analyse Ramp Safety issues, Emergency Management in Aprons and Aviation Emergency Management, including an understanding of the management and organisational framework of the Safety Management System and the introduction of the Human Factor concept, which recognizes the central role of people in Apron activities for safety and security related issues and identifies critical issues and opportunities for improvement. The training will be completed in early 2016, and approx. 280 persons were involved in the two airports.

Again, in observance of legal requirements and for compliance purposes, specific online training was delivered throughout 2015 (launched in the last quarter of 2014) on the administrative liability of entities under Legislative Decree 231 of June 8, 2001 and on the Organization and Management Model adopted by the Company. Over 600 employees completed this training during the year.

In relation to Workplace Security as per Legislative Decree 81/2008, the scheduled activities focused on the internal training concerning:
- Fire-fighting: the organization of comprehensive theoretical and practical training courses was intensified and 6 certification exam sessions were held, for a total of more than 90 new SEA employees from the Security, Aircraft Maintenance, Maintenance and Airport Coordination areas, obtaining the certification.
- Equipment: theoretical classroom sessions were specifically increased as well as attendance at practical tests (over 1590) dedicated to: forklifts and elevating work platforms, mobile cranes, trucks, excavators, loaders and backhoes.

In 2015, the professional retraining of Group employees to the task of Security Officer was implemented. The program includes, in addition to the initial assessment for the identification of suitable staff, a structured process involving theoretical and practical training and on the job coaching related to:

- Specific training for the role of security officer;
- English for Security;
- Safety at work;
- X-ray protection;
- Ground Safety;
- Firefighting training;
- Dangerous Goods Regulations;
- Training on Passengers Reduced Mobility PRM.

Over 200 hundred persons from the two airports attended the training.

In the last quarter of 2015, refresher courses, in distance learning and lecture mode were redesigned and delivered to employees in charge of providing assistance to Passengers with reduced mobility PRM, in accordance with the relevant ECAC (European Civil Aviation Conference) regulations. The aim of the course was to analyse the basic skills on mobilization techniques in order to safely and responsibly apply them on the job. A second part of the course was devoted to familiarize employees with effective communication and interpersonal relationship management tools, as required by the behavior guidelines, Annex 5C - ECAC Doc 30 Part I Sec 5/2014, as well as with the fundamentals on first aid and emergency procedures. 106 persons attended this course.

In summary, in 2015 training hours were over 100,000, of which 18,000 hours devoted to job security and about 6,000 hours to airport safety.

Welfare

According to a choice consistently pursued over the years, in which attention to people has a central role, again in 2015 SEA devoted special efforts and resources to the development of corporate welfare.

The selection of activities to be undertaken during the year was based on an analysis of actual data and costs relating to the initiatives implemented in the previous year. In defining the planning and programming of services for the year 2015, the company also carefully analysed the services delivered by the NoiSea Association.

As regards services to families, the following initiatives were planned and completed in collaboration with the NoiSea Association:

- distribution to employees with children aged 0 to 12 years, of about 2,000 vouchers for the purchase of toys to be used at retailers of toys and childcare items;
- organization of Summer Camps dedicated to children between 6 and 16 years, which this year provided three different options, at the seaside, at the mountains and the Multisport Camp in Umbria, and which saw the participation of 126 boys and girls;
- the organization of Linate and Malpensa Summer Camps, dedicated to boys and girls aged 6 to 14, which were attended by 109 boys and girls at Linate and 166 boys and girls at Malpensa.

With regard to income support, as part of specific agreements in favor of employees, new opportunities were offered to all SEA employees to access banking services on favorable terms:

- the agreement between SEA and Profamily, a company of the BPM Group, which provides favorable conditions for the disbursement of personal loans;
- a new agreement signed by SEA and Deutsche Bank for the Corporate Credit Card.

Finally, besides the traditional initiatives included in the annual plan (spa treatments, tickets for home-work mobility, psychological support, family counselling etc.), special attention was dedicated in 2015 to the design of new school and professional orientation initiatives addressed to employees' children. The project, which provides for the disbursement of scholarships awarded to all deserving students from middle school to graduation (over 600 scholarships in 2015), this year offered an innovative development aimed at supporting the training of children in different age groups, and included the following initiatives:

- "Push to open", an initiative that involves 5 meetings in the form of lecture with a tutor or Webinars, reserved for children enrolled in the fourth and fifth year of high school. The initiative provides young people in this phase of transition, in which they begin, or are about to face the many difficulties related to entering the job market or planning their professional future, with the opportunity of a direct and interactive exchange with professionals, company experts, and newly recruited young people.
- "Intercultura", scholarships for the best students

enrolled in the second or third year of high school. Specifically:
  - 1 annual scholarship in a European country (selected from Austria, Belgium, Denmark, Finland, France, Germany, Iceland, Netherlands, Norway, Sweden and Switzerland) for the 2016/2017 school year (starting in August/ September 2016) that enables the winner to attend the school year at a local school;
  - 1 summer scholarship in China (4 weeks in the summer of 2016) where the winner will attend a Chinese language course.
- "HRC", one day laboratory classes for boys and girls enrolled in the final year of a three-year or master's degree (or equivalent) program or who have graduated in the last 24 months; these are training/educational events designed to familiarize students with the most innovative and effective job search tools or to help them make informed choices about post-graduate education to be pursued either in Italy or abroad.

Finally, exchange and benchmark activities continued with external corporate and institutional entities, on corporate welfare and work-life balance issues; these activities were started with "D value", the "Imprese e Persone" network and with "Jointly", a new company network set up with a significant contribution from SEA.

Industrial relations

Negotiations with the Trade Unions continued in the first quarter of 2015, with the signing on March 30 of an agreement which establishes at company level an effective alternative to the simple application of the weekly work hours increase established by the National Labour Contract (CCNL). This agreement introduces for personnel hired from April 1, 2015 a contract including, with resetting, for the first four years, the company supplement and the recognition from the fifth year of the company supplement in a reduced measure to that currently applicable and however connected to the effective amount of service.
Simultaneously, negotiations concerning issues within the individual departments continued, such as for example the availability of resources for specific operational needs; the restructuring of specific activities between operating departments; the drawing up of guidelines for the placement of personnel not suitable for security operations. With regard to this final issue, on May 20 an agreement was signed with the Trade Unions applying the guidelines for the placement of personnel from SEA Handling in liquidation considered on the basis of medical or psycho-behavioural tests not appropriate for Security Guard duties. The agreement guarantees on the one hand full job protection of personnel and on the other takes account of the company's organisational needs for replacement to operational areas (for example the maintenance of terminals).
With the aim of further reducing personnel costs, on July 27, 2015, a voluntary redundancy agreement was signed to reduce up to 30 people in both line and staff positions, at the Linate and Malpensa airports. This option only applies to the employees who accept the termination of employment on a voluntary basis by December 30, 2015.
On September 18, 2015, the new professional management and development system and the related initiatives developed during 2015 were presented to the Trade Unions. The new system is aimed at revising and simplifying the skill valuation process and at designing a job posting system to ensure greater transparency and objectivity in the process of professional mobility within the company.
On September 21, 2015 an agreement was signed to confirm, for the 2015/2016 season, the salary and contractual conditions concerning the management of resources during the "Snow Emergency Program".
Following the changes introduced by the Jobs Act, on November 6, 2015 an agreement was signed aimed at regulating the notice period for requesting a parental leave at the enterprise level, such as to ensure proper balance between the concerned constitutional rights.

Workplace health and safety

In 2015 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.

In 2015, the SEA Group obtained the certification of its Workplace Health and Safety Management System, issued in 2012 by TÜV Italia - Accredited in line with the BS OHSAS 18001/2007 regulation, as established by Article 30 of Legislative Decree 81/08 for effective organisational models in line with Legislative Decree 231/2001.
The Workplace Health and Safety Management

System was monitored through 11 internal audits, conducted by company personnel specifically trained and qualified, during four of which follow-up checks were carried out, as a result of which some corrective actions were identified, leading to the revision of specific Operational safety Procedures and Instructions; in addition 5-day audits were conducted by TÜV Italia auditors. More specifically, according to the audit outcomes the system is properly implemented and maintained and is functionally useful to the pursuit of business objectives.

The confirmed certification, in addition to complying with the provisions of art. 30 of Legislative Decree No. 81/08, also supports the fulfilment of supervisory obligations regarding the delegation of safety at work functions, provided for by the said Decree.

The process for the involvement and consultation introduced by the Workplace Health and Safety Management System encourages the active participation of workers and their managers, demonstrating that highly engaged collaboration is critical to the prevention and management of risks.

The maintenance of the certification according to the BS OHSAS 18001/2007 regulation will allow the SEA Group to reduce the annual INAIL insurance premium in 2016.

Accident numbers in 2015 resulted in a further reduction in indices in line with the trend of previous years. It should also be noted that about 40% of accidents at work were related to situations that have little or nothing to do with the specific job, being directly linked to accidents occurred while walking (stumbling, slipping, sprains, etc.).

In 2015, training activities related to health and safety at work led to significant results with respect to the requirements set out in the State-Regions Agreement for users of special vehicles and equipment, with the attainment of the targets set by the Safety Board. The theoretical and practical courses were held regularly in line with regulatory requirements. Moreover, from among all the additional training provided to the staff, fire-fighting training designed to qualify Workers in charge of Emergency Management was especially relevant.

With regard to activities related to fire prevention and management, all space licensees in the 3 air terminals were given a "Fire Regulation for the management of retail space assigned by SEA in the terminals". According to this initiative, all retail merchants are required, inter alia, to provide SEA with a semi-annual declaration of compliance with the rules set out in the Regulation.

Inter functional audits have also been planned to monitor the areas assigned and verify compliance with the security measures specified in the Regulation.

In 2015, 26 exercises were carried out, distributed over the two airports, to test the implementation of the Emergency and Evacuation Plans and the early warning and fire detection systems, which involved the Workers in charge of Emergency Management (AGE) and the staff of the various buildings concerned; the outcome of the exercises carried out was positive, both from a managerial standpoint and with respect to the measures implemented so far.

The internal staff of the Prevention and Protection Service updated the Risk Assessment Documents by performing:

- an analysis of actual 2014 data, relating to Work-Related Stress indicators, according to INAIL guidelines. This analysis confirmed the essential certification of non-significant risk level for all the analysed positions;
- the updating of the risk assessment in relation to the use of work equipment, with subsequent review of all related safety rules/procedures;
- the updating of the risk assessment for the manual handling of loads, which confirmed an acceptable risk level, in any case limited to few work positions;
- the updating of the mapping of high frequency electromagnetic fields on airport areas. The data found confirmed full compliance with the warning limits specified by the reference regulations.

In addition support was provided to the relevant functions for drawing up the DUVRI in order to ensure preventive management of interference risks resulting from the various activities carried out on airport areas by contracted third parties.

In addition, with the support of external specialists, outdoor and indoor airborne micro-pollutants were investigated, to which workers are exposed during their activities. The data found confirmed a safe situation, fully in compliance with the warning limits specified in the reference regulations with respect to substances directly produced from SEA work activities.

In collaboration with qualified radiological protection experts, the monitoring activity in protection of workers safety continued, through specific

environmental and personal dosimetries of ionised radiation, related to the transit of radioactive packages within the airports and the use of x-ray equipment.
Health surveillance activities on SEA workers exposed to special health risks continued, involving both medical examinations by qualified Company Doctors and inspections of workplaces at each airport. In addition, in order to implement the preventive management of risks associated with the use of equipment and machines introduced to support business activities, their preventive evaluation and analysis continued to be carried out at the time of purchase, as part of the internal testing Committee in which the Prevention and Protection Service of SEA is also involved.

With regard to SEA Prime and Prime AviationServices, again in 2015 activities were carried out designed to align to Group standards the documentation, training activities and operational practices related to the fulfilment of legislative requirements on health and safety at work.

CORPORATE GOVERNANCE SYSTEM

Profile

The Corporate Governance System of the Company is based on the traditional administration and control model as per Articles 2380-*bis* and subsequent of the Italian Civil Code, therefore with two corporate boards appointed by the Shareholders' Meeting – the Board of Directors, which undertakes the management of the Company, and the Board of Statutory Auditors, which is required to ensure financial control, together with the Shareholders' Meeting itself, which represents the common interests of shareholders.
SEA SpA has voluntarily implemented from June 27, 2001 the Self-Governance Code for listed companies, approved by the Corporate Governance Committee of Borsa Italiana SpA in March 2006, as subsequently amended and supplemented (the "Self-Governance Code" or the "Code").
Although adherence to the Code is voluntary, SEA applies most of the recommendations contained in it, in order to implement an effective Corporate Governance System that appropriately allocates responsibilities and powers and promotes a correct balance between management and control.
The Company is not subject to management and co-ordination pursuant to Article 2497 and subsequent of the Italian Civil Code.

Shareholders' Meeting

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 comprises seven members, five of whom appointed by the Shareholders' Meeting of June 24, 2013 and two by the Shareholder' Meeting of April 30, 2015 in replacement of two resigning Directors.
The Board of Directors remains in office until the approval of the 2015 Annual Accounts.
The Board of Directors of SEA SpA has set up internally two Committees established under the Self-Governance Code undertaking proposing and consultation functions (the Control and Risks Committee and the Remuneration Committee). An Ethics Committee was also established which ensures compliance with the Code of Conduct.

Committees established within the Board of Directors

The Committees comprise non-executive Directors.
The prerogatives of the Committees are established by motions of the Board of Directors, based on the recommendations and principles of the Self-Governance Code; at the Committee meetings minutes are prepared and maintained by the Company.

Internal Control And Risk Management System

The Internal Control And Risk Management System is based on the recommendations of the Self-Governance Code and applicable best practice.
The procedures and organization subject to the Internal Control and Risk Management System are implemented in order to ensure:

- compliance with law, regulations, the By-Laws and internal procedures;
- the safeguarding of the company's assets;
- the efficiency and effectiveness of the business processes;
- the reliability of financial disclosure.

The Board of Directors utilises the support of the Control and Risks Committee, which carries out consultation and proposing functions in relation to internal control and risk management, in addition to the approval of the periodic financial reports and in relation to Related Party transactions (except for transactions under the exclusive responsibility of the Remuneration Committee); the Committee reports to the Board of Directors on activities carried out and on the adequacy of the Internal Control and Risk Management System.

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 June 24, 2013 in accordance with the Company By-laws and remains in office until the approval of the 2015 Annual Accounts.

Transactions with Related Parties Procedure

The Board of Directors at the meetings of December 18, 2014 and January 29, 2015 approved the "Related Party Transactions Procedure" (the "RPT Procedure"), in force since February 2, 2015.

The RPT Procedure is also available on the company's website www.seamilano.eu.

The Board of Directors, in assessing the substantial and procedural correctness of the transactions with related parties, is assisted by the Related Parties Committee which is represented, according to the issues dealt with, by the Control and Risks Committee and the Remuneration Committee.

Code of Conduct

On December 17, 2015 the Board of Directors approved the Code of Conduct, amending and replacing the previous Group's Code of Ethics, adopted on April 10, 2000, and forming an integral part of the Organisational and Management Model pursuant to Legislative Decree 231/2001.

The Code of Conduct is part of the wider "Ethical System" adopted by the Board of Directors and provides a reference framework of values and principles that the SEA Group intends to adopt in its decision making process.

The Ethics Committee, made up of a SEA Director and by the heads of the "Human Resources and Organisation", "Legal and Corporate Affairs" and "Auditing" departments, continues to be responsible, inter alia, for the circulation and supervision of compliance with the Ethics Code.

Anti-corruption contact person

The Company identified, with effect from January 31, 2014, its Anti-Corruption contact person, in the person of the Head of Legal and Corporate Affairs, also a member of the Ethics Committee.

Through the Anti-Corruption contact person, SEA intends to continue and consolidate the process for disclosure coordination with the Anti-Corruption Plan manager of the Municipality of Milan, the majority shareholder, in addition to fulfil, where applicable, the indications of the National Anti-Corruption Plan.

Corporate Governance Report

The Company annually prepares on a voluntary basis the corporate governance and ownership structure Report, which outlines the Corporate Governance structure adopted by SEA and provides information on the means for the implementation of the recommendations of the Self-Governance Code for listed companies, approved by the Corporate Governance Committee of Borsa Italiana SpA in March 2006, as subsequently amended and supplemented; the report is available on the website www.seamilano.eu and was not audited by the Independent Auditors.

Organisation and management model as per Legislative Decree 231/01

The Organisation and Management Model pursuant to Legislative Decree 231/01 (the "Model") was adopted in compliance with Legislative Decree No. 231/01, enacting the "Provisions of the administrative liability of legal persons, companies and associations, also without legal personality" and with the "Guidelines for the construction of organisation, management and control models as per Legislative Decree No. 231/01" published by Confindustria.

The "Model" was adopted by the Board of Directors of SEA with motion of December 18, 2003 and subsequently amended and supplemented, latterly through Board of Directors motion of October 29, 2015. The Model comprises a "General Part" and a "Special Part". The General Part of the Model is published on the website www.seamilano.eu in the "Governance" section.

The corporate boards of SEA subsidiaries have adopted their own Organisational and Management Model pursuant to Legislative Decree 231/2001.

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 4 members (1 Board of Directors member without operating duties, 2 external independent members and the Auditing Director).

BOARD OF DIRECTORS' PROPOSALS TO THE SHAREHOLDERS' MEETING

The Board of Directors approves the draft Financial Statements at December 31, 2015 of SEA SpA, prepared in accordance with IFRS, which show a net profit of Euro 78,553,263.42.

The Board of Directors proposes to the Shareholders' Meeting to allocate the profit for the year 2015 of Euro 78,553,263.42 as follows:

- Euro 62,842,610.74 as dividends to the Shareholders, corresponding to a *payout ratio* of 80%, amounting to approximately Euro 0.251370 per share;
- Euro 15,710,652.68 to the extraordinary reserve;

subject to any rounding and/or adjustments for purely practical purposes.

The Chairman of the Board of Directors
Pietro Modiano

SHAREHOLDERS' AGM RESOLUTIONS

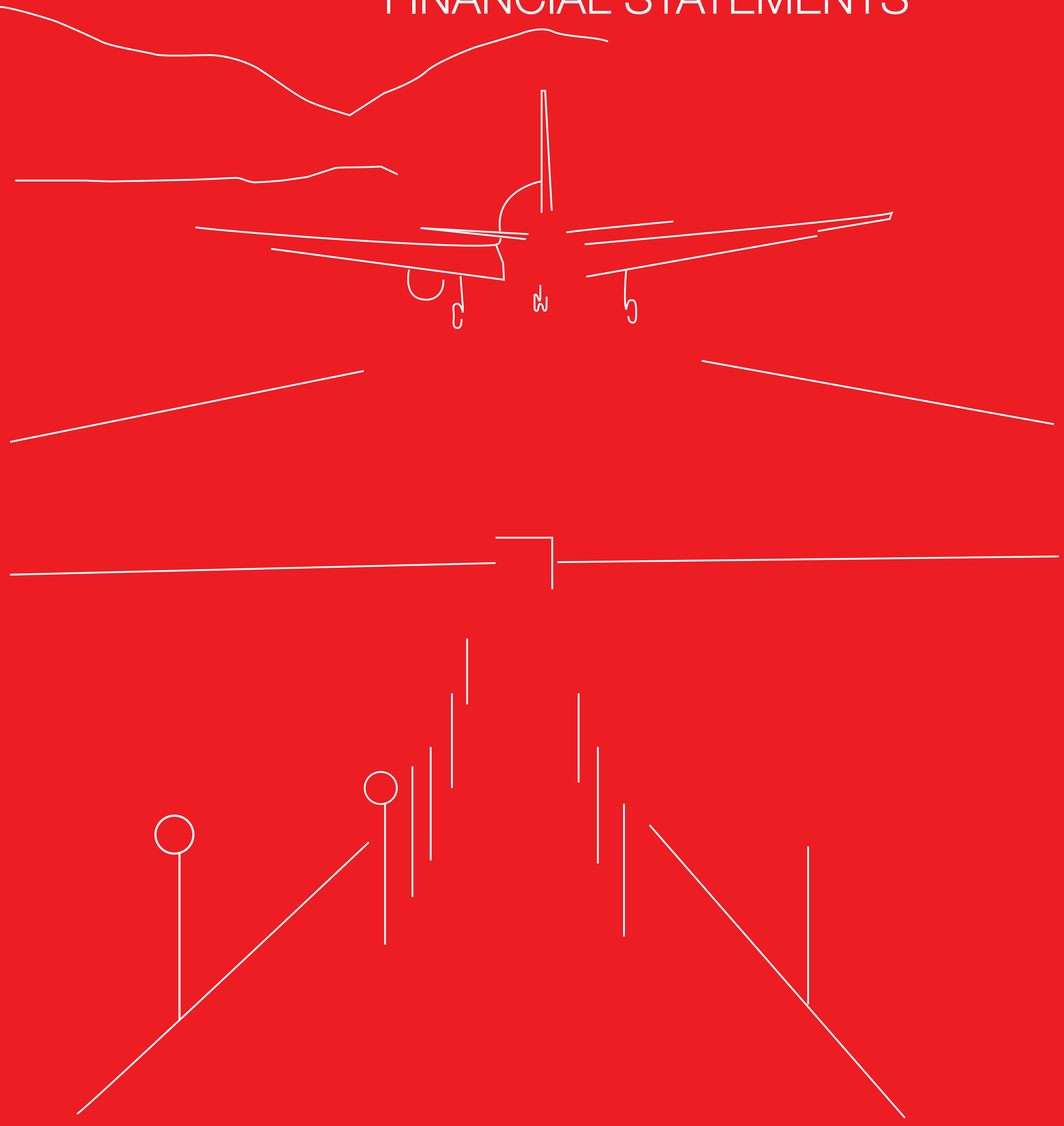
The Shareholders' AGM, held on May 4, 2016, approved:

- the 2015 financial statements of SEA SpA, prepared in accordance with IFRS, which report a net profit of Euro 78,553,263.42;
- the allocation of the net profit of Euro 78,553,263.42 as follows:
  - Euro 62,850,000.00 as dividends to Shareholders, amounting to Euro 0.2514 per share, corresponding to a pay-out ratio of approximately 80%;
  - Euro 15,703,263.42 to the extraordinary reserve;

setting the deadline for the payment of the 2015 dividend of Euro 0.2514 per share from June 27, 2016, with any rounding on payment allocated to the extraordinary reserve.

The Chairman of the Board of Directors
Pietro Modiano

SEA GROUP CONSOLIDATED FINANCIAL STATEMENTS



FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

(In thousands of Euro)	Note	At December 31, 2015 Total	At December 31, 2015 of which Related Parties	At December 31, 2014 Total	At December 31, 2014 of which Related Parties
ASSETS					
Intangible assets	6.1	1,004,432		978,171	
Property, plant & equipment	6.2	190,925		192,733	
Investment property	6.3	3,412		3,414	
Investments in associated companies	6.4	47,387		41,882	
Available-for-sale-investments	6.5	26		26	
Deferred tax assets	6.6	42,282		46,558	
Other non-current financial assets	6.7	16,776		23,966	
Other non-current receivables	6.8	1,692		1,691	
Total non-current assets		**1,306,932**		**1,288,441**	
Inventories	6.9	4,865		5,793	
Trade receivables	6.10	90,527	10,837	118,526	9,522
Tax receivables	6.11	12,751		16,110	
Other receivables	6.11	13,286		15,617	
Other current financial assets	6.7	7,190			
Cash and cash equivalents	6.12	55,502		30,586	
Total current assets		**184,121**	**10,837**	**186,632**	**9,522**
Discontinued Operations	5.2	**11,502**		**16,010**	
Elimination of receivables and payables from/to Discontinued Operations		**(2,015)**		**(13,704)**	
TOTAL ASSETS		**1,500,540**	**10,837**	**1,477,379**	**9,522**
LIABILITIES					
Share capital	6.13	27,500		27,500	
Other reserves	6.13	233,318		226,842	
Net profit	6.13	83,850		54,858	
Group Shareholders' Equity		**344,668**		**309,200**	
Minority interests	6.13	**541**		**600**	
Group & minority interest Shareholders' Equity		**345,209**		**309,800**	
Provision for risks & charges	6.14	177,902		174,567	
Employee benefit provisions	6.15	48,239		50,505	
Non-current financial liabilities	6.16	569,806		527,856	
Total non-current liabilities		**795,947**		**752,928**	
Trade payables	6.17	164,486	2,945	170,711	2,556
Income tax payables	6.18	63,017		59,529	
Other payables	6.19	106,898		98,753	
Current financial liabilities	6.16	23,979		73,919	
Total current liabilities		**358,380**	**2,945**	**402,912**	**2,556**
Liabilities related to Discontinued Operations	5.2	**3,019**		**25,443**	
Elimination of receivables and payables from/to Discontinued Operations		**(2,015)**		**(13,704)**	
TOTAL LIABILITIES		**1,155,331**	**2,945**	**1,167,579**	**2,556**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**1,500,540**	**2,945**	**1,477,379**	**2,556**

Consolidated Income Statement

(In thousands of Euro)	Note	Year ended December 31 2015 Total	2015 of which Related Parties	2014 Total	2014 of which Related Parties
Operating Revenues	7.1	642,408	36,979	621,634	40,500
Revenues for works on assets under concession	7.2	52,384		63,466	
Total revenues		**694,792**	**36,979**	**685,100**	**40,500**
Operating costs					
Personnel costs	7.3	(176,979)		(161,501)	
Consumable materials costs	7.4	(44,262)		(47,243)	
Other operating costs	7.5	(201,694)		(192,938)	
Provisions & Write-downs	7.6	(3,245)		(17,995)	
Costs for works on assets under concession	7.7	(48,781)		(59,540)	
Total operating costs		**(474,961)**	**(10,656)**	**(479,217)**	**(9,934)**
Gross Operating Margin / EBITDA		**219,831**	**26,323**	**205,883**	**30,566**
Restoration & replacement provision	7.8	(14,242)		(18,000)	
Amortisation and depreciation	7.9	(59,524)		(58,186)	
EBIT		**146,065**	**26,323**	**129,697**	**30,566**
Investment income (charges)	7.10	7,723	7,723	2,027	2,027
Financial charges	7.11	(19,929)		(24,549)	
Financial income	7.11	859		1,430	
Pre-tax profit		**134,718**	**34,046**	**108,605**	**32,593**
Income taxes	7.12	(54,165)		(32,454)	
Continuing operations profit		**80,553**	**34,046**	**76,151**	**32,593**
Discontinued Operations profit/(loss)	5.2/7.13	**3,238**		**(21,304)**	
Minority interest profit		(59)		(11)	
Group profit		**83,850**	**34,046**	**54,858**	**32,593**
Basic earnings per share (in Euro)	7.14	0.34		0.22	
Diluted earnings per share (in Euro)	7.14	0.34		0.22	

Consolidated Comprehensive Income Statement

(In thousands of Euro)	Year ended at December 31 2015 Total	 of which Related Parties	 2014 Total	 of which Related Parties
Group profit	**83,850**	**34,046**	**54,858**	**32,593**
- *Items reclassifiable in future periods to the net result*				
Fair value measurement of derivative financial instruments	2,012		(3,187)	
Tax effect from fair value measurement of derivative financial instruments	(820)		876	
Total items reclassifiable, net of tax effect	**1,192**		**(2,311)**	
- *Items not reclassifiable in future periods to the net result*				
Actuarial profit / (loss) on Employee Leaving Indemnity	1,864		(5,023)	
Tax effect from Actuarial profit / (loss) on Employee Leaving Indemnity	(513)		1,381	
Total items not reclassifiable, net of tax effect	**1,351**		**(3,642)**	
Total other comprehensive income items	**2,543**		**(5,953)**	
Total comprehensive profit	**86,334**		**48,894**	
Attributable to:				
- Parent Company Shareholders	86,393		48,905	
- Minority interest	(59)		(11)	

Consolidated Cash Flow Statement

	Year ended at December 31			
(In thousands of Euro)	2015	of which Related Parties	2014	of which Related Parties
Cash flow generated from operating activities				
Pre-tax profit	134,718		108,605	
Adjustments:				
Amortisation & depreciation of tangible & intangible assets	61,615		58,186	
Net provisions (excluding employee provisions)	4,027		6,541	
Net employee provisions	(1,202)		(3,709)	
Net change in doubtful debt provision	(3,696)		14,589	
Net financial charges	19,073		22,918	
Investment income	(7,723)		(2,012)	
AGCM penalty payment (excluding interest)	3,365			
Enforcement of contract guarantees	(2,200)			
Repayment Quintavalle dispute (excluding interest)			(2,083)	
Other changes in non-cash items	(4,870)		(6,440)	
Cash generated/(absorbed) from operating activities before changes in net working capital of Discontinued Operations	(210)		(60,999)	
Cash flow generated from operating activities before changes in working capital	**202,897**		**135,595**	
Change in inventories	628		923	
Change in trade receivables & other receivables	37,393	(1,302)	(34,478)	(3,310)
Change in other non-current assets	(1)		125	
Change in trade payables & other payables	(6,339)	389	(3,450)	(396)
Cash generated/(absorbed) from changes in working capital of Discontinued Operations	(19,239)		12,829	
Cash flow generated from changes in working capital	**12,442**	**(913)**	**(24,051)**	**(3,705)**
Income taxes paid	(37,987)		(42,414)	
AGCM penalty payment (including interest)	(3,368)			
Enforcement of contract guarantees	2,200			
Damages received from Customs agency			5,631	
Repayment Quintavalle dispute (including interest)			2,313	
Cash generated/(absorbed) from operating activities of Discontinued Operations	5,206		1,727	
Cash flow generated from operating activities	**181,390**	**(913)**	**78,801**	**(3,705)**
Investment in fixed assets:				
- intangible	(65,775)		(63,718)	
- tangible	(17,557)		(18,076)	
- financial			(180)	
Changes in other non-current financial assets			(24,950)	
Divestments of fixed assets:				
- tangible			139	
- financial	70		(2)	
Dividends received	2,337	2,337	1,706	1,706
Cash generated/(absorbed) from investing activities of Discontinued Operations	5,414		2	
Cash flow absorbed by investing activities	**(75,511)**	**2,337**	**(105,080)**	**1,706**
Change in gross financial debt				
- increases / (decreases) in short-term and medium/long-term debt	(3,814)		(253,273)	
- increases/(decreases) for bond issue			300,000	
Change in other financial asset/liabilities	(2,439)		(38,773)	
Dividends distributed	(50,916)		(26,480)	
Interest paid	(18,707)		(21,425)	
Interest received	484		986	
Cash generated/(absorbed) from financing activities of Discontinued Operations			36,037	
Cash flow absorbed by financing activities	**(75,392)**		**(2,928)**	
Increase / (decrease) in cash and cash equivalents	**30,487**	**1,424**	**(29,206)**	**(1,999)**
Cash and cash equivalents at beginning of period	31,514		60,720	
Cash and cash equivalents at period-end	62,001		31,514	
- of which, cash and cash equivalents included under Discontinued Operations	6,499		928	
Cash and cash equivalents at year-end reported in the accounts	55,502		30,586	

Consolidated Statement of Changes in Shareholders' Equity

(In thousands of Euro)	Share	Legal reserve	Other reserves & retained earnings	Actuarial profit / (losses) reserve	Derivative contracts hedge accounting reserve	Net Result	Consolidated Share-holders' Equity	Minority interest capital & reserves	Group Shareholders' Equity & minority interest
Balance at December 31, 2013	**27,500**	**5,500**	**229,486**	**(2,755)**	**(6,672)**	**33,707**	**286,766**	**611**	**287,377**
Allocation of 2013 net profit			33,707			(33,707)	**0**		**0**
Dividends distributed			(26,450)				**(26,450)**		**(26,450)**
Other changes									
Other comprehensive income				(3,641)	(2,311)		**(5,952)**		**(5,952)**
Change in consolidations scope			(22)				**(22)**		**(22)**
Net profit						54,858	**54,858**	(11)	**54,847**
Balance at December 31, 2014	**27,500**	**5,500**	**236,721**	**(6,396)**	**(8,983)**	**54,858**	**309,200**	**600**	**309,800**
Allocation of 2014 net profit			54,858			(54,858)			
Dividends distributed			(50,925)				**(50,925)**		**(50,925)**
Other changes									
Other comprehensive income				1,351	1,192		**2,543**		**2,543**
Net profit						83,850	**83,850**	(59)	**83,791**
Balance at December 31, 2015	**27,500**	**5,500**	**240,654**	**(5,045)**	**(7,791)**	**83,850**	**344,668**	**541**	**345,209**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Società per Azioni Esercizi Aeroportuali SEA 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**") manage 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 activities); 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 activities).

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.

In addition, through SEA Handling (in liquidation), a subsidiary of SEA, the SEA Group provided also land-side assistance services for aircraft, passengers, baggage, cargo and mail (commercial aviation handling business) until August 31, 2014. In particular, as described in the Directors' Report in relation to the negotiations with the European Union in the section "Risk Factors of the SEA Group", SEA took the decision in 2014 to discontinue of the commercial aviation Handling business, proceeding on the one hand with the liquidation of SEA Handling SpA - on July 1, 2014 (with provisional operations until August 31, 2014) - and on the other assigning on August 27, 2014 the investment in Airport Handling Srl to the Milan Airport Handling Trust.

The above-mentioned decisions therefore resulted in the exit from the consolidation scope of Airport Handling, as the assignment to the Trust resulted in the loss of control of SEA on the company and, pursuant to IFRS 5, the inclusion of the commercial aviation-handling sector under Discontinued Operations.

Consequently, in 2015 the handling activities only concerned the general aviation handling of the subsidiary Prime AviationServices SpA, acquired by the Group at the end of 2013, and of the associated company Malpensa Logistica Europa SpA (held 25%), which operates outside of the commercial aviation handling business.

At the preparation date of the present document, SEA has a 51% holding in Consorzio Malpensa Construction, which provides engineering services and airport construction and infrastructure works. It is recalled that the Board of Directors on November 6, 2014 confirmed the conclusion of the consortium as December 31, 2014. In accordance with Article 5 of the By-Laws, the Consortium will continue operations until the complete discharge of all contractual commitments undertaken.

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, 2015) undertakes integrated logistics activities; *iii)* through the shareholding (40% of the share capital at December 31, 2015) 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:

- The Commercial Aviation business comprising the Aviation activities ("core" passenger and cargo aviation support activities) and the Non Aviation activities (commercial services offered to passengers and users of the Milan Airports). The revenues generated by Aviation activities are established by a regulated tariff system and comprise airport fees, fees for the use of centralised infrastructure and shared assets and 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. The revenues from the Non Aviation activities consist of market fees and, with respect to activities carried out by third parties under license, of royalties based on a percentage of revenues generated by the licensee, usually with the provision of a guaranteed minimum. This business also includes the activities carried out by the Company Malpensa Construction Consortium directly related to the airport business.

- The General Aviation business includes both General aviation activities that are carried out through the subsidiary SEA Prime, which was acquired in December 2013 and which provides the full range of services related to the business traffic at the West apron of Linate airport, and the General Aviation handling activities of the subsidiary Prime AviationServices.
- The Energy business activities – carried out 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 Milano Linate energy requirements and which is also sold on the external market.

2. Summary of accounting principles adopted

The main accounting principles adopted in the preparation of the Consolidated Financial Statements at December 31, 2015 are reported below.

The Consolidated Financial Statements at December 31, 2015 and the tables included in the Explanatory Notes are prepared in thousands of Euro.

2.1 Basis of preparation

The Consolidated Financial Statements include the Consolidated Statement of financial position, the Consolidated Income Statement, the Consolidated Comprehensive Income Statement, the Consolidated Cash Flow Statement, the Statement of Changes in Consolidated Shareholders' Equity and the Explanatory Notes.

In line with the 2014 Accounts, on the exit from a strategic sector (as per IFRS 8 the commercial aviation handling sector is defined as such), IFRS 5 requires that the 2015 Income Statement of the commercial aviation handling business is not included in the 2015 results line-by-line for each cost and revenue item, but the total result of the business is recorded on a separate line in the account "Discontinued Operations profit/(loss)"; the same treatment is applied to the assets and liabilities related to the Commercial Aviation handling sector, which are not included in the assets and liabilities of the continuing operations but are recorded in separate accounts under assets and liabilities. As the IFRS 5 was already applied to the Commercial Aviation-handling sector in the 2014 Annual Accounts, a restatement of comparative figures was not necessary.

A specific paragraph of these Explanatory Notes, to which reference should be made (Paragraph 5.2 "Discontinued Operations assets, liabilities and profit/(loss)), illustrates the Discontinued Operations' accounts presented in the consolidated Income Statement, the consolidated statement of financial position and the Consolidated Cash Flow Statement.

The Consolidated Financial Statements at December 31, 2015 were prepared in accordance with IFRS in force at the approval date of the financial statements and the provisions of Article 9 of Legislative Decree 38/2005. The term 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.

In relation to the presentation method of the financial statements, "the current/non-current" criterion was adopted for the statement of financial position 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, therefore utilising the accounting principles of an operating business. Company Management evaluated that, although within a difficult economic and financial environment, there are no uncertainties on the going concern of the business, considering the existent capitalisation levels and there are no financial, operational, management or other indicators which could indicate difficulty in the capacity of the Company to meet its obligations in the foreseeable future, and in particular in the next 12 months. In the preparation of the Consolidated Financial Statements at December 31, 2015, the same accounting principles were adopted as in the preparation of the Consolidated Financial Statements at December 31, 2014. Following the issue on a regulated market of the "SEA 1/8 2014-2021" bond, IFRS 8 and IAS 33 concerning segment reporting and earnings per share were utilised.

For a better presentation of the financial statements, the Income Statement was presented in two separate tables: a) the consolidated Income Statement and b) the comprehensive consolidated Income Statement.

The Consolidated Financial Statements were audited by the audit firm Deloitte & Touche SpA, the auditor appointed by the Company and the Group.

2.2 IFRS Accounting Standards, amendments and interpretations applied from January 1, 2015

The International Accounting Standards, the amendments and the interpretations for which application is mandatory as of January 1, 2015, 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 the Official Journal	Effective date as per the standard	Effective date applied in SEA Group
IFRIC 21 Levies	13 June 14	14 June 14	Periods beginning June 17, 2014	01 Jan 15
Annual improvements cycles 2011-2013	18 Dec 14	19 Dec 14	Periods beginning July 1, 2014	01 Jan 15

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 already been endorsed by the European Union, which are not yet applicable on a compulsory basis and which are not adopted in advance by the Company:

Description	Approved at the date of the present document	Effective date as per the standard
Annual improvements cycles 2010-2012	Yes	Periods beginning Feb 1, 2015
Amendment to IAS 19 Employee benefits	Yes	Periods beginning Feb 1, 2015
Amendment to IFRS 11 Joint arrangements on acquisition of an interest in a joint operation	Yes	Periods beginning Jan 1, 2016
Amendment to IAS 16 Property, plant and equipment and IAS 38 Intangible assets on depreciation and amortisation	Yes	Periods beginning Jan 1, 2016
Annual improvements cycles 2012-2014	Yes	Periods beginning Jan 1, 2016
Amendment to IAS 1 Presentation of Financial Statements on the disclosure initiative	Yes	Periods beginning Jan 1, 2016
Amendment to IAS 27 Separate Financial Statements on the equity method	Yes	Periods beginning Jan 1, 2016

No Accounting Standards and/or interpretations were applied in advanced, whose application is obligatory for periods commencing after December 31, 2015.
The potential impact that the Accounting Standards, amendments and interpretations applicable in future periods may have on the financial reporting of Group companies are currently being examined and assessed.

2.3.1 IFRS standards, amendments and interpretations not yet approved by the European Union

At the date of the present Consolidated Financial Statements, the relevant bodies of the European Union have not yet concluded the process necessary for the implementation of the amendments and standards described below.
On January 30, 2014, the IASB issued IFRS 14 – Regulatory Deferral Accounts that allows first time adopters of IFRS to continue recognising the amounts of "Rate Regulation Activities" in accordance with previously adopted Accounting Standards. The Company/Group not being a first-time adopter, this standard is not applicable.

On May 28, 2014, the IASB published IFRS 15 Revenue from Contracts with Customers, which will replace IAS 18 Revenue and IAS 11 Construction Contracts, in addition to the interpretations IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenues-Barter Transactions Involving Advertising Services. The standard establishes a new revenue recognition model, which will apply to all contracts signed with clients, with the exception of those falling under the application of other IAS/IFRS such as leasing, insurance contracts and financial instruments. The main steps for the recognition of revenue under the new model are:

– the identification of the contract with the client;
– the identification of the performance obligations of the contract;
– the establishment of the price;
– the allocation of the price to the performance obligations of the contract;
– the recognition criteria of the revenues when the entity satisfies each of the performance obligations.

The standard is applicable as of January 1, 2018.
On July 24, 2014, the IASB published IFRS 9 – Financial

instruments. The document incorporates the results of the Classification and measurement, Impairment and Hedge accounting phases of the IASB project to replace IAS 39. The new standard, which replaces the previous version of IFRS 9, must be applied for Financial Statements beginning January 1, 2018 or subsequently.
On September 11, 2014, the IASB published an amendment to IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture. The document was published in order to resolve the current conflict between IAS 28 and IFRS 10.
On January 13, 2016, the IASB issued IFRS 16 - Leases which is intended to replace IAS 17 - Leases, and IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

2.4 Consolidation method and principles

The Financial Statements of the companies included in the consolidation scope were prepared as at December 31, 2015 and were appropriately adjusted, where necessary, in line with Group accounting principles.
The consolidation scope includes the Financial Statements at December 31, 2015 of SEA, of its subsidiaries, and of those subsidiaries upon which it exercises a significant influence.
In accordance with IFRS 10, companies are considered subsidiaries when the Group simultaneously holds the following three elements:

a) power over the entity;
b) exposure, or rights, to variable returns deriving from involvement with the same;
c) the capacity to utilise its power to influence the amount of these variable returns.

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. The additional charges associated with the transaction are generally recognised in the Income Statement when incurred. At the date of acquisition, the identifiable assets acquired and liabilities assumed are recorded at fair value at the acquisition date; the following items are exceptions and are measured according to their reference principle:
    - 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 alleged 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.

2.5 Consolidation scope and changes in the year

Consolidation scope

The registered office and the share capital (at December 31, 2015 and December 31, 2014) of the companies included in the consolidation scope under the full consolidation method and equity method are reported below:

Company	Registered Office	Share capital at 31/12/2015 (Euro)	Share capital at 31/12/2014 (Euro)
SEA Handling SpA (in liquidation) [1]	Malpensa Airport - Terminal 2 Somma Lombardo (VA)	10,304,659	10,304,659
SEA Energia SpA	Milan Linate Airport - Segrate (MI)	5,200,000	5,200,000
SEA Prime SpA (formerly Ali Trasporti Aerei ATA SpA) [2]	Viale dell'Aviazione, 65 - Milan	2,976,000	2,976,000
Prime AviationServices SpA (formerly ATA Ali Servizi SpA) [3]	Viale dell'Aviazione, 65 - Milan	420,000	420,000
Consorzio Malpensa Construction	Via del Vecchio Politecnico, 8 - Milan	51,646	51,646
Dufrital SpA	Via Lancetti, 43 - Milan	466,250	466,250
SACBO SpA	Via Orio al Serio, 49/51 - Grassobbio (BG)	17,010,000	17,010,000
SEA Services Srl	Via Caldera, 21 - Milan	105,000	105,000
Malpensa Logistica Europa SpA	Milan Linate Airport - Segrate (MI)	6,000,000	6,000,000
Disma SpA	Milan Linate Airport - Segrate (MI)	2,600,000	2,600,000

The companies included in the consolidation scope at December 31, 2015 and the respective consolidation methods are reported below:

Company	Consolidation method at 31/12/2015	% Held at 31/12/2015	% Held at 31/12/2014
SEA Handling SpA (in liquidation) [1]	1	100%	100%
SEA Energia SpA	Line-by-line	100%	100%
SEA Prime SpA (formerly Ali Trasporti Aerei ATA SpA) [2]	Line-by-line	98.34%	98.34%
Prime AviationServices SpA (formerly ATA Ali Servizi SpA) [3]	Line-by-line	98.34%	98.34%
Consorzio Malpensa Construction	Line-by-line	51%	51%
Dufrital SpA	Equity method	40%	40%
SACBO SpA	Equity method	30.979%	30.979%
SEA Services Srl	Equity method	40%	40%
Malpensa Logistica Europa SpA	Equity method	25%	25%
Disma SpA	Equity method	18.75%	18.75%

1. *The Extraordinary Shareholders' Meeting of SEA Handling SpA in liquidation on June 9, 2014 approved the advance winding up of the Company and its placement into liquidation from July 1, 2014, while also authorising the provisional exercise of operations after July 1, for the minimum period necessary (the provisional exercise was confirmed in the Shareholders' Meeting of SEA Handling in liquidation of July 30, 2014 for the period July 1-August 31, 2014). The decision to discontinue of the commercial aviation handling business did not result in the exit from the consolidation scope of the Group but the application of IFRS 5 for the Discontinued Operations.*
2. *The company Ali Trasporti Aerei ATA SpA changed its name to SEA Prime SpA with Shareholders' Meeting motion of March 2, 2015.*
3. *Indirectly through SEA Prime SpA.*

2.6 Translation of foreign currency transactions

The transactions in currencies other than the operational currency of the company are converted into Euro 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.

2.7 Accounting policies

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 best estimate of the remuneration of the internal costs for the management of the works and design activities undertaken by the group which is a mark-up a third party general contractor would request for undertaking the same activities, in accordance with IFRIC 12. 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) Industrial patents and intellectual property rights

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

Computer software
Software costs are amortised on a straight-line basis over three years, while software programme maintenance costs are charged to the Income Statement when incurred.
Intangible assets with definite useful life are annually tested for losses in value or where there is an indication that the asset may have incurred a loss in value. Reference should be made to the paragraph below "Impairments".

Property, plant & equipment
Tangible fixed assets includes property, part of which under the scope of IFRIC 12, and plant and equipment.

Land and Buildings
Property, in part financed by the State, relates to tangible assets acquired by the Group in accordance with the 2001 Agreement (which renewed the previous concession of May 7, 1962). The 2001 Agreement provides for the obligation of 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 SEA until the expiry of the 2001 Agreement, i.e. May 4, 2041. The fixed assets in the financial statements are reported net of State grants.
Depreciation of property is charged based on the number of months held on a straight-line basis, which depreciates the asset over its estimated useful life. Where this latter is beyond the date of the end of the concession, the amount is amortised on a straight-line basis until the expiry of the concession. 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.
For land, a distinction is made between land owned by the Group, classified under property, plant and equipment and not subject to depreciation and expropriated areas necessary for the extension of the Malpensa Terminal, classified under "Assets under concession" and amortised over the duration of the concession.
The free granting of assets is recognised at market value, according to independent technical expert opinions.

Plant & Equipment
These are represented by tangible fixed assets acquired by the Group which are not subject to the obligation of free devolution.
Plant and equipment are recorded 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 to the Income Statement based on the number of months held on a straight-line basis, which depreciates the asset over its estimated useful life. Where this latter is beyond the date of the end of the concession, the amount is depreciated on a straight-line basis until the expiry of the concession. 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	10.0%
Runway equipment	31.5%
Various equipment	25.0%
Furniture and fittings	12.0%
Motor vehicles	20.0%
Cars	25.0%
EDP	20.0%

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.
Depreciation is calculated on a straight-line basis over the useful life of the building.

Impairments

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 (or of the cash-generating unit) 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 and depreciation 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 assets 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 available-for-sale investments, 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
Derivative financial instruments 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. For further information, reference should be made to *Note 4.1*.

Inventories

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

Cash

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 (assets under concession classified to intangible assets).

Employee benefit provisions

Pension provisions

The Companies of the Group have both defined contribution plans (National Health Service contributions and INPS pension plan contributions) and defined benefit plans (Post-Employment Benefits).
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. The Group already adopted at December 31, 2012 the accounting choice within IAS 19 which provides for actuarial gains/losses to be recorded directly in equity and consequently, the entry into force of IAS 19 Revised which eliminates alternative treatments to those already adopted by the Group does not have any impact on the comparative classification of the accounts.
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.

Reverse factoring transactions

In order to facilitate credit access to its suppliers, the Group has entered into reverse factoring or indirect factoring agreements (with recourse). On the basis of contractual arrangements in place, suppliers may, at their discretion, sell the amounts due from the Group to a financing institution and cash in the amount before maturity.
The payment terms provided on the invoice are not subject to further delays agreed between the supplier and the Group and therefore no charges are applied.
Within this framework, the relationships for which the primary obligation with the supplier is maintained and a payment extension, if granted, does not entail a change in payment terms, retain their nature and are therefore classified as trade payables.

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.
Rental income and royalties are recognised in the period they mature, based on the contractual agreements underwritten.
Handling activity revenues are recognised on an accruals basis, according to the number of passengers in the year.
Revenues from electric and thermal energy production are recognised on an accruals basis, according to the effective quantity produced in kWh. The tariffs are based on the contracts in force; some of them are at fixed price, while others have indexed prices.

Green certificates, white certificates and emission quotas

The companies which produce electricity from renewable sources receive 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.

White certificates allocated by the GSE are handled in a similar manner (for the first time in 2013, for the years 2012 and 2013), following the recognition of the Malpensa station as a high yield cogeneration plant.

Revenues 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 SEA Group, the mark-up which would be applied by a general contractor (as established by IFRIC 12).

Government 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.

The incentives granted to airlines, and based on the number of passengers transported, invoiced by the airlines to the Company for *i)* the maintenance of traffic at the airport or *ii)* the development of traffic through increasing existing routes or launching new routes, are considered commercial costs and, as such, classified under "Operating costs" and recognised in correlation to the revenues to which they refer. In particular, in the opinion of management which monitors the effectiveness of these commercial initiatives together with other marketing initiatives classified under commercial costs, although these incentives are allocated to specific revenue accounts proportionally, because of their contribution to traffic and to the growth of the airport, from an operating viewpoint they must be considered together with all costs incurred by the Company through commercial and marketing activities and are therefore reported in the Management Accounts and valued in the Company KPI together with marketing costs. Therefore, the decision was taken to classify these incentives in the annual financial reporting in line with their operating objectives.

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 and to the Comprehensive Income Statement. 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 costs".
Within the fiscal consolidation, each company transfers the tax income or loss to the consolidating company; the consolidating company records a receivable with the company that contributes assessable income equal to the income tax to be paid. Inversely, for the companies with tax losses, the consolidating company records a payable, which in the case of the tax consolidation between SEA and SEA Handling and between SEA Prime and Prime AviarionServices is equal to 50% of the income tax on the part of the loss effectively offset at Group level.

Dividends

Payables for dividends to shareholders are recorded in the year in which the distribution is approved by the Shareholders' Meeting.
The dividends distributed between Group companies are eliminated in the Income Statement.

3. Estimates and assumptions

The preparation of theFinancial 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 Statement of Financial Position, 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) Impairments

The tangible and intangible assets and investments in associated companies and investment property 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) Amortisation and depreciation

Amortisation and depreciation represent 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. Any update in the remaining useful life could result in a change in the depreciation period and therefore in the depreciation charge in future years.

(c) Provision for risks and charges

The Group companies may be subject to legal disputes, in relation to taxation or employment issues,

based on particularly complex circumstances of varying degrees of uncertainty, according to the facts and circumstances, jurisdiction and laws applicable to each case.
Considering the inexact nature of these issues, it is difficult to predict with certainty any future payments required.
Consequently, the Management after consultation with its legal advisors and legal and tax experts, recognises a liability for such litigation when it considers that a cash outlay is likely to occur and the amount of the resulting losses can be reasonably estimated. In the case in which a payment is considered possible, but is not yet determinable, such is reported in the Explanatory Notes.
Provisions are recorded against risks of a legal and tax nature and employee disputes. The amount of the provisions recorded in the Financial Statements relating to these risks therefore 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 Directors for the preparation of the separate 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 charges matured at the balance sheet date for scheduled 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.

(e) Financial assets

The valuation of the recoverability of the financial receivable from the Milan Airport Handling Trust arising from the assignment of the investment Airport Handling to the above-mentioned Trust and the subscription of equity financial instruments issued by Airport Handling subsequent to the assignment to the Trust is made on the basis of the best estimates of the outcome of the sales operations of the company by the Trust, with the valuation of the residual interest after the above-mentioned sale and is therefore subject to the normal uncertainties of negotiating processes in the disposal of financial investments, as well as the future profitability potential of the investment.

(f) SEESEU-C Qualification for system charges

The Group submitted an application to the GSE, to obtain the SEU-SEESEU qualification which would enable it to obtain preferential tariff conditions on the electricity consumed and not withdrawn from the grid to the extent of 5% of the corresponding unit amounts payable.
Despite the uncertainties related to the progress of the application and the fact that the SEESEU-C qualification for application of the preferential tariff system charges had not yet been obtained as at the reporting date, the Directors considered it reasonable to estimate the payment of system charges - recorded in other operating costs -for the year 2015 on favorable tariff conditions, supported by their technical management regarding the objective evidence in support of the application and on the basis of the progress in the application process.

4. Risk Management

The risk management strategy of the Group is based on minimising potential negative effects related to the Group's 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 December 31, 2015	At December 31, 2014
Customer receivables	163,309	198,746
- of which overdue	95,466	115,344
Doubtful debt provision	(83,586)	(89,742)
Trade receivables from associates	10,837	9,522
Provision for doubtful debt with associates	(33)	
Total net trade receivables	**90,527**	**118,526**

The aging of the overdue receivables is as follows:

Trade receivables

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Overdue less than 180 days	17,594	39,121
Overdue more than 180 days	77,872	76,223
Total trade receivables past due	**95,466**	**115,344**

The table below illustrates the gross trade receivables at December 31, 2015 and 2014, 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, 2015	At December 31, 2014
Customer receivables	174,146	208,268
(i) receivables from parties in administration	44,493	43,544
(ii) disputed receivables	25,462	23,618
Total trade receivables net of receivables at (i) and (ii)	**104,191**	**141,106**
Receivables due other than receivables at (i) and (ii)	25,511	48,182
Sureties and guarantee deposits	73,606	68,932
Percentage of receivables guaranteed by sureties and guarantee deposits compared to the total trade receivables net of receivables at (i) and (ii)	70.6%	48.9%

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 2015, 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 exposure to interest rate risk mainly arises from volatility of financial charges related to floating rate borrowings. The Group manages the volatility of financial charges by defining a balanced mix of fixed-rate and floating rate loans and through the use of derivative hedging instruments, in order to limit the effects of interest rates fluctuations.

At December 31, 2015 the gross financial debt of the SEA Group was comprised of medium/long-term loans (medium/long term portions of loans) and short-term loans (the medium/long-term portion of loans maturing within 12 months. At this date SEA did not make recourse to short-term debt).

The medium/long-term debt at December 31, 2015, is reported in the following table, which shows the interest rate of each loan at the nominal value (which includes a spread of between 0.20% and 1.62%, not considering the effect of hedging operations and any additional guarantees):

Medium/long-term loans at December 31, 2015 and 2014

		December 31, 2015		December 31, 2014	
(In thousands of Euro)	Maturity	Amount	Average rate	Amount	Average rate
Bonds	**2021**	**300,000**	**3.125%**	**300,000**	**3.125%**
EIB funded bank loans	**from 2017 to 2035**	**276,994**	**1.37%**	**230,893**	**1.68%**
at fixed rate		60,000	3.90%	60,000	3.90%
at variable rate*		216,994	0.67%	170,893	0.91%
Other bank loans	**2020**	**85**	**0.50%**	**50,000**	**2.39%**
at fixed rate		85	0.50%	-	-
at variable rate		-	-	50,000	2.39%
Gross medium / long-term financial debt		**577,079**	**2.28%**	**580,893**	**2.49%**

* *Includes: i) tranche at variable rate with interest rate hedge (approx. 41% at 31.12.2015 and 56% at 31.12.2014).*
ii) Euro 60 million of EIB loans with specific bank guarantee.

The total medium/long-term debt at December 31, 2015 amounted to Euro 577,079 thousand, a decrease of Euro 3,814 thousand compared to December 31, 2014, with the average cost reducing 21 basis points to 2.28% at the reporting date. The cost of this debt, after interest hedging operations and the cost of bank guarantees on EBI loans, amounts to 2.92%, a reduction on 3.00% at the end of December 2014 (-8 basis points). Overall, the total medium/long-term debt (excluding therefore debt for invoice advances, current account overdrafts or other types of working capital debt) at a variable rate not hedged by the Parent Company at December 31, 2015 was approx. 22.3% of total debt. There was therefore no excess hedging on future cash flows subject to hedging ("overhedging").

At December 31, 2015 the Group has the following bond issue with a total nominal value of Euro 300 million.

Description	Issuer	Listing market	ISIN Code	Term (years)	Maturity	Par value (in millions of Euro)	Coupon	Annual rate
SEA SpA 3 1/8 04/17/21	SEA SpA	Irish Stock Exchange	XS1053334373	7	04/17/21	300	Fixed, annual	3.125%

The fair value of the overall bank and bond medium/long term Group debt at December 31, 2015 amounted to Euro 591,660 thousand (down from Euro 602,023 thousand at December 31, 2014, mainly due to the trend in market rates). This value 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 bond listed on a regulated market, reference was made to the market value at December 31, 2015;
- 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 notional at 31/12/2015	Signing date	Start date	Maturity	Fair value at 31/12/2015	Fair value at 31/12/2014
IRS	10,000	9,677	18/5/2011	15/9/2012	15/9/2021	(1,512.5)	(1,741.0)
	5,000	4,839	18/5/2011	15/9/2012	15/9/2021	(756.3)	(870.5)
	15,000	13,448	18/5/2011	15/9/2012	15/9/2021	(2,028.0)	(2,358.4)
	11,000	8,724	18/5/2011	15/9/2011	15/9/2016	(258.5)	(498.0)
	10,000	8,214	6/6/2011	15/9/2012	15/9/2021	(1,155.6)	(1,351.8)
	11,000	8,724	6/6/2011	15/9/2012	15/9/2021	(1,225.3)	(1,433.2)
	12,000	9,103	6/6/2011	15/9/2012	15/9/2021	(1,258.5)	(1,475.5)
	12,000	9,103	6/6/2011	15/9/2012	15/9/2021	(1,258.5)	(1,475.5)
Collar	10,000	8,214	6/6/2011	15/9/2011	15/9/2021	(905.6)	(1,047.9)
	11,000	8,345	6/6/2011	15/9/2011	15/9/2021	(897.9)	(1,041.3)
Total		**88,393**				**(11,256.8)**	**(13,293.1)**

"-" 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.

The fair value of the derivative financial instruments at December 31, 2015 and at December 31, 2014 was determined in accordance with IFRS 13.

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, the 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 2015, the SEA Group did not undertake any hedging of this risk, although not excluding the possibility in the future. It is also highlighted that the SEA Group, through the subsidiary SEA Energia, signed bilateral contracts for the supply of electricity and heat to third parties which ties the sales price to the cost of methane, thereby mitigating the risk of changes in selling prices compared to production prices. The hedging strategy of commodity risk was also strengthened through the signing of procurement contracts which, in order to reduce the exposure to methane price movements, set a fixed price for part of the needs.

4.3 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;
- obtains committed credit lines (revolving and non-revolving), which covers the financial commitments of the Group in the coming 12 months deriving from the investment plan and contractually agreed debt repayments;
- monitors the liquidity position, in relation to the business planning.

At the end of 2015, the SEA Group had irrevocable unutilised credit lines of Euro 200 million, of which Euro 120 million relate to a revolving line available until April 2020 and Euro 80 million relating to EIB loan, of which utilisation is expected by December 2017, with maturities comprised between 15 and 20 years. At December 31, 2015, the SEA Group also had a further Euro 217,317 thousand of uncommitted credit lines available for immediate cash requirements.
The SEA Group has available committed and uncommitted credit lines which guarantee the covering of future financial needs and current operational needs, with an average maturity of medium/long-term debt above 5 years, including the bond issued in 2014. Over 60% of Bank loans are due beyond 5 years (25% beyond 10 years).
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 direct factoring without recourse which provides further financial credit lines to guarantee adequate cash flexibility). It should be noted that the indirect factoring transactions, as amply detailed above, do not change contractual payment condition and, therefore, they do not generate dilutive effects on working capital.
The tables below illustrate for the SEA Group the breakdown and maturity of the financial debt (capital, medium/long-term interest, financial charges on derivative instruments and leasing) and trade payables at December 31, 2015 and December 31, 2014:

Liabilities at December 31, 2015

(In millions of Euro)	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years	Total
Gross debt	32.0	69.7	73.4	524.6	699.7
Trade payables	164.5				164.5
Total debt	**196.5**	**69.7**	**73.4**	**524.6**	**864,2**

Liabilities at December 31, 2014

(In millions of Euro)	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years	Total
Gross debt	81.8	66.5	68.3	478.7	695.3
Trade payables	170.7				170.7
Total debt	**252.5**	**66.5**	**68.3**	**478.7**	**866.0**

At year-end 2015, loans due within one year mainly relate to the capital portion to be paid on some of the EIB loans and interest due on the total debt. The loan repayment scheduling reflects a longer average life of debts and the capacity of the SEA Group funding to cover medium/long-term needs.

4.4 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) Assumption:
- the effect was analysed on the SEA Group Income Statement for 2015 and 2014 of a change in market rates of +50 or of -50 basis points.

b) Calculation method:
- 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:

	December 31, 2015		December 31, 2014	
(In thousands of Euro)	**-50 bp**	**+50 bp**	**-50 bp**	**+50 bp**
Current account (interest income)	-299.25	389.59	-423.04	503.68
Loans (interest expense) [1]	984.52	-1,091.93	1,591.05	-1,591.05
Derivative hedging instruments (cash flow) [2]	-136.37	474.83	-504.86	504.86
Derivative hedging instruments (fair value) [3]	-1,627.42	1,729.20	-2,180.77	2,193.52

1 *+ = lower interest expense; - = higher interest expense.*
2 *+ = hedging revenue; - = hedging cost.*
3 *Amount entirely allocated to equity as hedges are fully effective.*

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 market interest rates, which in the case of a change of -50 basis points would be negative, and therefore are recorded as equal to zero (otherwise cash flows would have been of opposite sign compared to those contractually agreed).
The bond issue and 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, 2015 and at December 31, 2014 of the Group.

	At December 31, 2015					
(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 amortised cost	Total
Available-for-sale-investments				26		26
Other non-current financial assets			16,776			16,776
Other non-current receivables			1,692			1,692
Trade receivables			90,527			90,527
Tax receivables			12,751			12,751
Other current receivables			13,286			13,286
Other current financial assets			7,190			7,190
Cash and cash equivalents			55,502			55,502
Total	**-**	**-**	**197,724**	**26**	**-**	**197,750**
Non-current financial liabilities excluding leasing	11,257				558,518	569,775
- of which bondholder payables					297,580	297,580
Non-current financial liabilities for leasing					31	31
Trade payables					164,486	164,486
Income tax payables					63,017	63,017
Other current payables					106,898	106,898
Current financial liabilities excluding leasing					23,431	23,431
Current financial liabilities for leasing					548	548
Total	**11,257**	**-**	**-**	**-**	**916,929**	**928,186**

	At December 31, 2014					
(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 amortised cost	Total
Available-for-sale-investments				26		26
Other non-current financial assets			23,966			23,966
Other non-current receivables			1,691			1,691
Trade receivables			118,526			118,526
Tax receivables			16,110			16,110
Other current receivables			15,617			15,617
Cash and cash equivalents			30,586			30,586
Total	**-**	**-**	**206,496**	**26**	**-**	**206,522**
Non-current financial liabilities excluding leasing	13,293				514,153	527,446
- of which bondholder payables					297,159	297,159
Non-current financial liabilities for leasing					410	410
Trade payables					170,711	170,711
Income tax payables					59,529	59,529
Other current payables					98,753	98,753
Current financial liabilities excluding leasing					72,704	72,704
Current financial liabilities for leasing					1,215	1,215
Total	**13,293**	**-**	**-**	**-**	**917,475**	**930,768**

The values resulting from the utilisation of the amortised cost method approximates the fair value of the category.

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, 2015 and at December 31, 2014:

	At December 31, 2015		
(In thousands of Euro)	**Level 1**	**Level 2**	**Level 3**
Available-for-sale-investments			26
Derivative financial Instruments		11,257	
Total		**11,257**	**26**

	At December 31, 2014		
(In thousands of Euro)	**Level 1**	**Level 2**	**Level 3**
Available-for-sale-investments			26
Derivative financial Instruments		13,293	
Total		13,293	26

5.2 Discontinued Operations assets, liabilities and profit/(loss)

The present section reports a breakdown of the Discontinued Operations' accounts presented in the Income Statement, the Statement of Financial Position and the Consolidated Cash Flow Statement.
In terms of methodology utilised, "Discontinued Operations" under IFRS 5 are included in the consolidation scope of the SEA Group at December 31, 2015 (same treatment in the comparable FY 2014) and therefore the aggregate balances for the entire Group are calculated with the elimination of transactions between Continuing and Discontinued Operations. Specifically, this occurred as follows:

- the individual Income Statement items included in the account "Discontinued Operations" relate to the Income Statement of SEA Handling SpA in liquidation.
- The individual income statement accounts relating to Continuing Operations are presented without eliminating inter-company transactions between "Continuing Operations" and "Discontinued Operations", while the account "Discontinued Operations" includes the effects of the eliminations of these transactions. The effects of these eliminations are shown in the notes.
- In the statement of financial position, the consolidation of the "Continuing Operations" and "Discontinued Operations" implies, as previously described, the elimination of the intercompany transactions between them, in order that the amounts recorded under "Continuing Operations" and "Discontinued Operations" represent the balance of the assets and liabilities from transactions with third parties external to the Group. Consequently, these balances may not be representative of the SEA Group post-discontinuation statement of financial position of the commercial aviation handling business. The eliminations of these balances were recorded in a separate line item of asset and liabilities, in order to correctly present the total assets and total liabilities of the Group.
- In relation to the Cash Flow Statement, all cash flows concerning "Discontinued Operations" are presented under the operating activities, investing activities and financing activities of the Cash Flow Statement. These accounts represent cash flows from transactions with third parties external to the Group. Consequently, the cash flows from "Continuing Operations" and "Discontinued Operations" may not be representative of the

SEA Group post-discontinuation cash flows of the Commercial Aviation handling business. In the consolidated Cash Flow Statement, the effects of the cash flows related to "Discontinued Operations" are shown separately in each section of the Cash Flow Statement.

It is recalled that at December 31, 2015, the assets and liabilities and net result of the "Discontinued operations" concern SEA Handling in liquidation, given that Airport Handling is not included in the consolidation scope due to the allocation to the Milan Airport Handling Trust occurred on August 26, 2014. The result of Airport Handling until the date of disposal of the investment to the Trust has been reclassified under "Investment charges". We highlight the limits in the comparability of the two periods as, until August 31, 2014, eight months out of the twelve months of the comparison period, SEA Handling in liquidation was an operating company while in 2015 the company was no longer operating. In fact, SEA Handling was placed in liquidation on June 30, 2014 and its operational activities continued until August 31, 2014.

The breakdown of the "Discontinued Operations" results is presented below:

Discontinued Operations Income Statement

(In thousands of Euro)	Year ended at December 31 2015	2014	Change	% Change
Operating revenues	4,946	78,194	(73,248)	-93.7%
Total revenues	**4,946**	**78,194**	**(73,248)**	**-93.7%**
Operating costs				
Personnel costs	(316)	(98,476)	98,160	-99.7%
Consumable materials	0	(1,519)	1,519	-100%
Other operating costs	(944)	(16,321)	15,377	-94.2%
Provisions & Write-downs	447	11,933	(11,486)	-96.3%
Total operating costs	**(813)**	**(104,384)**	**103,571**	**-99.2%**
Gross Operating Margin / EBITDA	**4,133**	**(26,190)**	**30,323**	**-115.8%**
Amortisation and depreciation	(458)	(733)	275	-37.5%
EBIT	**3,675**	**(26,923)**	**30,598**	**-113.7%**
Financial income	2	29	(27)	-93.1%
Pre-tax profit	**3,677**	**(26,894)**	**30,571**	**-113.7%**
Income taxes	(439)	5,590	(6,029)	-107.9%
Discontinued Operations profit/(loss)	**3,238**	**(21,304)**	**24,542**	**-115.2%**

Operating revenues in 2015 amounted to Euro 4,946 thousand overall and refer for Euro 3,901 thousand to the capital gain generated from the sale of vehicles and equipment to the companies Airport Handling SpA and Tecmo Srl., for Euro 948 thousand to the rent of operating vehicles and equipment owned by the Company to Airport Handling and for Euro 97 thousand to miscellaneous revenue for non-recurring income mainly related to the reversal of invoices to be received recorded in previous years following the settlement of disputes with suppliers.

Operating costs incurred in 2015 amounted to Euro 813 thousand and include personnel costs, administrative costs, industrial costs and provisions and write-downs.

Personnel costs principally refer to SEA personnel seconded to SEA Handling. In 2015 administrative costs amounted to Euro 535 thousand and mainly refer to administrative services, professional consultancy and legal fees and Board of Statutory Auditor fees, while industrial costs of Euro 409 thousand mainly refer to the amount paid to Airport Handling for maintenance not carried out on transferred assets.

The item provisions and write-downs includes: *i)* the positive effect of Euro 653 thousand, related to the recognition of reversed impairment losses on receivables previously deemed uncollectible, for which provisions have proved to be in excess of actual needs; *ii)* Euro 250 thousand related to litigation provisions; *iii)* Euro 15 thousand relating to net releases as a result of developments in disputes with personnel employed before December 31, 2014 and *iv)* Euro 29 thousand

relating to the release of provisions for future charges, in excess given for favorable settlement of litigation for damage caused to third parties.
Depreciation in 2015 amounted to Euro 458 thousand and related to property, plant and equipment.
"Discontinued Operations" and "Liabilities" related to "Discontinued Operations" at December 31, 2015 and December 31, 2014 – restated – are reported below:

(In thousands of Euro)	At December 31, 2015 Total	At December 31, 2014 Total
ASSETS		
Property, plant & equipment	8	1,853
Deferred tax assets	41	1,329
Total non-current assets	**49**	**3,182**
Trade receivables	374	2,300
Other receivables	4,580	9,600
Cash and cash equivalents	6,499	928
Total current assets	**11,453**	**12,828**
Total assets of Discontinued Operations	**11,502**	**16,010**
LIABILITIES		
Share capital	10,305	10,305
Other reserves	(5,060)	1,567
Net profit	3,238	(21,304)
Group Shareholders' Equity	**8,483**	**(9,432)**
Minority interests	**0**	**0**
Group Shareholders' Equity and minority interests of Discontinued Operations	**8,483**	**(9,432)**
Provision for risks & charges	1,877	9,232
Total non-current liabilities	**1,877**	**9,232**
Trade payables	1,065	1,211
Income tax payables	3	582
Other payables	74	14,417
Total current liabilities	**1,142**	**16,210**
Total liabilities related to Discontinued Operations	**3,019**	**25,443**
Total liabilities related to Discontinued Operations and Shareholders' Equity	**11,502**	**16,010**

Within the liquidation procedure of SEA Handling SpA, the liquidator undertook a tender process for transport vehicles broken down into 9 similar lots. This tender was declared void as there were no requests for participation or requests in compliance with the tender conditions and terms. Airport Handling SpA had informed SEA Handling SpA of its interest to acquire - at market conditions and on the basis of independent expert evaluation reports - 6 of the 9 lots of used vehicles offered for sale by the liquidator of SEA Handling SpA: the sales agreement between the two companies was reached last September, with the transfer of the vehicles covered by the agreement to Airport Handling SpA.
It should be noted that an agreement was reached with the company Tecmo Srl for the sale of three lots that had remained unsold. The sale was carried out "at fixed price" and the assets accepted on an "as is" basis. The sale was completed on December 1, 2015 for a value of Euro 450 thousand plus VAT, duly paid.

The cash flows relating to the Discontinued Operations were as follows:

Cash flow statement of Discontinued Operations

(In thousands of Euro)	Year ended at December 31 2015	2014
Cash flow generated from operating activities		
Discontinued Operations profit/(loss)	3,677	(26,894)
Adjustments:		
Amortisation and depreciation	458	733
Net change in provisions (ex. employee provisions)	222	(9,438)
Net employee provisions	(15)	(23,446)
Net change in doubtful debt provision	(653)	(1,414)
Net financial charges	(2)	(29)
Other changes in non-cash items	(3,897)	(511)
Cash generated/(absorbed) from operating activities before working capital changes of Discontinued Operations	(210)	(60,999)
Change in trade receivables & other receivables	3,658	28,827
Change in trade payables & other payables	(24,945)	(15,998)
Cash generated/(absorbed) from changes in working capital of Discontinued Operations	(21,287)	12,829
Receipt of tax benefit net of income taxes paid	5,204	1,727
Cash flow absorbed from operating activities of Discontinued Operations	**(16,293)**	**(46,443)**
Disposal of fixed assets	4,988	
Disposal of intangible assets	426	
Sale of financial fixed assets		2
Cash generated/(absorbed) from investing activities of Discontinued Operations	**5,414**	**2**
Increase in capital and equity reserves	16,448	9,823
Change in other financial assets/liabilities		36,008
Interest received	2	29
Cash flow deriving from financing activities of Discontinued Operations	**16,450**	**45,860**
Increase / (decrease) in cash and cash equivalents	**5,571**	**(581)**
Cash and cash equivalents at beginning of period	928	1,509
Cash and cash equivalents at period-end	6,499	928

In 2015, the activities of "Discontinued Operations" used cash of Euro 16,293 thousand, mainly as a result of disbursements of salaries, employee leaving indemnities and incentives to the staff employed by the Company in 2014. The tax receivable recognised by SEA as part of the 2014 fiscal consolidation, amounting to Euro 5,432 thousand was collected in June 2015. In May 2015 the tax balance due for the 2014 IRAP was paid for an amount of Euro 168 thousand; the IRAP advance for 2015 of Euro 60 thousand was paid in June 2015.

In 2015, "Cash flow from investing activities" amounted to Euro 5,414 thousand (positive for Euro 2 thousand in 2014) as a result of proceeds generated by the sale to Airport Handling of vehicles and equipment for Euro 4,838 thousand, the collection of the invoice for the sale to the parent of the Pegaso Ground Star software system for Euro 426 thousand and receipt of the first installment on the sale of equipment to Tecmo for Euro 150 thousand.

The "Cash flow from financing activities of the Discontinued Operations" of 2015 amounted to Euro 16,450 thousand and was almost totally determined by payments made by the shareholder SEA in order to financially endow the Company for the liquidation process and to face the commitments made with the letter of March 25, 2014.

5.3 Disclosure by operating segment

Following the issue of the fixed rate bond of Euro 300 million in April 2014, the Parent Company joins the category of companies with listed securities on regulated markets required to provide disclosure as per IFRS 8. Therefore, the present Annual Report includes the figures for the operating segment in 2015 and the relative comparative figures for 2014. It is important to highlight that due to the type of activities undertaken by the Group, "traffic" is conditioned by the results of all activities. The SEA Group has identified four operating businesses, as further described in the Directors' Report and specifically: *i)* Commercial Aviation, *ii)* General Aviation, *iii)* Energy. As a result of the new presentation by operating segments, which reflects the operational and managerial aspects of the businesses in which the Group is engaged, and in order to ensure the comparability of information, the figures for 2014 were restated. These data may therefore differ from those shown at the individual legal entity level. The information currently available concerning the principal operating businesses identified is presented below.

The Commercial Aviation business comprises the Aviation and Non Aviation operations: the former concern the management, development and maintenance of airport infrastructure and plants and the offer to SEA Group customers of services and activities related to aircraft arrival and departure and 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. The Non Aviation activities however provides a wide and differentiated 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 and 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. This business also includes the activities carried out by the Company Malpensa Construction Consortium directly related to the airport business.

General Aviation: includes both General Aviation activities that are carried out through the subsidiary SEA Prime (formerly Ali Trasporti Aerei ATA SpA), which was acquired in 2013 and which provides the full range of services related to the business traffic at the West apron of Linate airport, and the General Aviation handling activities of the subsidiary Prime AviationServices.

Energy: concerns 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.

The main results for each of the businesses described above are presented below.

The following tables present the segment Income Statements and Balance Sheets, reconciled with the figures presented in the Directors' Report.

Segment disclosure: Income Statement & Balance Sheet at December 31, 2015

(In thousands of Euro)	Commercial Aviation	General Aviation	Energy	IC eliminations	Consolidated Financial Statements
Revenues	614,793	16,829	43,364	(32,578)	642,408
of which Intercompany	(4,052)	(650)	(27,876)	32,578	
Total operating revenues (from third parties)	**610,741**	**16,179**	**15,488**	**0**	**642,408**
EBITDA	**211,590**	**5,340**	**2,901**		**219,831**
EBIT	**140,028**	**3,546**	**2,491**		**146,065**
Investment income (charges)					7,723
Financial charges					(19,929)
Financial income					859
Pre-tax profit					**134,718**
Investment in fixed assets	**80,821**	**3,110**	**2,849**		**86,780**
Property, plant & equipment	11,957	2,783	2,849		17,589
Intangible assets	68,864	327	0		69,191

Segment disclosure: Income Statement & Balance Sheet at December 31, 2014

(In thousands of Euro)	Commercial Aviation	General Aviation	Energy	IC eliminations	Consolidated Financial Statements
Revenues	594,441	17,142	45,612	(35,562)	621,634
of which Intercompany	(4,138)	(664)	(30,759)	35,562	
Total operating revenues (from third parties)	**590,304**	**16,477**	**14,853**	**0**	**621,634**
EBITDA	**201,321**	**4,406**	**156**		**205,883**
EBIT	**127,698**	**2,489**	**(490)**		**129,697**
Investment income (charges)					2,027
Financial charges					(24,549)
Financial income					1,430
Pre-tax profit					**108,605**
Investment in fixed assets	**96,043**	**225**	**756**		**97,024**
Property, plant & equipment	17,516	125	756		18,397
Intangible assets	78,527	100	0		78,627

6. Notes to the Statement of Financial Position

6.1 Intangible assets

The following tables illustrate the changes for the years ended December 31, 2015 and 2014 relating to intangible assets.

(In thousands of Euro)	at December 31, 2014	Increases in the period	Reclassification/ Internal Transfer	Destruction/ sale	Amortisation/ Write-down	at December 31, 2015
Gross value						
Assets under concession	1,331,788		56,003	(598)	(2,091)	1,385,102
Assets under concession in progress & advances	45,497	62,089	(53,542)			54,044
Industrial patents and intellectual property rights	54,838		348	(276)		54,910
Assets in progress and advances	1,258	7,050	(410)			7,898
Others	17,583	52	1,455			19,090
Gross value	**1,450,964**	**69,191**	**3,854**	**(874)**	**(2,091)**	**1,521,044**
Accumulated depreciation						
Assets under concession	(415,458)		(20)	235	(35,955)	(451,198)
Assets under concession in progress & advances						
Industrial patents and intellectual property rights	(41,979)				(6,558)	(48,537)
Assets in progress and advances						
Others	(15,356)		(1,393)		(128)	(16,877)
Accumulated depreciation	**(472,793)**	**0**	**(1,413)**	**235**	**(42,641)**	**(516,612)**
Net value						
Assets under concession	916,330		55,983	(363)	(38,046)	933,904
Assets under concession in progress & advances	45,497	62,089	(53,542)			54,044
Industrial patents and intellectual property rights	12,859		348	(276)	(6,558)	6,373
Assets in progress and advances	1,258	7,050	(410)			7,898
Others	2,227	52	62		(128)	2,213
Intangible assets (net value)	**978,171**	**69,191**	**2,441**	**(639)**	**(44.732)**	**1, 004,432**

As per IFRIC 12, rights on assets under concession amount to Euro 933,904 thousand at December 31, 2015 and Euro 916,330 thousand at December 31, 2014. These rights are amortised on a straight-line basis over the duration of the concession from the State, as they will be returned to the grantor at the end of the concession. The amortisation for the year 2015 amounts to Euro 35,955 thousand. The write-down of Euro 2,091 thousand refers to the net book value of assets no longer usable which will be scrapped and which were identified during inventory verification carried out in 2015.

The increases result, for Euro 53,542 thousand, from the entry into operation of the investments made in previous years and recognised under "Rights on assets under concession and advances" and, for Euro 2,461 thousand, from "Reclassifications and transfers" between "Intangible and tangible assets accounts".

For assets under concession, SEA has the obligation to record a restoration and replacement provision, in relation to which reference should be made to *Note 7.8*. The account "Assets under concession in progress and advances", amounting to Euro 54,044 thousand, refers to the work in progress on concession assets, not yet completed at December 31, 2015. The main works concerned the redesign of Terminal 1 at the Malpensa airport (arrivals and check-in floors), the structural expansion works of the Malpensa third satellite, the start of construction of a new warehouse in the Malpensa Cargo area and the continuation of work on the construction of the new railway station at Malpensa Terminal 2, and the associated rail link. At Linate the works mainly relate to an upgrading of the area used for the security checks of departing passengers and redesign of the check-in floor. The decreases in the year, or rather "Reclassifications to assets under concession", principally relate to the gradual entry into service of the Malpensa third satellite.

Industrial patents and intellectual property rights and other intangible assets, amounting to Euro 6,373 thousand at December 31, 2015 (Euro 12,859 thousand at December 31, 2014), relate to the purchase of software components for the airport and operating IT systems. Specifically, the investments principally related to the development and implementation of the administrative and airport management systems, of which only Euro 348 thousand relating to previous years and recorded in the account "Fixed assets in progress and payments on account" which at December 31, 2015 record a total residual amount of Euro 7,898 thousand, relating to software developments in progress.

In consideration of the results reported and the business outlook, as well as the definition of the airport tariffs contained in the Regulatory Agreement, at December 31, 2015 the Company did not identify any impairment indicators.

The changes in intangible assets during 2014 were as follows:

(In thousands of Euro)	At December 31, 2013	Increases in the period	Change in consolidation scope	Reclassification/ Internal transfer	Destruction/ sale	Amortisation/ Write-down	At December 31, 2014
Gross value							
Assets under concession	1,268,919	10,667		57,331	(3,861)	(1,268)	1,331,788
Assets under concession in progress & advances	41,037	62,766		(58,306)			45,497
Industrial patents and intellectual property rights	42,658		(14)	12,194			54,838
Assets in progress and advances	8,014	5,864		(12,620)			1,258
Others	17,551	34	(2)				17,583
Gross value	**1,378,180**	**79,331**	**(16)**	**(1,401)**	**(3,861)**	(1,268)	**1,450,964**
Accumulated depreciation							
Assets under concession	(384,490)			1,003	1,685	(33,656)	(415,458)
Assets under concession in progress & advances							
Industrial patents and intellectual property rights	(35,441)			24		(6,562)	(41,979)
Assets in progress and advances							
Others	(15,262)					(94)	(15,356)
Accumulated depreciation	**(435,193)**	**0**		**1,027**	**1,685**	**(40,312)**	**(472,793)**
Net value							
Assets under concession	884,429	10,667		58,334	(2,176)	(34,924)	916,330
Assets under concession in progress & advances	41,037	62,766		(58,306)			45,497
Industrial patents and intellectual property rights	7,217		(14)	12,218		(6,562)	12,859
Assets in progress and advances	8,014	5,864		(12,620)			1,258
Others	2,289	34	(2)			(94)	2,227
Intangible assets (net value)	**942,987**	**79,331**	**(16)**	**(374)**	**(2,176)**	**(41,580)**	**978,171**

6.2 Property, plant and equipment

The following tables summarises the movements in property, plant and equipment between December 31, 2014 and December 31, 2015.

(In thousands of Euro)	At December 31, 2014	Increases in the period	Reclassification/ Internal transfer	Destruction/ sale	Amortisation	At December 31, 2015
Gross value						
Land and buildings	194,797	437	6,402	(71)		201,565
Plant and machinery	108,719	3,047	(51)	(125)		111,590
Industrial & commercial equipment	35,642	2,181		(95)		37,728
Other assets	102,846	2,479	4,057	(1,450)		107,932
Assets in progress and advances	11,662	9,445	(12,695)	(1)		8,411
Gross value	**453,666**	**17,589**	**(2,287)**	**(1,742)**		**467,226**
Accumulated depreciation & Write-downs						
Land and buildings	(75,816)		(152)	38	(6,291)	(82,221)
Plant and machinery	(64,808)		(2)	119	(2,701)	(67,392)
Industrial & commercial equipment	(33,529)			95	(1,655)	(35,089)
Other assets	(86,780)			1,417	(6,236)	(91,599)
Assets in progress and advances						
Accumulated depreciation and Write-down	**(260,933)**		**(154)**	**1,669**	**(16,883)**	**(276,301)**
Net value						
Land and buildings	118,981	437	6,250	(33)	(6,291)	119,344
Plant and machinery	43,911	3,047	(53)	(6)	(2,701)	44,198
Industrial & commercial equipment	2,113	2,181			(1,655)	2,639
Other assets	16,066	2,479	4,057	(33)	(6,236)	16,333
Assets in progress and advances	11,662	9,445	(12,695)	(1)		8,411
Net value	**192,733**	**17,589**	**(2,441)**	**(73)**	**(16,883)**	**190,925**

The investments related to the development of the Commercial Aviation business and those related to Aviation activities (which, as already reported, in accordance with IFRIC 12 are classified as assets under concession and current airport concessions) as well as those related to Non Aviation activities principally related to progress in the works for completion of Malpensa third satellite and the redesign of Malpensa Terminal 1.

The increases in "Property, plant & equipment" also include the purchase of new equipment and the upgrading of video surveillance, traffic control and passenger flows monitoring systems.

In consideration of the results reported and the business outlook, as well as the definition of the airport tariffs contained in the Regulatory Agreement, at December 31, 2015 the Company did not identify any impairment indicators.

All fixed assets, including those falling within IFRIC 12 scope, are shown net of fixed assets financed by State and European Community grants. At December 31, 2015 the latter amounted to Euro 498,553 thousand and Euro 5,517 thousand respectively (at December 31, 2014 they amounted to Euro 495,654 thousand and Euro 1,831 thousand respectively).

The changes in tangible fixed assets during 2014 were as follows:

(In thousands of Euro)	At December 31, 2013	Increases in the period	Change in consolidation scope	Reclassifications/ Internal transfers	Destruction/ sale	Depreciation/ Write-downs	At December 31, 2014
Gross value							
Land and buildings	202,785	35		5,551	(13,574)		194,797
Plant and machinery	134,000	1,499	(27,437)	904	(247)		108,719
Industrial & commercial equipment	51,172	909	(16,662)	227	(4)		35,642
Other assets	110,953	3,388	(11,197)	822	(1,120)		102,846
Assets in progress and advances	3,618	12,566		(3,918)		(604)	11,662
Gross value	**502,528**	**18,397**	**(55,296)**	**3,586**	**(14,945)**	**(604)**	**453,666**
Accumulated depreciation & Write-downs							
Land and buildings	(78,473)			(3,670)	12,525	(6,198)	(75,816)
Plant and machinery	(86,405)		26,003	(557)	247	(4,096)	(64,808)
Industrial & commercial equipment	(47,803)		16,426	(72)	3	(2,083)	(33,529)
Other assets	(93,352)		10,281	685	1,101	(5,495)	(86,780)
Assets in progress and advances							
Accumulated depreciation & Write-down	**(306,032)**		**52,710**	**(3,614)**	**13,876**	**(17,872)**	**(260,933)**
Net value							
Land and buildings	124,312	35		1,881	(1,049)	(6,198)	118,981
Plant and machinery	47,595	1,499	(1,434)	347		(4,096)	43,911
Industrial & commercial equipment	3,369	909	(236)	155	(1)	(2,083)	2,113
Other assets	17,601	3,388	(916)	1,507	(19)	(5,495)	16,066
Assets in progress and advances	3,618	12,566		(3,918)		(604)	11,662
Net value	**196,495**	**18,397**	**(2,586)**	**(28)**	**(1,069)**	**(18,476)**	**192,733**

6.3 Investment property

Information on investment property is provided below:

Investment property

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Gross value	4,148	4,148
Accumulated depreciation	(736)	(734)
Total net investment property	**3,412**	**3,414**

Movements in accumulated depreciation

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Opening value	(734)	(733)
Decreases		1
Depreciation	(2)	(2)
Closing value	**(736)**	**(734)**

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

Despite uncertainty related to the real estate market there was no loss in value of investment property at December 31, 2015.

6.4 Investments in associated companies

The changes in the account "Investments in associated companies" at December 31, 2015 and December 31, 2014 are shown below.

Investments in associated companies

(In thousands of Euro)	At December 31, 2014	Movements: Increases / revaluations	Movements: Decreases / Write-downs	At December 31, 2015
SACBO SpA	27,786	2,861		30,647
Dufrital SpA	8,559	2,276		10,835
Disma SpA	2,540	102		2,642
Malpensa Logistica Europa SpA	2,101	459		2,560
SEA Services Srl	896		(193)	703
Total	**41,882**	**5,698**	**(193)**	**47,387**

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 share of the SEA Group at December 31, 2015 amounts to Euro 47,387 thousand compared to Euro 41,882 thousand at December 31, 2014.

On June 29, 2015, the Extraordinary General Meeting of the associated company SEA Services Srl, resolved to change the year end date for financial reporting purposes, which was set on September 30, of each year (it was previously December 31).

6.5 AFS Investments

The investments available-for-sale are listed below:

Company	% Held: At December 31, 2015	% Held: At December 31, 2014
Consorzio Milano Sistema in liquidation	10%	10%
Romairport SpA	0.227%	0.227%
Aeropuertos Argentina 2000 SA	8.5%	8.5%
Sita Soc. Intern. de Télécom. Aéronautiques (Belgian company)	12 shares	10 shares

The table below report the changes in the "Investments available for sale" during 2015:

Investments available-for-sale

(In thousands of Euro)	At December 31, 2014	Movements: Increase/ revaluation/ reclassification	Movements: Decreases/ Write-downs	At December 31, 2015
Consorzio Milano Sistema in liquidation	25			25
Romairport SpA	1			1
Aeropuertos Argentina 2000 SA				
Sita Soc. Intern. de Télécom. Aéronautiques (Belgian company)	0			0
Total	**26**	**-**	**-**	**26**

For the investment in Aeropuertos Argentina 2000 SA, reference should be made to the Separate Financial Statements of SEA.

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 December 2015	At 31 December 2014
Deferred tax assets	83,291	91,736
Deferred tax liabilities	(41,009)	(45,178)
Total net deferred tax assets	**42,282**	**46,558**

The changes in the net deferred tax assets for the year 2015 are shown below:

Net deferred tax assets

(In thousands of Euro)	At December 31, 2014	Release / recognition to P&L	Release / recognition to equity	At December 31, 2015
Restoration provision as per IFRIC 12	36,167	(1,601)	0	34,566
Write-down property, plant and equipment (impairment test)	15,557	(1,158)	0	14,399
Provision for risks & charges	9,765	1,994	0	11,759
Non-deductible doubtful debt provision	12,345	(3,190)	0	9,155
Labour disputes	2,307	(2,307)	0	0
Fair value measurement of derivatives	3,407	0	(820)	2,587
Discounting Employee Leaving Indemnity (IAS 19)	3,487	(452)	(513)	2,522
Normal maintenance on assets under concession	1,248	1,673	0	2,921
Expected tax losses of SEA Handling in liquidation net of benefit	1,329	(1,287)	0	42
Tax loss Prime AviationServices		135	0	135
Amortisation and depreciation	1,979	(469)	0	1,510
Others	4,145	(450)	0	3,695
Total deferred tax assets	**91,736**	**(7,112)**	**(1,333)**	**83,291**
Amortisation and depreciation	(40,632)	6,635	0	(33,997)
Allocation of surplus from SEA Prime acquisition	(2,745)	(2,837)	0	(5,582)
Discounting Employee Leaving Indemnity (IAS 19)	(1,779)	227	0	(1,552)
Financial lease	(125)	125	0	0
Other	103	19	0	122
Total deferred tax liabilities	**(45,178)**	**4,169**	**0**	**(41,009)**
Total net deferred tax assets	**46,558**	**(2,943)**	**(1,333)**	**42,282**

At December 31, 2015 deferred tax assets of Euro 135 thousand were recognised in relation to the tax loss of Prime AviationServices. According to the business plan for the 2016-2018 period, the Sole Director believes that, to date, the conditions are met to consider the tax losses recognised in the period prior to participation in the fiscal consolidation as reasonably recoverable on the basis of the taxable incomes forecasted in the plan.

On December 30, 2015 the 2016 Stability Law was published on the Official Journal; the said law amends the corporate income tax rate with effect as of the financial years ended December 31, 2016. The corporate income tax rate will be reduced from the current 27.5% to 24%; this reduction required making an assessment in the Consolidated Financial Statements for 2015 of all items recorded in "Deferred tax assets and deferred tax liabilities" that will reverse after the 2016 Financial Statements using the new tax rate.

The IRAP tax rate for the Parent Company SEA SpA amounted to 4.2%, while for the other group companies it was 3.9%.

6.7 Other current and non-current financial assets

Other current and non-current financial assets

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Other non-current financial assets	16,776	23,966
Other current financial assets	7,190	
Total other current and non-current financial assets	**23,966**	**23,966**

The balance of items "Other Non-current financial assets" and "Other Current financial assets" of Euro 23,966 thousand relates to the capital paid in favor of Airport Handling less write-downs made in 2013 and 2014 totaling Euro 1,034 thousand, against the losses generated before the transfer to the Trust. The company was incorporated on September 9, 2013 with a share capital of Euro 10 thousand, fully paid-in by the sole shareholder SEA on September 27, 2013. On October 30, 2013, the Extraordinary Shareholders' Meeting of Airport Handling approved the share capital increase up to a maximum of Euro 90 thousand, to be offered as options to the shareholder SEA – entirely subscribed with the payments in November 2013 and February 2014. On April 3, 2014, the Ordinary Shareholders' Meeting of Airport Handling approved the share capital increase up to a maximum of Euro 2,500 thousand to be offered as options to the Shareholder SEA. The first tranche of Euro 500 thousand was subscribed in the Shareholders Meeting and paid-in simultaneously by the Shareholder SEA. The two subsequent tranches were paid by SEA in June (Euro 710 thousand) and July 2014 (Euro 1,290 thousand) on the request of the Board of Directors of Airport Handling. On June 30, 2014, the Board of Directors of SEA SpA approved the incorporation of the Trust "Milan Airport Handling Trust", registered in Jersey, Channel Islands, in order to adopt the best possible procedure to implement the discontinuation with the handling activity, previously undertaken by SEA Handling SpA, in accordance with the terms and conditions of the incorporation deed of the Milan Airport Handling Trust. On August 27, 2014, the Shareholders' Meeting of the subsidiary Airport Handling Srl approved the share capital increase to Euro 5,000 thousand through the use of future share capital payments. On the same date, SEA, the sole shareholder of Airport Handling, with the signing of the Trust Deed transferred to the "Milan Airport Handling Trust": *i)* the entire nominal investment of Euro 5,000 thousand; *ii)* all rights to this latter relating to the share capital increase of Airport Handling. This was undertaken without any consideration and in accordance with the Trust Deed. Subsequent to this transfer of ownership, on August 27, 2014, Airport Handling Srl was converted into a SpA, with the appointment of new corporate boards and the issue of 20,000 Equity Financial Instruments (EFI) of a value of Euro 1 thousand each, subscribed by SEA SpA, with the approval of the sole shareholder Milan Airport Handling Trust. These instruments are equity-based (therefore not subject to any repayment obligation of the amount contributed by SEA), without administrative rights but similar to shares in terms of equity rights; in particular these instruments provide profit-sharing and reserve rights and rights to other equity items, also on the winding up of the company. The "Equity Financial Instrument contribution reserve", following the contribution made by SEA with the undertaking of the equity instruments, satisfies the capitalisation requirements of Article 13 of Legislative Decree 18/1999 for operating activities. On August 28, 2014, SEA executed the payment of Euro 20,000 thousand.

We also report that in December 2014 SEA together with the Trustee conferred the mandate to an independent financial advisor in order to identify potential investors for the acquisition of a shareholding in Airport Handling. In September 2015, the Trustee, which today is the only entity responsible for the sale of the stake, signed an agreement with dnata (Dubai

National Air Travel Agency), a major international company of the Emirates Group and engaged in the airport handling sector, for the transfer of 30% of the shares of Airport Handling, which involves the simultaneous transfer of the same percentage of SFPs held by SEA in Airport Handling; upon completion of the transaction, dnata will be entitled to appoint the majority of the members of the Board of Directors, thereby assuming control over Airport Handling. The agreement, which has already been approved by the Antitrust Authority, also provides for an option in favor of dnata to purchase, an additional 40% of the shares (call option) and a corresponding share of SFPs upon the occurrence of certain conditions. The agreement also provides for certain safeguards in favor of dnata (put option) – namely the ability to resell 30% of the shares and the SFPs, respectively to the Trust and SEA – which can be exercised within specific deadlines, subject to the outcome of negotiations with the European Union regarding the alleged state aid mentioned above.

Please note that, in February 2016, the Competition Authority decided that the current transaction does not determine, in accordance with Article 6, paragraph 1, of Law No. 287/90, the establishment or strengthening of a dominant position in the market such as to eliminate or substantially and durably reduce competition. The Authority specifically stated that "in the light of such agreements, the fact that dnata will be the sole shareholder and will be able to unilaterally take all strategic decisions for Airport Handling, for a period exceeding two years, is sufficient time to qualify the transaction as a lasting change of control of the undertakings concerned and, therefore, of the market structure ". The transaction was completed on March 23, 2016 and, therefore, the portion of other financial assets held for sale was reclassified as "current".

Following dnata investment in Airport Handling, the latter company is valued at Euro 25 million, such amount being in line with the carrying amount of the assets recognised in the accounts. The transaction provides for the payment of Euro 7.5 million by dnata for the purchase of the first 30%, which will be subject to lien for a predefined period as guarantee by dnata pending the outcome of negotiations with the European Union, and Euro 10 million for the additional 40% interest (amounts to be divided proportionally between stocks and SFPs respectively held by the Trustee and SEA).

6.8 Other non-current receivables

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

Other non-current receivables

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Receivables from the State for grants under Law 449/85	1,329	1,321
Receivables from others	363	370
Total non-current receivables	**1,692**	**1,691**

Receivables from the State for grants under Law 449/85 concern receivables based on the "Regulatory 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. For a better presentation of the figures in the financial statements, this item and the comparable data, were reclassified from "Other current receivables".

"Other receivables", amounting to Euro 363 thousand at December 31, 2015 (Euro 370 thousand at December 31, 2014), mainly relates to employee receivables and deposit guarantees.

6.9 Inventories

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

Inventories

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Raw materials, consumables and supplies	4,865	5,793
Total inventories	**4,865**	**5,793**

The account includes consumable materials for airport activities; no goods held in inventories were pledged as guarantee on loans or other commitments at such dates.
As a result of the comparison of inventories with the realisable or replacement value, an obsolescence inventory provision was recognised for Euro 300 thousand. The amounts are stated net of the said provision.

6.10 Trade receivables

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

Trade receivables

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Customer receivables	79,690	109,004
Trade receivables from associates	10,837	9,522
Total net trade receivables	**90,527**	**118,526**

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 change in trade receivables at December 31, 2015 compare to the prior year is mainly related to the non-recourse factoring agreement entered into by the Parent Company as of the second half of 2015.
Receivables sold through factoring transactions are derecognised only if the risks and rewards associated with their ownership have been substantially transferred to the transferee. The receivables sold which do not satisfy this condition remain on the balance sheet of the Company although they have been legally sold. In this case a financial liability of the same amount is recorded under liabilities to represent the advance received.
At December 31, 2015 the amount of receivables sold through factoring transactions amounted to Euro 22,881 thousand.
The criteria for the adjustment of receivables to their realisable value takes account of valuations regarding the state of the dispute and are subject to estimates which are described in the previous paragraphs 2.7 and 4.1, to which reference should be made.
The changes in the doubtful debt provision were as follows:

Doubtful debt provision

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Opening provision	(89,742)	(112,478)
IFRS 5 reclassification *		34,652
(Increases) / reversals	5,456	(14,416)
Utilisation	667	2,500
Total doubtful debt provision	**(83,619)**	**(89,742)**

* *With respect to 2014 the amount refers to the balance at December 31, 2013 of the doubtful debt provision of SEA Handling SpA in liquidation, whose statement of financial position accounts were reclassified to the account "Discontinued Operations" pursuant to IFRS 5.*

The provisions are shown net of reversals and in 2015 they amounted to Euro 5,456 thousand (Euro -14,416 thousand in 2014); they were calculated to take into account the risk of deterioration of the financial positions of the main operators with which disputes exist and write-downs for receivables under administration.
The utilisations/reversals relating to the year 2015 refer to the closure during the year of disputes for which the provisions were accrued to cover such risks in previous years.

6.11 Tax receivables and other current receivables

The following table provides the breakdown of other current receivables:

Tax receivables and other current receivables

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Tax receivables	12,751	16,110
Other receivables	13,286	15,617
Total tax receivables and other current receivables	**26,037**	**31,727**

Tax receivables at December 31, 2015 relate to: for Euro 10,414 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 (same amount as at December 31, 2014); for Euro 1,293 thousand to current tax receivables (Euro 3,405 thousand at December 31, 2014); for Euro 16 thousand (same value at December 31, 2014) to the request for reimbursement of 10% of the IRAP paid in previous years; for Euro 394 thousand (Euro 1,728 thousand at December 31, 2014) to VAT receivable and for Euro 634 thousand (Euro 547 thousand at December 31, 2014) to 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 December 31, 2015	At December 31, 2014
Receivables from Energy Regulator for white and green certificates	4,780	3,866
Receivables from employees and social security institutions	245	1,110
Receivables from the State under SEA/ Min.	0	1,735
Insurance company receivables	406	1,545
Receivables for various payments	279	348
Stamps and duties		3
Receivables from the Ministry for Communications for radio bridge	3	3
Other receivables	7,573	7,007
Total other receivables	**13,286**	**15,617**

The account "Other receivables" amounts to Euro 13,286 thousand at December 31, 2015 (Euro 15,617 thousand at December 31, 2014) and is comprised of the accounts outlined below.

The receivables from the Energy Regulator for white and green certificates include SEA Energia receivables from the Energy Service Operator based on an estimate of the "green certificates" and "white certificates" matured in 2015 (Euro 4,780 thousand) and which will be received in 2016.

Employee and social security receivables, amounting to Euro 245 thousand at December 31, 2015 (Euro 1,110 thousand at December 31, 2014), mainly refer to the receivable from INPS and the Solidarity Contract Aviation Fund paid to employees on behalf of the institution and receivables from INAIL.

Receivables from the State under SEA/Ministry for Infrastructure and Transport case, following the judgement of the Court of Cassation, which recognised to the Company the non-adjustment of handling tariffs for the period 1974-1981, in addition to interest and expenses incurred by the Company entirely covered by the doubtful debt provision at December 31, 2015 (Euro 1,735 thousand, net of the doubtful debt provision, at December 31, 2014), relate to the residual amount not yet received from the

Ministry for Infrastructure and Transport, in addition to interest.
"Other receivables" refer to miscellaneous receivables (reimbursements, supplier advances, insurance company receivables, arbitration with sub-contractions and other minor positions).
The changes in the doubtful debt provision are provided below.

Doubtful debt provision

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Opening provision	(2,285)	(2,112)
(Increases) / reversals	(1,760)	(173)
Provision for other doubtful receivables	**(4,045)**	**(2,285)**

6.12 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, 2015	At December 31, 2014
Bank and postal deposits	55,422	30,466
Cash and securities in hand	80	120
Total	**55,502**	**30,586**

The available liquidity at December 31, 2015 increased by Euro 24,916 thousand compared to the previous year. The breakdown of liquidity at year-end 2015 was as follows: bank and postal deposits on demand for Euro 53,398 thousand (Euro 28,584 thousand at December 31, 2014), restricted bank deposits of Euro 2,024 thousand mainly to back the reimbursement of the European Investment Bank loans due in the coming 12 months (Euro 1,882 thousand at December 31, 2014) and cash amounts for Euro 80 thousand (Euro 120 thousand at December 31, 2014). For further information on changes in cash and cash equivalents, please refer to the Consolidated Cash Flow Statement.

6.13 Shareholders' Equity

At December 31, 2015, the share capital of the Company amounted to Euro 27,500 thousand.
The par value of each share was Euro 0.11.
The changes in Shareholders' Equity in the year are shown in the statement of changes in Shareholders' Equity.
The reconciliation between the net equity of the Parent Company SEA SpA and the consolidated net equity is shown below.

(In thousands of Euro)	Shareholders' Equity at December 31, 2014	Change in equity	CIS Reserve	Net profit	Shareholders' Equity as at 31 December 2015
Financial statements of the Parent Company	271,683	(50,925)	2,543	78,553	301,854
Share of equity and result of the consolidated subsidiaries attributable to the Group, net of the carrying value of the relative investments	13,350			78	**13,428**
Equity method valuation of associates	31,103			5,505	**36,608**
Other consolidation adjustments	(6,336)			(345)	**(6,681)**
Consolidated Financial Statements	**309,800**	**(50,925)**	**2,543**	**83,791**	**345,209**

6.14 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 December 31, 2014	Provisions/ increases	Utilisation/ reclassification	Releases	At December 31, 2015
Provision for restoration & replacement	134,136	14,242	(12,218)		136,160
Provision for future charges	40,431	11,060	(3,540)	(6,209)	41,742
Total provision charges	**174,567**	**25,302**	**(15,758)**	**(6,209)**	**177,902**

The restoration and replacement provision on assets under concession, created in accordance with IFRIC 12, amounting to Euro 136,160 thousand at December 31, 2015 (Euro 134,136 thousand at December 31, 2014), 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 provision for the year takes into account the updated long-term scheduled maintenance and replacement plans on these assets.
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, 2014	Provision/ increases	Utilisation/ reclassification	Releases	At December 31, 2015
Employment provisions	8,391	2,641	(2,771)		8,261
Disputes with contractors	550				550
Insurance excess	2,476	1,431	(97)	(454)	3,356
Tax risks	2,548	3,571			6,119
Sundry provisions	26,466	3,417	(672)	(5,755)	23,456
Total provision for future charges	**40,431**	**11,060**	**(3,540)**	**(6,209)**	**41,742**

The employee provisions relate to the expected streamlining actions to be undertaken on operations. The utilisations in the year are related to the incentivised departures during the year.
The item "Tax risks" mainly refers to:

- the provision of Euro 4,571 thousand allocated by SEA SpA as a result of the technical and administrative tax audit, commenced in 2015 by the Customs Office at Malpensa and Linate airports regarding the sale of electricity and aimed at ascertaining the correct fulfilment of excise duty obligations under Legislative Decree No. 504/1995 (T.U.A). The amount of the provision is commensurate to the tax assessed and the potential penalties to be paid to the tax authorities in order to settle SEA's payable resulting from the reports of findings, issued at the end of the tax audit;
- the provisions of Euro 1,500 thousand set aside by SEA Prime SpA, to meet the liabilities related to the non-payment of Group VAT by the former parent in the years 2011 and 2012.

The account "Other provisions" for Euro 23,456 thousand at December 31, 2015 is mainly composed of the following items:

- Euro 12,912 thousand for legal disputes related to the operational management of the airports;
- Euro 1,663 thousand for risks relating to revocatory actions taken against the Group 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.

6.15 Employee provisions

The changes in the employee provisions are shown below:

Employee provisions

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Opening provision	50,505	77,155
IFRS 5 reclassification *		(29,159)
Financial (income)/charges	801	1,195
Utilisation	(1,203)	(3,709)
Actuarial profit /(losses)	(1,864)	5,023
Total employee provisions	**48,239**	**50,505**

* *Balance at December 31, 2013 of the post-employment benefit provision of SEA Handling SpA in liquidation, whose balance sheet accounts were reclassified to the account "Liabilities related to Discontinued Operations" pursuant to IFRS 5.*

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:

Financial assumptions	At December 31, 2015
Annual discount rate	2.03%
Annual inflation rate	1.50% for 2016
	1.80% for 2017
	1.70% for 2018
	1.60% for 2019
	2.0% from 2020 onwards
Annual Employee Leaving Indemnity increase	2.625% for 2016
	2.850% for 2017
	2.775% for 2018
	2.70% for 2019
	3.0% from 2020 onwards

The annual discount rate, utilised for the establishment of the present value of the bond, was based on the Iboxx Eurozone Corporate AA index.

6.16 Current and non-current financial liabilities

The table below provides a breakdown of current and non-current financial liabilities at December 31, 2015 and December 31, 2014.

The breakdown of the accounts is shown below:

	At December 31, 2015		At December 31, 2014	
(In thousands of Euro)	**Current portion**	**Non-current portion**	**Current portion**	**Non-current portion**
Long-term loans	15,456	260,853	63,845	216,994
Loan charges payables	1,366		2,233	
Fair value derivatives		11,257		13,293
Bank payables	**16,822**	**272,110**	**66,078**	**230,287**
Bond payables		297,580		297,159
Bond charge payables	6,609		6,626	
Leasing payables	548	31	1,215	410
Subsidised loan payables		85		
Accounts payable to other lenders	**7,157**	**297,696**	**7,841**	**297,569**
Total current and non-current liabilities	**23,979**	**569,806**	**73,919**	**527,856**

The financial debt of the Group at year-end, as illustrated in the table below, is almost exclusively comprised of medium/long-term debt - of which over half concerning the "SEA 3 1/8 2014 -2021" bond issue (expressed at amortised cost).

The remainder of the medium/long term debt is comprised, excluding Euro 85 thousand relating to a subsidised loan, of loans covered by EIB funds (of which 64% with maturity beyond 5 years and only 6% due in the next 12 months).

At the end of June 2015, Euro 60 million was drawn down on the EIB credit lines underwritten at December 2014. These loans at variable interest rates have a 20-year duration and a grace period of 4 years and simultaneous bank guarantees to cover the contractual obligations between SEA and EIB.

For further information on loans received in 2015, the principal features of these loans and Group repayment schedules, reference should be made to *Note 4.2*.

The breakdown of the Group net debt at December 31, 2015 and December 31, 2014 is reported below:

Net Debt

(In thousands of Euro)	**At December 31, 2015**	**At December 31, 2014**
A. Cash	(55,502)	(30,586)
B. Other Liquidity		
C. Held-for-trading securities		
D. Liquidity (A) + (B) + (C)	**(55,502)**	**(30,586)**
E. Financial receivables		
F. Current financial payables	7,975	8,859
G. Current portion of medium/long-term bank loans	15,456	63,845
H. Other current financial payables	548	1,215
I. Payables and other current financial liabilities (F) + (G) + (H)	**23,979**	**73,919**
J. Net current financial debt (D) + (E) + (I)	**(31,523)**	**43,333**
K. Non-current portion of medium/long-term bank loans	260,853	216,994
L. Bonds issued	297,580	297,159
M. Other non-current financial payables	11,373	13,703
N. Payables & other non-current financial liabilities (K) + (L) + (M)	**569,806**	**527,856**
O. Net Debt (J) + (N)	**538,283**	**571,189**

The net debt was affected by a number of factors, including:

a) the drawdown at the end of June 2015 of new medium/ long-term loans of Euro 60 million from the EIB at variable interest rates and for duration of twenty years (grace period 4 years);
b) contractually agreed reimbursement in May 2015 of Euro 50 million of the 2013 Mediobanca Term Loan;
c) the continuation of the repayment of part of the EIB loans (principal repaid in the year totaling Euro 13,898 thousand);
d) lower IAS adjustments for Euro 3,461 thousand, mainly affected by: *i)* the improvement in the fair value of derivatives for Euro 2,013 thousand, as a result of loan repayments and an expected rise in interest rates in the long-term *ii)* lower accruals on loans for Euro 150 thousand, which reflect lower market rates; *iii)* lower lease payables of Euro 1,046 thousand as the lease is approaching expiration;
e) higher liquidity for Euro 24,916 thousand.

The level of net debt was also impacted by financial payments related to the handling restructuring process, completed in 2014, with payments in 2015 of Euro 15,146 thousand.

The table below shows the reconciliation between the finance lease payables and the future lease instalments at December 31, 2015:

(In thousands of Euro)	**At December 31, 2015**
Future lease instalments until contract maturity	425
Implied interest	(15)
Present value of instalments until contract maturity	**410**
Amounts for unpaid invoices	168
Total payables for leasing (current and non-current)	**579**

6.17 Trade payables

The breakdown of trade payables is follows.

Trade payables

(In thousands of Euro)	**At December 31, 2015**	**At December 31, 2014**
Supplier payables	154,520	157,137
Advances	7,021	11,018
Due to associates	2,945	2,556
Total trade payables	**164,486**	**170,711**

Trade payables (which include invoices to be received of Euro 94,730 thousand at December 31, 2015 and Euro 90,967 thousand at December 31, 2014) refer to the purchase of goods and services relating to operations and Group investments.

Payables for advances at December 31, 2015, amounting to Euro 7,021 thousand, decreased (Euro 3,997 thousand) compared to the previous year, mainly due to the progress of construction work related to the railway station at Malpensa Terminal 2, for which in FY 2014 the Company SEA SpA had obtained a 50% advance on the grant approved by the European Union.

No changes are to be reported with regard to the payments received in the previous year and recognised as "advances payable", following judgement No. 12778/2013 declared by the Milan Court concerning the case taken by SEA against the Customs Agency of Euro 5,631 thousand for the undue occupation of spaces at the airports of Linate and Malpensa.

The remainder of payables on account mainly relate to payments on account by clients.

Payables to associated companies relate to services and other charges; reference should be made to *Note 8*.

6.18 Income tax payables

Payables for income taxes, amounting to Euro 63,017 thousand at December 31, 2015 (Euro 59,529 thousand at December 31, 2014), mainly relate to additional boarding rights charges created by Laws No. 166/2008, No. 350/2003, No. 43/2005 and No. 296/2006 for Euro 38,233 thousand (Euro 48,120 thousand at December 31, 2014), employee and consultant's withholding taxes for Euro 4,778 thousand (Euro 4,227 thousand at December 31, 2014), VAT payables for Euro 1,003 thousand (Euro 283 thousand at December 31, 2014), IRES incomes taxes for Euro 17,888 thousand (Euro 5,714 thousand at December 31, 2014), IRAP regional tax for Euro 1,101 thousand (Euro 1,104 thousand at December 31, 2014) and other taxes for Euro 14 thousand (Euro 81 thousand at December 31, 2014).

For the year 2015 SEA SpA was involved in the National Tax Consolidation with the subsidiary SEA Handling in liquidation.

6.19 Other payables

The table below reports the breakdown of the account "Other payables".

Other payables

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Payables to social security institutions	12,527	11,602
Payables to others	94,371	87,151
Total other payables	**106,898**	**98,753**

The breakdown of "Other payables" is as follows:

Payables to others

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Airport fire protection service	46,714	40,552
Other miscellaneous payables	17,150	15,245
Payables due to the State for concession charges	11,504	11,311
Payables due to employees for amounts accrued	11,340	12,390
Payables due to employees for untaken holidays	3,311	3,822
Third party guarantee deposits	1,604	789
Payables due to A2A for green certificates	1,134	878
Payables due to third parties for ticket collection	925	1,188
Other payables related to employee contributions	268	306
Payables to the BOD and Board of Statutory Auditors	262	268
Payables due to the State for security concession services	70	69
Payables to shareholders for dividends	63	56
Payables to the Ministry for Co_2 allowances	26	277
Total other payables	**94,371**	**87,151**

In relation to the payables of the Group for airport fire protection services the appeal made before the Rome Civil Court by the Parent Company against the payment of this contribution is still pending. For more details, please refer to comments in the Directors' Report in the "SEA Group Risk Factors" section.

The account "Other payables", amounting to Euro 17,150 thousand at December 31, 2015 (Euro 15,245 thousand at December 31, 2014), mainly relates to deferred income from clients for future periods and other minor payables.

The payables to A2A for green certificates amounting to Euro 1,134 thousand refer to the estimate of the value of the green certificates matured in 2015 at the Linate plant.

7. Income Statement

7.1 Operating revenues

The table below shows the breakdown of operating revenues for the years 2015 and 2014. Such data, as described in *Note. 5.3* "Disclosure by operating segments" reflect the operational and managerial aspects of the businesses in which the Group is engaged. These data may therefore differ from those shown at the individual legal entity level.

Operating Revenues

	Year ended at December 31	
(In thousands of Euro)	**2015**	**2014**
Commercial Aviation operating revenues	610,741	590,304
General Aviation operating revenues	16,179	16,477
Energy operating revenues	15,488	14,853
Total operating revenues	**642,408**	**621,634**

Commercial Aviation operating revenues

The breakdown of Aviation operating revenues by segment is reported below.

Aviation operating revenues

	Year ended at December 31	
(In thousands of Euro)	**2015**	**2014**
Centralised infrastructure and rights	333,923	316,701
Operating revenues from security controls	48,833	49,248
Use of regulated spaces	13,121	20,935
Total Aviation operating revenues	**395,877**	**386,884**

In 2014, the item 'Use of regulated spaces" included an amount attributable to "Free transfer of assets". This amount concerns the buildings and relative annexes constructed by the Company De Montis Spa in the period 1997-1998, within the Milan Malpensa Airport, and transferred free of charge to the Company, following a commercial agreement. The amount recorded (Euro 7,479 thousand) was recognised based on an expert's opinion on the market value prepared in October 2014, by an external engineering firm.

The breakdown of Non Aviation operating revenues by segment is reported below.

Non Aviation operating revenues

(In thousands of Euro)	Year ended at December 31 2015	2014
Retail	88,468	78,847
Parking	57,150	56,746
Cargo	12,572	11,799
Advertising	12,137	9,844
Premium service	16,806	15,237
Real estate	2,610	2,965
Other revenues and services	25,121	27,982
Total Non Aviation operating revenues	**214,864**	**203,420**

"Services and other revenues" mainly relate to income from the premium services (access to VIP lounges and hospitality services), design services, ticketing services, service activities and other income.
The breakdown of retail revenues by segment is reported below.

Retail Revenues

(In thousands of Euro)	Year ended at December 31 2015	2014
Shops	46,190	39,348
Food & Beverage	18,211	17,238
Car Rental	14,472	14,106
Bank services	9,596	8,155
Total Retail	**88,468**	**78,847**

General Aviation operating revenues

The General Aviation business includes both General Aviation activities that are carried out through the subsidiary SEA Prime and the General Aviation handling activities of the subsidiary Prime AviationServices. Revenues from the General Aviation business of Euro 16,179 thousand recorded a slight decrease (-1.8%, compared to the previous year). The decrease in revenues is due to the net effect of several factors as described in the Directors' Report, to which reference is made.

Energy operating revenues

The breakdown of energy operating revenues is reported below.

Energy operating revenues

(In thousands of Euro)	Year ended at December 31 2015	2014
Sale of electric energy	8,433	9,687
Sale of thermal energy	2,917	2,047
Other revenues and services	4,138	3,120
Total Energy operating revenues	**15,488**	**14,853**

For an analysis of revenues, reference should be made to the Directors' Report.

7.2 Revenue for works on assets under concession

Revenues for works on assets under concession decreased from Euro 63,466 thousand in 2014 to Euro 52,384 thousand in 2015.

These revenues, as per IFRIC 12, refer to construction work on assets under concession increased by a mark-up of 6% representing the best estimate of the remuneration of the internal cost for the management of the works and design activities undertaken by the Company, which corresponds to a mark-up which a general constructor would request to undertake such activities.

This account is strictly related to investment and infrastructure upgrading activities. For further information on the main investments in the period, reference is made to *Note 6.1*.

In the account "Costs for works on assets under concession" (*Note 7.7*), a decrease was reported due to lesser work on assets under concession.

7.3 Personnel costs

The breakdown of personnel costs is as follows.

Personnel costs

	Year ended at December 31	
(In thousands of Euro)	**2015**	**2014**
Wages, salaries and social security charges	159,834	143,817
Employee Leaving Indemnity (T.F.R.)	7,731	6,850
Other personnel costs	9,414	10,834
Total	**176,979**	**161,501**

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

Number of employees at period end (FTE)

	At December 31, 2015	%	At December 31, 2014	%
Senior managers	56	2.0%	56	2.1%
Middle managers	263	9.5%	263	9.8%
White-collar	1,743	62.6%	1,641	61.1%
Blue-collar	701	25.2%	718	26.8%
Total employees	**2,763**	**99%**	**2,678**	**100%**
Agency employees	20	0.7%	6	0.2%
Total employees	**2,783**	**100%**	**2,684**	**100%**

For an analysis of personnel costs, reference should be made to the Directors' Report.

7.4 Consumable materials

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

Consumable Materials cost

	Year ended at December 31	
(In thousands of Euro)	**2015**	**2014**
Raw materials, consumables and supplies	43,335	46,320
Changes in inventories	927	923
Total	**44,262**	**47,243**

Reference should be made to the Directors' Report for comments on these changes.

7.5 Other operating costs

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

Other operating costs

(In thousands of Euro)	Year ended at December 31 2015	2014
Commercial costs	40,786	43,101
Public charges	29,672	28,972
Ordinary maintenance costs	26,642	24,973
Handling service costs	23,896	22,997
Other operating costs	17,525	12,673
Cleaning	13,383	12,221
Professional services	12,160	9,920
Use of car parking spaces Bergamo	8,429	7,669
Tax charges	7,278	7,761
Utilities and security	6,544	6,185
Hardware and software charges and rent	4,789	4,787
Disabled assistance service	3,600	794
Rental of equipment and vehicles	3,265	3,773
Insurance	2,248	2,710
Board of Statutory Auditors & BOD fees	1,114	1,171
Losses on assets	363	3,231
Total other operating costs	**201,694**	**192,938**

The item "Public charges" includes: *i)* concession fees to the state for Euro 22,458 thousand (Euro 21,764 thousand at December 31, 2014); *ii)* costs for firefighting services at the airports for Euro 6,162 thousand (Euro 6,178 thousand at December 31, 2014); *iii)* concession fees to the tax authorities for security services of Euro 939 thousand (Euro 925 thousand at December 31, 2014); *iv)* fees and concessions to various entities for Euro 113 thousand (Euro 105 thousand at December 31, 2014).

Reference is made to the Directors' Report for comments on Other operating costs.

7.6 Provisions and Write-downs

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

Provisions & Write-downs

(In thousands of Euro)	Year ended at December 31 2015	2014
Write-downs / (reversals) of current assets and cash & cash equivalents	(3,696)	14,589
Provisions / (releases) of future charges provisions	4,850	1,534
Fixed assets Write-downs	2,091	1,872
Total provisions and Write-downs	**3,245**	**17,995**

For a description of the principal provisions and write-downs in 2015 compared to 2014, reference should be made to the Directors' Report.

7.7 Costs for works on assets under concession

Costs for works on assets under concession decreased from Euro 59,540 thousand in 2014 to Euro 48,781 thousand in 2015. This movement is strictly related to investment activities, for which reference should be made to *Notes 6.1* and *6.2*.
These costs refer to the costs for the works undertaken on assets under concession. The margin for works on assets under concession is included in the Commercial Aviation business.

7.8 Restoration and replacement provision

The breakdown of the restoration and replacement provision is as follows:

Restoration & replacement provision

	Year ended at December 31	
(In thousands of Euro)	**2015**	**2014**
Restoration & replacement provision	14,242	18,000

This account includes the provision for the year relating to the scheduled replacement and maintenance of the assets within the so-called "Concession Right".
The account decreased by Euro 3,758 thousand in 2015, from Euro 18,000 thousand in 2014 to Euro 14,242 thousand, following the updating of the long-term scheduled replacement and maintenance plan of the assets within the "Concession Right".

7.9 Amortisation and depreciation

The account "Amortisation & depreciation" is comprised of:

Amortisation and Depreciation

	Year ended at December 31	
(In thousands of Euro)	**2015**	**2014**
Amortisation of intangible fixed assets	42,641	40,313
Depreciation of property, plant & equipment & investment property	16,883	17,873
Total depreciation and amortisation	**59,524**	**58,186**

The depreciation of tangible fixed assets reflects the estimated useful life made by the Group while, for the intangible assets under the "Concession Right " is closely related to the duration of the concession.

7.10 Investment income and charges

The breakdown of investment income and charges is as follows:

Investment income (charges)

(In thousands of Euro)	Year ended at December 31 2015	2014
SACBO SpA	4,222	41
Dufrital SpA	2,276	2,122
Disma SpA	431	304
Malpensa Logistica Europa SpA	458	276
Sea Services Srl	336	244
Investments valued at equity	**7,723**	**2,987**
Dividend from Romairport SpA	-	9
Other income from investments	**-**	**9**
Other	-	(969)
Total investment income (charges)	**7,723**	**2,027**

The account "Other" at December 31, 2014 referred to the loss of Airport Handling SpA at the date of the transfer of the investment to the Trust.
For comments on investment income and charges, reference should be made to the Directors' Report.

7.11 Financial income and charges

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

Financial income (charges)

(In thousands of Euro)	Year ended at December 31 2015	2014
Currency gains	8	1
Other financial income	851	1,429
Total financial income	**859**	**1,430**
Interest expense on medium/long-term loans	(13,725)	(14,760)
Loan commissions	(1,726)	(5,850)
Foreign exchange losses	(42)	(14)
Other interest expenses:	**(4,436)**	**(3,925)**
- financial charges on Leaving Indemnity	(801)	(1,195)
- financial charges on leasing	(142)	(283)
- financial charges on derivatives	(2,956)	(2,830)
Other	(537)	383
Total financial charges	**(19,929)**	**(24,549)**
Total financial income (charges)	**(19,070)**	**(23,119)**

Net financial charges in 2015 totaled Euro 19,070 thousand, decreasing Euro 4,049 thousand on the previous year.
This reduction derives from a number of factors, including: *i)* lower interest expense for the period on medium-long term loans of Euro 1,035 thousand, as a result of significant lower average cost of debt, which more than offset the higher average gross debt; *ii)* lower fees on loans of Euro 4,124 thousand, taking into account the non-occurrence of 2014 non-recurring costs incurred in relation to the reorganisation of the Group financial structure carried

out that year and the decrease in commitment fees on a revolving line that was favorably renegotiated in 2015; *iii)* higher other interest expenses of Euro 407 thousand for bank guarantees relating to EIB loans disbursed in June 2015.
Please note that the account "Other financial income" includes Euro 335 thousand resulting from the positive closing of a doubtful non-interest bearing receivable in SEA Prime prior to the acquisition by SEA.

7.12 Income taxes

The breakdown of the account is as follows:

Income taxes

(In thousands of Euro)	Year ended December 31 2015	2014
Current income taxes	51,222	46,579
Deferred taxes	2,943	(14,125)
Total	**54,165**	**32,454**

The following table provides a reconciliation of the statutory and effective tax rate.

(In thousands of Euro)	2015		2014	
Continuing Operations' pre-tax profit	**134,717**		**108,607**	
Discontinued Operations' pre-tax profit/loss	**3,677**		**(26,894)**	
Profit before taxes	**138,395**		**81,713**	
Theoretical income taxes	38,056	27.5%	22,471	27.5%
Tax effect of permanent differences	1,271	0.9%	(2,649)	-3.2%
IRAP	6,020	4.3%	12,849	15.7%
Other	9,257	6.69%	(5,808)	-7.11%
Total	**54,604**	**39.5%**	**26,864**	**32.9%**
Income taxes on Continuing Operations	(54,165)		(32,454)	
Income taxes on Discontinued Operations	(439)		5,590	
Total Group income taxes	**(54,604)**		**(26,864)**	

7.13 Discontinued Operations profit/(loss)

The Discontinued Operations report a profit of Euro 3,238 thousand, against a loss of Euro 21,304 thousand at December 31, 2014.
The account includes the result of the company SEA Handling SpA in liquidation, following its classification as Discontinued Operations during 2014. The value at December 31, 2014 also included a release of the provision for future charges on equity investments of Euro 10,305 thousand, which had been accrued in 2013 in relation to SEA Handling SpA in liquidation.
For further information, reference should be made to the Note 5.2.

7.14 Earnings per share

The basic earnings per share are calculated by dividing the Group net profit by the weighted average number of ordinary shares outstanding in the year. For the diluted earnings per share, as no equity instruments were issued by the Parent Company, the weighted average of the shares in circulation is the same as that utilised for the establishment of the basic earnings per share.
Therefore, the basic earnings per share at December 31, 2015 were Euro 0.34 (net profit for the year of Euro 83,850 thousand/number of shares in circulation 250,000,000).
The basic earnings per share at December 31, 2014 were Euro 0.22 (net profit for the year of Euro 54,858 thousand/number of shares in circulation 250,000,000).

8. Transactions with Related Parties

The transactions with Related Parties are not atypical or unusual and form part of the ordinary business activities of the companies of the Group.
These operations are regulated at market conditions and take account of the characteristics of the goods and services provided.
The following tables show the balances with related parties at December 31, 2015 and 2014 and the Income Statement amounts for the years 2015 and 2014, with indication of the percentage of the relative account.

Group transactions with Related Parties

(In thousands of Euro)	At December 31, 2015 Trade receivables	Trade payables	Operating revenues	Operating costs (excluding costs for works on assets under concession)
Investments in associated companies				
SACBO*	209	419	738	8,030
Dufrital	8,901	1,000	29,037	22
Malpensa Logistica Europa	1,157	987	4,131	0
SEA Services	443	440	2,841	2,604
Disma	127	99	232	0
Total Related Parties	**10,837**	**2,945**	**36,979**	**10,656**
Total financial statements	90,527	164,486	642,408	425,180
% of total financial statements	**11.97%**	**1.79%**	**5.76%**	**2.51%**

* *The item "Operating costs" regarding relations with SACBO, of Euro 8,030, does not include the portion billed by SEA to end customers and transferred to the associate.*

Group transactions with Related Parties

(In thousands of Euro)	At December 31, 2014 Trade receivables	Trade payables	Operating revenues	Operating costs (excluding costs for works on assets under concession)
Investments in associated companies				
SACBO	913	512	10,126	8,370
Dufrital	6,873	324	23,627	21
Malpensa Logistica Europa	942	858	4,099	
SEA Services	771	763	2,380	1,543
Disma	23	99	268	
Total Related Parties	**9,522**	**2,556**	**40,500**	**9,934**
Total financial statements	118,526	170,711	621,634	409,373
% of total financial statements	**8.0%**	**1.5%**	**6.5%**	**2.4%**

The table below shows the cash flows from the transactions of the Group with Related Parties for the years ended December 31, 2015 and December 31, 2014, with indication of the percentage of the relative account:

Cash flow generated from Group transactions with Related Parties

	At December 31, 2015				
(In thousands of Euro)	Investments in associated companies	Investments in other companies	Total transactions with related parties	Consolidated balance	%
A) Cash flow generated from operating activities	(913)		(913)	181,390	-0.5%
B) Cash flow generated from investing activities	2,337		2,337	(75,511)	-3.1%
C) Cash flow generated from financing activities				(75,392)	0.0%

Cash flow generated from Group transactions with Related Parties

	At December 31, 2014				
(In thousands of Euro)	Investments in associated companies	Investments in other companies	Total transactions with related parties	Consolidated balance	%
A) Cash flow generated from operating activities	(3,705)		(3,705)	78,801	-4.7%
B) Cash flow generated from investing activities	1,706		1,706	(105,080)	-1.6%
C) Cash flow generated from investing activities				(2,928)	0.0%

The transactions between the Group and Related Parties for the year ended December 31, 2015 mainly related to:

- relationships related to the commercial management of parking at the Orio al Serio-Bergamo airport (SACBO);
- 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 SpA

In 2015, SACBO distributed dividends to SEA for Euro 1,361 thousand.

SEA Services Srl

In 2015, SEA Services distributed dividends to SEA for Euro 528 thousand.

Disma SpA

In 2015, Disma distributed dividends to SEA for Euro 328 thousand.

Dufrital SpA

In 2015, Dufrital distributed dividends to SEA for Euro 120 thousand.

9. Directors' fees

In 2015, the remuneration for the Board of Directors, including welfare and accessory charges, amounted to Euro 799 thousand (Euro 885 thousand in 2014).

10. Statutory auditors' fees

In 2015, the remuneration for the Board of Statutory Auditors, including welfare and accessory charges, amounted to Euro 315 thousand (Euro 286 thousand in 2014).

11. Independent Audit Firm fees

The audit fees recognised for audit and accessory services to the audit firm Deloitte & Touche SpA, for the year 2015 amounted to Euro 333 thousand.

12. Commitments and guarantees

12.1 Investment commitments

The Group has investment contract commitments of Euro 64,068 thousand at December 31, 2015 (Euro 56,622 thousand at December 31, 2014), 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, 2015	At December 31, 2014
Design and extraordinary maintenance civil works and installations at Linate and Malpensa	21,797	-
Design and construction of new building for Malpensa T2 railway station	12,608	25,161
Design and construction of a new warehouse at Malpensa Cargo City	9,688	-
Design and extraordinary maintenance of airport infrastructure and roads at Linate and Malpensa	9,283	-
Extraordinary maintenance for General Aviation civil works and installations	3,000	-
Lambro river design and restructuring works General Aviation	2,889	164
Design and extraordinary maintenance Linate infrastructure	2,043	12,008
Complementary construction works for Malpensa T1 Passengers area	949	2,764
Internal architectural and structural completion works at Malpensa	731	9,210
Complementary construction works - mechanical systems of Malpensa passengers terminal T1 and third satellite	462	1,941
Redesign of arrivals and check-in floors at Malpensa T1	331	1,713
Redesign of external and eating areas General Aviation	110	-
Automatic system for managing parking General Aviation	100	-
R.T.I. Consorzio Costruzioni Infrastrutture	51	2,112
General Aviation Hangar	26	-
Restyling General Aviation terminal	-	1,501
General Aviation website and image	-	48
Total	**64,068**	**56,622**

12.2 Commitments for rental contracts

At December 31, 2015, the SEA Group has commitments on rental contracts totaling Euro 10,067 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, 2015 is as follows:

(In thousands of Euro)	At December 31, 2015
Within 12 months	4,165
Between 1 & 5 years	5,902
Total	**10,067**

12.3. Commitments and guarantees

The secured guarantees, amounting to Euro 2,033 thousand at December 31, 2015, relate to the lien on receivables against loans provided by credit institutions on European Investment Bank funds.

At December 31, 2015, the guarantees in favor of third parties were as follows:

- two Bank Guarantees on the first two tranches drawn down in June 2015 on the EIB line in December 2014 of respectively Euro 31,500 thousand and Euro 34,500 thousand;
- guarantee of Euro 25,000 thousand to Banca Popolare di Milano to guarantee credit lines received from companies within the centralised Treasury system;
- guarantee of Euro 22,900 thousand in favor of ENAC, as guarantee of the concession fee;
- guarantee of Euro 4 million in favor of the Ministry for Defense 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, for the realisation of works at Ghedi which began at the start of 2015. This guarantee is within the technical agreement which SEA signed on June 4, 2009 with the Defense Ministry and with ENAC which establishes that the Ministry of Defense 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 favor of the Ministry of Defense for a total amount of Euro 25,900 thousand, including works against the availability of land at Linate. In relation to the areas of Malpensa negotiations are in course with the Ministry for the definition of the land to be transferred to SEA and the relative works which they will be requested to undertake;
- guarantee of Euro 2,000 thousand in favor of SACBO as guarantee for the parking management at Bergamo airport;
- guarantee of Euro 2,000 thousand in favor of the Ministry of Defense to secure the obligations under the technical agreement of 04/06/2009 following the advanced delivery of an area comprised in "Cascina Malpensa";
- guarantee provided by Banca Popolare di Milano to Enel Distribuzione for electricity transport amounting to Euro 1,600 thousand;
- guarantee issued by Banca Popolare di Milano to Terna (Rete elettrica nazionale SpA) as security for the dispatch of electricity of Euro 1,214 thousand;
- guarantee provided by Banca Popolare di Milano to GESAC for the supply of electricity to the Naples airport for Euro 323 thousand. Administrative procedures to discharge the commitment are ongoing;
- guarantee provided by Banca Popolare di Milano to A2A electrical grids for electricity transport amounting to Euro 195 thousand;
- guarantee provided by Banca Popolare di Milano to Aeroporti di Firenze for the supply of electricity amounting to Euro 130 thousand; Administrative procedures to discharge the commitment are ongoing;
- guarantee of Euro 102 thousand in favor of the supplier Contract GmbH for the rental of airport buses;
- guarantee provided by Banca Popolare di Milano to SOGAER for the supply of electricity to the Cagliari airport for Euro 75 thousand. Administrative procedures to discharge the commitment are ongoing;
- guarantee provided by Banca Popolare di Milano in favor of the Milan Customs Agency as guarantee for the proper payment of consumption taxes for Euro 69 thousand;
- guarantee provided by Banca Popolare di Sondrio in favor of UTF as guarantee for the proper payment of consumption taxes for Euro 52 thousand and other guarantees of Euro 30 thousand;
- guarantee of Euro 75 thousand in favor of Milan 3 Customs Office Department (General Aviation);
- guarantee of Euro 50 thousand in favor of SAVE (General Aviation);
- Euro 455 thousand for other minor guarantees.

12.4 Contingent liabilities and other commitments

Reference should be made to the Explanatory Notes in relation to receivables (*Note 6.10*) and operating risks (*Note 6.14*).

13. Seasonality

The Group business is characterised by revenue seasonality, which are normally higher in the periods of August and December due to increased 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. Contingent assets

With reference to judgment 7241/2015 of the Milan Court, as not all appeals have been made this contingent asset was not recognised in the Income Statement as per IAS 37.

For more details, please refer to the comments in the section "Significant events after year end" of the Directors' Report.

15. Transactions relating to atypical or unusual operations

In accordance with CONSOB Communication of July 28, 2006, in 2015 the Company did not undertake any transactions deriving from atypical or unusual operations, as set out in the Communication.

16. Significant non-recurring events and operations

Pursuant to CONSOB Communication of July 28, 2006, in the view of Directors, in 2015, the Group undertook the following non-recurring significant operations:

- enforcement of the guarantee of Euro 2,200 thousand provided in 2007 by Assicurazioni Generali to cover the obligations of Ati Emini / Va.Fra for the construction of the New Southern Link Road of Malpensa airport. This income was recognised in "Operating revenues";
- payment of the penalty of Euro 3,365 thousand imposed by the Antitrust Authority following the conclusion of the proceedings concerning the charge of abuse of dominant position in the tender called for disposal of ATA Ali Trasporti Aerei SpA and ATA Ali Servizi SpA. This charge was recognised in "Other operating costs";

17. Significant events after year end

Reference should be made to the Directors' Report.

The Chairman of the Board of Directors
Pietro Modiano

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE SEA GROUP TO DECEMBER 31, 2015

Dear Shareholders:

we report to you on the oversight activity that we performed over SEA – SOCIETÀ ESERCIZI AEROPORTUALI S.p.A., the company responsible for preparing the Consolidated Financial Statements of the SEA Group in accordance with the legal requirements.

We have inspected the draft financial statements of your Company to December 31, 2015 prepared by the directors pursuant to the legislation in effect and delivered by them to the Board of Statutory Auditors together with the detailed tables and attachments and with the Directors' Report.

The financial statements to December 31, 2015 of the SEA Group are drafted in accordance with the International Accounting Standards (IFRS).

The balance sheet shows a consolidated net profit for the Group of **€ 83,850,000** compared to a net profit of **€ 54,858,000** for the financial statements of the preceding financial year and it can be summarised as follows (in thousands of Euro):

CONSOLIDATED ASSETS

Non-current assets	Euro	1,306,932
Current assets	Euro	184,121
Discontinued operations	Euro	11,502
Elimination of discontinued operations' receivables and payables	Euro	(2,015)
Total assets	**Euro**	**1,500,540**

CONSOLIDATED LIABILITIES

Shareholders' Equity of the Group	Euro	260,818
Profit	Euro	83,850
Minority interest Shareholders' Equity	Euro	541
Provision for risks and charges	Euro	177,902
Employee benefits provision	Euro	48,239
Non-current financial liabilities	Euro	569,806
Current liabilities	Euro	358,380
Liabilities related to Discontinued Operations	Euro	3,019
Elimination of Discontinued Operations' receivables and payables	Euro	(2,015)
Total liabilities and Shareholders' Equity	**Euro**	**1,500,540**

The Group's earnings are derived from the following values of the consolidated income statement (in thousands of Euro).

INCOME STATEMENT

Total revenues	Euro	694,792
Operating costs	Euro	(474,961)
Gross Operating Margin (EBITDA)	Euro	219,831
Provisions	Euro	(14,242)
Amortisations	Euro	(59,524)
EBIT	Euro	146,065
Financial income (charges)	Euro	(19,070)
Investment income (charges)	Euro	(7,723)
Pre-tax profit	Euro	134,718
Income taxes	Euro	(54,165)
Net profit from Continuing Operations	Euro	80,553
Net profit from Discontinued Operations	Euro	3,238
Minority interest profit	Euro	(59)
Group profit	**Euro**	**83,850**

The Consolidated Financial Statements for the Group include the financial statements to December 31, 2015 of SEA S.p.A. (parent company), its subsidiaries, and companies over which the parent company exercises significant influence.

The subsidiaries consolidated in accordance with the *full consolidation method* are:

- SEA Energia S.p.A.: 100%
- SEA Handling S.p.A. (under liquidation): 100%
- SEA Prime S.p.A. (formerly Ali Trasporti Aerei A.T.A. S.p.A.): 98.34%
- Prime Aviation Services S.p.A. (formerly Ata Ali Servizi S.p.A.): 98.34%, indirectly
- Consorzio Malpensa Construction: 51%

It is pointed out that the company SEA Handling S.p.A. was placed under liquidation on July 1, 2014; this did not cause it to exit the consolidation scope of the Group, but the application of the IFRS 5 to the Discontinued Operations.

The investments in affiliated companies, valuated by the equity method, in accordance with the provisions of IAS 28, are:

- Dufrital S.p.A.: 40%
- SACBO S.p.A.: 30.979%
- SEA Services S.r.l.: 40%
- Malpensa Logistica Europa S.p.A.: 25%
- Disma S.p.A.: 18.75%.

Disma S.p.A., although the Parent Company SEA S.p.A holds an interest of less than 20%, was valuated by the equity method indicated above because of the significant influence exercised by the shareholder SEA S.p.A.
Finally, the following investments available for sale were valuates at fair value:

- Consorzio Milano Sistema, under liquidation;
- Romairport S.p.A.;
- Aeropuertos Argentina 2000 SA;
- Sita Soc. Intern. de Télécom. Aéronautiques.

Having examined the Consolidated Financial Statements of the SEA Group to December 31, 2015, we find the following:

- the Financial Statements of the companies included in the consolidation scope were drafted for the financial year ending on December 31, 2015; they were suitably adjusted, where necessary, to make them consistent with the accounting principles adopted by the Parent Company;
- the notes to the Financial Statements indicate the principles of consolidation adopted and discuss in detail the main items of the Consolidated Balance Sheet and Income Statement;
- with regard to transactions with related parties, they are not atypical or unusual; they are ordinary and recurring and are settled at market conditions.

The independent audit firm Deloitte & Touche S.p.A., mandated to carry out the legal audit of the Consolidated Financial Statements to December 31, 2015, in its report written pursuant to Articles 14 and 16 of Legislative Decree 39/2010 and issued on April 14, 2016, certified that the Consolidated Financial Statements of the SEA Group to December 31, 2015: comply with the IFRS adopted by the European Union; are written clearly and show truthfully and correctly the balance sheet and financial situation, results, changes in Shareholders' Equity, and cash flow of the SEA Group for the financial year ended on said date.
The Board of Statutory Auditors notes that the independent audit firm Deloitte & Touche S.p.A., in its report on the Consolidated Financial Statements to December 31, 2015, expressed a positive opinion regarding the Financial Statements, as well as the following emphasis of matter, which seems significant: "*Without qualifying our opinion, for a better understanding of the consolidated financial statements, reference should be made to the 2015 Directors' Report and in particular to paragraph «SEA Group Risk Factors – Risk related to the European Commission Decision of December 19, 2012 concerning presumed State Aid to SEA Handling and the Decision of July 9, 2014 for the set-up of a new procedure on the incorporation and capitalization of Airport Handling», for the Directors' considerations (i) on the status of the legal and extra-judicial initiatives undertaken against the European Commission with reference to the investigation procedures of such latter entity on alleged State Aid in favor of SEA Handling S.p.A. with particular reference to liquidation of the subsidiary SEA Handling S.p.A., to the initiatives carried out by Trustee regarding the transfer of a quota of the shares of Airport Handling S.p.A. completed on March 23, 2016 and to the future developments related to the decision of the European Commission of July 2014, published on February 6, 2015 as well as (ii) on the conditions to consider that, after the attribution of the investment in Airport Handling S.p.A. to the Trust «Milan Airport Handling Trust», according to the legal and extra-judicial initiative abovementioned, SEA Group has no longer control on the subsidiary, thus resulting in its exclusion from the consolidation scope.*"

The Board of Statutory Auditors acknowledges that it has verified that the Consolidated Financial Statements to December 31, 2015 correspond to the facts and information available to the Board as a result of having participated in the meetings of the company's bodies, in fulfillment of its oversight duties and of its inspection and control powers.

The Management Report written by the Directors gives exhaustive information concerning the operational and development activity, the strategies and relations between the Group's companies, and the description of the main risks and uncertainties to which the Group is exposed. The analysis of said report demonstrated its consistency with the data and findings of the Consolidated Financial Statements to December 31, 2015, as shown also by the Report of the independent audit firm Deloitte & Touche S.p.A. issued pursuant to Articles 14 and 16 of Legislative Decree 39/2010.

Milan, April 14, 2016

THE BOARD OF STATUTORY AUDITORS

Rita Cicchiello	*(Chairman)*
Andrea Galli	*(Standing member)*
Paolo Giovanelli	*(Standing member)*
Antonio Passantino	*(Standing member)*
Ezio Simonelli	*(Standing member)*

AUDITORS' REPORT

Deloitte.

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INDEPENDENT AUDITORS' REPORT PURSUANT TO ARTT. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
SOCIETÀ PER AZIONI ESERCIZI AEROPORTUALI – SEA S.p.A.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Società per Azioni Esercizi Aeroportuali – SEA S.p.A. and its subsidiaries (the "Società per Azioni Esercizi Aeroportuali – SEA Group"), which comprise the Consolidated Statement of Financial Position as at December 31, 2015, the Consolidated Income Statement, the Consolidated Comprehensive Income Statement, Consolidated Statement of Changes In Shareholders' Equity and Consolidated Cash Flow Statement for the year then ended, and the explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

The Company's Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11, n° 3, of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Società per Azioni Esercizi Aeroportuali – SEA Group as at December 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Emphasis of matter

Without qualifying our opinion, for a better understanding of the consolidated financial statements, reference should be made to the 2015 Directors' Report and in particular to paragraph "SEA Group Risk Factors – Risk related to the European Commission Decision of December 19, 2012 concerning presumed State Aid to SEA Handling and the Decision of July 9, 2014 for the set-up of a new procedure on the incorporation and capitalization of Airport Handling", for the Directors' considerations *(i)* on the status of the legal and extra-judicial initiatives undertaken against the European Commission with reference to the investigation procedures of such latter entity on alleged State Aid in favor of SEA Handling S.p.A. with particular reference to liquidation of the subsidiary SEA Handling S.p.A., to the initiatives carried out by Trustee regarding the transfer of a quota of the shares of Airport Handling S.p.A. completed on March 23, 2016 and to the future developments related to the decision of the European Commission of July 2014, published on February 6, 2015 as well as *(ii)* on the conditions to consider that, after the attribution of the investment in Airport Handling S.p.A. to the Trust "Milan Airport Handling Trust", according to the legal and extra-judicial initiative abovementioned, SEA Group has no longer control on the subsidiary, thus resulting in its exclusion from the consolidation scope.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations with the consolidated financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations, which is the responsibility of the Directors of Società per Azioni Esercizi Aeroportuali – SEA S.p.A., with the consolidated financial statements of Società per Azioni Esercizi Aeroportuali – SEA Group as at December 31, 2015. In our opinion the report on operations is consistent with the consolidated financial statements of Società per Azioni Esercizi Aeroportuali – SEA Group as at December 31, 2015.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Pessina
Partner

Milan, Italy
April 14, 2016

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

SEA SPA
SEPARATE FINANCIAL STATEMENTS


ROCCA
DOLCE & GABBANA
Special OFFERS

FINANCIAL STATEMENTS

Statement of Financial Position

(In Euro)	Note	At December 31, 2015 Total	At December 31, 2015 of which Related Parties	At December 31, 2014 Total	At December 31, 2014 of which Related Parties
Intangible assets	6.1	984,322,135		959,576,531	
Property, plant & equipment	6.2	137,334,338		139,347,112	
Investment property	6.3	3,412,075		3,413,710	
Investments in subsidiaries & associated companies	6.4	51,501,305		43,027,659	
Available-for-sale-investments	6.5	26,194		26,184	
Deferred tax assets	6.6	44,317,229		45,881,425	
Other non-current financial assets	6.7	16,776,367		23,966,238	
Other non-current receivables	6.8	1,596,648		1,595,980	
Total non-current assets		**1,239,286,291**	**0**	**1,216,834,839**	**0**
Inventories	6.9	4,800,305		5,701,024	
Trade receivables	6.10	85,473,477	13,227,593	110,213,233	16,304,561
Current financial receivables	6.11	36,311,264	36,306,390	37,638,331	37,635,933
Tax receivables	6.12	11,666,110		14,266,634	
Other current financial assets	6.7	7,189,871		0	
Other receivables	6.13	7,042,227		10,734,105	
Cash and cash equivalents	6.14	55,270,506		30,325,523	
Total current assets		**207,753,760**	**49,533,983**	**208,878,850**	**53,940,494**
Discontinued Operations		0	0	0	0
TOTAL ASSETS		**1,447,040,051**	**49,533,983**	**1,425,713,689**	**53,940,494**
Share capital	6.15	27,500,000		27,500,000	
Other reserves	6.15	195,802,425		187,801,688	
Net profit	6.15	78,553,263		56,382,402	
SHAREHOLDERS' EQUITY		**301,855,688**	**0**	**271,684,090**	**0**
Provision for risks & charges	6.16	175,244,828		180,927,011	
Employee benefit provisions	6.17	46,787,493		49,030,774	
Non-current financial liabilities	6.18	569,775,302		527,766,552	
Total non-current liabilities		**791,807,623**	**0**	**757,724,337**	**0**
Trade payables	6.19	160,207,907	11,177,773	167,855,559	12,952,990
Income tax payables	6.20	62,258,098	1,916,741	59,764,366	6,505,193
Other payables	6.21	102,979,267		93,278,973	
Current financial liabilities	6.18	27,931,468	4,011,774	75,406,364	2,305,812
Total current liabilities		**353,376,740**	**17,106,288**	**396,305,262**	**21,763,995**
Liabilities related to Discontinued Operations		0	0	0	0
TOTAL LIABILITIES		**1,145,184,363**	**17,106,288**	**1,154,029,599**	**21,763,995**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**1,447,040,051**	**17,106,288**	**1,425,713,689**	**21,763,995**

Income Statement

		Year ended December 31			
		2015		2014	
(In Euro)	Note	Total	of which Related Parties	Total	of which Related Parties
Operating revenues	7.1	612,988,712	40,678,475	592,115,366	46,899,097
Revenues for works on assets under concession	7.2	52,383,624		63,466,181	
Total revenues		**665,372,336**	**40,678,475**	**655,581,547**	**46,899,097**
Personnel costs	7.3	(170,264,156)	882,579	(154,507,327)	1,330,796
Consumable Materials costs	7.4	(11,418,361)		(10,111,723)	
Other operating costs	7.5	(221,208,435)	(39,449,304)	(215,793,813)	(56,469,787)
Costs for works on assets under concession	7.6	(48,780,915)		(59,539,726)	
Provisions & Write-downs	7.7	(3,032,379)		(14,228,799)	
Total operating costs		**(454,704,246)**	**(38,566,725)**	**(454,181,388)**	**(55,138,991)**
Gross operating margin / EBITDA		**210,668,090**	**2,111,750**	**201,400,159**	**(8,239,894)**
Restoration & replacement provision	7.8	(14,149,526)		(18,000,000)	
Amortisation and depreciation	7.9	(55,757,170)		(52,667,626)	
EBIT		**140,761,394**	**2,111,750**	**130,732,533**	**(8,239,894)**
Investment income (charges)	7.10	5,566,474	5,566,474	(20,289,801)	(20,289,801)
Financial charges	7.11	(19,849,238)		(24,300,635)	(3,780)
Financial income	7.11	1,535,772	1,016,199	2,417,017	1,007,394
Pre-tax profit		**128,014,402**	**8,694,423**	**88,559,114**	**(27,526,081)**
Income taxes	7.12	(49,461,139)	(843,268)	(32,176,712)	(5,521,179)
Continuing operations profit		**78,553,263**	**7,851,155**	**56,382,402**	**(33,047,260)**
Discontinued Operations profit / (loss)		**0**	**0**	**0**	**0**
Net profit		**78,553,263**	**7,851,155**	**56,382,402**	**(33,047,260)**

Comprehensive Income Statement

	Year ended December 31	
(In Euro)	2015	2014
Net profit	**78,553,263**	**56,382,402**
Other comprehensive income items		
- Items reclassifiable in future periods to the net result:		
Profit / (loss) on fair value measurement of cash flow hedge derivative financial instruments	2,011,547	(3,186,906)
Tax effect of profit / (loss) on fair value measurement of cash flow hedge derivative financial instruments	(820,413)	876,399
Total items reclassifiable, net of tax effect	**1,191,134**	**(2,310,507)**
- Items not reclassifiable in future periods to the net result:		
Tax effect on actuarial profit / (loss) on Employee Leaving Indemnity	1,865,105	(5,022,729)
Actuarial profit / (loss) on Employment Leaving Indemnity	(512,904)	1,381,251
Total items not reclassifiable, net of tax effect	**1,352,201**	**(3,641,478)**
Total other comprehensive income items	**2,543,335**	**(5,951,985)**
Total comprehensive profit	**81,096,598**	**50,430,417**

Cash Flow Statement

(In Euro)	Year ended December 31 2015	2014
Pre-tax profit	128,014,402	88,559,114
Adjustments:		
Amortisation & depreciation of tangible & intangible assets	57,847,787	52,667,626
Net provisions (including employee provision)	(822,692)	15,824,752
Net financial charges	18,313,466	21,883,618
Investment income (charges)	(5,566,474)	20,289,801
AGCM penalty payment (excluding interest)	3,365,000	-
Enforcement of contract guarantees	(2,200,000)	-
Gains from free transfer of assets	-	(7,479,190)
Repayment Quintavalle dispute (excluding interest)	-	(2,083,489)
Other changes in non-cash items	(4,750,356)	(838,733)
Cash flow generated from operating activities before changes in working capital	**194,201,133**	**188,823,499**
Change in inventories	600,719	886,335
Change in trade receivables & other receivables	33,680,011	(16,973,994)
Change in trade payables & other payables	(4,867,384)	(19,102,621)
Cash flow generated from changes in working capital	**29,413,346**	**(35,190,280)**
Income taxes paid	(36,849,209)	(41,464,667)
AGCM penalty payment (including interest)	(3,367,535)	-
Enforcement of contract guarantees	2,200,000	-
Damages received from Customs Agency	-	5,630,722
Repayment Quintavalle dispute (including interest)	-	2,313,101
Cash flow generated from operating activities	**185,597,735**	**120,112,375**
Investments in fixed assets:		
- intangible *	(65,912,880)	(64,213,594)
- tangible	(11,932,460)	(17,409,715)
- financial	(10)	(180,045)
Other non-current financial assets	-	(24,950,000)
Divestments of fixed assets:		
- tangible	70,238	138,956
- financial	-	3,315
Dividends received	2,337,441	1,705,765
Capital contribution to SEA Handling in liquidation	(16,448,274)	(9,822,870)
Cash flow generated from investing activities	**(91,885,945)**	**(114,728,188)**
Change in gross financial debt		
- increases / (decreases) in short-term & medium/long-term debt	(4,023,181)	63,055,335
Net increases / (decreases) in other financial liabilities	4,416,241	(46,595,826)
Dividends distributed	(50,915,940)	(26,479,838)
Interest & commissions paid	(18,723,454)	(21,306,223)
Interest received	479,527	986,055
Cash flow generated from financing activities	**(68,766,807)**	**(30,340,497)**
Increase / (decrease) in cash and cash equivalents	**24,944,983**	**(24,956,310)**
Cash and cash equivalents at beginning of year	30,325,523	55,281,833
Cash and cash equivalents at end of year	55,270,506	30,325,523

* *The investments in intangible assets are net of the utilisation of the restoration provision, which in 2015 amounted to Euro 12,218 thousand (Euro 7,331 thousand in 2014).*

Statement of changes in Shareholders' Equity

(In Euro)	Share Capital	First time app. IFRS reserve (excl. OCI)	AFS Reserve	Cash flow hedge reserve	Actuarial profit/ (losses) reserve	Extra-ordinary reserve	Legal reserve	Other reserves	Total other reserves	Net result	Total shareholders' equity
As at 01 January 2014	**27,500,000**	**23,686,390**	**1**	**(6,671,837)**	**(2,755,428)**	**87,973,901**	**5,500,000**	**60,288,176**	**168,021,203**	**52,182,470**	**247,703,673**
Transactions with shareholders											
Allocation of 2013 net profit & dividends distributed						25,732,470			25,732,470	(52,182,470)	(26,450,000)
Other movements											
Other comprehensive income				(2,310,507)	(3,641,478)				(5,951,985)		(5,951,985)
Net Result										56,382,402	56,382,402
At December 31, 2014	**27,500,000**	**23,686,390**	**1**	**(8,982,344)**	**(6,396,906)**	**113,706,371**	**5,500,000**	**60,288,176**	**187,801,688**	**56,382,402**	**271,684,090**
Transactions with shareholders											
Allocation of 2014 net profit & dividends distributed						5,457,402			5,457,402	(56,382,402)	(50,925,000)
Other movements											
Other comprehensive income				1,191,134	1,352,201				2,543,335		2,543,335
Net Result										78,553,263	78,553,263
At December 31, 2015	**27,500,000**	**23,686,390**	**1**	**(7,791,210)**	**(5,044,705)**	**119,163,773**	**5,500,000**	**60,288,176**	**195,802,425**	**78,553,263**	**301,855,688**

NOTES TO THE SEPARATE 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:

Name	% holding
Milan Municipality	54.81%
Province of Varese	0.64%
Municipality of Busto Arsizio	0.06%
Other public shareholders	0.08%
Total public shareholders	**55.59%**
2i-Aeroporti SpA	35.75%
F2i Sgr SpA	8.62%
Other private shareholders	0.04%
Total private shareholders	**44.41%**
Total	**100.00%**

2. Summary of accounting principles adopted

The main accounting principles adopted in the preparation of the Separate Financial Statements of SEA for the year ended December 31, 2015 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

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 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 Separate 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 Separate Financial Statements, the transition date to IFRS was identified as January 1, 2010.
"IFRS" refers to the International Accounting Standards ("IAS") in force, as well as those of the IFRS Interpretation Committee, previously known as the International Financial Reporting Interpretations Committee ("IFRIC"), and before that the Standing Interpretations Committee ("SIC").
The financial statements were prepared in accordance with IFRS in force at the approval date of the financial statements and the provisions of Article 9 of Legs. 38/2005.
In particular, the IFRS were applied in a consistent manner for the periods presented in the document. The financial statements were prepared on the basis of

the best available information on the IFRS and taking account of best practice; any further orientations and interpretative updates will be reflected in subsequent years, in accordance with the provisions of the accounting standards, as detailed below.
The Separate Financial Statements were prepared in accordance with the going concern concept, therefore utilising the accounting principles of an operating business. Company Management evaluated that, although within a difficult economic and financial environment, there are no uncertainties on the going concern of the business, considering the existent capitalisation levels and there are no financial, operational, management or other indicators which could indicate difficulty in the capacity of the Company to meet its obligations in the foreseeable future, and in particular in the next 12 months.
In relation to the presentation method of the financial statements, "the current/non-current" criterion was adopted for the Statement of Financial Position while the classification by nature was utilised for the Income Statement and the indirect method for the Cash Flow Statement. The amounts of positions or transactions with Related Parties were also disclosed, if any.
The financial statement presentations utilised, as outlined above, are those which best represent the equity and financial position of the Company.
For a better presentation of the financial statements, the Income Statement was presented in two separate tables: *a)* the Income Statement and *b)* the Comprehensive Income Statement.
The 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.
Following the issue on a regulated market of the "SEA 31/8 2014-2021" bond, the Company has adopted IFRS 8 "Operating Segments" and IAS 33 "earnings per share"; the related disclosures are presented in *Note 5.3* and *7.14* of the Consolidated Financial Statements.
The present financial statements were audited by the independent audit firm Deloitte & Touche SpA.

2.2 Accounting standards, amendments and interpretations adopted from January 1, 2015

The International Accounting Standards and amendments, which must be obligatory applied from January 1, 2015, following completion of the relative approval process by the relevant authorities, are illustrated below. The adoption of these amendments and interpretations, where applicable, had no impact on the balance sheet or on the result of the Company.

Description	Date approved	Publication	Effective date as per the standard	Effective date applied by SEA
IFRIC 21 Levies	13 June 14	14 June 14	Periods beginning June 17, 2014	01 Jan 15
Annual improvements cycles 2011-2013	18 Dec 14	19 Dec 14	Periods beginning July 1, 2014	01 Jan 15

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

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, or which, even if approved for adoption in Europe, at the approval date of the present document were not yet applicable and were not early adopted by the Company.

Description	Approved at the date of the present document	Effective date as per the standard
Annual improvements cycles 2010-2012	Yes	Periods beginning Feb 1, 2015
Amendment to IAS 19 Employee benefits	Yes	Periods beginning Feb 1, 2015
Amendment to IFRS 11 Joint arrangements on acquisition of an interest in a joint operation	Yes	Periods beginning Jan 1, 2016
Amendment to IAS 16 Property, plant and equipment and IAS 38 Intangible assets on depreciation and amortisation	Yes	Periods beginning Jan 1, 2016
Annual improvements cycles 2012-2014	Yes	Periods beginning Jan 1, 2016
Amendment to IAS 1 Presentation of Financial Statements on the disclosure initiative	Yes	Periods beginning Jan 1, 2016
Amendment to IAS 27 Separate financial statements on the equity method	Yes	Periods beginning Jan 1, 2016
IFRS 14 Regulatory deferral accounts	No	Periods beginning Jan 1, 2016
IFRS 15 Revenue from contracts with customers	No	Periods beginning Jan 1, 2018
IFRS 9 Financial instruments	No	Periods beginning Jan 1, 2018
IFRS 16 Leases	No	Periods beginning Jan 1, 2019

No accounting standards and/or interpretations were applied in advanced, whose application is obligatory for periods commencing after December 31, 2015.
The potential impact that the accounting standards, amendments and interpretations applicable in future periods may have on the financial reporting of the Company are currently being examined and assessed.

2.4 Accounting policies

Business combinations and goodwill

In the case of the acquisition from third parties of businesses or business combinations, the assets, the liabilities and the contingent liabilities acquired and identifiable are recorded at their fair value at the date of acquisition. The positive difference between the acquisition cost and the present value of these assets and liabilities are recognised as goodwill and classified in the financial statements as an intangible asset with indefinite life. Any negative difference ("negative goodwill") is recognised in the Income Statement at the date of acquisition. The costs related to business combinations are recognised in the Income Statement. Goodwill is initially recorded at cost and subsequently reduced only for loss in value.
Annually, or more frequently if specific events or circumstances indicate the possibility of having incurred a loss in value, the goodwill is subject to an impairment test to identify any loss in value, in accordance with IAS 36 (Impairments); the original value is however not restored if the reasons for the write-down no longer exist.
The goodwill is not revalued, even in application of specific legislation. Any liabilities related to business combinations for payments subject to conditions are recognised at the acquisition date of the businesses and business units relating to the business combination. Where all or part of a previously acquired company (whose acquisition produced goodwill) is sold, the corresponding residual value of goodwill is considered when calculating the capital gains or losses generated by such sale.

Intangible Assets

An intangible asset is a non-monetary asset, identifiable and without physical substance, controllable and capable of generating future economic benefits. With the exception of "Rights on assets under concession", intangible 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 6%, representing the remuneration of the internal costs for the management of the works and design activities undertaken by the Company and a mark-up a third party general contractor would request for undertaking the same activities, in accordance with IFRIC 12. 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 on a straight-line basis in accordance with the expiry of the concession, as it is expected that the future economic benefits of the asset will be utilised by the Lessee. Amortisation begins where the rights in question begin to produce the relative economic benefits.

The accumulated amortisation provision and the restoration and replacement provision ensure the adequate coverage of the following charges:

- complete amortisation of the assets under concession at the end of the concession;
- restoration and replacement of the components subject to wear and tear of the assets under concession.

Reference should be made to the subsequent paragraph "Provision for risks and charges – Restoration and replacement provision of 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) Industrial patents and intellectual property rights

Patents, concessions, licenses, trademarks and similar rights

Trademarks and licenses are amortised on a straight-line basis over the estimated useful life.

Computer software

Software costs are amortised on a straight-line basis over three years, while software programme maintenance costs are charged to the Income Statement when incurred.

Intangible assets with definite useful life are annually tested for losses in value or where there is an indication that the asset may have incurred a loss in value. Reference should be made to the paragraph below "Impairments".

Property, plant & equipment

Tangible fixed assets includes property, part of which under the scope of IFRIC 12, and plant and equipment.

Land and buildings

Property, in part financed by the State, relates to tangible assets acquired by the Company in accordance with the 2001 Agreement (which renewed the previous concession of May 7, 1962). The 2001 Agreement provides for the obligation of 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 SEA until the expiry of the 2001 Agreement, i.e. May 4, 2041. The fixed assets in the financial statements are reported net of State grants.

Depreciation of property is charged based on the number of months held on a straight-line basis, which depreciates the asset over its estimated useful life. Where this latter is beyond the date of the end of the concession, the amount is amortised on a straight-line basis until the expiry of the concession. 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.

For land, a distinction is made between land owned by the Company, classified under property, plant and equipment and not subject to depreciation and expropriated areas necessary for the extension of the Malpensa Terminal, classified under "Assets under concession" and amortised over the duration of the concession.

The free granting of assets is recognised at market value, according to independent technical expert opinions.

Plant & Equipment

These are represented by tangible fixed assets acquired by the Company, which are not subject to the obligation of free devolution.

Plant and equipment are recorded 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 to the Income Statement based on the number of months held on a straight-line basis, which depreciates the asset over its estimated useful life. Where this latter is beyond the date of the end of the concession, the amount is amortised on a straight-line basis until the expiry of the concession. 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	10.0%
Runway equipment	31.5%
Various equipment	25.0%
Furniture and fittings	12.0%
Transport vehicles	20.0%
Motor vehicles	25.0%
EDP	20.0%

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

Tangible assets are annually tested for losses in value or where there is an indication that the asset may have incurred a loss in value. Reference should be made to the paragraph below "Impairments".

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.

Depreciation is calculated on a straight-line basis over the useful life of the building.

Investments in subsidiaries & associated companies

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

Any positive difference, arising on acquisition from third parties, between the purchase cost and fair value of net assets acquired in an investee Company is included in the carrying amount of the investment.

Investments in subsidiaries and associates are tested annually for impairment or more frequently if evidence of impairment exists. Where an impairment loss exists, it is recognised immediately through the Income Statement. Where the share of losses pertaining to the Company in the investment exceeds the carrying value of the investment, and the Company has an obligation to cover such losses, the investment is written down and the share of further losses is recorded as a provision for risks and charges under liabilities in the balance sheet. If an impairment loss is subsequently reversed, the increase in carrying amount (up to a maximum of purchase cost) is recognised through the Income Statement.

Impairments

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 (or of the cash-generating unit) 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 and depreciation 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 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 available-for-sale investments, a prolonged or significant decline in the fair value of the investment below the initial cost is considered an indicator of impairment.

Derivative financial Instruments

Derivative financial instruments 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 in the "Other 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 with recognition of a loss; 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. For further information, reference should be made to *Note 4.1*.

Inventories

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

Inventories are stated net of write-downs in order to adjust the value of inventories to their estimated realizable or replacement value.

Cash and cash equivalents

Cash and cash equivalents includes cash, bank deposits, and other readily marketable short-term forms of investment, due within three months. Any 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 until the end of the concession 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 (assets under concession classified to intangible assets).

Employee benefit provisions

Pension provisions
The company has both defined contribution plans (National Health Service Contributions and INPS pension plan contributions) 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.
The actuarial gains and losses, in accordance with IAS 19R, are recorded directly under equity in a specific reserve account "Reserve for actuarial gains/loss".
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 expire and the Company 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.

Reverse factoring transactions
In order to facilitate credit access to its suppliers, the Company has entered into reverse factoring or indirect factoring agreements (with recourse). Based on the contractual arrangements in place, suppliers may, at their discretion, sell the amounts due from the Company to a financing institution and cash in the amount before maturity.

The payment terms provided on the invoice are not subject to further delays agreed between the supplier and the Company and therefore no charges are applied.
Within this framework, the relationships for which the primary obligation with the supplier is maintained and a payment extension, if granted, does not entail a change in payment terms, retain their nature and are therefore classified as trade payables.

Revenue recognition
Revenues are recognised at fair value of the amount received for the services from the ordinary activities, on an accrual basis. 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.
Rental income and royalties are recognised in the year of maturity, based on the underlying contractual agreements while the payments for green certificates are recognised annually in accordance with the long-term contracts and refer to the remuneration of the internal networks within the airport.

Revenues 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 best estimate of 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 (as established by IFRIC 12).

Government Grants
Public grants, in the presence of a formal resolution by the grantor, 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 under "Operating revenues".

Recognition of costs
Costs are recognised when relating to assets or services acquired or consumed in the year or by systematic allocation.
The incentives granted to airlines, and based on the number of passengers transported, invoiced by the airlines to the Company for *i)* the maintenance of traffic at the airport or *ii)* the development of traffic through increasing existing routes or launching new routes, are considered commercial costs and, as such, classified under "Operating costs" and recognised in correlation to the revenues to which they refer. In particular, in the opinion of management which monitors the effectiveness of these commercial initiatives together with other marketing initiatives classified under commercial costs, although these incentives are allocated to specific revenue accounts proportionally, because of their contribution to traffic and to the growth of the airport, from an operating viewpoint they must be considered together with all costs incurred by the Company through commercial and marketing activities and are therefore reported in the Management Accounts and valued in the company KPI together with marketing costs. Therefore, the decision was taken to classify these incentives in the annual financial reporting in line with their operating objectives.

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 IRES and IRAP 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. These assets and liabilities are not recognised if the temporary differences deriving from the goodwill or the initial recognition (not in business combination) of other assets or liabilities in operations do not have an impact on the accounting result or on the assessable fiscal result.

The carrying value of deferred tax assets is revised at the end of the year and reduced to the extent that it is no longer likely that there will be sufficient taxable income against which to recover all or part of the assets.

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 and to the Comprehensive Income Statement. 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 costs".

Tax consolidation

Taxation of the Company and its accounting treatment take into account the effects generated by the domestic tax consolidation, for which the company confirmed participation together with the subsidiary SEA Handling in liquidation in the year 2013 and valid for the three-year period 2013-2015.

Each company transfers the tax income or loss to the consolidating company; the consolidating company records a receivable with the company that contributes assessable income equal to the income tax to be paid. Inversely, for the companies with tax losses, the consolidating company records a payable, which in the case of the tax consolidation with SEA Handling in liquidation is equal to 50% of the income tax on the part of the loss effectively offset at Group level.

Dividends

Payables for dividends to shareholders are recorded in the year in which the distribution is approved by the Shareholders' Meeting.

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 Statement of Financial Position, 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) Impairments

The tangible and intangible assets and investments in subsidiaries and associated companies and investment property are verified to ascertain if there has been a loss in value that 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 internally 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. Reference should be made in addition to the paragraph below "Impairments".

(b) Amortisation and 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) Provision for risks and charges

The Company may be subject to legal disputes, in relation to taxation or employment issues, based on particularly complex circumstances of varying degrees of uncertainty, according to the facts and circumstances, jurisdiction and laws applicable to each case.

Considering the inexact nature of these issues, it is difficult to predict with certainty any future payments required.

Consequently, the management after consultation with its legal advisors and legal and tax experts recognises a liability for such litigation when it considers that a cash outlay is likely to occur and the amount of the resulting losses can be reasonably estimated. In the case in which a payment is considered possible, but is not yet determinable, such is reported in the Explanatory Notes.

Provisions are recorded against risks of a legal and tax nature and employee disputes. The amount of the provisions recorded in the financial statements relating to these risks therefore 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 Directors 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 charges matured at the balance sheet date for scheduled 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 Separate Financial Statements.

(e) Financial assets

The valuation of the recoverability of the financial receivable from the Milan Airport Handling Trust arising from the assignment of the investment Airport Handling to the above-mentioned Trust and the subscription of equity financial instruments issued by Airport Handling subsequent to the assignment to the Trust is made on the basis of the best estimates of the outcome of the sales operations of the company by the Trust, with the valuation of the residual interest after the above-mentioned sale and is therefore subject to the normal uncertainties of negotiating processes in the disposal of financial investments, as well as the future profitability potential of the investment.

4. Risk Management

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

The management of the above-mentioned risks is undertaken through identifying, evaluating and undertaking the hedging of financial risks.

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 utilises the same write-down percentages with respect to overdue receivables, receivables in dispute, or for which legal or insolvency proceedings are ongoing.

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

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Customer receivables gross of the related doubtful debt provision	154,105	181,959
- of which overdue	93,068	107,380
Doubtful debt provision	(81,859)	(88,051)
Total net trade receivables	**72,246**	**93,908**

The decrease in trade receivables at December 31, 2015 is strictly related to the factoring agreement entered into by the Company as of the second half of 2015. Receivables sold through factoring transactions are derecognized only if the risks and rewards associated with their ownership have been substantially transferred to the transferee. The receivables sold which do not satisfy this condition remain on the balance sheet of the Company although they have been legally sold. In this case, a financial liability of the same amount is recorded under liabilities to represent the advance received.

The breakdown of overdue receivables at December 31, 2015 is shown below:

Trade receivables

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Trade receivables	154,105	181,959
Of which overdue	93,068	107,380
- overdue less than 180 days	17,051	33,351
- overdue more than 180 days	76,017	74,029
% of overdue receivables	60.4%	59.0%
% of receivables overdue less than 180 days	11.1%	18.3%
% of receivables overdue more than 180 days	49.3%	40.7%

The table below illustrates the gross trade receivables at December 31, 2015, 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, 2015	At December 31, 2014
Customer receivables	154,105	181,959
(i) receivables from parties in administration	44,322	43,441
(ii) disputed receivables	24,666	22,822
Total trade receivables net of receivables at (i) and (ii)	**85,117**	**115,696**
Receivables due other than receivables at (i) and (ii)	24,080	41,117
Sureties and guarantee deposits	55,673	52,600
Percentage of receivables guaranteed by sureties and guarantee deposits compared to the total trade receivables net of receivables at (i) and (ii)	65.4%	45.5%

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 2015, the market risks to which SEA was subject were:

a) interest rate risk;

b) currency risk;

c) price risk of commodities.

a) Interest rate risk

SEA exposure to interest rate risk mainly arises from volatility of financial charges related to floating rate borrowings. The Company manages the volatility of financial charges by defining a balanced mix of fixed-rate and floating rate loans and through the use of derivative hedging instruments, in order to limit the effects of interest rates fluctuations.

At December 31, 2015, the gross financial debt of the SEA was comprised of medium/long-term loans (medium/long term portions of loans) and short-term loans (the medium/long-term portion of loans maturing within 12 months). The Company had no short-term debt at the reporting date.

The medium/long-term debt at December 31, 2015, is reported in the following table, which shows the interest rate of each loan at the nominal value (which includes a spread of between 0.20% and 1.62%, not considering the effect of hedging operations and the cost of any additional guarantees):

Medium/long-term loans at December 31, 2015 and 2014

		December 31, 2015		December 31, 2014	
(In thousands of Euro)	Maturity	Amount	Average rate	Amount	Average rate
Bonds	**2021**	**300,000**	**3.125%**	**300,000**	**3.125%**
EIB funded bank loans	**from 2017 to 2035**	**276,994**	**1.37%**	**230,893**	**1.68%**
at fixed rate		60,000	3.90%	60,000	3.90%
at variable rate*		216,994	0.67%	170,893	0.91%
Other bank loans	**2020**	**85**	**0.50%**	**50,000**	**2.39%**
at fixed rate		85	0.50%	-	0.00%
at variable rate		-	-	50,000	2.39%
Gross medium / long-term financial debt		**577,079**	**2.28%**	**580,893**	**2.49%**

** Includes: i) tranche at variable rate with interest rate hedge (approx. 41% at 31.12.2015 and 56% at 31.12.2014);*
ii) Euro 60 million of EIB loans with specific bank guarantee.

The total medium/long-term debt at December 31, 2015 amounted to Euro 577,079 thousand, a decrease of Euro 3,814 thousand compared to December 31, 2014, with the average cost reducing 21 basis points to 2.28% at the reporting date. The cost of this debt, after interest hedging operations and the cost of bank guarantees on EBI loans, amounts to 2.92%, a reduction on 3.00% at the end of December 2014 (-8 basis points).
Overall, the total medium/long-term debt (excluding therefore debt for invoice advances, current account overdrafts or other types of working capital debt) at a variable rate not hedged by the Company at December 31, 2015 was approx. 22.3% of total debt. There was therefore no excess hedging on future cash flows subject to hedging ("overhedging").
At December 31, 2015, SEA had the following bond issue outstanding with a total nominal value of Euro 300 million.

Description	Issuer	Listing market	ISIN Code	Term (years)	Maturity	Par value (in Million of euro)	Coupon	Annual rate
SEA SpA $3^{1/8}$ 04/17/21	SEA SpA	Irish Stock Exchange	XS1053334373	7	04/17/21	300	Fixed, Annual	3.125%

The fair value of the overall bank and bond medium/long term debt of SEA at December 31, 2015 amounted to Euro 591,660 thousand (down from Euro 602,023 thousand at December 31, 2014, mainly due to the trend in market rates); it 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 bond listed on a regulated market, reference was made to the market value at December 31, 2015;
- 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 hedge the interest rate risk (measured based on the cash flow hedge method).

Interest rate hedges

(In thousands of Euro)	Notional on signing	Residual notional at 31/12/2015	Signing date	Start date	Maturity	Fair value at 31/12/2015	Fair value at 31/12/2014
IRS	10,000	9,677	18/5/2011	15/9/2012	15/9/2021	(1,512.5)	(1,741.0)
	5,000	4,839	18/5/2011	15/9/2012	15/9/2021	(756.3)	(870.5)
	15,000	13,448	18/5/2011	15/9/2012	15/9/2021	(2,028.0)	(2,358.4)
	11,000	8,724	18/5/2011	15/9/2011	15/9/2016	(258.5)	(498.0)
	10,000	8,214	6/6/2011	15/9/2012	15/9/2021	(1,155.6)	(1,351.8)
	11,000	8,724	6/6/2011	15/9/2012	15/9/2021	(1,225.3)	(1,433.2)
	12,000	9,103	6/6/2011	15/9/2012	15/9/2021	(1,258.5)	(1,475.5)
	12,000	9,103	6/6/2011	15/9/2012	15/9/2021	(1,258.5)	(1,475.5)
Collar	10,000	8,214	6/6/2011	15/9/2011	15/9/2021	(905.6)	(1,047.9)
	11,000	8,345	6/6/2011	15/9/2011	15/9/2021	(897.9)	(1,041.3)
Total		**88,391**				**(11,256.7)**	**(13,293.1)**

"-" 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.

The fair value of the derivative financial instruments at December 31, 2015 and at December 31, 2014 was determined in accordance with IFRS 13.

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.

c) Commodity risk

SEA is exposed to the changes of the prices and the relative exchange rates of the energy commodities, namely gas, utilised by SEA Energia for the procurement of the electricity, heating and air-conditioning service on behalf of the Parent Company. These variations directly impact on the final price which SEA pays for the supply from the subsidiary SEA Energia. 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 2015, SEA did not undertake any hedging of this risk, although not excluding the possibility in the future. The hedging strategy of commodity risk was also strengthened through the signing of procurement contracts which, in order to reduce the exposure to methane price movements, set a fixed price for part of the needs.

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. In particular 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;
- obtains committed credit lines (revolving and non-revolving), which cover 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 2015, SEA had irrevocable unutilised credit lines of Euro 200 million, of which Euro 120 million relating to a revolving line available until April 2020 and Euro 80 million relating to a new EIB loan, of which utilization is expected by December 2017, with maturities comprised between 15 and 20 years. At December 31, 2015, SEA also had an available a further Euro 217,317 of uncommitted credit lines available for immediate cash requirements.

SEA has available committed and uncommitted credit lines, which guarantee the covering of future financial needs and current operational needs, with an average maturity of medium/long-term debt above 5 years, including the bond issued in 2014. Over 60% of Bank Loans are due beyond 5 years (25% beyond 10 years).

Trade payables are guaranteed by SEA through careful working capital management, which largely concerns trade receivables, and the relative contractual conditions established (also utilising direct factoring without recourse, which provides further financial credit lines to guarantee adequate cash flexibility). In should be noted that the indirect factoring transactions, as amply detailed above, do not change contractual payment condition and, therefore, they do not generate dilutive effects on working capital.

The following tables show the breakdown and maturity (up to expiry date) of financial debt (principal, interest on medium/long-term debt, financial charges on derivative instruments and leasing, financial payables to subsidiaries, which, in accordance with contractual terms, are payable on demand) and trade payables at December 31, 2015 and 2014.

Liabilities at December 31, 2015

(Millions of Euro)	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years	Total
Gross debt	32.0	69.7	73.4	524.6	699.7
Trade payables	160.2				160.2
Total debt	**192.2**	**69.7**	**73.4**	**524.6**	**859.9**

The table does not include the short-term Group cash pooling debt, amounting to Euro 4 million at the end of 2015, against which a receivable of a similar nature exists of Euro 36.3 million.

Liabilities at December 31, 2014

(Millions of Euro)	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years	Total
Gross debt	81.8	66.5	68.3	478.7	695.3
Trade payables	167.8				167.8
Total debt	**249.6**	**66.5**	**68.3**	**478.7**	**863.1**

The table does not include the short-term Group cash pooling debt, amounting to Euro 2.3 million at the end of 2014, against which a receivable of a similar nature exists of Euro 37.6 million. At year-end 2015, loans due within one year mainly relate to the capital portion to be paid on some of the EIB loans and interest due on the total debt. The loan repayment scheduling reflects a longer average life of debts and the capacity of the SEA funding to cover medium/long-term needs.

4.4 Sensitivity

In consideration of the fact that for the Company 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 SEA were as follows:

a) *Assumption:*
- the effect was analysed on SEA Income Statement for the years 2015 and 2014 of a change in market rates of +50 or of -50 basis points.

b) *Calculation method:*
- 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, 2015		December 31, 2014	
(In thousands of Euro)	**-50 bp**	**+50 bp**	**-50 bp**	**+50 bp**
Current account (interest income)	-299.24	389.30	-422.69	486.14
Cash pooling positive balance (interest income)	-183.40	183.40	-166.44	178.08
Loans (interest expense) [1]	984.52	-1.091.93	1.545.21	-1.545.21
Cash pooling negative balance (interest expense) [1]	0.00	-19.99	6.90	-103.36
Fin. debt to subsidiaries (interest expense) [1]	0.00	0.00	1.70	-142.45
Derivative hedging instruments (cash flow) [2]	-136.37	474.83	-504.86	504.86
Derivative hedging instruments (fair value) [3]	-1.627.42	1.729.20	-2.180.77	2.193.52

1 *+ = lower interest expense; - = higher interest expense.*
2 *+ = hedging revenue; - = hedging cost.*
3 *Amount entirely allocated to equity as hedges are fully effective.*

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 market interest rates, which in the case of a change of -50 basis points would be negative, and therefore are recorded as equal to zero (otherwise cash flows would have been of opposite sign compared to those contractually agreed).
The bond issue and 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. 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, 2015 and at December 31, 2014:

(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 amortized cost	Total
			At December 31, 2015			
Available-for-sale-investments				26		26
Other non-current financial assets			16,776			16,776
Other non-current receivables			1,597			1,597
Trade receivables			85,473			85,473
Current financial receivables			36,311			36,311
Tax receivables			11,666			11,666
Other current financial assets			7,190			7,190
Other current receivables			7,042			7,042
Cash and cash equivalents			55,271			55,271
Total	**-**	**-**	**221,326**	**26**	**-**	**221,352**
Non-current financial liabilities excluding leasing	11,257				558,518	569,775
Non-current financial liabilities for leasing					-	-
Trade payables					160,208	160,208
Income tax payables					62,258	62,258
Other current & non-current payables					102,979	102,979
Current financial liabilities excluding leasing					27,442	27,442
Current financial liabilities for leasing					489	489
Total	**11,257**	**-**	**-**	**-**	**911,894**	**923,151**

The values resulting from the utilisation of the amortised cost method approximates the fair value of the category.

(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 amortized cost	Total
			At December 31, 2014			
Available-for-sale-investments				26		26
Other non-current financial assets			23,966			23,966
Other non-current receivables			1,596			1,596
Trade receivables			110,213			110,213
Current financial receivables			37,638			37,638
Tax receivables			14,267			14,267
Other current receivables			10,734			10,734
Cash and cash equivalents			30,325			30,325
Total	**-**	**-**	**228,739**	**26**	**-**	**228,765**
Non-current financial liabilities excluding leasing	13,293				514,154	527,447
Non-current financial liabilities for leasing					320	320
Trade payables					167,856	167,856
Income tax payables					59,764	59,764
Other current & non-current payables					93,279	93,279
Current financial liabilities excluding leasing					74,274	74,274
Current financial liabilities for leasing					1,132	1,132
Total	**13,293**	**-**	**-**	**-**	**910,779**	**924,072**

5.1 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 Company assets and liabilities measured at fair value at December 31, 2015 and at December 31, 2014:

	At December 31, 2015		
(In thousands of Euro)	**Level 1**	**Level 2**	**Level 3**
Available-for-sale-investments			26
Derivative financial Instruments		11.257	
Total		**11.257**	**26**

	At December 31, 2014		
(In thousands of Euro)	**Level 1**	**Level 2**	**Level 3**
Available-for-sale-investments			26
Derivative financial Instruments		13.293	
Total		**13.293**	**26**

6. Notes to the Statement of Financial Position

6.1 Intangible assets

The table below reports the changes in the year in intangible assets:

Intangible Assets

(In thousands of Euro)	At December 31, 2014	Increases in the year	Reclass./ Transfers	Destructions / Sales	Amorti-sation	Write-downs	At December 31, 2015
Gross value							
Assets under concession	1,305,443		54,481	(598)		(2,091)	1,357,235
Assets under concession in progress & advances	46,529	62,279	(54,481)				54,327
Industrial patents and intellectual property rights	53,049		348				53,397
Assets in progress and advances	1,092	6,775	(348)				7,519
Gross value	**1,406,113**	**69,054**	**-**	**(598)**	**-**	**(2,091)**	**1,472,478**
Accumulated amortisation							
Assets under concession	(406,471)			235	(35,156)		(441,392)
Assets under concession in progress & advances							
Industrial patents and intellectual property rights	(40,065)				(6,699)		(46,764)
Assets in progress and advances							
Accumulated amortisation	**(446,536)**	**-**	**-**	**235**	**(41,855)**	**-**	**(488,156)**
Net value							
Assets under concession	898,972	-	54,481	(363)	(35,156)	(2,091)	915,843
Assets under concession in progress & advances	46,529	62,279	(54,481)			-	54,327
Industrial patents and intellectual property rights	12,984		348		(6,699)	-	6,633
Assets in progress and advances	1,092	6,775	(348)			-	7,519
Intangible assets (net value)	**959,577**	**69,054**	**-**	**(363)**	**(41,855)**	**(2,091)**	**984,322**

As per IFRIC 12, assets under concession amount to Euro 915,843 thousand at December 31, 2015 and Euro 898,972 thousand at December 31, 2014. These assets are amortised on a straight-line basis over the duration of the concession from the State.

The amortisation for the year 2015 amounts to Euro 35,156 thousand. The write-down of Euro 2,091 thousand refers to the net book value of assets no longer usable which will be scrapped and which were identified during an inventory verification carried out in 2015.

The increases result, for Euro 54,481 thousand, from the entry into operation of the investments made in previous years and recognized under "Rights on assets under concession and advances".

For assets within the Concession Right, SEA has the obligation to record a restoration and replacement provision, in relation to which reference should be made to *Note 6.16*.

The account Assets under concession in progress and advances, amounting to Euro 54,327 thousand, refers to the work in progress on concession assets, not yet completed at December 31, 2015. The main works concerned the redesign of Terminal 1 at the Malpensa airport (arrivals and check-in floors), the structural expansion works of the Malpensa third satellite, the start of construction of a new warehouse in the Malpensa Cargo area and the continuation of work on the construction of the new railway station at Malpensa Terminal 2, and the associated rail link. At Linate, the works mainly relate to an upgrading of the area used for the security checks of departing passengers and redesign of the check-in floor. The reclassifications to assets under concession, principally relate to the gradual entry into service of the Malpensa third satellite.

The industrial patents and intellectual property rights and other intangible assets, amounting to Euro 6,633 thousand at December 31, 2015 (Euro 12,984 thousand at December 31, 2014), relate to the purchase of software components for the airport and operating IT systems. Specifically, the investments principally related to the development and implementation of the administrative and airport management systems, of which only Euro 348 thousand relating to previous years and recorded in the account "Fixed assets in progress and payments on account" which at December 31, 2015 record a total residual amount of Euro 7,519 thousand, relating to software developments in progress.

In consideration of the results reported and the business outlook, as well as the definition of the airport tariffs contained in the Regulatory Agreement, at December 31, 2015 the Company did not identify any impairment indicators.

The changes in intangible assets during 2014 were as follows:

Intangible Assets

(In thousands of Euro)	At December 31, 2013	Increases in the year	Reclass./ transfers	Destructions / sales	Amortisation	At December 31, 2014
Gross value						
Assets under concession	1,241,334	10,667	57,303	(3,861)		1,305,443
Assets under concession in progress & advances	40,687	63,145	(57,303)			46,529
Industrial patents and intellectual property rights	40,707		12,342			53,049
Assets in progress and advances	7,914	5,520	(12,342)			1,092
Gross value	**1,330,642**	**79,332**	**-**	**(3,861)**	**-**	**1,406,113**
Accumulated amortisation						
Assets under concession	(375,205)			1,511	(32,777)	(406,471)
Assets under concession in progress & advances						
Industrial patents and intellectual property rights	(33,503)				(6,562)	(40,065)
Assets in progress and advances						
Accumulated amortisation	**(408,708)**	**-**	**-**	**1,511**	**(39,339)**	**(446,536)**
Net value						
Assets under concession	866,129	10,667	57,303	(2,350)	(32,777)	898,972
Assets under concession in progress & advances	40,687	63,145	(57,303)			46,529
Industrial patents and intellectual property rights	7,204		12,342		(6,562)	12,984
Assets in progress and advances	7,914	5,520	(12,342)			1,092
Intangible assets (net value)	**921,934**	**79,332**	**-**	**(2,350)**	**(39,339)**	**959,577**

6.2 Property, plant and equipment

The table below reports the changes in the year in tangible fixed assets:

Property, plant & equipment

(In thousands of Euro)	At December 31, 2014	Increases in the year	Reclass./ transfers	Destructions / sales	Depreciation	At December 31, 2015
Gross value						
Land and buildings	182,320		6,293	(71)		188,542
Plant and machinery	7,486	368		(94)		7,760
Industrial & commercial equipment	35,314	2,165		(95)		37,384
Other assets	100,204	2,340	4,056	(1,430)		105,170
Assets in progress and advances	11,181	7,084	(10,349)			7,916
Gross value	**336,505**	**11,957**	**-**	**(1,690)**	**-**	**346,772**
Accumulated depreciation & Write-downs						
Land and buildings	(73,242)			38	(5,992)	(79,196)
Plant and machinery	(6,019)			91	(245)	(6,173)
Industrial & commercial equipment	(33,366)			95	(1,624)	(34,895)
Other assets	(84,531)			1,396	(6,039)	(89,174)
Assets in progress and advances						
Accumulated depreciation & Write-downs	**(197,158)**	**-**	**-**	**1,620**	**(13,900)**	**(209,438)**
Net value						
Land and buildings	109,078		6,293	(33)	(5,992)	109,346
Plant and machinery	1,467	368		(3)	(245)	1,587
Industrial & commercial equipment	1,948	2,165			(1,624)	2,489
Other assets	15,673	2,340	4,056	(34)	(6,039)	15,996
Assets in progress and advances	11,181	7,084	(10,349)			7,916
Net value	**139,347**	**11,957**	**-**	**(70)**	**(13,900)**	**137,334**

The investments related to the development of the Commercial Aviation sector (which, as already reported, in accordance with IFRIC 12 are classified as assets under concession and current airport concessions) as well as those related to the Non Aviation sector principally related to progress in the works for completion of Malpensa third satellite and the redesign of Malpensa Terminal 1.

The increases in "Property, plant & equipment" also include the purchase of new equipment and the upgrading of video surveillance, traffic control and passenger flows monitoring systems.

In consideration of the results reported and the business outlook, as well as the definition of the airport tariffs contained in the Regulatory Agreement, at December 31, 2015 the Company did not identify any impairment indicators.

All fixed assets, including those falling within IFRIC 12 scope, are shown net of fixed assets financed by State and European Community grants. The latter amounted to Euro 498,553 thousand and Euro 5,517 thousand respectively at 31 December 2015.

The changes in tangible fixed assets during 2014 were as follows:

Property, plant & equipment

(In thousands of Euro)	At December 31, 2013	Increases in the year	Reclass./ transfers	Destructions / sales	Depreciation	At December 31, 2014
Gross value						
Land and buildings	189,994		5,573	(13,247)		182,320
Plant and machinery	7,075	640		(229)		7,486
Industrial & commercial equipment	34,415	903		(4)		35,314
Other assets	95,673	3,375	1,964	(808)		100,204
Assets in progress and advances	6,120	12,598	(7,537)			11,181
Gross value	**333,277**	**17,516**	**-**	**(14,288)**	**-**	**336,505**
Accumulated depreciation & Write-downs						
Land and buildings	(79,779)			12,371	(5,834)	(73,242)
Plant and machinery	(6,063)			229	(185)	(6,019)
Industrial & commercial equipment	(31,318)			4	(2,052)	(33,366)
Other assets	(80,083)			808	(5,256)	(84,531)
Assets in progress and advances						
Accumulated depreciation & Write-downs	**(197,243)**	**-**	**-**	**13,412**	**(13,327)**	**(197,158)**
Net value						
Land and buildings	110,215		5,573	(876)	(5,834)	109,078
Plant and machinery	1,012	640			(185)	1,467
Industrial & commercial equipment	3,097	903			(2,052)	1,948
Other assets	15,590	3,375	1,964		(5,256)	15,673
Assets in progress and advances	6,120	12,598	(7,537)			11,181
Net value	**136,034**	**17,516**	**-**	**(876)**	**(13,327)**	**139,347**

6.3 Investment property

The breakdown of investment property at December 31, 2015 is shown below:

Investment property

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Gross value	4,148	4,148
Accumulated depreciation	(736)	(734)
Total net investment property	**3,412**	**3,414**

The changes in investment property accumulated depreciation in 2015 is shown below:

Movements in accumulated depreciation

(In thousands of Euro)	At December 31, 2015
Opening value	(734)
Decreases	-
Depreciation	(2)
Final balance investment property accumulated depreciation	**(736)**

The account includes buildings not utilised in the operated activities (apartments and garages).
Against the backdrop of uncertainty related to the real estate market there was no loss in value of real estate investments at December 31, 2015.

6.4 Investments in subsidiaries and associates

The breakdown of the account "investments in subsidiaries and associates" at December 31, 2015 and at December 31, 2014 are shown below:

Investments in subsidiaries & associated companies

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
SEA Handling in liquidation SpA	8,474	0
SEA Energia SpA	7,026	7,026
SEA Prime SpA	25,200	25,200
Consorzio Malpensa Construction	22	22
Railink Srl (in liquidation)	-	1
Investments in subsidiaries	**40,722**	**32,249**
SACBO SpA	4,562	4,562
Dufrital SpA	3,822	3,822
Malpensa Logistica Europa SpA	1,674	1,674
Disma SpA	421	421
SEA Services Srl	300	300
Investments in associated companies	**10,779**	**10,779**
Investments in subsidiaries & associated companies	**51,501**	**43,028**

The change in the balance of investments in subsidiaries and associated companies is due to the capital increases carried out in 2015 in favour of SEA Handling in liquidation and to the partial reversal of an impairment of the investment, whose value at December 31, 2015 was in line with the shareholders' equity of the company, which is the expected estimated value of the assets to be paid to SEA upon liquidation.
On June 29, 2015, the Extraordinary General Meeting of the associated company SEA Service Srl, resolved to change the year-end date for financial reporting purposes, which was set on September 30, of each year (it was previously December 31).

Risk related to the European Commission Decision of December 19, 2012 concerning presumed State Aid to SEA Handling and the Decision of July 9, 2014 for the set-up of a new procedure on the incorporation and capitalisation of Airport 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, constituted State Aid incompatible with the internal market, and consequently imposed upon the Italian State the obligation to demand restitution of the presumed State Aid from SEA Handling.
In relation to the above-mentioned decision, three independent appeals were made before the European Union Court, by the Italian State, by SEA Handling and by the Milan Municipality. These appeals are currently in an advanced stage of discussion, as the documentary stage of the proceedings was completed several months ago; a decision from the Court is therefore expected, which probably should occur by the end of this year.
In the meantime, although fully convinced - as re-confirmed by the team of attorneys representing the Group in the procedures - that the appeals were founded and that consequently no restitution of the presumed State Aid should take place, and given the impossibility for SEA Handling – in the case of a negative outcome of the procedures, considered remote – to comply with a monetary restitution of such large amounts as established by the decision, a discussion phase commenced – through the Italian Authorities – with the European Commission, in order to:

i) represent the incapacity of SEA Handling to meet this repayment and consequently the impossibility of the Italian State to enforce the decision;
ii) identify a shared solution that can guarantee the final exit of SEA Handling from the market, so that the

decision may be enforced, in line with the Commission's practice for the recovery of unlawful State Aid, in a manner alternative to the monetary restitution of the alleged aid. At the same time, this solution would have permitted the resolution of the problems related to the interruption of transport services at the Milan Airports and the identification of alternative socially acceptable solutions for the placement of approx. 2,300 employees of SEA Handling.

The meetings between the Italian Authorities and the European Commission commenced with the presentation on November 28, 2013 of a formal 'alternative execution' project to the decision which, in line with some important precedents in State Aid law, provided for:

i) the liquidation and definitive exit from the market of SEA Handling, with the disposal of all residual assets through an open and transparent tender process; and
ii) the possibility for SEA to continue to offer handling assistance services through the incorporation of a new company, under full competitive conditions with other handling companies and without any financial ties with SEA Handling; according to Community law, the "severing of financial ties" represents the essential condition to ensure that the State Aid restitution obligation is not 'transferred' to the newly incorporated company.

During the proceedings, in addition to this scenario, the Italian Authorities made further commitments to reassure the European Commission that there would be no "continuity" between SEA Handling and the new operator; among these, SEA commitment to transfer its entire stake in the new handling operator in a Trust, a third party independent of SEA and its subsidiary SEA Handling, in order to ensure the full management and operational segregation of the new company from SEA and/or SEA Handling, and SEA commitment to include among the purposes of the Trust, the access of a significant minority shareholder (and, in an envisaged second phase, also of majority shareholder) in the new handling company.

In line with the plan proposed to the European Commission,

i) on June 9, 2014, the Extraordinary Shareholders' Meeting of SEA Handling approved the placement into liquidation of the company on July 1, 2014, and the company, assigned to the sole liquidator Mr Marco Reboa, definitively ceased operations on August 31, 2014, on conclusion of a transitory period of two months necessary for the signing of agreements with the Trade Unions;
ii) in the meantime, SEA incorporated Airport Handling and, in accordance with the commitments undertaken with the European Commission, on August 27, 2014 assigned its entire holding in the share capital of Airport Handling to a Trust called "Milan Airport Handling Trust", set up on June 30, 2014 and registered in Jersey, Channel Islands. "Crowe Horwath Trustee Services It srl" was appointed Trustee, an ad hoc company incorporated and considered entirely independent from SEA, and all companies belonging to the SEA Group.

The creation of the Trust, a key element guaranteeing economic discontinuation, established a structural and operational basis which excludes SEA from any form of control on the conclusion of the mandate conferred over Airport Handling and continuity between SEA Handling and Airport Handling. In relation to the termination of control of Airport Handling due to the transfer of the investment to Milan Airport Handling Trust, it should be noted that a correct accounting treatment was applied at the time of determining the consolidation scope; as better described in *Note 6.7* "Other non-current financial assets" of the Explanatory Notes, in accordance with IFRS 10, with the assignment to the Trust and the removal of the "power of control" of SEA over Airport Handling – although the "risk & reward" element in relation to the trust remained applicable to SEA – the investment in Airport Handling was consequently deconsolidated.

At the same time, the Trust is required, in accordance with its incorporation deeds, to ensure the discontinuation on a structural basis (therefore also beyond the term of its mandate), providing as a guarantee the opening of the share capital of Airport Handling to a third party investor.

Against this background, and despite the developments of the institutional dialogue, on July 9, 2014 the European Commission decided to commence – in relation to the powers conferred to them concerning State Aid – a formal investigation, in order to best appreciate some aspects relating to the execution of the 2012 decision, particularly concerning the economic discontinuation between SEA Handling and Airport Handling and the possible occurrence of (further) presumed State Aid.

SEA chose to participate at the preliminary phase instigated by the European Commission through the publication of the decision of July 9, 2014 in the EU Official Gazette of February 6, 2015 and the simultaneous invitation to interested third parties to submit their observations in relation to the decision on Airport Handling. In this context, on March 30, 2015 SEA submitted its observations to the Commission, which confirmed its position that *i)* there was no economic continuation between SEA Handling and Airport Handling, with consequent inadmissibility of any claim for restitution of presumed State Aid from this latter company; *ii)* the initial capitalisation of Airport Handling does not represent in any manner further State Aid.

In greater detail, and with reference to the absence of economic continuity, SEA's arguments can be summarised as follows:

- the creation of the Trust and the assignment of the entire shareholding of SEA to Airport Handling should firstly be recalled, a circumstance which, in accordance with community best practice, ensures full economic and operational discontinuity: indeed, as illustrated above, the Trust represents the best guarantee of the operating and ownership autonomy between Airport Handling and the SEA Group, on the one hand, and between Airport Handling and SEA Handling on the other; the Board of Directors, appointed by the Trust, acts independently in executing actions to ensure the operational viability of the company on the free market;
- secondly, we should recall the overall mechanisms of the plan communicated by the Italian Authorities to the Commission, and relating to the exit from the market of SEA Handling and the entry of the new operator in the handling sector. This appears fully in line with the requirements of the European Union practice in similar cases, as there was no automatic transfer of goods or juristic relationships between SEA Handling and Airport Handling, or in relation to employee contracts or contracts with carriers/clients. The equipment lease contract of SEA Handling, of limited duration (expiring August 2015) and concluded at market prices (as proved by several appraisals conducted by independent Experts), is not considered – in view of similar precedents – as an indicator of economic continuation and consequently also from this viewpoint the utilization of the leased equipment may not be taken by the European Commission as an indicator of economic continuation.

Within the liquidation procedure of SEA Handling S.p.A., the liquidator undertook a tender process for transport vehicles, broken down into 9 similar lots. This tender was declared void as there were no requests for participation or requests in compliance with the tender conditions and terms.

Also following the negative outcome of the tender process, Airport Handling proposed to SEA Handling the purchase – at market conditions and based on independent valuation reports – of approx. 6 of the 9 used vehicle lots for sale by the liquidator of SEA Handling. Accordingly, it cannot be stated that all the equipment was purchased at non-market prices; on this point, it should also be noted that SEA Handling equipment has an average age of about 20 years and therefore, by definition, it cannot incorporate any undue use of alleged aid from SEA to SEA Handling in the period 2002-2010.

In relation to the non-consideration of the initial capitalisation of Airport Handling as State Aid, the considerations of SEA are summarised below:

- the financial resources that SEA transferred to Airport Handling are not under the constant control of the public shareholder and, therefore, they cannot be regarded as state assets. Moreover, the decision to invest in Airport Handling was made alongside the relevant and concomitant participation of the private investor and therefore it cannot be attributed to the State;
- it is therefore not possible to conceive how the investigation could reach the conclusion of a state origin and state responsibility (an essential condition for the qualification of State Aid) as the evidence presented in the commencement decision was not sufficient according to previous case law, or rather was based on declarations by politicians – the Transport Minister and the Mayor of Milan – and in any case was out of context and not relating to the capitalisation of Airport Handling, which took place in accordance with minimum capitalization requirements set out in art. 13 of Legislative Decree 18/1999 for carrying on the company's business;
- secondly, also based on an economic study, SEA considers that it may demonstrate that the investment satisfies the MEIP (Market Economy Investment Principle), therefore excluding any

undue advantage gained by Airport Handling from SEA's investment. For this purpose, SEA has provided the European Commission with evidence showing that, at the time of the investment, the industrial plan of Airport Handling appeared fully credible and capable of guaranteeing the independent economic equilibrium of the company in the medium-term and in any case such as not to impact the capital contributions made, including through subscription of share capital increases and equity financial instruments; the performance in the first year of operation is in line (actually markedly better, in some cases) with the business plan.

Based on the foregoing, restating the belief that the appeals presented by the Italian State, SEA Handling and the Municipality of Milan to the European Court (SEA joined the proceedings on a voluntary basis) are well founded and, consequently, that the presumed State Aid should not be repaid, it is considered – and supported by our legal experts –that the conditions under which the operation which resulted in SEA Handling's exit from the market and the entry of the new operator Airport Handling satisfy all the requirements imposed under European Commission common practice regarding "economic continuity", and establish therefore the full economic discontinuity between the two companies. Therefore, it is considered that upon completion of its investigation, which commenced on July 9, the European Commission may only find that its doubts concerning economic continuity and the existence of new aid are unfounded. For these reasons, it is considered correct to confirm the criteria adopted in the previous annual report and interim financial reports to not recognize any amount in the provision for risks and charges in the financial statements of SEA Handling in liquidation and/or receivables from the company in the financial statements of SEA, with reference to the restitution obligations of SEA Handling to SEA of presumed State Aid and/or the recording of a receivable for the restitution of State Aid by SEA; similarly, with reference to the sums transferred by SEA to the share capital of Airport Handling and to the subscription of the equity financial instruments by SEA, it is considered that these may be recovered through the disposal of the investment or the participation in future profits of the company (for the residual holding) which are considered realisable and not affected by the decision of the European Commission.

We also report that in December 2014 SEA together with the Trustee conferred the mandate to an independent financial advisor in order to identify potential investors for the acquisition of a shareholding in Airport Handling. In September 2015, the Trustee, which today is the only entity responsible for the sale of the stake, signed an agreement with dnata (Dubai National Air Travel Agency), a major international company of the Emirates Group and engaged in the airport handling sector, for the transfer of 30% of the shares of Airport Handling, which involves the simultaneous transfer of the same percentage of SFPs held by SEA in Airport Handling; upon completion of the transaction, dnata will be entitled to appoint the majority of the members of the board of directors, thereby assuming control over Airport Handling. The agreement, which has already been approved by the Antitrust Authority, also provides for an option in favour of dnata to purchase, an additional 40% of the shares (call option) and a corresponding share of SFPs upon the occurrence of certain conditions. The agreement also provides for certain safeguards in favour of dnata (put option) – namely the ability to resell 30% of the shares and the SFPs, respectively to the Trust and SEA – which can be exercised within specific deadlines, subject to the outcome of negotiations with the European Union regarding the alleged State Aid mentioned above.

Please note, that in February 2016, the Competition Authority decided that the current transaction does not determine, in accordance with Article 6, paragraph 1, of Law No. 287/90, the establishment or strengthening of a dominant position in the market such as to eliminate or substantially and durably reduce competition. The Authority specifically stated that "in the light of such agreements, the fact that dnata will be the sole shareholder and will be able to unilaterally take all strategic decisions for Airport Handling, for a period exceeding two years, is sufficient time to qualify the transaction as a lasting change of control of the undertakings concerned and, therefore, of the market structure." The transaction was completed on March 23, 2016 and, therefore, the portion of other financial assets held for sale was reclassified as "current".

Following dnata investment in Airport Handling, the latter company is valued at Euro 25 million, such amount being in line with the carrying amount of the assets recognized in the accounts. The transaction provides for the payment of Euro 7.5 million by dnata for the purchase of the first 30%, which will be subject to lien for a predefined period as guarantee by dnata pending the outcome of negotiations with the European Union, and Euro 10 million for the additional 40% interest (amounts to be divided proportionally between stocks and SFPs respectively held by the Trustee and SEA).

In the meantime, the Italian Government is pursuing discussions with the Commission, also in light of the initiatives introduced by the Trustee (including principally the sale of a portion of Airport Handling), confirming the position expressed by the company in its observations presented to the Commission on March 30, 2015.

Risk related to litigation for alleged abuse of dominant position in the acquisition of ATA Ali Trasporti Aerei – proceedings A474 brought by the Antitrust Authority (AGCM)

The Antitrust Authority commenced the proceedings following a complaint lodged by Cedicor Sociedad Anonima ("CEDICOR").

The Authority alleged that SEA abused its dominant position in violation of Article 102 of the Treaty for the Functioning of the European Union ("TFEU") within the tender for the sale of ASEA Prime SpA (formerly ATA Ali Trasporti Aerei S.p.A.). According to the reconstruction of the Antitrust Authority, SEA, exploiting its dominant position in the management of airport infrastructure, is accused of invoking the resolution of the Regulatory Agreement with SEA Prime SpA for the management of General Aviation infrastructures, in order to impede CEDICOR being awarded the acquisition of the company and thus prevent access to the market of a potential competitor in the infrastructure management and General Aviation handling services.

SEA, supported by its legal team, sustains the correctness of its conduct.

However, despite the defence put forward by SEA, on April 2, 2015 the Antitrust Authority concluded the proceedings, establishing:

- that SEA carried out an abuse of a dominant position in breach of Article 102 of the Treaty for the Functioning of the European Union ("TFEU"), having impeded the tender put in place for the sale of SEA Prime SpA and Prime AviationServices SpA (formerly ATA Ali Servizi SpA), in order to prevent the entry of CEDICOR into the General Aviation Airport infrastructure market and the General Aviation Handling services market;
- the issue to SEA of a total monetary penalty of Euro 3,365 thousand, to be paid within 30 days from the notification of the Provision, therefore by May 1, 2015.

On June 13, 2015, SEA filed an appeal against this decision at the Regional Administrative Court ("TAR"). The hearing is scheduled for December 6, 2016.

Although considering, in light of the above-stated circumstances, that there are strong arguments to overturn the decision at subsequent levels of judgement, SEA decided to proceed with the payment of the penalty, taking account that the extension of the procedural timings following the notification of the appeal to CEDICOR in Argentina, made it highly improbable that a hearing would be set in the short-term. The penalty was paid on July 8, 2015, in compliance with the deadline, to ensure that further interest does not mature.

The key financial highlights at December 31, 2015 and for the previous year of the subsidiaries and associated companies prepared in accordance with Italian GAAP are shown below.

(In thousands of Euro)	Assets	Liabilities	Revenues	Profit/(loss)	Net equity	Pro-quota net equity	% holding
	As at December 31, 2015 and for the year ended December 31, 2015						
Subsidiaries							
SEA Handling in liquidation SpA	11,502	3,028	5,022	3,238	8,474	8,474	100.00%
SEA Energia SpA	69,385	51,951	49,336	635	17,434	17,434	100.00%
SEA Prime SpA	17,735	10,874	13,931	1,757	6,861	6,747	98.34%
Consorzio Malpensa Construction	414	226	299	3	188	96	51.00%
Associates							
Dufrital SpA	76,373	49,086	149,289	5,784	27,287	10,915	40.00%
SACBO SpA	225,760	102,174	116,944	12,387	123,586	38,286	30.979%
SEA Services Srl*	5,486	3,170	9,669	687	2,316	926	40.00%
Malpensa Logistica Europa SpA	19,969	9,919	34,097	1,459	10,050	2,513	25.00%
Disma SpA	14,189	7,100	6,392	884	7,089	1,329	18.75%

(In thousands of Euro)	Assets	Liabilities	Revenues	Profit/(loss)	Net equity	Pro-quota net equity	% holding
	As at December 31, 2014 and for the year ended December 31, 2014						
Subsidiaries							
SEA Handling in liquidation SpA	16,289	25,453	80,434	(27,034)	(9,164)	(9,164)	100.00%
SEA Energia SpA	69,530	52,731	52,606	(653)	16,799	16,799	100.00%
SEA Prime SpA	16,158	11,054	14,663	(750)	5,104	5,020	98.34%
Consorzio Malpensa Construction	539	354	578	7	185	94	51.00%
Associates							
Dufrital SpA	67,073	45,571	131,493	5,412	21,502	8,601	40.00%
SACBO SpA	219,830	104,237	101,252	5,323	115,593	35,810	30.979%
SEA Services Srl	6,096	3,827	10,565	640	2,269	908	40.00%
Malpensa Logistica Europa SpA	19,514	10,923	32,244	1,646	8,591	2,148	25.00%
Disma SpA	16,155	8,200	6,768	1,153	7,954	1,491	18.75%

* *Financial statements for the year ended 30/09/2015.*

6.5 AFS Investments

The breakdown of the "AFS investments" at December 31, 2015 and at December 31, 2014 is shown below:

Company	% held at December 31, 2015	% held at December 31, 2014
Aeropuertos Argentina 2000 SA	8.5%	8.5%
Consorzio Milano Sistema in liquidation	10%	10%
Romairport SpA	0.227%	0.227%
Sita Soc. Intern. de Télécom. Aéronautiques (Belgian company)	12 shares	10 shares

The following table reports the changes for the years 2015 and 2014 of the AFS investments:

Available-for-sale-investments

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Aeropuertos Argentina 2000 SA	0	0
Consorzio Milano Sistema	25	25
Romairport SpA	1	1
Sita Soc. Intern. de Télécom. Aéronautiques	0	0
Total available-for-sale investments	**26**	**26**

AA2000

The investment of SEA in the share capital of Aeropuertos Argentina 2000 (hereafter AA2000) amounted to 8.5% following the conversion, by the Argentinian 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 the entire 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 the acquisition of the above-mentioned shares. After a period of 5 years of a rejection from ORSNA to the sale of 8.5% of the shares of AA2000 to CEDICOR, and in the absence of receiving this authorisation by CEDICOR and/or third parties, the contract will terminate and SEA will maintain all rights and obligations related to shares of AA2000 except in relation to the consideration received by SEA and dividends received and/or additional shares subscribed by CEDICOR during this 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 the authorisation from ORSNA and in particular:

- notify the transfer of the shares of AA2000 to ORSNA or other relevant Argentinian authorities;
- sign necessary documentation and undertake the relative bureaucratic procedures in order to obtain the authorisation from ORSNA.

At the date of this document, ORSNA has not yet formalized its authorization for the sale of the investment to CEDICOR; accordingly, SEA still holds 8.5% of AA2000 share capital; the carrying amount of the investment was therefore left unchanged at Euro 1.

6.6 Deferred tax assets

The changes in the net deferred tax assets for the year 2015 are shown below:

Net deferred tax assets

(In thousand of Euro)	At December 31, 2014	Release / recognition to P&L	Release / recognition to equity	At December 31, 2015
Restoration provision as per IFRIC 12	36,167	(1,627)		34,540
Write-down property, plant and materials (impairment test)	15,482	(1,149)		14,333
Provision for risks & charges	9,271	2,080		11,351
Non-deductible doubtful debt provision	12,019	(3,179)		8,840
Labour disputes	2,307	(2,307)		0
Fair value measurement of derivatives	3,407		820	2,587
Discounting Employee Leaving Indemnity (IAS 19)	3,487	(452)	(513)	2,522
Normal maintenance on assets under concession	1,248	1,673		2,921
Expected tax losses of SEA Handling in liquidation net of benefit	1,329	(1,287)		42
Others	193	(61)		132
Total deferred tax assets	**84,910**	**(6,309)**	**(1,333)**	**77,268**
Accelerated deprec. & lower deprec. from first time application of IFRS	37,104	(5,708)		31,396
Discounting Employee Leaving Indemnity (IAS 19)	1,781	(227)		1,554
Finance lease	125	(125)		0
Others	19	(18)		1
Total deferred tax liabilities	**39,029**	**(6,078)**	**0**	**32,951**
Total net deferred tax assets	**45,881**	**(231)**	**(1,333)**	**44,317**

On December 30, 2015, the 2016 Stability Law was published on the Official Journal; the said law amends the corporate income tax rate with effect as of the financial years ended December 31, 2016. The corporate income tax rate will be reduced from the current 27.5% to 24%; this reduction required making an assessment in the financial statements for 2015 of all items recorded in deferred tax assets and deferred tax liabilities that will reverse after the 2016 financial statements using the new tax rate. The adjustment had a negative impact of Euro 4,972 thousand on the Income Statement, which was recognized under "Income Taxes". Reference should be made to *Note 7.12*.

6.7 Other current and non-current financial assets

The breakdown of current and non-current financial assets at December 31, 2015 and at the end of the previous year is reported below:

Other financial assets

	At December 31, 2015		At December 31, 2014	
(In thousands of Euro)	Current portion	Non-current portion	Current portion	Non-current portion
Other financial assets	7,190	16,776	-	23,966
Total other financial assets	**7,190**	**16,776**	**-**	**23,966**

The balance of current and non-current financial assets relates to the capital paid in favour of Airport Handling less write-downs made in 2013 and 2014 totalling Euro 1,034 thousand, against the losses generated before the disposal to the Trust.

The company was incorporated on September 9, 2013 with a share capital of Euro 10 thousand, fully paid-in by the sole shareholder SEA on September 27, 2013. On October 30, 2013, the Extraordinary Shareholders' Meeting of Airport Handling approved the share capital increase up to a maximum of Euro 90 thousand, to be offered as options to the shareholder SEA – entirely subscribed with the payments in November 2013 and February 2014.

On April 3, 2014, the Ordinary Shareholders' Meeting of Airport Handling approved the share capital increase up to a maximum of Euro 2,500 thousand to be offered as options to the shareholder SEA. The first tranche of Euro 500 thousand was subscribed in the Shareholders' Meeting and paid-in simultaneously by the shareholder SEA. The two subsequent tranches were paid by SEA in June 2014 (Euro 710 thousand) and July 2014 (Euro 1,290 thousand) on the request of the Board of Directors of Airport Handling.

On June 30, 2014, the Board of Directors of SEA SpA approved the incorporation of the Trust "Milan Airport Handling Trust", registered in Jersey, Channel Islands, in order to adopt the best possible procedure to implement the discontinuation with the handling activity, previously undertaken by SEA Handling SpA, in accordance with the terms and conditions of the incorporation deed of the Milan Airport Handling Trust.

On August 27, 2014, the Shareholders' Meeting of Airport Handling Srl approved the share capital increase to Euro 5,000 thousand through the use of future share capital payments. On the same date, SEA, the sole shareholder of Airport Handling, with the signing of the Trust Deed transferred to the "Milan Airport Handling Trust": *i)* the entire nominal investment of Euro 5,000 thousand; *ii)* all rights to this latter relating to the share capital increase of Airport Handling. This was undertaken without any consideration and in accordance with the Trust Deed.

Subsequent to this transfer of ownership, on August 27, 2014, Airport Handling Srl was converted into a limited liability company, with the appointment of new corporate boards and the issue of 20,000 Equity Financial Instruments (EFI) of a value of Euro 1 thousand each, subscribed by SEA SpA, with the approval of the sole shareholder Milan Airport Handling Trust. These instruments are equity-based (therefore not subject to any repayment obligation of the amount contributed by SEA), without administrative rights but similar to shares in terms of equity rights; in particular these instruments provide profit-sharing and reserve rights and rights to other equity items, also on the winding up of the company. On August 28, 2014, SEA executed the payment of Euro 20,000 thousand.

We also report that in December 2014 SEA together with the Trustee conferred the mandate to an independent financial advisor in order to identify potential investors for the acquisition of a shareholding in Airport Handling. In September 2015, the Trustee, which today is the only entity responsible for the sale of the stake, signed an agreement with dnata, a major international company engaged in the airport handling sector, for the transfer of 30% of the shares of Airport Handling, which involves the simultaneous transfer of the same percentage of equity financial instruments held by SEA in Airport Handling. Under the the agreement dnata is also given both an option to purchase an additional 40% of the shares and SFPs of Airport Handling and the right to have a majority within the board of directors.

In February 2016, the Competition Authority decided that the current transaction does not determine, in accordance with Article 6, paragraph 1, of Law no. 287/90, the establishment or strengthening of a dominant position in the market such as to eliminate or substantially and durably reduce competition. The transaction was completed on March 23, 2016. This resulted in the reclassification of the 30% stake to the current portion of other financial assets (Euro 7,190 thousand).

Following dnata investment in Airport Handling, the latter company is valued at Euro 25 million. The transaction provides for the payment of Euro 7.5 million by dnata for the purchase of the first 30% and Euro 10 million for the additional 40% interest (amounts to be divided proportionally between stocks and SFPs respectively held by the Trustee and SEA). Accordingly, the Directors consider that there are no reasons at this time to change the amounts recognized in these financial statements.

6.8 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, 2015	At December 31, 2014
Receivables from the State for grants under Law 449/85	1,329	1,321
Other receivables	268	275
Total other (non-current) receivables	**1,597**	**1,596**

Receivables from the State for grants under Law 449/85, amounting to Euro 1,329 thousand (Euro 1,321 thousand at December 31, 2014) concern receivables based on the "Regulatory 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. For a better presentation of the figures in the financial statements, this item and the comparable data were reclassified from "Other current receivables".

The other receivables principally refer to receivables from employees and guarantee deposits.

6.9 Inventories

The table below reports the breakdown of "Inventories":

Inventories

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Raw materials, consumables and supplies	5,100	5,701
Provision for inventory obsolescence	(300)	-
Total inventories	**4,800**	**5,701**

The account includes consumable materials for airport activities; no goods held in inventories were pledged as guarantee on loans or other commitments at such dates.

Inventories at the end of the year were adjusted to their estimated realizable or replacement value via a special obsolescence provision of Euro 300 thousand.

6.10 Trade receivables

The breakdown of "Trade receivables" at December 31, 2015 and for the previous year are shown below:

Trade receivables

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Customer receivables	72,245	93,909
Trade receivables from subsidiaries	2,447	7,534
Trade receivables from associates	10,781	8,770
Total trade receivables	**85,473**	**110,213**

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 will take account of valuations regarding the state of the dispute and are subject to estimates, which are described, in the previous paragraph 3, to which reference should be made.

The changes in the doubtful debt provision were as follows:

Doubtful debt provisions

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Opening provision	88,051	77,633
Net Increases/(decreases)	(5,542)	13,230
Utilisation	(618)	(2,812)
Closing doubtful debt provision	**81,891**	**88,051**

The net release of provisions in the year amounted to Euro 5,542 thousand (net increases of Euro 13,230 thousand in 2014) 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 relating to the year 2015, amounting to Euro 618 thousand, refer to the closure during the year of disputes in which the provisions were accrued to cover such risks in previous years. Compared to the prior year, the change in trade receivables at December 31, 2015 is mainly related to the non-recourse factoring agreement entered into by the Company as of the second half of 2015.
For details on the aging of the receivables reference should be made to *Note 4.1*.
The reduction in trade receivables from subsidiaries is due to the cessation of operations by the subsidiary SEA Handling, which took place on August 31, 2014.
For receivables from subsidiaries and associated companies, reference should be made to *Note 8*, relating to transactions with Related Parties.

6.11 Current financial receivables

The account "Current financial receivables" amounts to Euro 36,311 thousand at December 31, 2015 (Euro 37,638 thousand at December 31, 2014) and relates entirely to financial receivables from subsidiaries. In particular, the balance at December 31, 2015 is comprised of Euro 36,306 thousand from cash pooling receivables from SEA Energia. Reference should be made to *Note 8* relating to transactions with Related Parties.

6.12 Tax receivables

The account "Tax receivables" amounts to Euro 11,666 thousand at December 31, 2015 (Euro 14,267 thousand at December 31, 2014) 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 10,384 thousand at December 31, 2014), for Euro 1,026 thousand the IRAP receivable deriving from the higher payments on account paid in June and November compared to the 2015 IRAP charge.

6.13 Other receivables

The breakdown of the "Other receivables" is shown below:

Other receivables

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Other receivables	6,792	7,886
Receivables from employees and social security institutions	247	1,111
Receivables from the Ministry for Communications for radio bridge	3	3
Receivables from the State under SEA/ Min. Infras. & Transp. case	-	1,734
Total other receivables	**7,042**	**10,734**

The account "Other current receivables" amounts to Euro 7,042 thousand at December 31, 2015 (Euro 10,734 thousand at December 31, 2014) and is comprised of the accounts outlined below.
Other receivables, amounting to Euro 6,792 thousand at December 31, 2015 (Euro 7,886 thousand at December 31, 2014) refer to miscellaneous receivables (reimbursements, advances to suppliers, insurance company receivables, arbitration with sub-contractors and other minor items).
Employee and social security receivables, amounting to Euro 247 thousand at December 31, 2015 (Euro 1,111 thousand at December 31, 2014), mainly refer to the receivable from INPS and the "Solidarity Contract Aviation Fund" (expired in 2014) paid to employees on behalf of those institutions. The decrease is mainly due to collections during the year.
The receivable from the Ministry for Communications amounting to Euro 3 thousand at December 31, 2015 (Euro 3 thousand at December 31, 2014) 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.
Receivables from the State under SEA/Ministry for Infrastructure and Transport case, for Euro 3,889 thousand, following the judgement of the Court of Cassation, which recognized to the Company the non-adjustment of handling tariffs for the period 1974-1981, in addition to interest and expenses incurred by the Company, are entirely covered by the doubtful debt provision (Euro 1,734 thousand at December 31, 2014), and relate to the residual amount not yet received from the Ministry for Infrastructure and Transport, in addition to interest accrued up to December 31, 2014.

6.14 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, 2015	At December 31, 2014
Bank and postal deposits	55,197	30,212
Cash in hand and at bank	74	113
Total	**55,271**	**30,325**

The available liquidity at December 31, 2015 is comprised of the following assets: bank and postal deposits on demand for Euro 53,173 thousand (Euro 28,439 thousand at December 31, 2014), restricted bank deposits, which cover the quota of European Investment Bank loans due in the coming 12 months, for Euro 2,024 thousand (Euro 1,773 thousand at December 31, 2014) and cash amounts for Euro 74 thousand (Euro 113 thousand at December 31, 2014).
For further information on changes in cash and cash equivalents, please refer to the Cash Flow Statement.

6.15 Shareholders' Equity

Share capital

At December 31, 2015, the share capital of SEA is comprised of 250,000,000 shares of a value of Euro 0.11 each, with a total value of Euro 27,500 thousand.

Legal and extraordinary reserve

At December 31, 2015 the legal reserve of SEA amounts to Euro 5,500 thousand while the extraordinary reserve amounts to Euro 119,163 thousand (Euro 113,706 thousand at December 31, 2014), with the increase of Euro 5,457 thousand following the allocation of the profit for the year 2014.

AFS reserve (Available for sale)

The AFS reserve at December 31, 2015, equal to Euro 1, represents the investment held by SEA in AA2000 based on the agreement with CEDICOR as described in *Note 6.5*.

Cash flow hedge reserve

The balance of the reserve at December 31, 2015, amounting to Euro -7,791 thousand (Euro -8,982 at

December 31, 2014), relates to the change in the fair value of the effective part of the derivative hedge contracts listed at *Note 4.2*.

Actuarial profit/loss reserve

The balance of the reserve at December 31, 2015, equal to Euro -5,045 thousand (Euro -6,397 thousand at December 31, 2014), represents the actuarial losses matured at the balance sheet date on the Post-Employment Benefits provision.

Other reserves

The other reserves, amounting to Euro 60,288 thousand at December 31, 2015, refer entirely to the reserves recorded in accordance with the revaluation laws 576/75, 72/83 and 413/91.

Distribution of dividends

On April 30, 2015, the Shareholders' Meeting approved the distribution of dividends of Euro 50,925 thousand and the carrying forward to reserves of Euro 5,457 thousand, relating to the allocation of the 2014 net profit, amounting to Euro 56,382 thousand.

Available reserves

In accordance with Article 2427, No. 7-*bis* of the Civil Code, the equity accounts and their availability and possibility for distribution are reported below.

(In thousands of Euro)	At December 31, 2015	Possibility for utilisation*	Portion available	Utilisations in last three years
Share capital	27,500			
Legal reserve	5,500	B		
Extraordinary reserve	119,164	A,B,C	119,164	
First time application of IFRS reserve[1]	23,686	A,B,C	13,923	
AFS Reserve	0			
Cash flow hedge reserve	(7,791)			
Actuarial profit/loss reserve	(5,045)			
Other reserves[2]:				
- Revaluation under Law 576/76	3,649	A,B,C	3,649	
- Revaluation under Law 72/83	13,557	A,B,C	13,557	
- Revaluation under Law 413/91	43,082	A,B,C	43,082	
Total	**223,302**		**193,375**	
Total non-distributable portion		**29,927**		

Key

* *A: increase in capital; B: coverage of losses; C: distribution to shareholders.*

1 *In view of Art. 7 of Legislative Decree No. 38/2005, the reserve can be used for an amount of Euro 13,923 thousand (A, B, C). The difference of Euro 9,763 thousand is entirely unavailable.*

2 *Reserves for suspension of taxes*

6.16 Provisions for risks and charges

The changes in the "Provisions for risks and charges" in the year are reported below:

Provision for risks and charges

(In thousands of Euro)	At December 31, 2014	Provisions/ increases	Utilisation	Releases	At December 31, 2015
Provision for restoration & replacement	134,136	14,150	(12,218)		136,068
Provision for future charges	46,791	10,960	(9,134)	(9,440)	39,177
Total provision for risks and charges	**180,927**	**25,110**	**(21,352)**	**(9,440)**	**175,245**

The restoration and replacement provision on assets under concession, created in accordance with IFRIC 12, amounting to Euro 136,068 thousand at December 31, 2015 (Euro 134,136 thousand at December 31, 2014), 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 provision for the year takes into account the updated long-term scheduled maintenance and replacement plans on these assets.
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, 2014	Provisions/ increases	Utilisation	Releases	At December 31, 2015
Employment provisions	8,390	2,641	(2,999)		8,032
Disputes with contractors	550				550
Tax risks	1,000	3,571			4,571
Other provisions	36,851	4,748	(6,135)	(9,440)	26,024
Total provisions for future charges	**46,791**	**10,960**	**(9,134)**	**(9,440)**	**39,177**

The employee provisions relate to the expected streamlining actions to be undertaken on operations. The utilisations in the year are related to the incentivised departures during the year. The "Tax risks" provision of Euro 4,571 thousand was allocated as a result of the technical and administrative tax audit, commenced in 2015 by the Customs Office at Malpensa and Linate airports regarding the sale of electricity and aimed at ascertaining the correct fulfilment of excise duty obligations under Legislative Decree No. 504/1995 (T.U.A). The amount of the provision is commensurate to the tax assessed and the potential penalties to be paid to the tax authorities in order to settle SEA's payable resulting from the reports of findings, issued at the end of the tax audit. The account "other provisions" for Euro 26,024 thousand at December 31, 2015 (Euro 36,851 thousand at December 31, 2014) is mainly composed of the following items:

- Euro 15,480 thousand for legal disputes related to the operational management of the Milan Airports;
- Euro 8,000 thousand relating to charges from the acoustic zoning 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 given the final approval, unlike the Airport Commission of Linate;
- Euro 1,663 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.

Based on the progress of disputes at the preparation date of these accounts, and also based on the opinion of the consultants representing the Company in the disputes, the provisions are considered sufficient to cover potential liabilities.

6.17 Employee provisions

The changes in the employee provisions in 2015 are shown below:

Employee benefit provisions

(In thousands of Euro)	At December 31, 2015
Opening provision	49,031
Financial (income) / charges	801
Utilisation	(1,179)
Actuarial (gains) / losses directly recognized in equity	(1,865)
Total employee provisions	**46,788**

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:

Financial assumptions	At December 31, 2015
Annual discount rate	2.03%
Annual inflation rate	1.50% for 2016
	1.80% for 2017
	1.70% for 2018
	1.60% for 2019
	2.0% from 2020 onwards
Annual Employee Leaving Indemnity increase	2.625% for 2016
	2.850% for 2017
	2.775% for 2018
	2.70% for 2019
	3.0% from 2020 onwards

The annual discount rate, utilised for the establishment of the present value of the bond, was based on the Iboxx Eurozone Corporate AA index.
The sensitivity analysis for each of the significant assumptions at December 31, 2015 is shown below, indicating the effects that would arise on the post-employment benefit provision.

Change in assumptions

(In thousands of Euro)	At December 31, 2015
+ 1 % on turnover	46,638
- 1 % on turnover	46,956
+ 1/4 % on the annual inflation rate	47,550
- 1/4 % on the annual inflation rate	46,041
+ 1/4 % on the annual discount rate	45,595
- 1/4 % on the annual discount rate	48,026

The average duration of the financial obligation and scheduled payments of the benefits are reported in the following tables:

Average financial duration of the obligation

(In years)	At December 31, 2015
Duration of the plan	11.1

Scheduled disbursements

(In thousands of Euro)	At December 31, 2015
Year 1	1,992
Year 2	2,067
Year 3	2,103
Year 4	1,955
Year 5	2,643

6.18 Current and non-current financial liabilities

The breakdown of current and non-current financial liabilities at December 31, 2015 and at the end of the previous year is reported below:

	At December 31, 2015		At December 31, 2014	
(In thousands of Euro)	**Current portion**	**Non-current portion**	**Current portion**	**Non-current portion**
Bank payables	16,821	272,110	65,342	230,287
Payables to other lenders	11,110	297,665	10,064	297,479
Total financial liabilities	**27,931**	**569,775**	**75,406**	**527,766**

The breakdown of the accounts is shown below:

	At December 31, 2015		At December 31, 2014	
(In thousands of Euro)	**Current portion**	**Non-current portion**	**Current portion**	**Non-current portion**
Long-term loans	15,456	260,853	63,845	216,994
Loan charges payables	1,365		1,497	
Short-term loans				
Fair value derivatives		11,257		13,293
Bank payables	**16,821**	**272,110**	**65,342**	**230,287**
Bond payables		297,580		297,159
Bond charge payables	6,609		6,626	
Subsidised loans		85		
Financial payables to subsidiaries	4,012		2,306	
Leasing payables	489		1,132	320
Payables to other lenders	**11,110**	**297,665**	**10,064**	**297,479**
Total current and non-current liabilities	**27,931**	**569,775**	**75,406**	**527,766**

As illustrated in the table above, the Company debt primary consists of medium/long term bank loans and the bond issued on April 17, 2014, the "SEA 3 1/8 2014-2021".

The principal features of the bond are as follows:

- Types of bonds: senior, unsecured, non-convertible, in minimum denominations of Euro 100 thousand and exclusively targeting qualified and institutional investors;
- Issue price: at par;
- Value: Euro 300 million;
- Interest rate: 3.125% fixed annual coupon;
- Duration: 7 years, with single repayment on maturity, except for advanced repayment possibilities established under the Loan regulation and in line with market practices;
- Listing: regulated market managed by the Irish Stock Exchange;
- Covenants: typical international practice for the issue of such bonds, such as the Limitation of Indebtedness or rather to maintain a Net Financial Position/EBITDA maximum of 3.8. The covenant has been complied with to date.

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, 2015:

(In thousands of Euro)	At December 31, 2015
Future lease instalments until contract maturity	331
Implied interest	(11)
Present value of instalments until contract maturity	**320**
Amounts for unpaid invoices	169
Total payables for leasing (current and non-current)	**489**

For further information on loans received in 2015, the principal features of these loans and Company repayment schedules reference should be made to *Note 4*.

The breakdown of the Company net financial debt at December 31, 2014 and December 31, 2015, in accordance with CONSOB Communication of July 28, 2006 and ESMA/2011/81 recommendations are reported below:

(In thousands of Euro)		At December 31, 2015	At December 31, 2014
A.	Cash	(55,271)	(30,325)
B.	Other liquidity	-	-
C.	Held-for-trading securities	-	-
D.	**Liquidity (A) + (B) + (C)**	**(55,271)**	**(30,325)**
E.	**Financial receivables**	**(36,311)**	**(37,638)**
F.	Current financial payables	4,012	2,306
G.	Current portion of medium/long-term bank loans	15,456	63,845
H.	Other current financial payables	8,463	9,255
I.	**Payables and other current financial liabilities (F) + (G) + (H)**	**27,931**	**75,406**
J.	**Net current financial debt (D) + (E) + (I)**	**(63,651)**	**7,443**
K.	Non-current portion of medium/long-term bank loans	260,853	216,994
L.	Bonds issued	297,580	297,159
M.	Other non-current financial payables	11,342	13,613
N.	**Payables & other non-current financial liabilities (K) + (L) + (M)**	**569,775**	**527,766**
O.	**Net debt (J) + (N)**	**506,124**	**535,209**

At the end of December 2015, the net financial position amounted to Euro 506,124 thousand, improving by Euro 29,085 thousand compared to the end of 2014 (Euro 535,209 thousand).

As illustrated in the Cash Flow Statement, the level of net financial debt was impacted by the fact that the cash flow generated from the operating activity of Euro 185,598 thousand was sufficient to offset the cash flow absorbed by investing activity (Euro 91,886 thousand) and that absorbed by financing activity for the payment of dividends and interest and commissions (respectively of Euro 50,916 thousand and Euro 18,723 thousand); the following events affected financing activities*: i)* the increase in cash and cash equivalents of Euro 24,945 thousand (Euro 55,271 thousand at the end of 2015 compared with Euro 30,325 in 2014); *ii)* the drawdown at the end of June 2015 of new medium/ long-term loans of Euro 60,000 thousand from the EIB at variable interest rates and with twenty year maturity; *iii)* the repayment of Euro 50,000 thousand on the Mediobanca 2013 Term Loan, maturing May 2015; and *iv)* periodic amortization of loans outstanding with a total outlay of Euro 13,398 thousand.

6.19 Trade payables

The breakdown of the "Trade payables" is shown below:

Trade payables

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Supplier payables	141,686	143,789
Advances	7,344	11,114
Payables to subsidiaries	8,233	10,398
Payables to associated companies	2,945	2,555
Total trade payables	**160,208**	**167,856**

Trade payables of Euro 160,208 thousand at December 31, 2015 refer to the purchase of goods and services relating to the operating activity and investments. In order to optimise operations with suppliers, trade payables at December 31, 2015 include sums ceded by suppliers under indirect factoring contracts for Euro 12,975 thousand (Euro 17,375 at December 31, 2014).

Payables for advances at December 31, 2015, amounting to Euro 7,344 thousand, decreased by Euro 3,770 thousand compared to the previous year, mainly due to the progress of construction work related to the railway station at Malpensa Terminal 2, for which in FY 2014 the Company had obtained a 50% advance on the grant approved by the European Union.

No changes are to be reported with regard to the payments received in the previous year and recognized as "advances payable", following judgement No. 12778/2013 declared by the Milan Court concerning the case taken by SEA against the Customs Agency of Euro 5,631 thousand for the undue occupation of spaces at the airports of Linate and Malpensa.

The remainder of payables on account mainly relate to payments on account by clients.

For payables from subsidiaries and associated companies, reference should be made to *Note 8*, relating to transactions with Related Parties.

6.20 Income tax payables

Payables for income taxes, amounting to Euro 62,258 thousand at December 31, 2015 (Euro 59,764 thousand at December 31, 2014), mainly relate to additional boarding rights created by Law No. 166/2008, No. 350/2003, No. 43/2005, No. 296/2006 and No. 92/2012 for Euro 38,233 thousand (Euro 48,119 thousand at December 31, 2014), income tax payables of Euro 16,663 thousand (Euro 1,049 thousand at December 31, 2014), payables relating to higher IRES income tax paid by the Subsidiaries (within the Tax Consolidation) the refund of which was requested in March 2013 through the consolidating company, for failure to deduct from IRES the IRAP regional tax on personnel costs relating to the years 2007/2011, for Euro 1,069 thousand (Euro 1,069 thousand at December 31, 2014), tax consolidation payable of Euro 848 thousand (Euro 5.436 thousand at December 31, 2014), employee and consultant's withholding taxes of Euro 4,611 thousand (Euro 4,091 thousand at December 31, 2014), VAT payable of Euro 832 thousand and miscellaneous tax payables of Euro 2 thousand.

As of FY 2013 SEA has joined the national tax consolidation with the subsidiary SEA Handling SpA in liquidation (notification to the Revenue Agency dated June 10, 2013); the national consolidation regime will be applicable for three years and will expire at year end 2015.

6.21 Other current and non-current payables

The breakdown of the account "Other current and non-current payables" at December 31, 2015 is shown below:

Other current payables

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Payables to social security institutions	12,198	11,330
Payables to others	90,724	81,900
Payables to shareholders for dividends	57	49
Total other current payables	**102,979**	**93,279**

The breakdown of "Other payables" is as follows:

(Current) payables to others

(In thousands of Euro)	At December 31, 2015	At December 31, 2014
Payables due to employees for amounts accrued	11,148	11,987
Payables due to employees for untaken holidays	3,146	3,597
Payable to the State for firefighting services at the airports	46,714	40,552
Payables due to the State for concession charges	11,504	11,311
Payables due to the State for security concession services	70	69
Payables due to third parties for ticket collection	925	1,188
Third party guarantee deposits	1,303	515
Payables to Directors and Statutory Auditors	187	187
Other	15,727	12,494
Total (current) payables to others	**90,724**	**81,900**

The balance of " Other current payables " shows an increase of Euro 9,700 thousand, from Euro 93,279 thousand at December 31, 2014 to Euro 102,979 thousand at December 31, 2015.

This change reflects the increase in payables to social security institutions of Euro 868 thousand, due to higher pension and social security costs related to wage increases, defined upon renewal of the collective labour contract signed in the second half of 2014, and the increase in payables to other lenders of Euro 8,824 thousands.

The increase in payables to other lenders of Euro 8,824 thousand is due to: *i)* higher charges of Euro 6,162 thousand for the contribution of the Company to the airport fire protection service under Law No. 296 of December 27, 2006; *ii)* lower employee payables for accrued salaries, for Euro 839 thousand, which in the prior year were more markedly affected by the leaving incentive agreement signed and to be paid the following year; *iii)* increase in the item "Other" for Euro 3,233 thousand. The account "others", amounting to Euro 15,727 thousand at December 31, 2015 (Euro 12,494 thousand at December 31, 2014), mainly relates to deferred income from clients for future periods and other minor payables. The increase of Euro 3,233 thousand is mainly due to the timing in the definition of tariffs under the Regulatory Agreement and the signing of trade agreements, which enabled the billing of amounts in 2015 that refer to the year 2016.

In relation to the payables to the State for airport fire protection services the appeal made before the Rome Civil Court against the payment of this contribution is still pending.

At December 31, 2015, as in the previous year, the Company had no other non-current payables.

6.22 Payables and receivables beyond five years

There are no receivables over five years.

The financial payables over 5 years amount to Euro 177,308 thousand relates to the repayment of principal on medium/long-term loans at December 31, 2015 and Euro 300,000 thousand relates to the bond issued on April 17, 2014.

7. Income Statement

7.1 Operating revenues

The breakdown of operating revenues by business unit is reported below:

Operating revenues by Business Unit

(In thousands of Euro)	2015	2014
Aviation	395,891	386,535
Non Aviation	217,098	205,580
Total operating revenues	**612,989**	**592,115**

The breakdown of Aviation operating revenues is reported below.

Aviation operating revenues

(In thousands of Euro)	2015	2014
Centralised infrastructure and rights	332,147	315,218
Operating revenues from security controls	48,832	49,207
Use of regulated spaces	14,912	14,631
Free asset transfer	-	7,479
Total Aviation operating revenues	**395,891**	**386,535**

Aviation revenue in 2015 increased Euro 9,356 thousand compared to the previous year, from Euro 386,535 thousand in 2014 to Euro 395,891 thousand in 2015. This growth was supported by the tariff adjustment defined in the Regulatory Agreement and the increase in passenger and cargo traffic resulting from: *i)* the activation of new routes and more frequent flights on existing routes, *ii)* positive performance of intercontinental routes *iii)* attracting new carriers and, *iv)* the signing of new bilateral agreements with China, Seychelles and Tanzania. Cargo traffic in terms of volumes achieved record figures, exceeding 500 thousand tonnes of cargo transported.

This increase is even more significant considering that FY2014 benefited from the positive effect of the temporary transfer of traffic to Malpensa from Orio al Serio, due to resurfacing works of the Bergamo runway, and the free transfer, for an amount of Euro 7,479 thousand, of the building and related appurtenances constructed by the company De Montis Spa in 1997-1998, inside the Milan Malpensa airport.

The breakdown of Non Aviation operating revenues is reported below.

Non Aviation operating revenues

(In thousands of Euro)	2015	2014
Retail	86,386	76,693
Parking	57,160	56,669
Cargo spaces	11,699	11,067
Advertising	12,005	9,653
Services and other revenues	49,848	51,498
Total Non Aviation operating revenues	**217,098**	**205,580**

The breakdown of retail revenues is reported below.

Retail Revenues

(In thousands of Euro)	2015	2014
Shops	44,603	37,899
Food & Beverage	16,730	15,667
Car Rental	14,364	13,977
Banking	9,542	8,093
Others	1,147	1,057
Total Retail	**86,386**	**76,693**

Non Aviation revenues increased Euro 11,518 thousand mainly due to the strong performances of: *i)* Retail revenues, with growth of Euro 9,693 thousand following the higher royalties accrued on concessions for shops. These revenues were positively impacted by the increase in passenger traffic and the redesign of the retail area at Malpensa Terminal 1, characterized by a new circulation layout, the opening of the large new Dufrital duty free shop serving all Schengen and Non-Schengen passengers and new shops with prestigious brands in the "Piazza del Lusso", inaugurated in May 2014; *ii)* Parking revenue with an increase of Euro 491 thousand which reflect a strong trade policy, characterized by ongoing communication activities, tariff differentiation according to customer needs and seasonality and constant renewal of the sales channels, despite construction works for the railway station at Malpensa Terminal 2 had a negative impact on the number of places available; *iii)* Advertising revenues with an increase of Euro 2,352 attributable to the "premium perception" of Malpensa airport by investors following the redevelopment works and the promotional investments related to EXPO.

"Services and other revenues" mainly relate to income from the premium services (access to VIP lounges and hospitality services), design services, ticketing services, service activities and other income.

7.2 Revenue for works on assets under concession

Revenues for works on assets under concession decreased from Euro 63,466 thousand in 2014 to Euro 52,384 thousand in 2015.

These revenues, as per IFRIC 12, refer to construction work on assets under concession increased by a mark-up of 6%, representing the best estimate of the remuneration of the internal cost for the management of the works and design activities 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 and infrastructure upgrading activities. For further information on the main investments in the period, reference is made to *Note 6.1*.

The account "Costs for work on assets under concession" (*Note 7.6*) reflects the decrease in the year due to lower work on assets under concession.

7.3 Personnel costs

The breakdown of personnel costs is as follows:

Personnel costs

(In thousands of Euro)	2015	2014
Wages and Salaries	120,226	107,393
Social security charges	36,029	32,330
Employee Leaving Indemnity (TFR)	7,441	6,543
Other personnel costs	6,568	8,241
Total personnel costs	**170,264**	**154,507**

Personnel costs increased by Euro 15,757 thousand (+10%), from Euro 154,507 thousand in 2014 to Euro 170,264 thousand in 2015.
This increase is related to the combined effect of the following items: *i)* increase of approximately 4% in the average number of employees in FTE (Full Time Equivalent) terms, in connection with a staff increase in the security sector. For more details, please refer to the table below; *ii)* renewal of the national collective labour contract signed in the second half of 2014 with full effect of the salary increase in the year 2015; *iii)* discontinuance in the use of social welfare instruments (solidarity agreement), which in 2014 had led to a reduction in costs of Euro 3,525 thousand.

The table below shows the average number of FTE (Full Time Equivalent) employees by category, compared with the previous year:

Number of employees at period end (FTE)

	January - December			
	2015	%	2014	%
Senior managers	53	2%	52	2%
Middle managers	257	10%	255	10%
White-collar	1,681	62%	1,583	62%
Blue-collar	658	25%	670	26%
Total employees	**2,649**	**99%**	**2,560**	**100%**
Agency employees	20	1%	6	0%
Total employees	**2,669**	**100%**	**2,566**	**100%**

Finally, the total number of employees in terms of HDC (Headcount) at the reporting date is also provided.

Headcount at period-end

	At December 31		
	2015	2014	Change
Employees HDC (at year-end)	2,795	2,574	221

7.4 Consumable materials

The breakdown of "Consumable materials" is as follows:

Consumable materials costs

(In thousands of Euro)	2015	2014
Raw materials, consumables and supplies	10,517	9,226
Changes in inventories	901	886
Total consumable materials costs	**11,418**	**10,112**

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 1,306 thousand compared to the previous year is principally due to reduced purchases for inventories of chemical products for de-icing and anti-icing utilised in case of snow and/or ice.

7.5 Other operating costs

The table below reports the breakdown of the account "Other operating costs":

Other operating costs

(In thousands of Euro)	2015	2014
Commercial costs	40,513	43,090
Utilities and security	34,507	35,849
Public bodies	29,662	28,966
Ordinary maintenance costs	24,418	22,752
Airport handling services costs	23,896	22,997
Cleaning	13,194	12,045
Professional services	11,331	8,950
Use of car parking spaces	11,164	10,260
Tax charges	6,464	6,903
Hardware & software charges & rent	4,194	4,515
Disabled assistance service	3,600	794
Rental of equipment and vehicles	3,118	3,524
Insurance	1,680	1,997
Board of Statutory Auditors & BoD fees	867	871
Losses on assets	363	3,226
Premises rental	178	183
Other costs	12,059	8,872
Total other operating costs	**221,208**	**215,794**

In 2015, the account "Other operating costs" increased by Euro 5,414 thousand compared to the previous year. This increase was principally due to the following factors:

- lower commercial costs of Euro 2,577 thousand related principally to the decrease in leaving incentive charges;
- lower utility costs due to lower consumption of heating and air-conditioning for Euro 387 thousand and reduction in electricity costs of Euro 1,848 thousand. This performance is strictly related to the change in raw material prices. Surveillance expenses recorded an increase of Euro 952 thousand as a result of control activities at security

filters being transferred to the operator;
- increase in concession fees to Public Entities for Euro 696 thousand following the higher concession fee, which SEA must pay for the year 2015 to ENAC. This increase is strictly correlated to the traffic numbers;
- higher ordinary maintenance costs of Euro 1,666 thousand concerning programmed maintenance on property, plant and equipment;
- higher costs for airport services provided by handling companies for Euro 899 thousand, mainly due to the increase in charges for snow emergency services;
- increase in cleaning costs of Euro 1,149 thousand following the entry into operation of new areas at Malpensa third satellite;
- higher costs for professional legal, administrative and strategic services of Euro 2,381 thousand;
- higher costs for parking management of Euro 904 thousand mainly due to the increased operational activities of the parking at Orio al Serio;
- decrease in tax charges of Euro 439 thousand, mainly related to lower costs for notarial deed registration;
- lower lease charges for software and hardware licenses of Euro 321 thousand;
- higher costs related to the complete outsourcing of services to assist disabled passengers for Euro 2,806 thousand; in the previous year this activity was mainly carried out by the Company;
- decrease in fees of vehicle and equipment rental for Euro 406 thousand following a review of existing contracts;
- lower insurance costs of Euro 317 thousand related to the renegotiation of expiring policies;
- decrease in capital losses of Euro 2,863 thousand as a result of a decrease in demolitions of property and facilities carried out during 2015;
- increase in the residual item Other costs of Euro 3,187 thousand mainly related to the payment of the administrative penalty of Euro 3,365 thousand imposed by the Antitrust Authority (AGCM) upon conclusion of the proceedings concerning the charge of abuse of dominant position in the tender called for the sale of Ali ATA Trasporti Aerei SpA (now Prime SEA SpA) and ATA Ali Servizi SpA (now Prime AviationServices SpA).

The residual account "Other costs", in addition to the above mentioned administrative penalty, principally includes catering costs for the VIP lounge of Euro 2,579 thousand (Euro 2,259 thousand in 2014), commission and brokerage costs of Euro 1,273 thousand (Euro 1,276 thousand in 2014), other industrial costs (mainly certification and authorisation charges, reception and welcoming passengers) of Euro 564 thousand (Euro 1,273 thousand in 2014), landside transportation services of Euro 981 thousand (Euro 873 thousand in 2014), association contributions paid by the Company of Euro 833 thousand (Euro 782 thousand in 2014), purchase and subscription of newspapers and magazines of Euro 411 thousand (Euro 477 thousand in 2014) and office running expenses.

The subsidiary SEA Energia SpA submitted an application to the GSE, to obtain the SEESEU qualification, which would enable it to obtain preferential tariff conditions on the electricity consumed and not withdrawn from the grid to the extent of 5% of the corresponding unit amounts payable and charged back to SEA.
Despite the uncertainties related to the progress of the application and the fact that the SEESEU-C qualification for application of the preferential tariff system charges had not yet been obtained as at the reporting date, the Directors of the subsidiary considered it reasonable to estimate the payment of system charges for the year 2015 on favourable tariff conditions, supported by their technical management regarding the objective evidence in support of the application and on the basis of the progress in the application process.
Therefore, the cost of energy under "Utilities and Security" is increased by system charges estimated at the preferential 5% rate.

7.6 Costs for works on assets under concession

Costs for works on assets under concession decreased from Euro 59,540 thousand in 2014 to Euro 48,781 thousand in 2015. The change in the account is related to the investment activities (*Note 7.2*).
These costs refer to the costs for the works undertaken on assets under concession and concern the Aviation business unit.

7.7 Provisions and Write-downs

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

Provisions and Write-downs

(In thousands of Euro)	2015	2014
Write-downs of current assets and cash and cash equiv.	(3,808)	13,403
Fixed assets Write-downs	2,091	-
Provisions / (releases) of future charges provisions	4,749	826
Total provisions and W rite-downs	**3,032**	**14,229**

In 2015, provisions and write-downs decreased by Euro 11,197 thousand compared to the previous year, from Euro 14,229 thousand in 2014 to Euro 3,032 thousand in 2015.

In 2015 greater reversals were recorded in the doubtful debt provision, only in part offset by provisions for the period, calculated in line with previous years 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 write-down of Euro 2,091 thousand refers to the net book value of assets no longer usable which will be scrapped in future years and which were identified during an inventory verification carried out in 2015.

The net provisions for future risks and charges, amounting to Euro 4,749 thousand in 2015 (Euro 826 thousand in 2014), refer principally to adjustments on valuations related to legal disputes concerning the operational management of the Milan Airports.

7.8 Restoration and replacement provision

The breakdown of the restoration and replacement provision is as follows:

Restoration and replacement provision

(In thousands of Euro)	2015	2014
Restoration and replacement provision	14,150	18,000
Total restoration and replacement provision	**14,150**	**18,000**

This account includes the provision for the year relating to the scheduled replacement and maintenance of the assets within the so-called "Concession Right".

The account decreased by Euro 3,850 thousand in 2015, from Euro 18,000 thousand in 2014 to Euro 14,150 thousand, following the updating of the long-term scheduled replacement and maintenance plan of the assets within the "Concession Right".

7.9 Amortisation and depreciation

The account "Amortisation & depreciation" is comprised of:

Amortisation and depreciation

(In thousands of Euro)	2015	2014
Amortisation of intangible assets	41,855	39,339
Depreciation of property, plant & equipment	13,900	13,327
Depreciation of investment property	2	2
Total amortisation and depreciation	**55,757**	**52,668**

The depreciation of tangible fixed assets reflects the estimated useful life made by the Company while, for the intangible assets under the "Concession Right ", it is closely related to the duration of the concession.

7.10 Investment income and charges

The breakdown of investment income and charges is as follows:

Investment income (charges)

(In thousands of Euro)	2015	2014
SEA Handling SpA Revaluation (Write-down)	3,229	(21,026)
Airport Handling SpA Revaluation (Write-down)	-	(969)
Railink Srl Revaluation (Write-down)	-	(1)
Dividends from SACBO SpA	1,361	1,361
Dividends from SEA Services Srl	528	-
Dividends from Disma SpA	328	336
Dividends from Dufrital SpA	120	-
Other	-	9
Total investment income (charges)	**5,566**	**(20,290)**

The item balance shows investment income of Euro 5,566 thousand at December 31, 2015, compared with net investment charges of Euro 20,290 thousand in the previous year.
Investment income increased by Euro 631 thousand compared to the previous year, decreasing from Euro 1,706 thousand in 2014 to Euro 2,337 thousand in 2015. These amounts concern dividends received from investees.
The item SEA Handling SpA in liquidation "Revaluation (Write-down)", of Euro 3,229 thousand at December 31, 2015, refers to the reversal of an impairment of the investment in SEA Handling SpA in liquidation in order to bring its net asset value in line with the capital contributions made by SEA and align the value of the investment to the estimated value of assets payable to SEA upon liquidation.
Investments charges of the previous year, amounting to Euro 21,996 thousand, were mainly affected by the capital contributions made to SEA Handling SpA in liquidation, in relation to the obligations arising from the voluntary liquidation of the subsidiary.
For further information, reference should be made to *Note 6.4*.

7.11 Financial income and charges

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

Financial income (charges)

(In thousands of Euro)	2015	2014
Currency gains	8	1
Other financial income	1,528	2,416
Total financial income	**1,536**	**2,417**
Interest expense on medium/long-term loans	13,725	14,652
Currency losses	5	2
Other interest expenses	6,119	9,647
Total financial charges	**19,849**	**24,301**
Total financial income (charges)	**(18,313)**	**(21,884)**

Net financial charges decreased by Euro 3,571 thousand (-16.3%), from Euro 21,884 thousand in 2014 to Euro 18,313 thousand in 2015. While financial income decreased by Euro 881 thousand, financial

charges recorded a positive trend with a decrease in costs of Euro 4,452 thousands.
The reduction in financial charges of Euro 4,452 thousand is mainly due to: *i)* significant decrease in the average cost of medium/long-term borrowings in line with the trend in interest rates, with lower interest expense of Euro 927 thousand; *ii)* reduction in "Other interest expense" of Euro 3,528 thousand mainly in relation to commissions on loans that in FY 2014 included non-recurring costs resulting from the financial restructuring of the Company.
It should also be noted that the positive effect related to the reduction in interest expense related to finance leases for Euro 137 thousand (from Euro 273 thousand in 2014 to Euro 136 thousand in 2015), the Employee Leaving Indemnity for Euro 394 thousand (from Euro 1,195 thousand in 2014 to Euro 801 thousand in 2015) and short-term credit lines for Euro 470 thousand (from Euro 577 thousand in 2014 to Euro 107 thousand in 2015), was substantially offset by the sharp reduction in borrowing costs capitalized in accordance with IAS23R for Euro 866 thousand.
For further information on the change in the financial liabilities, reference should be made to *Note 6.18*.
Finally, the decrease in financial income of Euro 881 thousand was mostly influenced by the combined effect of reduced average cash balance on bank current accounts and the trend in interest rates.

7.12 Income taxes

The breakdown of the account "income taxes" is shown below:

Income taxes

(In thousands of Euro)	2015	2014
Current income taxes	49,230	44,687
Deferred income taxes	231	(12,510)
Total	**49,461**	**32,177**

The reconciliation between the ordinary and effective IRES tax rate for 2015 is shown below:

(In thousands of Euro)	2015	%
Pre-tax profit	**128,014**	
Theoretical income taxes	35,204	27.5%
Tax effect of permanent differences	2,985	2.3%
IRAP	5,872	4.6%
Other	5,400	4.2%
Actual taxes	**49,461**	**38.6%**

The amount of the item "Other" consists of *i)* Euro 4,704 thousand from the write-off of the net balance of deferred tax assets and liabilities following the reduction (as of the financial years ending December 31, 2016) in the IRES tax rate from 27.5% to 24%, (as laid down in the 2016 Stability Law), *ii)* Euro 1,287 thousand from the write-off of the benefit recorded in the year 2014 regarding the use of the tax losses of the subsidiary SEA Handling in liquidation, *iii)* Euro 257 thousand from adjustments on deferred tax assets restated in 2015 tax return and *iv)*, with opposite effect, Euro 848 thousand from the benefit arising, under the tax consolidation regime, from the use of tax losses of the subsidiary SEA Handling SpA in liquidation.
Finally, the IRAP tax benefits from the regulatory changes introduced by Article 1, paragraph 20 of the 2015 the Stability Law, which amended Article 11 of Legislative Decree No. 446 of December 15, 1997; accordingly, as of the tax year 2015, the difference between the total cost of employees under open-ended contracts and the other deductions relating to personnel costs will be deductible for IRAP purposes. The total direct taxes saved by the Company amount to Euro 4,906 thousands.

8. Transactions with Related Parties

The table below shows the balances and transactions of the company with Related Parties for the years 2015 and 2014 and an indication of the percentage of the relative account:

Transactions with Related Parties

(In thousands of Euro)	Trade receivables	Current financial receiv.	Income tax receivables	Trade payables	Current & non-current fin. liabilities	Income tax payables
	At December 31, 2015					
Subsidiaries						
SEA Handling in liquidation SpA	112			27		1,876
SEA Energia SpA	862	36,306		7,988		41
Consorzio Malpensa Construction	156			81		
SEA Prime SpA	1,244			136	3,246	
Prime AviationServices SpA	73			1	766	
Associates						
SACBO SpA	209			419		
Dufrital SpA	8,845			1,000		
Malpensa Logistica Europa SpA	1,157			987		
SEA Services Srl	443			440		
Disma SpA	127			99		
Total related parties	**13,228**	**36,306**	**-**	**11,178**	**4,012**	**1,917**
Total financial statements	85,473	36,311	11,666	160,208	597,707	62,258
% of total financial statements	**15.48%**	**99.99%**	**0.00%**	**6.98%**	**0.67%**	**3.08%**

Transactions with Related Parties

(In thousands of Euro)	Operating revenues	Other operating costs	Personnel costs	Net financial income/ (charges)	Investment income/ (charges)	Income taxes
	Year ended December 31, 2015					
Subsidiaries						
SEA Handling in liquidation SpA	68	2	(111)		3,229	843
SEA Energia SpA	900	28,500	(123)	1,016		
Consorzio Malpensa Construction	190					
Railink Srl						
SEA Prime SpA	3,164	291	(507)			
Prime AviationServices SpA	67		(96)			
Associates						
SACBO SpA*	732	8,030	(6)		1,361	
Dufrital SpA	28,393	22			120	
Malpensa Logistica Europa SpA	4,091		(40)			
SEA Services Srl	2,841	2,604			528	
Disma SpA	232				328	
Romairport						
Total Related Parties	**40,678**	**39,449**	**(883)**	**1,016**	**5,566**	**843**
Total financial statements	612,989	221,208	170,264	(18,313)	5,566	49,461
% of total financial statements	**6.64%**	**17.83%**	**-0.52%**	**-5.55%**	**100.00%**	**1.70%**

* *The item "Other operating costs" regarding relations with SACBO, of Euro 8,030, does not include the portion billed by SEA to end customers and transferred to the associate.*

Transactions with Related Parties

(In thousands of Euro)	Trade receivables	Current financial receiv.	Income tax receivables	Trade payables	Current & non-current fin. liabilities	Income tax payables
	At December 31, 2014					
Subsidiaries						
SEA Handling in liquidation SpA	5,791			1,450		6,464
SEA Energia SpA	709	37,636		8,722		41
Consorzio Malpensa Construction	253			144		
SEA Prime SpA	739			81	1,533	
Prime AviationServices SpA	43				773	
Associates						
SACBO SpA	203			512		
Dufrital SpA	6,830			324		
Malpensa Logistica Europa SpA	942			858		
SEA Services Srl	771			763		
Disma SpA	23			99		
Total Related Parties	**16,304**	**37,636**	**-**	**12,953**	**2,306**	**6,505**
Total financial statements	110,213	37,638	14,267	167,856	603,173	59,764
% of total financial statements	**14.79%**	**99.99%**	**0.00%**	**7.72%**	**0.38%**	**10.88%**

Transactions with Related Parties

(In thousands of Euro)	Operating revenues	Other operating costs	Personnel costs	Net financial income/ (charges)	Investment income/ (charges)	Income taxes
	Year ended December 31, 2014					
Subsidiaries						
SEA Handling in liquidation SpA	12,441	15,443	(250)	(4)	(21,026)	5,521
SEA Energia SpA	710	30,788	(130)	1,006		
Consorzio Malpensa Construction	379	1				
Railink Srl					(1)	
Airport Handling SpA*	105		(593)		(969)	
SEA Prime SpA	2,826	304	(280)			
Prime AviationServices SpA	25		(38)	1		
Associates						
SACBO SpA**	287	8,370	(4)		1,361	
Dufrital SpA	23,415	21				
Malpensa Logistica Europa SpA	4,065		(34)			
SEA Services Srl	2,380	1,543				
Disma SpA	266		(2)		336	
Romairport SpA					9	
Total Related Parties	**46,899**	**56,470**	**(1,331)**	**1,003**	**(20,290)**	**5,521**
Total financial statements	592,115	215,794	154,507	(21,884)	(20,290)	32,177
% of total financial statements	**7.92%**	**26.17%**	**-0.86%**	**-4.58%**	**100.00%**	**17.16%**

* *Transactions of the Company with the related party until August 26, 2014.*

** *The item "Other operating costs" regarding relations with SACBO, of Euro 8,370, does not include the portion billed by SEA to end customers and transferred to the associate.*

Transactions with subsidiary companies

Commercial transactions between SEA and subsidiary companies are as follows:

i) with regard to relationships between SEA and SEA Handling in liquidation, the Company has provided to the subsidiary SEA Handling in liquidation with a number of administrative services (including legal affairs and administrative services);

ii) the transactions between SEA Energia and SEA concern the supply to the Milan Airports, of electric and thermal energy produced by the Co-generation plants, located at the afore mentioned airports, for their energy requirements; 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 management services of the works for the expansion and improvement of the Milan Airports which the Consortium undertakes on behalf of SEA;

iv) the transactions with SEA Prime concern the sub-concession contract for the General Aviation management operations, at Linate airport, granted by SEA on May 26, 2008 and expiring on April 30, 2041. The contract concerns, specifically, the utilisation of the General Aviation infrastructure and the verification and collection, on behalf of SEA, of airport and security fees.

Financial receivables and payables relate to centralised Treasury services (cash pooling) which SEA undertakes on behalf of the subsidiaries.

Transactions with associated companies

The transactions between the Company and the associated companies, in the periods indicated, mainly concerned:

- relationships related to the commercial management of parking at the Orio al Serio-Bergamo airport (SACBO);
- 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 2015, SACBO distributed dividends to SEA for Euro 1,361 thousand.

DISMA

In 2015, Disma distributed dividends to SEA for Euro 328 thousand.

DUFRITAL

In 2015, Dufrital distributed dividends to SEA for Euro 120 thousand.

SEA SERVICES

In 2015, SEA Services distributed dividends to SEA for Euro 528 thousand.

9. Directors' fees

In 2015, the remuneration for the Board of Directors, including social security contributions and accessory charges, amounted to Euro 646 thousand (Euro 680 thousand in 2014).

10. Statutory auditors' fees

In 2015, the remuneration of the Board of Statutory Auditors, including social security contributions and accessory charges, amounted to Euro 221 thousand (Euro 191 thousand in 2014).

11. Independent Audit Firm fees

The fees for the audit of the Statutory Financial Statements of SEA recognised to the independent audit firm Deloitte & Touche SpA for the year 2015 amounted to Euro 102 thousand in addition to Euro 143 thousand for other activities.

12. Commitments and guarantees

12.1 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, 2015	At December 31, 2014
Design and extraordinary maintenance civil works and installations at Linate and Malpensa	21,797	-
Design and construction of new building for Malpensa T2 railway station	12,608	25,161
Design and construction of a new warehouse at Malpensa Cargo City	9,688	-
Design and extraordinary maintenance of airport infrastructure and roads at Linate and Malpensa	9,283	-
Design and extraordinary maintenance Linate infrastructure	2,043	12,008
Complementary construction works for Malpensa T1 Passengers area	949	2,764
Internal architectural and structural completion works at Malpensa	731	9,210
Complementary construction works - mechanical systems of Malpensa passengers terminal T1 and third satellite	462	1,941
Redesign of arrivals and check-in floors at Malpensa T1	331	1,713
R.T.I. Consorzio Costruzioni Infrastrutture	51	2,112
Total	**57,943**	**54,909**

12.2 Commitments for rental contracts

At December 31, 2015, SEA has commitments on rental contracts totalling Euro 9,824 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, 2015 is as follows:

(In thousands in Euro)	At December 31, 2015
Within 12 months	4,088
Between 1 & 5 years	5,736
Total	**9,824**

12.3 Guarantees

The secured guarantees, amounting to Euro 2,033 thousand at December 31, 2015, relate to the lien on receivables against loans provided by credit institutions on European Investment Bank funds.

At December 31, 2015, the sureties in favour of third parties were as follows:

- two Bank guarantees on the first two tranches drawn down in June 2015 on the EIB line in December 2014 of respectively Euro 31,500 thousand and Euro 34,500 thousand;
- guarantee of Euro 25,000 thousand to Banca Popolare di Milano to guarantee credit lines received from companies within the centralised Treasury system;
- guarantee of Euro 22,900 thousand in favour of ENAC, as guarantee of the concession fee;
- guarantee of Euro 4 million in favour of the Ministry for Defence 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, for the realisation of works at Ghedi, which began at the start of 2015. This guarantee is within the technical agreement that SEA signed on June 4, 2009 with the Defence Ministry and with ENAC, which establishes that the

Ministry of Defence 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 Ministry of Defence for a total amount of Euro 25,900 thousand, including works against the availability of land at Linate. In relation to the areas of Malpensa negotiations are in course with the Ministry for the definition of the land to be transferred to SEA and the relative works which they will be requested to undertake;

- guarantee of Euro 2,000 thousand in favour of SACBO for the parking management at Bergamo airport;
- guarantee of Euro 2,000 thousand in favour of the Ministry of Defence to secure the obligations under the technical agreement of 04/06/2009 following the advanced delivery of an area comprised in "Cascina Malpensa";
- guarantee of Euro 102 thousand in favour of the supplier Contract GmbH for the rental of airport buses;
- Euro 455 thousand for other minor guarantees.

13. Contingent liabilities and disputes

Reference should be made to the Explanatory Notes in relation to disputes on investments (*Note 6.4* and *Note 6.5*), receivables (*Note 6.10*) and operating risks (*Note 6.16*).

14. Contingent assets

With reference to judgment 7241/2015 of the Milan Court, as not all appeals have been made this contingent asset was not recognized in the Income Statement as per IAS 37.

For more details, please refer to the comments in the section "*Significant events subsequent to year end*" of the Directors' Report.

15. Transactions relating to atypical or unusual operations

In accordance with CONSOB Communication of July 28, 2006, in 2015 the Company did not undertake any transactions deriving from atypical or unusual operations, as set out in the communication.

16. Significant non-recurring events and operations

Pursuant to CONSOB Communication of July 28, 2006, in the view of Directors, in 2015 the Company undertook the following non-recurring significant transactions:

- enforcement of the guarantee of Euro 2,200 thousand provided by Assicurazioni Generali in 2007 to cover the obligations of Ati Emini /Va.Fra for the construction of the New Southern Link Road of Malpensa airport. This proceed was recognized in "Operating revenues";
- payment of the penalty of Euro 3,365 thousand imposed by the Antitrust Authority following the conclusion of the proceedings concerning the charge of abuse of dominant position in the tender called for disposal of SEA Prime SpA (formerly ATA Ali Trasporti Aerei SpA) and Prime AviationServices SpA (formerly ATA Ali Servizi SpA). This charge was recognized in "Other operating costs".

17. Significant events after year end

Reference should be made to the Directors' Report.

The Chairman of the Board of Directors
Pietro Modiano

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING ON THE ACTIVITY CARRIED OUT DURING THE FINANCIAL YEAR ENDED ON 12/31/2015 SEA – SOCIETÀ ESERCIZI AEROPORTUALI S. P. A.

pursuant to article 2429, paragraph 2 of the civil code

Dear Shareholders:

As required by art. 2429, paragraph 2 of the civil code, the Board of Statutory Auditors reports to the Shareholders' Meeting on the oversight activity that it carried out, in fulfillment of the obligations imposed on it by the law and the company by-laws, during the financial year ended on December 31, 2015 over: the compliance with the principles of correct administration; the adequacy and performance of the organizational structure; the adequacy and performance of the internal control system; the adequacy and performance of the administration-accounting system, and its reliability in correctly describing the management facts; and the methods of actual implementation of corporate governance rules.
The Board of Statutory Auditors in office at the date of this report was appointed by the Shareholders' Meeting on June 24, 2013 in accordance with the company by-laws and remains in office until the approval of the 2015 financial statements.
With regard to the mandate for the legal audit of the accounts, a resolution of the extraordinary Shareholders' meeting held on June 24, 2013 assigned the mandate to the independent audit firm Deloitte & Touche S.p.A., pursuant to art. 37 of Legislative Decree No. 39 of 01/27/2010.
Please refer to the report of the audit firm for the legal audit of the accounts.

1. Activity carried out

Our activity during the financial year was guided by the provisions of the law and by the code of conduct of the Board of Statutory Auditors recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili [National Association of Chartered Accountants and Accounting Consultants].
During the 2015 financial year, the Board of Statutory Auditors, in fulfillment of its mandate, participated in the meetings of the Board of Directors and in the Shareholders' meeting and verified that the provisions of the law and company by-laws were complied with.
During 2015, the Board of Directors met fifteen times to discuss the activity carried out and to adopt resolutions under its responsibility; the Shareholders' meeting was held only once, on April 30, 2015.
The Board of Statutory Auditors participated in all meetings of the Board of Directors and, specifically, during these meetings, in which three senior managers of the Company also participated, the corporate bodies provided regular and timely information on the operations and on the main ordinary and extraordinary actions taken, also through subsidiaries; this allowed us to verify that the company was managed in accordance with its business purpose; specifically, it was apparent to us that the decision-making procedure adopted by the Board of Directors correctly followed the principle of acting on the basis of information. This criterion of full and exhaustive information during the board meetings seems positively rooted in the company's procedural format, which aims at a fully transparent management.
The Board of Statutory Auditors met frequently during the financial year to carry out its periodic verifications; during these meetings, information was systematically exchanged with the company's department heads and with the independent auditing firm; it is acknowledged that no substantial objections were raised regarding the management of the company or aspects related to possible conflicts of interest.
We kept an ongoing and adequate link with the Internal Audit department and verified that it satisfies the competence, autonomy, and independence requirements; in addition, we found that all bodies that fulfill a control function collaborate adequately, and exchange information useful to fulfill the respective tasks.

In particular:

- we oversaw compliance with the law and with the deed of incorporation and adherence to the principles of correct administration;
- we participated in the Shareholders' Meeting and in the meetings of the Board of Directors and verified that they were conducted in accordance with the provisions of the company by-laws and with the laws, and regulations that govern their operation; in addition, we can reasonably assure that the deliberations were conducted in accordance with the law and company by-laws;
- we appreciated the fact that the activity of the Board of Directors was not careless or rash, avoided potential conflicts of interest, and did not compromise the soundness of the Company's assets;
- during the meetings that took place, the directors provided information on the general performance of the operation and its forecast evolution, as well as on the most important (in terms of size or characteristics) transactions conducted by the Company and its subsidiaries; we can reasonably assure that the transactions conducted by the Company comply with the law and company by-laws and are not patently careless, rash, in potential conflict of interest, in contrast with the resolutions adopted by the Shareholders' Meeting, or such as to compromise the soundness of the Company's assets;
- to our knowledge, the Company did not conduct atypical or unusual transactions with Group companies, related parties or third parties; the transactions with companies of the SEA Group were commercial and financial transactions, conducted in accordance with the resolutions adopted by the Board of Directors, which assessed their fairness and their consistency with an actual interest of the Company;
- we carried out our oversight activity in accordance with the provisions of art. 19 of Legislative Decree No. 39/2010, which assigns to the Board of Statutory Auditors the role of "Internal Control and Audit Committee" overseeing: a) the financial information process; b) the effectiveness of the internal control, internal audit, and risk management systems; c) the independent audit of the yearly and consolidated financial statements; d) the independence of the independent audit firm.

With regard to the last item above, the independent auditing firm carried out additional activities concerning:

– certification on the tables of analytical/regulatory reporting pursuant to art. 11 decies of Law 248/2005;
– limited examination of the sustainability report "application level A";
– auditing of the Reporting Package of the limited company Esercizi Aeroportuali - S.E.A. S.p.A., prepared for the purpose of the financial statements of the 2i Aeroporti S.p.A. Group;
– examination of the conformity or the separate financial statements pursuant to the Amended Text of the Regulatory Authority for Electricity, Gas, and Water System No. 231 of May 22, 2014.

- we examined in depth and oversaw, within our area of responsibility, the adequacy of the Company's organizational structure, also by collecting information form the heads of specific departments. We have no specific comments to report on the matter;
- we oversaw the adequacy and performance of the internal control system, understood as all activities aimed at verifying that internal procedures, both operational and administrative, are effectively followed in order to guarantee protection of corporate assets and correct and efficient management, as well as the identification, prevention, and management of financial and operational risks. This activity was carried out also in conjunction with the independent audit firm;
- we deepened our knowledge and oversaw the adequacy of the Company's administration and accounting system, as well as its reliability, in order to verify whether it allowed a truthful representation of the management events in the financial statements; in this context, we acted by requesting and obtaining all needed information from the heads of the respective departments and then carrying out all checks that we deemed necessary by inspecting the corporate documents directly. Periodically, we checked the performance of the existing system, by meeting the individual managers of the Administration, Finance, and Control area; we have no specific comments to report in this regard;
- we constantly exchanged information with the independent audit firm Deloitte & Touche S.p.A., mandated with the legal audit of the accounts; we

did not identify any significant data and information that need to be highlighted in this report;
- the Board of Statutory Auditors participated in the meetings of the SEA Control and Risk Committee, Ethics Committee, and Remuneration Committee held during the financial year;
- the Board of Statutory Auditors examined the quarterly reports, the 2015 annual report, and the audit plan prepared by the Internal Audit department, with which the Board exchanged information continuously;
- we inform you that during the 2015 financial year, the Board of Statutory Auditors did not receive any notifications pursuant to art. 2408 of the civil code and that in the course of the oversight activity described above, no omissions or other significant events that need to be mentioned in this report were found.

The legal audit of the financial statements to 31/12/2015 was carried out by the company Deloitte & Touche S.p.A., which, in its report of April 14, 2016, written pursuant to articles 14 and 16 of Legislative Decree 39 of 27/01/2010, expressed a positive opinion on the financial statements, as well as the following emphasis of matter that we find significant:
"*Without qualifying our opinion, for a better understanding of the separate financial statements, reference should be made to the 2015 Directors' Report and in particular to paragraph «SEA Group risk factors – Risk related to the European Commission Decision of December 19, 2012 concerning presumed State Aid to SEA Handling and the Decision of July 9, 2014 for the set-up of a new procedure on the incorporation and capitalization of Airport Handling», as well as the note 6.4. «Investments in subsidiaries and associates» of the notes to the separate financial statements for the Directors' considerations (i) on the status of the legal and extra-judicial initiatives undertaken against the European Commission with reference to the investigation procedures of such latter entity on alleged State Aid in favor of SEA Handling S.p.A. with particular reference to the liquidation of the subsidiary SEA Handling S.p.A., to the initiatives carried out by Trustee regarding the transfer of a quota of the shares of Airport Handling S.p.A. completed on March 23, 2016 and to the future developments related to the decision of the European Commission of July 2014, published on February 6, 2015 and, (ii) on the conditions to consider that Società per Azioni Esercizi Aeroportuali – SEA S.p.A. no longer has control on Airport Handling S.p.A., after the attribution of the investment in Airport Handling S.p.A. to the Trust «Milan Airport Handling Trust», according to the obligations of Società per Azioni Esercizi Aeroportuali – SEA S.p.A. with the European Commission referring to the legal and extra-judicial initiatives abovementioned.*"

With regard to the valuation criteria adopted to assign a value to the components of the financial statements under examination, for what concerns the balance sheet and Income Statement, please refer to what the independent audit firm stated in its report.
The notes to the financial statements report the amount paid for the mandate assigned to the independent audit firm; for 2015, the compensation for the legal audit activity performed on the financial statements of SEA S.p.A. and on the consolidated financial statements of the SEA Group was Euro 333,000.00. The information gathered shows that, during the financial year, no other mandates were assigned to the independent audit firm or entities belonging to its "network," in addition to those for the legal audit of the financial statements of the Company and its subsidiaries.
The involvement of the Board of Statutory Auditors in the assessment of the independence of the independent audit form did not reveal any critical findings that need to be highlighted.

Significant transactions to be noted

The Board of Directors provided detailed indications on the significant 2015 transactions in its Directors' Report. In this regard, we point out:
- **Sea Handling and Airport Handling**
  With regard to the events concerning the subsidiary Sea Handling, we take note that the liquidation of the company is progressing normally.
  With regard to the new company Airport Handling, we point out that the Board of Directors of SEA S.p.A. resolved to incorporate a trust called "Milan Airport Handling Trust" to which 100% of the shares of the company were assigned. The purpose assigned to the trust was to develop procedures aimed at ensuring economic discontinuation and to allow the entry of third-party capital into the company. All this is in accordance with the commitments made to the European Commission.
  In September 2015, by virtue of the mandate received from SEA, the Trustee signed an agreement with DNATA (Dubai National Air Travel

Agency), a leading international company of the Emirates Group, active in the airport handling sector, the agreement provides for the sale of 30% of the shares of Airport Handling, involving the simultaneous assignment of the same percentage of the Equity Financial Instruments (EFI) held by SEA in Airport Handling. The agreement, consistently with the provisions of the deed of incorporation of the trust and in the framework of the dialog between Italian authorities and the European Commission, also provides for an option in favor of DNATA for the purchase of an additional 40% of the shares or a corresponding share of EFI.

In February 2016, the Antitrust Authority found that, pursuant to article 6, paragraph 1 of Law No. 287/90, the transaction in question does not cause the establishment or strengthening of a dominant position in the market such that it would eliminate competition or decrease it significantly and durably. When the transaction is completed, it is contemplated that DNATA shall obtain, as business partner, the operating control of the company and a majority in the Board of Directors.

- **Integration SEA- SACBO**

  As a result of a study carried out at the University of Bergamo aimed at assessing the establishment of a single entity responsible for managing the airports of Milan Linate, Milan Malpensa, and Bergamo Orio al Serio, submitted to the respective boards of directors of the two companies, both of which met on September 14, 2015, the chairmen of the two companies were given the mandate to assess the possible solutions to implement the integration, as the business validity of the project had been established.

- **ACI Awards, Milan Malpensa judged best airport in Europe**

  The Board of Statutory Auditors was pleased to note that, in June, Malpensa airport was awarded the prestigious ACI Award as the best European airport in the 10 to 25 million passenger category for the excellent performances achieved across all operating areas, excelling particularly in terms of the quality of its services and infrastructures and of the objectives met in the areas of customer service, security, shopping, and welcome to international passengers through the Chinese Friendly Airport initiative.

Management and coordination activity

The Company is not subject to management and coordination by the shareholder Comune di Milano [Municipality of Milan], pursuant to articles 2497 and following of the civil code, while it exercises management and coordination, still pursuant to articles 2497 and following of the civil code, on the fully owned subsidiaries SEA Handling S.p.A., under liquidation, and SEA Energia S.p.A., as well as on SEA Prime S.p.A (formerly Ali Trasporti Aerei ATA S.p.A.), 98.34% owned, and on the latter's fully owned subsidiary Prime AviationServices S.p.A. (formerly Ata Ali Servizi S.p.A.).

Other information

No compensations greater than that that set by art. 1, paragraphs 725 and following of Law No. 296/2006 were paid to the Board of Directors during the 2015 financial year; this applies to directors appointed by the public sector and those appointed by the private sector.

During the financial year, the Board of Statutory Auditors did not receive requests to issue opinions and did not have to issue opinions because of specific legislation.

On the other hand, in the course of the related functions, in accordance with the provisions of article 2386 of the civil code, the Board of Statutory Auditors approved the resolution of the Board of Directors of April 30, 2015 appointing two directors by cooptation.

In addition we found that, during the 2015 financial year, the Company:

- retained the corporate governance system introduced in 2003, inspired by the recommendations of the "Self-Governance Code for listed companies", although this is not a mandatory compliance, utilizing a Group Control and Risk Committee, the Ethics Committee, and the Remuneration Committee;
- in the context of the dynamics of the individual committees, whose purpose is the analysis of the possible optimization of the individual procedures and in whose meetings the Board of Statutory Auditors participates through its members, we point out as especially interesting that the Group Control and Risk Committee prepared and defined the "Related parties transaction procedure", already mentioned in the Report of the Board of Statutory Auditors for the last financial year;
- adopted an Ethics Code, which defines the ethical and moral values of the Company, indicating the conduct guidelines that the personnel and the

members of the corporate bodies must follow, both within the Company and in their relations with outside entities; this also reiterates that the Company carries out its activity in accordance with criteria of transparency and propriety, complying with the law, and respecting the interests of the community. Therefore, the Company appointed an "Ethics Committee", which promotes the dissemination of the Ethics Code and oversees compliance with it;

- pursuant to Legislative decree No. 231/2001, retained the "Organization and management model", approved by the Board of Directors on 18/12/2003 and later amended.

  It should be recalled in this regard that the control of the effectiveness and adequacy of the "Organization and management model" is assigned to the Supervisory Board, established pursuant to Legislative Decree No. 231/2001 and that no violations were reported during the meetings held jointly by the Board of Statutory Auditors and said Supervisory Board.

No additional significant facts that would require mention in this report were observed in the course of the oversight activity described above.

We examined the draft financial statements to 31/12/2015 and report the following in connection with them.

2. Draft financial statements to 31/12/2015

The draft financial statements of your Company for the 2015 financial year show a net profit of € 78,553,263 compared to € 56,382,402 for the preceding financial year, in accordance with the international accounting principles.
The gross operating margin (EBITDA) amounted to € 210,668,090, while amortisation and depreciation amounted to € 55,757,170. The taxes for the financial year were € 49,461,139.
As it is not our mandate to carry out an analytical control of the contents of the financial statements, we checked the general structure used to prepare them, and their general conformity with the law with regard to their format and structure; we have no particular objections to report in this regard.
The report of the Board of Directors on the operation to 31/12/2015 is exhaustive and complete for the purposes of the law: it indicates the main factors that characterized the financial year; the report is exhaustive with regard to the information on the operating and development activity of the Company, to the strategies and relationships, and to the description of the main risks and uncertainties to which the Company is exposed; it also indicates the elements that could impact on the performance of the operation.
The Company exercised the option offered by Legislative decree No. 38 of 28/02/2005, to apply the IFRS principles to prepare the financial statements included in the consolidated financial statements prepared in accordance with the IFRS, starting with the financial statements to 31/12/2011.

In particular, with reference to the Sea Handling case, the Board of Statutory Auditors agrees with the directors both on the commitment to continue the dialog with the European Commission and on the already completed identification of the possible alternatives measures regarding the financial recovery of the aid.
The Board of Statutory Auditors also expresses its appreciation to the directors for constantly monitoring the evolution of the case and specifically asks them to continue this activity, in order to promptly adopt all suitable measures as necessary.

The Board of Directors explained to you in detail the individual items of the financial statements, the changes compared to the preceding financial year and their causes, the valuation criteria, and the accounting principles adopted, which are in accordance with the International Financial Reporting Standards adopted by the European Union.
The Board of Directors complied with the provisions of art. 10, paragraph 1 of Law No. 72 of March 19, 1983 and also indicated the composition of the reserves and provisions recorded in the financial statements.
To our knowledge and according to what has been reported, the directors did not diverge from the provisions of art. 2423, paragraph 4 of the civil code when writing the financial statements.
We have verified the correspondence of the financial statements with the facts and information known to us as a result of performing our tasks and we have no objections on this matter.

With reference to the legal audit of the accounts, we take note that, as a result of the issue of the bond loan and of the admission to listing of the related securities on the regulated markets, SEA S.p.A. acquired the status of public interest entity pursuant to art. 16 of Legislative Decree 39/2010.

It follows from the above that, still in accordance with the above-mentioned decree, the mandate given to the independent audit company should have a duration of nine years. In this regard, considering that Deloitte & Touche S.p.A. was already mandated with carrying out the audits for your company and has already performed the task for the 2014 and 2015 financial years, it seems appropriate to sign an agreement extending the mandate in effect so that it has an overall duration of nine years, in accordance with the provisions of the above-mentioned decree.

3. Conclusions

In accordance with the above, on the basis of the checks performed directly and of the information exchanged with the independent auditing firm, and also having taken note that, according to what was communicated to us verbally, the independent audit firm expressed an opinion without objections on the financial statements and an opinion that the Directors' Report is consistent with the financial statements' data, the Board of Statutory Auditors has no objections to approving the financial statements to December 31, 2015 as written by the directors.

Milan, April 14, 2016

THE BOARD OF STATUTORY AUDITORS

Rita Cicchiello	*(Chairman)*
Andrea Galli	*(Standing member)*
Paolo Giovanelli	*(Standing member)*
Antonio Passantino	*(Standing member)*
Ezio Simonelli	*(Standing member)*

AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT PURSUANT TO ARTT. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
SOCIETÀ PER AZIONI ESERCIZI AEROPORTUALI – SEA S.p.A.

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Società per Azioni Esercizi Aeroportuali – SEA S.p.A., which comprise the Statement of Financial Position as at December 31, 2015, the Income Statement, the Comprehensive Income Statement, Statement of changes in Shareholders' Equity and Cash Flow Statement for the year then ended, and the explanatory notes.

Management's Responsibility for the Separate Financial Statements

The Company's Directors are responsible for the preparation of these separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11, n° 3, of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova
Palermo Parma Roma Torino Treviso Verona

Sede Legale: Via Tortona, 25 - 20144 Milano - Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239
Partita IVA: IT 03049560166

Opinion

In our opinion, the separate financial statements give a true and fair view of the financial position of Società per Azioni Esercizi Aeroportuali – SEA S.p.A. as at December 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Emphasis of matter

Without qualifying our opinion, for a better understanding of the separate financial statements, reference should be made to the 2015 Directors' Report and in particular to paragraph "SEA Group risk factors – Risk related to the European Commission Decision of December 19, 2012 concerning presumed State Aid to SEA Handling and the Decision of July 9, 2014 for the set-up of a new procedure on the incorporation and capitalization of Airport Handling", as well as the note 6.4. "Investments in subsidiaries and associates" of the notes to the separate financial statements for the Directors' considerations *(i)* on the status of the legal and extra-judicial initiatives undertaken against the European Commission with reference to the investigation procedures of such latter entity on alleged State Aid in favor of SEA Handling S.p.A. with particular reference to the liquidation of the subsidiary SEA Handling S.p.A., to the initiatives carried out by Trustee regarding the transfer of a quota of the shares of Airport Handling S.p.A. completed on March 23, 2016 and to the future developments related to the decision of the European Commission of July 2014, published on February 6, 2015 and, *(ii)* on the conditions to consider that Società per Azioni Esercizi Aeroportuali – SEA S.p.A. no longer has control on Airport Handling S.p.A., after the attribution of the investment in Airport Handling S.p.A. to the Trust "Milan Airport Handling Trust", according to the obligations of Società per Azioni Esercizi Aeroportuali – SEA S.p.A. with the European Commission referring to the legal and extra-judicial initiatives abovementioned.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations with the separate financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations, which is the responsibility of the Directors of Società per Azioni Esercizi Aeroportuali – SEA S.p.A., with the separate financial statements of Società per Azioni Esercizi Aeroportuali – SEA S.p.A. as at December 31, 2015. In our opinion the report on operations is consistent with the separate financial statements of Società per Azioni Esercizi Aeroportuali – SEA S.p.A. as at December 31, 2015.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Pessina
Partner

Milan, Italy
April 14, 2016

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

GLOSSARY

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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.

ALL CARGO AIRLINES
Airlines whose aircraft exclusively transport cargo.

ASMGCS
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.

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.

BUSINESS
Areas in which the SEA Group works: Commercial Aviation, General Aviation, Energy.
The business are divided into activities, articulated, in their turn, into sectors, these latter further detailed into segments.

EBITDA
Earnings Before Interest, Taxes, Depreciation and Amortisation, equivalent to Gross Operating Margin.
It is calculated as the difference between total operating revenues and total operating costs, including provisions and write-downs and excluding the restoration and replacement provision.

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.

ETLOS
Extraordinary Temporary Lay-off Scheme.

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.

FTE (FULL TIME EQUIVALENT)
The Headcount Equivalent (HDE) is the monthly average of all personnel administrated and seconded, re-proportioned according to category (part-time) and monthly hiring/departures movements.

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.

HANDLER
The operator that undertakes handling services, or rather all those ground assistance services to carriers governed and listed in Attachment A of Legislative Decree No. 18 of January 13, 1999 – which enacts EU Directive 96/67/EU of October 15, 1996 – such as *i)* ramp handling services (Airside services among which passenger boarding and disembarking, luggage and goods, aircraft balancing and luggage distribution and reconciliation) and *ii)* passenger handling (Landside services, including Check-in and Lost&found) as well as *iii)* administration, refuelling and catering, aircraft maintenance, goods and postal sorting.

HDC (HEADCOUNT)
HDC includes all personnel at year-end.

HDE (HEADCOUNT EQUIVALENT)
The Headcount Equivalent (HDE) is the monthly average of all personnel administrated and seconded, re-proportioned according to category (full-time or part-time) and monthly hiring/departures movements.

IATA
International Air Transport Association. International Organisation which represents international airlines.

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 December 31, 2015, 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.

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, 2002 (ENAC Circular APT-12).

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.

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.

The SEA Group's focus on environmental protection, through the adoption of targeted initiatives, has significantly reduced CO_2 emissions.

Malpensa and Linate also in 2015 confirm their exceptional record at European level, achieving "Neutrality" under the Airport Carbon Accreditation initiative.

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