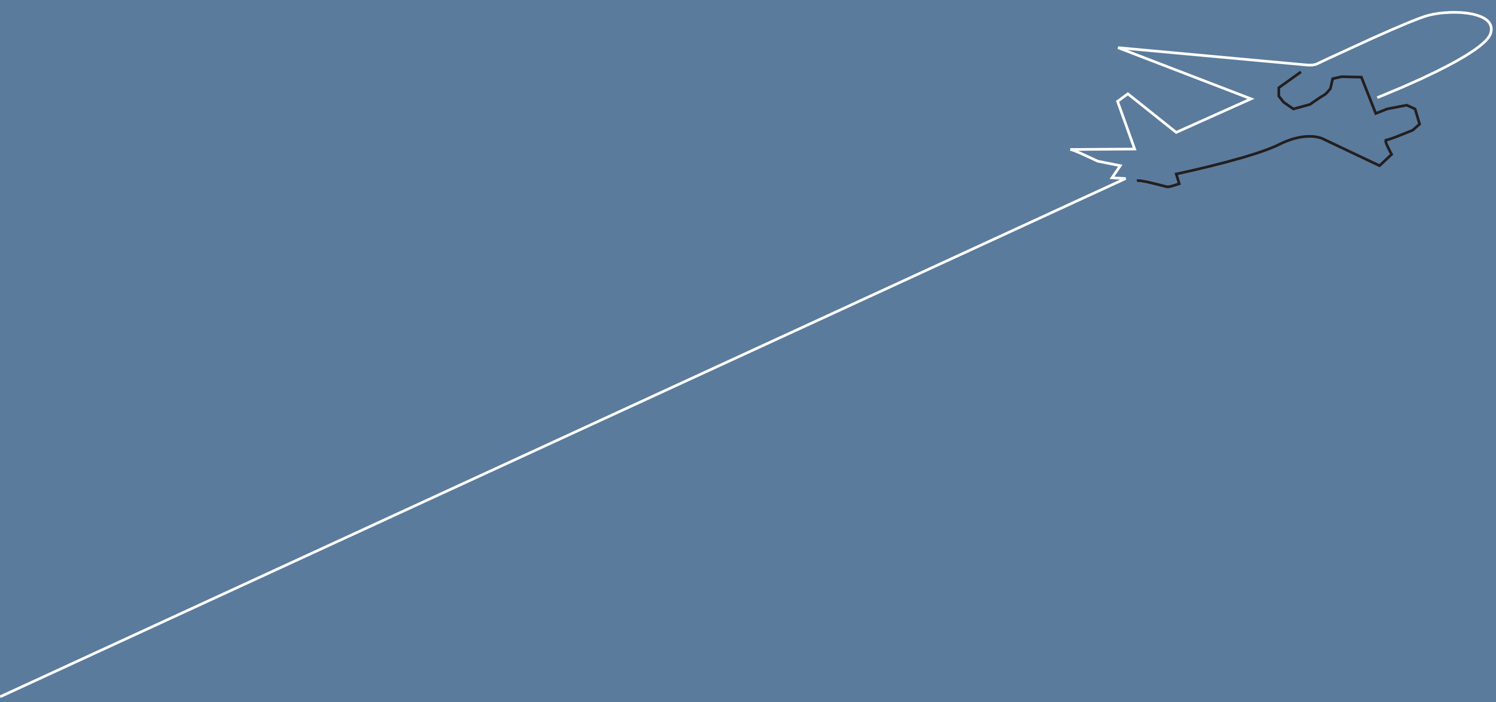
ANNUAL REPORT 2014

ANNUAL REPORT 2014

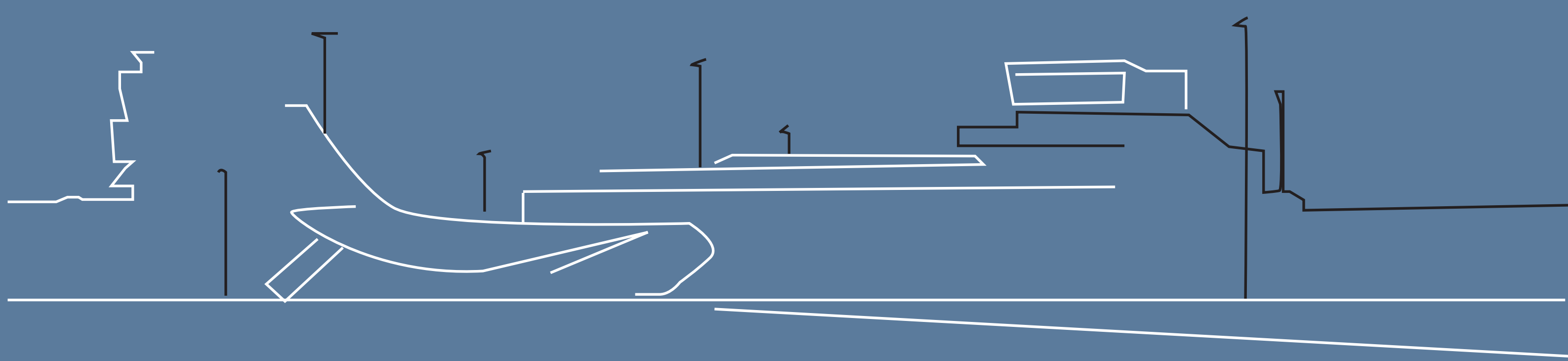
The SEA Group's focus on environmental protection, through the adoption of targeted initiatives, has significantly reduced direct and indirect CO_2 emissions.

Malpensa and Linate once again confirmed their exceptional record at European level, achieving "Neutrality" under the Airport Carbon Accreditation initiative.

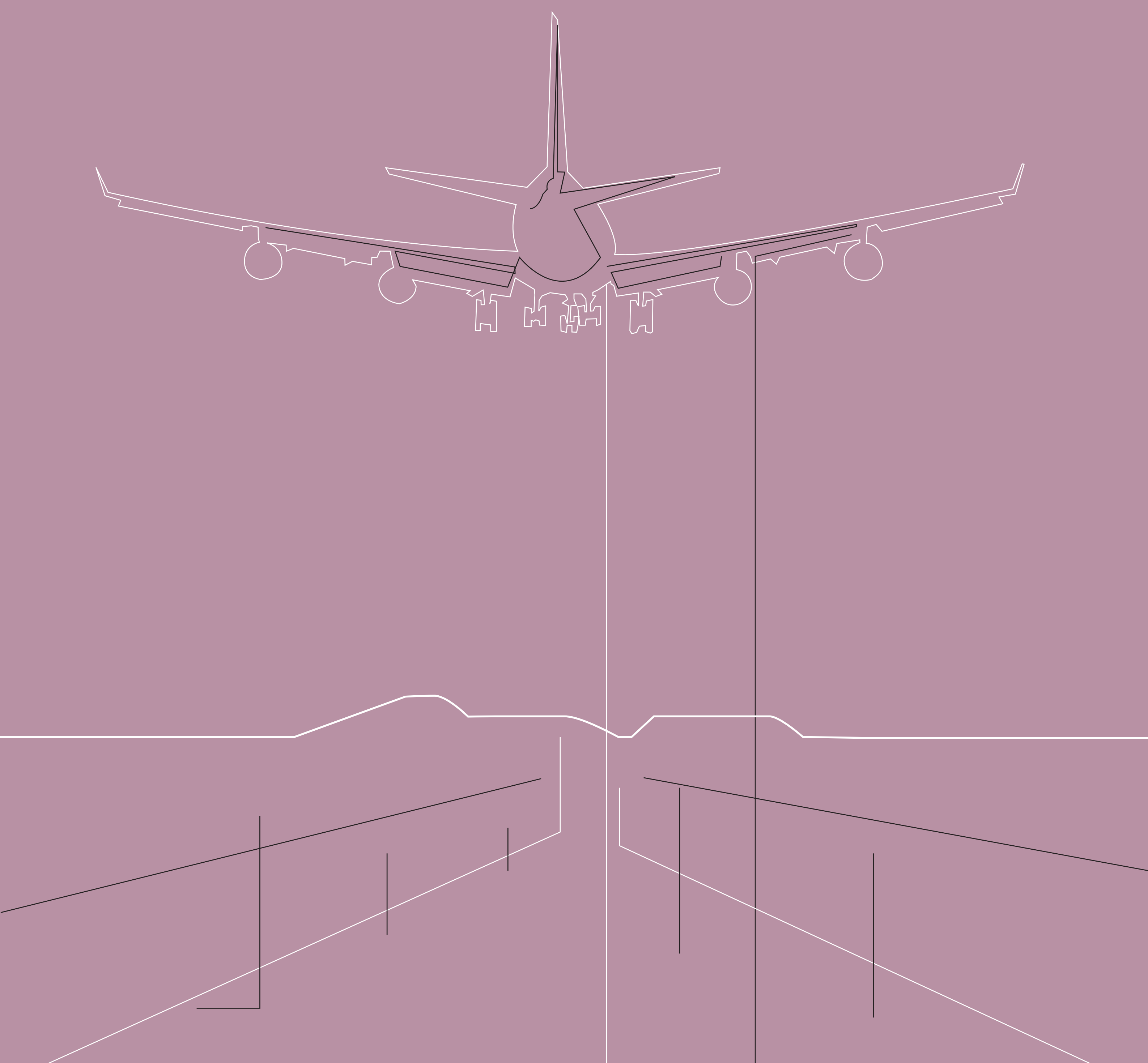
CONTENTS



The magic of flight is not possible without a solid foundation on land.
A starting point for the economic prosperity of an entire region.
A point of arrival for its every goal.



GENERAL INFORMATION



FUTURE FOCUS

To grow our airports, contributing to the growth of the entire region: its people, its economy, its jobs base and its role in connecting us with the world.

The airports of Malpensa and Linate have played their role in making the region served by us one of the most developed in Europe. Sustainable growth is therefore at the core of our mission, and is well distributed and respects all.

THE SEA GROUP

The SEA Group, under the forty-year Agreement signed by SEA and ENAC in 2011, manages and develops the Malpensa and Linate airports and is among the leading ten operators in Europe in traffic volume terms, both on the passenger and cargo segments, and in Italy respectively second and first in these business areas. In particular, Milan Malpensa Cargo moves more than 50% of national traffic. 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. Completely renewed, Malpensa is today a more welcoming and efficient airport. An extensive restyling has improved the functionality and aesthetic appeal of the entire check-in, boarding and security control areas and has seen the construction of a new commercial platform - one of the largest in Europe. 23 thousand square meters, with over 100 shops, a "Piazza del Lusso" and a "Piazza del Gusto" dedicated to luxury retail, offering the top Italian fashion and gourmet brands.

- **Milano Malpensa Cargo**, a cargo transport support infrastructure, which in the coming years will see its capacity extended and plant development. In addition to the extension of the aircraft apron, the construction of three 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 is the leading cargo airport in Italy, managing 55% of total Italian cargo traffic and the 6^{th} 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**, an airport managed by SEA Prime SpA, a subsidiary of the SEA Group and is the leading general aviation airport in Italy and the seventh in Europe in terms of movements served. Dedicated principally to business customers, it offers high added value services and facilities.

Finally, through SEA Energia (wholly-owned by the SEA Group), the SEA Group produces electricity and thermal energy to cover the needs of its airports, with sale also to third parties.

SEA GROUP STRUCTURE

At December 31, 2014

SEA SPA

Airport management	Utilities	Commercial activities	Other activities	Handling
SACBO Bergamo SpA **30.98%**	SEA Energia SpA **100%**	Dufrital SpA **40%**	Consorzio Malpensa Construction **51%**	Prime Aviation Services SpA** **98.34%** previously ATA Ali Servizi SpA
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%** previously Ali Trasporti Aerei ATA SpA			SITA Società Cooperativa arl **10 shares**	

Key
Controlling shareholding
Associated company
Investments in other companies

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

** *The Extraordinary Shareholders' Meeting of March 2, 2015 approved the name change of the company.*

The SEA Group at December 31, 2014 includes the following companies in liquidation:
– SEA Handling SpA in liquidation (100% SEA SpA);
– Railink Srl in liquidation (100% SEA SpA);
– Consorzio Milano Sistema in liquidation (10% SEA SpA).

Reference should be made to paragraph 2.5 "Consolidation scope and changes in the year" of the Explanatory Notes for the treatment of the companies in liquidation within the consolidation.

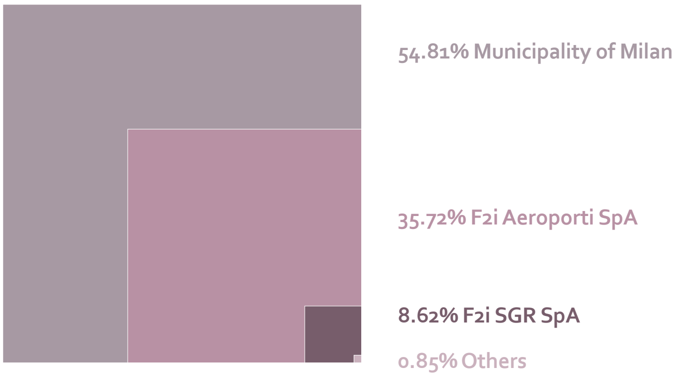
On August 27, 2014, SEA, sole shareholder of Airport Handling, with the signing of the Trust Deed transferred to the "Milan Airport Handling" Trust the entire nominal investment of Euro 5 million. Consequently SEA, on the same date, in accordance with IFRS 10 did not hold "power of control" over the operations of the Company and it was excluded from the consolidation scope for the reasons outlined in detail in the paragraph below "SEA Group numbers" and 2.5 "Consolidation scope and changes in the year" in the Explanatory Notes.

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, 2014, SEA does not hold treasury shares. The ownership structure is as follows:

Shareholders



Public shareholders		
12 entities/comp.	Municipality of Milan*	54.81%
	Province of Varese	0.64%
	Municipality of Busto Arsizio	0.06%
	Other public shareholders	0.11%
Total		**55.62%**

Private shareholders		
	F2i Aeroporti SpA	35.72%
	F2i Sgr SpA**	8.62%
	Other private shareholders	0.04%
Total		**44.38%**

* *Holder of Class A shares.*
** *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	Renato Ravasio (1) (2)
	Mario Anastasio Aspesi (3) (5)
	Salvatore Bragantini (2) (4)
	Mauro Maia (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 Audit Firm

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

Deloitte & Touche SpA

(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

SEA GROUP NUMBERS

Within the negotiations with the European Union described in detail in the section "Risk Factors of the SEA Group", SEA took the decision in 2014 to discontinue the commercial aviation Handling business line, proceeding on the one hand with the liquidation of SEA Handling SpA on July 1 (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.
In particular, as further described in paragraph 2.5 "Consolidation scope and changes in the year" in the Explanatory Notes, with reference to the determination of the consolidation scope, the assignment of the investment Airport Handling Srl to the Trust resulted, in the opinion of the Directors and supported by an expert's opinion, in the loss of control of the above-mentioned entity as per IFRS 10. In particular, in view of the conditions defined by IFRS 10 for a position of control which must simultaneously apply – therefore (a) the exercise of power over the entity; (b) exposure, or rights, to variable returns deriving from involvement with the same; and (c) the capacity to utilise the power to influence the amount of these variable returns – the Directors consider that the concentration of the decision-making power and governance of Airport Handling Srl on its Board of Directors, appointed independently by the Trust and over which SEA has no control pursuant to Article 2359 of the Civil Code, means that SEA may not exercise power over the entity and influence the amount of the variable returns produced; therefore, as two out of the three conditions for the control of the company in accordance with IFRS 10 are not present, Airport Handling Srl is excluded from the consolidation scope, with the inclusion of this company's operating result for the year 2014 in the separate income statement account "Discontinued Operations profit/(loss)".

The Handling business in 2014 relates only to the general aviation handling operations of the subsidiary Prime AviationServices SpA (previously ATA Ali Servizi SpA) acquired by the Group at the end of 2013 and the associated company Malpensa Logistica Europa SpA (held 25%) which operates outside of the commercial aviation handling business.
For the exit from a strategic sector (as per IFRS 8 the commercial aviation "handling" sector is defined as such, relating to the operations of SEA Handling SpA in liquidation and Airport Handling Srl until the assignment to the Trust), IFRS 5 requires, as previously stated, that the 2014 income statement of the Discontinued Operations is not included in the 2014 results line-by-line for each cost and revenue item, but the total result of the Discontinued Operations business line is recorded on a separate line in the account "Discontinued Operations profit/(loss)"; the same treatment is applied to the assets and liabilities of the Discontinued Operations, which are not included in the assets and liabilities of the continuing operations but are recorded in separate accounts under assets and liabilities. IFRS 5 also requires that the comparative income statement is restated in order to render comparable continuing operations and discontinued operations in the two years stated in the financial communication.
At paragraph 5.2 of the Explanatory Notes (to which reference should be made), a breakdown of the Discontinued Operations' accounts presented in the Income Statement, the Balance Sheet and the Consolidated cash flow statement is reported.

The condensed consolidated figures deriving from the application of IFRS 5 and taken from the financial statements are illustrated below.

Consolidated Financial Highlights

Following the application of IFRS 5, the 2013 restated income statement does not include the figures of SEA Handling SpA in liquidation and Airport Handling SpA, which are recorded in the line "Discontinued Operations profit/(loss)".

(in thousands of Euro)	2014	2013 restated	Change	2013 approved
Revenues	685,100	645,539	39,561	724,080
EBITDA [1]	205,883	182,852	23,031	161,778
EBIT	129,697	107,531	22,166	85,565
Pre-tax profit	108,605	86,881	21,724	64,952
Discontinued Operations profit/(loss)	(21,304)	(21,414)	110	0
Group Net Profit	**54,858**	**33,707**	**21,151**	**33,707**

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.

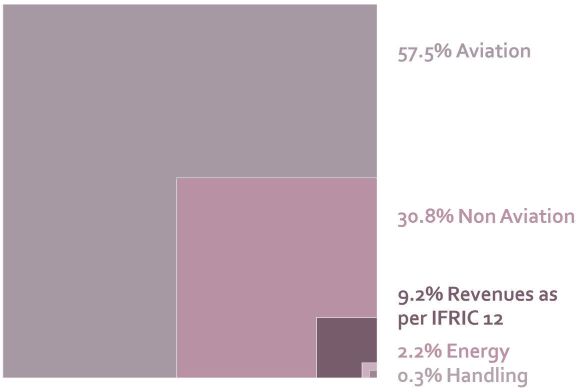
The balance sheet is illustrated below; however in this case, in accordance with the application of IFRS 5, the comparative balance sheet at December 31, 2013 is the same as the balance sheet approved on May 7, 2014, due to the discontinuation of commercial handling activities.

(in thousands of Euro)	At December 31, 2014	At December 31, 2013	Change
Fixed assets (A)	1,287.120	1.213,879	73,241
Working capital (B)	(181,059)	(174,496)	(6,563)
of which:			
- assets held-for-sale	16,010		16,010
- liabilities related to assets held-for-sale	(25,443)		(25,443)
Provisions for risks and charge (C)	(174,567)	(187,111)	12,544
Employee benefit provisions (D)	(50,505)	(77,155)	26,650
Net capital employed (A+B+C+D)	**880,989**	**775,117**	**105,872**
Group shareholders' equity	309,200	286,766	22,434
Minority interest shareholders' equity	600	611	(11)
Net debt	571,189	487,740	83,449
Total source of financing	**880,989**	**775,117**	**105,872**

(A) The fixed assets are reported net of State and EU grants, amounting at December 31, 2014 to Euro 495,654 thousand and Euro 1,831 thousand and at December 31, 2013 respectively to Euro 499,748 thousand and Euro 1,800 thousand.

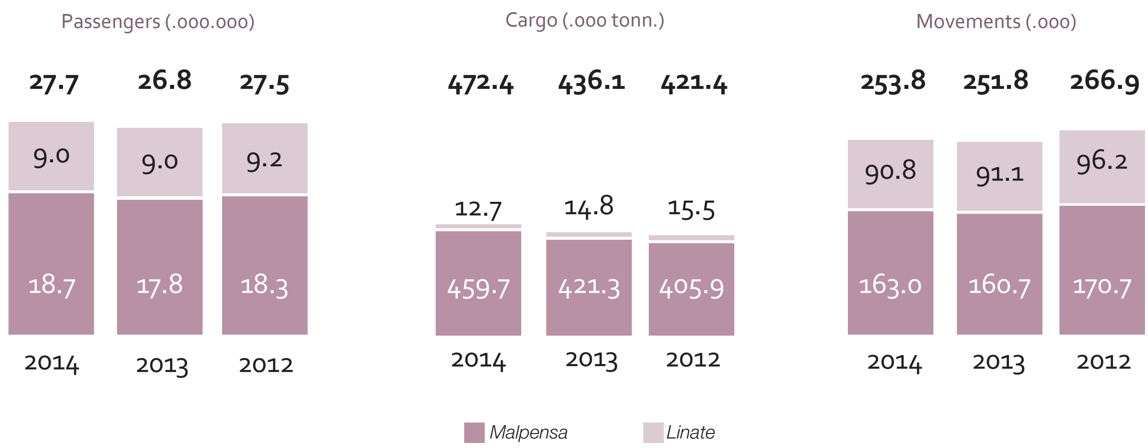
(in thousands of Euro)	At December 31, 2014	At December 31, 2013 restated	Change	At December 31, 2013 approved
Investments in tangible and intangible assets	97,728	90,419	7,309	90,486
Employees (at year-end)	2,684	2,765	(81)	4,986

2014 consolidated revenues Euro 685,100 thousand



2014 Consolidated Revenue	Thousands of Euro	% total revenues
Aviation	393,736	57.5%
Non Aviation	211,102	30.8%
Handling	1,974	0.3%
Energy	14,822	2.2%
Revenues as per IFRIC 12	63,466	9.2%
	685,100	100%

Traffic data



2014
DIRECTORS' REPORT


DAVIDE OLDANI café
BVLGARI
GUCCI

2014: SIGNIFICANT EVENTS

SEA Handling – Advance winding up and appointment of a liquidator

The Extraordinary Shareholders' Meeting of the subsidiary SEA Handling 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);
- entrusted the liquidation to a sole liquidator in the person of Mr. Marco Reboa.

SEA – Incorporation of Milan Airport Handling Trust – Trust Deed

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, to be conferred 100% of the shares of Airport Handling.

The creation of the Trust, a key element guaranteeing economic discontinuity, established a structural and operational basis which excludes SEA from any form of control over Airport Handling and continuity between SEA Handling and Airport Handling (reference should be made to paragraph 2.5 "Consolidation scope and changes in the year" of the Explanatory Notes for greater detail on the absence of control over the Trust and Airport Handling SpA).

"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 purpose of the Trust is the implementation of procedures which will ensure economic discontinuity, as well as permit the entry of third parties, private and independent, to comprise not less than 30% of the share capital.

On August 27, 2014, the Shareholders' Meeting of Airport Handling resolved:

- the share capital increase to Euro 5 million, in cash, with subscription by the sole shareholder SEA;
- the consequent amendment of the By-Laws.

On the same date of August 27, 2014, in application of the incorporating deeds of the Trust, SEA, as sole shareholder of Airport Handling Srl, with the signing of the Trust Deed, transferred the entire shareholding to the special purpose "Milan Airport Handling Trust".

Also on August 27, 2014, a second Shareholders' Meeting resolved:

- the conversion of the company from an "Srl" to an "SpA", as well as the adoption of the new By-Laws;
- the renewal of the corporate officers of the company, who will remain in office for three years - until the approval of the 2016 Annual Accounts.
- the issue of 20,000 EFI (Equity Financial Instruments), to be entirely subscribed by SEA, of a value of Euro 1,000 each, underwritten 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 million.

SEA – 10% Acquisition of the investee SEA Services

On November 14, 2014, SEA, in order to consolidate its presence in the catering sector, in partnership with MyChef Ristorazione acquired 10% in the company SEA Services Srl, already held 30%, increasing its shareholding therefore to 40%.

ViaMilano Parking becomes an independent brand, managing the Malpensa, Linate and Orio al Serio parking network, with its own commercial and communications organisation

On January 8, 2014, SEA SpA and APCOA Parking Italia SpA, were jointly awarded the tender announced in July 2013 by SACBO for the management of parking at Bergamo Orio al Serio Airport from February 1, 2014 to January 31, 2020.

The Consortium formed by SEA and APCOA, European leader in parking services and successfully partnering for over fifteen years with SEA in the operational management of parking at Milan Malpensa Terminal 1, manages over 7,000 thousand parking spaces, serving the specific requirements of the Bergamo airport customer base. The SEA Group, with over 5,000 thousand parking spaces at Milan Linate and over 10,000 thousand at Milan Malpensa, manages therefore the largest Lombardy airport parking system.

Transfer of flights from Bergamo Orio al Serio to Malpensa Terminal 1

On May 12, 2014, all flights were transferred from Bergamo Orio al Serio airport to Milan Malpensa following the suspension of flights for three weeks for runway resurfacing.
The SEA Group managed the increased traffic flows well, optimising all structures and services to incorporate as best as possible the passengers transiting at the inter-continental terminal. In particular, the number of departure gate security filters was increased from 14 to 20 and pedestrian walkways for boarding at satellite A and in the areas dedicated to the Orio al Serio passengers were constructed. The number of runway shuttle buses to transport passengers to the terminal was also increased. In terms of infrastructure available to airlines, restructuring works were undertaken for the crew briefing centre and warehouse and offices constructed for Ryanair maintenance, in addition to a catering warehouse and renovation of the northern section of the Terminal 2 cargo hanger.
The number of temporary staff to handle passengers was increased, in particular check-in staff and weight & balance operators. At strategic access and journey points four welcome desks manned by SEA personnel were also installed at the airport, assisted by 15 airport helpers.
The operations and services offered have guaranteed the highest quality standards, despite the significant impact on volumes.

Malpensa Terminal 1/Terminal 2 rail link

In September 2014, works began on the construction of the rail link between the two Malpensa Terminals, which will provide direct access also to Malpensa Terminal 2 from Milan. The construction of the rail link is managed by the Ferrovie Nord Milano Group, which also acts as the overall coordinator. The works at the Terminal rail station are managed by SEA.
The length of the rail link, which currently connects Milan to Terminal 1, will be a total of 3.6 kilometres to Terminal 2, including the new rail station, multi-storey car parking and a pedestrian walkway.
Terminal 2 will therefore join an inter-modal air/rail network, ensuring a high level of service for accessibility also to the "low cost" flight sector. The Terminal 1 – Terminal 2 link in fact is an initial and indispensable phase of the comprehensive "Northern access to Malpensa" project, which will further extend the catchment area of the airport.
In relation to the co-financing approved in 2013 by the European Union for the project, in June 2014 the SEA Group received the first tranche of the grant (Euro 3.7 million).

SEA/Quintavalle - Cascina Tre Pini Civil Case

Judgement 15223/2014 of 13.6.2014, published on 13.7.2014 by the Court of Cassation, pronounced upon the appeal put forward by SEA against the Milan Court of Appeal decision which imposed, together with the Ministry of Transport, the payment to Cascina Tre Pini of Euro 5,803,500 - in addition to interest of Euro 1,687,440.84 and accessory charges – as compensation under Article 46 L.1865/2359 for sound emissions and pollution impacting the properties of Cascina Tre Pini due to air traffic at Malpensa airport.
The Court of Cassation, accepting SEA's appeal, declared upon:
(i) the formation of the entire final judgement on the applicability to SEA of Article 46 L.1865/2359 in relation to dispossession; *(ii)* the non-applicability, for the alleged damage, (damage from public work emissions) of Article 844 of the Civil Code which governs "Emissions" in the surrounding area.
The judgement accepted the applications put forward by SEA on appeal concerning SEA's absolution request from all compensatory/indemnification responsibility and the repayment request for all amounts paid under the original judgement (approx. Euro 2 million); in August the entire amount was received.
Following the decision, SEA obtained access to Euro 8.2 million which from July 2012 was held as a restricted deposit as guarantee in favour of Quintavalle.
The Court confirmed the decision against the Ministry of Transport, judging compensation for damage in the above-stated amounts and rejected the requests for further damage put forward by Cascina Tre Pini.

Restructuring of Group funding facilities

During 2014 the SEA Group restructured its funding facilities through *(i)* the issue of a Bond for Euro 300 million, listed on the official Irish Stock Market, *(ii)* the subscription of irrevocable credit lines of Euro 260 million, of which a) Euro 120 million revolving line available until April 2019 ("RCF Line") and b)

Euro 140 million new EIB loan ("New EBI Loan") to be drawn down in tranches by December 2017, for a total duration of between 15 and 20 years.
The new funding structure will achieve the following objectives:

- guarantee the SEA Group the availability of credit lines to improve the coverage of financial needs in the coming years;
- lengthen the debt maturity, minimising the relative cost of debt;
- ensure the meeting of the particularly extensive financial commitments of the SEA Group for 2014-2015. In this two-year period, according to the previous financial debt structure, medium-term loans of over Euro 213 million were due to mature, in addition to the refinancing of nearly Euro 73 million of short-term lines (open until the end of 2013) and a further Euro 100 million of unutilised committed lines maturing by 2016;
- enable a high level of financial flexibility for the SEA Group in terms of the accessing of lines under best European market practices and at a particularly low cost in relation to the duration of the corresponding debt.

At December 31, 2014, following the bond operation, approx. 70% of loans maturing in 2014/2015 (Euro 150 million) had been repaid, in addition to uncommitted lines unutilised by the end of 2013 (an additional Euro 52 million); furthermore, the newly maturing committed credit lines were cancelled, replaced by the RCF line undertaken in April and the new EIB loan undertaken in December.
The bond issued by SEA on April 17, 2014 called "SEA 3 $^{1}/_{8}$ 2014-2021" has been one of the most successful by an officially non-rated Italian issuer, guaranteeing the Group a 7 year loan at a fixed annual cost of 3.125% (+183.5 basis points on the period mid swap), with a highly successful uptake and subscriber demand over four times greater than availability.
Since its issue, the value bond has continually risen, reaching by the end of December 2014 a price of 102.51, corresponding to an effective yield of 2.68%.

Ministry for Economic Development Grants

In May, SEA accepted the subsidised ten-year loan issued by the Ministry for Economic Development under Law 46/82 to finance innovative projects and leading to the creation of the Aircraft Ground Guiding Light System at Malpensa and Linate airports.
In particular, the grant totalling Euro 1.1 million concerns the Special Rotation Fund for technological innovation and permits the undertaking of a subsidised loan from the fund to support businesses and investment in research for a total of Euro 9.2 million (in an advanced stage of agreement with the counterparty banks).

OUTLOOK

The recovery of the global economy and the drop in oil prices are good indicators for 2015. The latest IATA (International Air Transport Association) estimates for the global air transport sector forecast the generation of profits by sector enterprises of over Euro 20 billion for 2015 - compared with Euro 16 billion estimated in 2014. According to the IATA, improved profit margins should translate into tariff reductions of approx. 5%. Although the outlook is strong, risks of a global nature remain – such as political instability, conflicts and a number of weak regional economies.

International passenger air traffic numbers in 2015 had a weaker start than 2014: according to the IATA, in January global traffic grew 4.6% on an annual basis. This marks a slower start to the year compared to 2014, which reported an improvement of 5.9%. Compared to January 2014 the load capacity increased 5.2% on previous year and the load factor 0.5% to 77.7%. While the domestic markets drove growth in the final part of 2014, international growth was stronger in January.
The IATA figures on global air cargo transport report a 3.2% increase in terms of tonnage-kilometres in January 2015 compared to January 2014. This increase is down on the 4.5% average for the full year 2014 - following on from the 20% drop seen over recent years. The IATA foresees difficulties in the sector in 2015, on the basis of the economic crises in Europe and concerns surrounding the Chinese economy, which has seen exports decline.
The SEA Group, despite the continued uncertainties within the sector, confirms its commitments to the development of the business areas managed, in order to achieve further efficiencies and develop the capacity of traffic, passengers and cargo.
2015 will feature two major phenomenons: on the one hand the full implementation of the "Lupi Decree" (in force from October 2014), which may impact the traffic distribution among the two airports, with the transfer from Malpensa to Linate of a number of destinations (previously non-operable due to regulatory restrictions), without impacting the role of Malpensa as an intercontinental gateway; in addition, the 2015 Milan Expo (which will take place between May 1 and October 31, 2015) will have a positive impact on passenger traffic at the Milan airports, absorbable however by the current capacity of the airport.

In this regard, the infrastructural Development plan for 2015 provides for increased investment, with the completion and entry into use of all the main infrastructure designed and constructed over recent years (the third satellite, the new commercial area, the Mxp restyling, projects E-Gates and new security lanes to maximise passenger time within the commercial area, the restyling of the General Aviation terminal and the initial actions for the safety of the Lambro river). The completion of a number of major investments will lead to the initial benefits from the new layout of the Terminal 1 commercial areas, increasing the retail floor space and the range of products and services offered. Parking is expected to be impacted temporarily by the works on the new T2 rail station which began in 2014, reducing the number of available spaces for an estimated period of ten months.

ECONOMIC OVERVIEW

In 2014, economic activity picked up in the United States, while remaining weak in the emerging economies. The global economic outlook has been affected by risks of a further slowdown of the Chinese economy and a worsening of economic and financial conditions in Russia, which has been impacted by sanctions imposed by the West at the end of July, the sharp drop in the price of oil and the collapse of the Ruble - further impacting consumer and business confidence.

In the final quarter consumer inflation decreased across the globe, impacted also by raw material price contractions. In the United States this indicator reduced in November (1.3% from 1.7% in October). For the major emerging economies, in December weak Chinese and Indian inflation was confirmed (1.5% and 5.0% respectively), while remaining high in Brazil (6.4%) and continuing to accelerate in Russia (11.4%), due to the significant depreciation of the Ruble and food product price increases following the decision to block imports from the major advanced economies.

The OECD projections released in November again revised global output downwards: 3.7% in 2015, slightly picking up on the previous year; the International Monetary Fund estimates released in October forecasted 3.8% growth.

Global economic performances are expected to remain divergent: solid growth in the United States, in the United Kingdom and in India, with sluggish performances for Japan, the Eurozone and Brazil. Meanwhile, the structural slowdown of the Chinese economy is expected to continue. Possible risks which may impact these forecasts remain however: the persistent structural problems of a number of emerging economies and uncertainty in the timing and extent of the recovery in the Eurozone may weigh heavily.

Economic growth in the Eurozone remains slow. In December consumer deflation was in fact seen for the first time since October 2009.

In Q3 2014, Eurozone GDP increased 0.2%, supported by consumer price inflation (0.5% and 0.3% for households and the Public Administration respectively).

Domestic demand has been stunted by a drop once again in investments (-0.3%) and inventory levels. Among the major economies, GDP returned to growth in France (0.3%), was very slight in Germany (0.1%), while reducing in Italy (-0.1%). The French economy benefitted from increased public and private consumption and inventory levels. In Germany, a degree of support came from the uptake in household and Public Administration spending.

For Italy, a contraction was seen in 2014, with the deficit/ GDP ratio maintained at 3%. During the year, the first signs of a recovery for Italian household consumption were evident, thanks to low inflation levels and, in the final part of the year, the reduction in energy costs.

The Euro/Dollar exchange rate reported an average of USD 1.33/Euro for the year, in line with 2013 - although significantly fluctuating during the year. While increasing in the first half of 2014 (+4.3% on 2013), a significant depreciation brought the Euro to USD 1.23 in December.

This volatility stems from a range of factors, including the strong recovery of the US economy, which, from the second quarter onwards, exceeded even the most optimistic growth expectations, in addition to the differing monetary policies pursued by the respective central banks. The FED in fact concluded its quantitative easing, readying itself to raise interest rates, while the ECB adopted this policy in January 2015. In Europe, this measure followed the reduction of the reference interest rates on refinancing operations to support bank lending to households and non-financial companies, with a view to bringing inflation to just below 2%, the prime objective of the ECB.

Average oil prices in 2014 were approx. USD 100 per barrel, reducing 8.5% on the 2013 average. After two years of continual stability, except for the second quarter of 2014 which saw average prices rise to approx. USD 110 per barrel (+6.2% on the same period of 2013), from July 2014 a persistent decline took hold.

2015 Outlook

The new International Monetary Fund (IMF) forecasts indicate that the drop in oil prices, together with the Eurozone weakness and the Chinese slowdown, will result in global GDP growth of 3.5% in 2015 and 3.7% in 2016.

The same source has increased its US GDP growth forecast for 2015 (+3.6%, increasing 0.5% on the October estimate). The Eurozone however will continue to suffer from deflationary risks which challenge economic development. GDP estimates forecast growthof 1.2% in 2015 and 1.4% in 2016.

The outlook for the emerging economies is weaker: in particular China. The world's second largest economy will see a slowdown in growth to 6.3% - representing the weakest performance since 1990. The outlook for Brazil has also weakened, with growth estimates cut by 1.1%, with expectations of only 0.3% growth. Russia, according to the

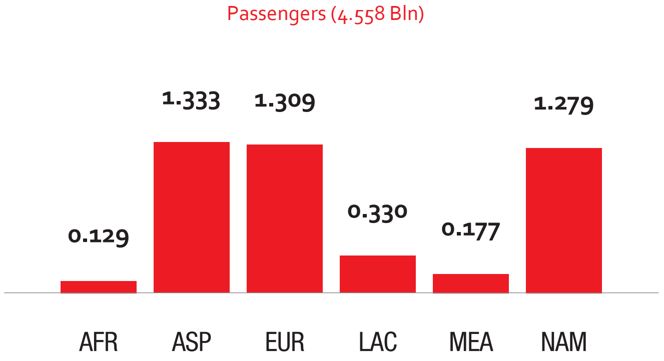
International Monetary Fund, impacted by the collapse in the oil price and economic sanctions, will see a 3% drop in GDP in 2015.
The projections for the 2015-16 period of the IMF, confirmed by the Bank of Italy, foresee a gradual return to growth for the Italian economy this year and further improvements in 2016 (2015 GDP growth of 0.4%, with a 0.8% improvement expected for 2016). Economic development should be supported by the expansive monetary policy and the measures introduced under the stability law, which will reduce the tax wedge; the gradual uptake in international trade is also expected to contribute, in addition to the weakening of Euro and the reduction in the price of oil.

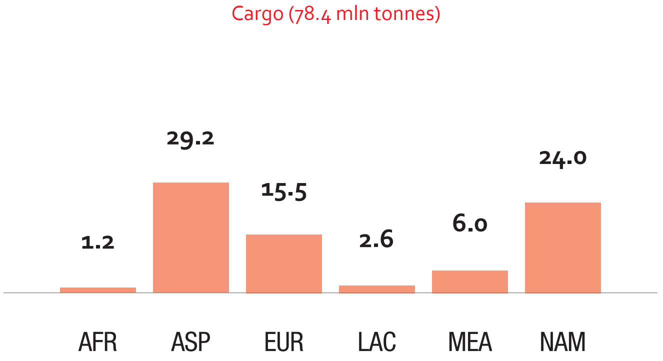
Air transport and airports

Global air transport performance

Global **passenger traffic** in 2014, based on a sample of 330 airports[1], reported 5% growth on the previous year.
The regions which account for 86% of global traffic saw strong performances: Europe +5.6%, Asia +5.3%, North America +3.5%. The Middle East reported the highest percentage growth (+8.7%), followed by Central/South America with 5.8% and Africa with 3.9%.
Among the **top 20** global airports, Atlanta again took first place in terms of passengers served with 96 million (+1.8%), followed by Beijing with 86 million (+2.9%) and London Heathrow with 73 million (+1.4%). Istanbul reported the highest percentage growth at 10.6% and 57 million passengers, followed by Shanghai (+9.5%), with approx. 52 million passengers and Dubai in third place (+6.1%) with 70.5 million passengers. Malpensa and Linate, with 18.7 million and 9 million passengers respectively, placed 89th and 139th in the global ranking.
Cargo traffic also - developing on 2013 which reported stable figures - saw a significant recovery on the previous year (+4.8%).
In fact, of a sample of 260 airports, the Middle East again reported the strongest growth, up from +5.4% in the previous year to +12.2% in 2014; Asia, which moves the greatest quantity of cargo globally, saw substantial growth of 5.6% on 2013.
In the **top 20** for quantity of cargo moved, the first three positions are held by Hong Kong (+6.1%), Memphis (+2.8%) and Shanghai (+8.6%), which significantly increased the level of cargo transported in the previous year; Chicago meanwhile reported the strongest improvement (+11.4%). Malpensa, with 460 thousand tonnes processed, placed **45th** on the global ranking.
In the ACI World ranking for the major cargo airports (76 airports that transport at least 200 thousand tonnes of cargo), **Malpensa** achieved a strong position at **16th**, while placing 18th in terms of percentage growth on the previous year.

Global air traffic 2014[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 – 2014 [2]

In 2014, **passenger traffic** managed by the major **European airports** grew overall by +4.9%, principally featuring the strong performances of the London airports (+4.4%), Paris (+2.6%), Frankfurt (+2.6%), Amsterdam (+4.6%) and Rome (+6.4%).

Cargo traffic at the European airports in 2014 grew 3.8%, for a total of nearly 11 million tonnes of cargo processed.

Among the main European cargo sector airports, **Malpensa** placed first in terms of percentage growth (+9.1%).

2014 Italian airport traffic performance [3]

The performance of the 35 **Italian airports** monitored as members of Assaeroporti, reported a strong passenger traffic recovery on 2013 (+4.5%), for a total of 150.3 million passengers. Aircraft movements also increased (+1%), for an annual total of 1.3 million movements.

In 2014, Rome Fiumicino, Malpensa, Linate, Bergamo and Venice were confirmed as the five leading Italian airports in terms of passenger transits.

The airports which on average generate traffic greater than **4 million passengers** annually (excluding Milan and Rome), report significantly higher numbers on 2013 (+4.8); specifically – Catania +14.2%, Naples +9.5%, Bologna +6.2%, Pisa +4.6% and Venice +0.9%.

A strong air transport performance was seen in Italy in 2014, with increased passenger numbers across many Italian airports and growth seen throughout the country.

The airports managed by the SEA Group saw particularly strong results in the cargo sector (+8.3%), with 472 thousand tonnes of cargo transported, confirming its leading position in Italy in terms of air import/export traffic; the Rome airport system maintained levels in line with 2013 (-0.8%).

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

Milan Malpensa and Milan Linate airport traffic

	Movements			Passengers [1]			Merci (tonnes) [2]		
	2014	2013	%	2014	2013	%	2014	2013	%
Malpensa	162,953	160,700	1.4%	18,669,740	17,781,144	5.0%	459,696	421,277	9.1%
Linate	90,833	91,128	-0.3%	8,984,285	8,983,694	0.0%	12,719	14,847	-14.3%
Airport System managed by SEA Group	**253,786**	**251,828**	**0.8%**	**27,654,025**	**26,764,838**	**3.3%**	**472,415**	**436,125**	**8.3%**

1 *Arriving + departing passengers.*
2 *Cargo in transit not included.*

Passenger traffic

In 2014, the Milan airport system transported 27.7 million passengers, improving 3.3% (900 thousand passenger increase) on the previous year.
This passenger growth was accompanied by increased air movements which, with 2 thousand additional movements, improved 0.8% to 253,786.
Malpensa airport benefitted from the temporary transfer of flights from Bergamo, particularly concentrated in the May 12 to June 2 period, contributing 480 thousand passengers and increasing the total number of passengers served by the airport in 2014 by 5%. The main airline involved in the transfer was Ryanair.
Traffic would have increased 2.3% excluding the effect from the transfer of the Bergamo flights.

Malpensa

Malpensa reported improved passenger traffic of 5% to 18.7 million and an increase of over 2 thousand movements (+1.4%).
The distribution of passenger traffic by region highlighted the strongest development of traffic with North America (+53.8%), the Middle East (+8.3%) and Europe (+2.5%).
Significant results were seen also with Central America (+19.2%) and Asia/Oceania (10.7%), although concerning lower volumes of traffic than the major regions served.
The low costs sector carried 8.5 million passengers (+8.5%). This sector, excluding easyJet and the Ryanair transfer in May, saw growth of 6%, with Germanwings contributing strongly (+81%), acquiring the legacy traffic previously operated by Lufthansa, in addition to Vueling (+8%).
Alitalia, Sky Team group, which in 2014 served 1.9 million passengers, was impacted by the gradual reduction in traffic at the airport, reducing the airline's passenger numbers to under 1 million for the year, with connections to Southern Italy significantly curtailed by over 50%.

Malpensa Terminal 1

Passenger traffic improved 5.8%, with 12.2 million passengers. In May, as expected, passenger numbers spiked following the transfer of flights from Bergamo, with approx. 480 thousand passengers. The number of movements, excluding the Bergamo traffic transfer following the temporary closure, was in line with 2013 (+0.3%). Important signs of recovery were seen in passenger numbers (+3.4%).
From the winter season, Malpensa was impacted by the transfer of airberlin and FlyNiki which, following the introduction of the Lupi Ministerial Decree (hereafter Lupi M.D.), entirely concentrated operations at Linate airport.
The Schengen area reported a performance in line with 2013 (+0.4%); this result was supported by the transfer of flights from Bergamo in May, containing the weak performance of the area - which otherwise would have seen a significant reduction of 6.3% (-400 thousand passengers).
This was largely due to the cancellations of Alitalia - which during the year were progressively implemented on the domestic routes with Lamezia Terme and Olbia - but also to the reduced number of flights with Catania, Fiumicino, Naples and Trapani.
Significant passenger traffic growth was reported for the Non-Schengen area (+14.5%).
In particular, intercontinental traffic performed very strongly (+12%), principally thanks to the Middle Eastern airline Emirates which, with three daily flights to Dubai, of which one beginning from December 1 employing an A380 with over 500 seats, and the connection with New York, increased the number of passengers carried by 28%. American Airlines also contributed which, in addition to the connection with New York JFK, improved 74% thanks to the addition of a daily flight

with Miami, reporting a load factor for the flight of 86%.

We highlight also the performance of the US airline Delta Airlines with a 19% improvement, thanks to the strong results delivered on both the destinations served - New York and Atlanta - with 214 thousand passengers and the airline Qatar, reporting growth of 15% with Doha, transporting 241 thousand passengers.

In addition, we report the entry of Air Canada and Air India from June. The Canadian airline connects Malpensa with Toronto through five weekly flights, reporting strong results and a load factor of 82%; Air India connects with Delhi, with a flight terminating also at Rome, offering a daily flight which is still in the start-up phase. Significant capacity increases were seen for Beijing (Air China, from 3 to 5 weekly), Tokyo (Alitalia, from 4 to 5 weekly), Singapore (Singapore Airlines, from 5 weekly flights to daily flights) and Muscat (Oman Air from 4 weekly flights to daily flights).

Malpensa Terminal 2

The leading airline in terms of passengers served is easyJet. With 18 aircraft based in Malpensa, in 2014 the airline reported growth of 3.4%, almost entirely concerning international traffic (+5.6%) and with volumes in 2014 of 6.5 million passengers (35% of the Varese's airport overall volume).

This result was achieved largely through the introduction of new flights with Hamburg, Tel Aviv, Tenerife and Munich, and partly by the additional frequencies on existing routes such as Brindisi - doubling the number of flights - Paris Charles de Gaulle, Lamezia Terme, Malaga and London Gatwick.

Linate

Linate airport confirmed 2013 passenger levels (9 million), while aircraft movements were also in line with the previous year.

As expected from winter 2014, the Lupi M.D. - while restricted by the hourly capacity of the airport - extended the possibility to operate "point to point" flights to all EU airports. Etihad partner airlines such as airberlin and FlyNiki, in agreement with Alitalia, therefore transferred their operations from Malpensa to Linate, consequently reducing the direct market share of Alitalia in favour of these airlines.

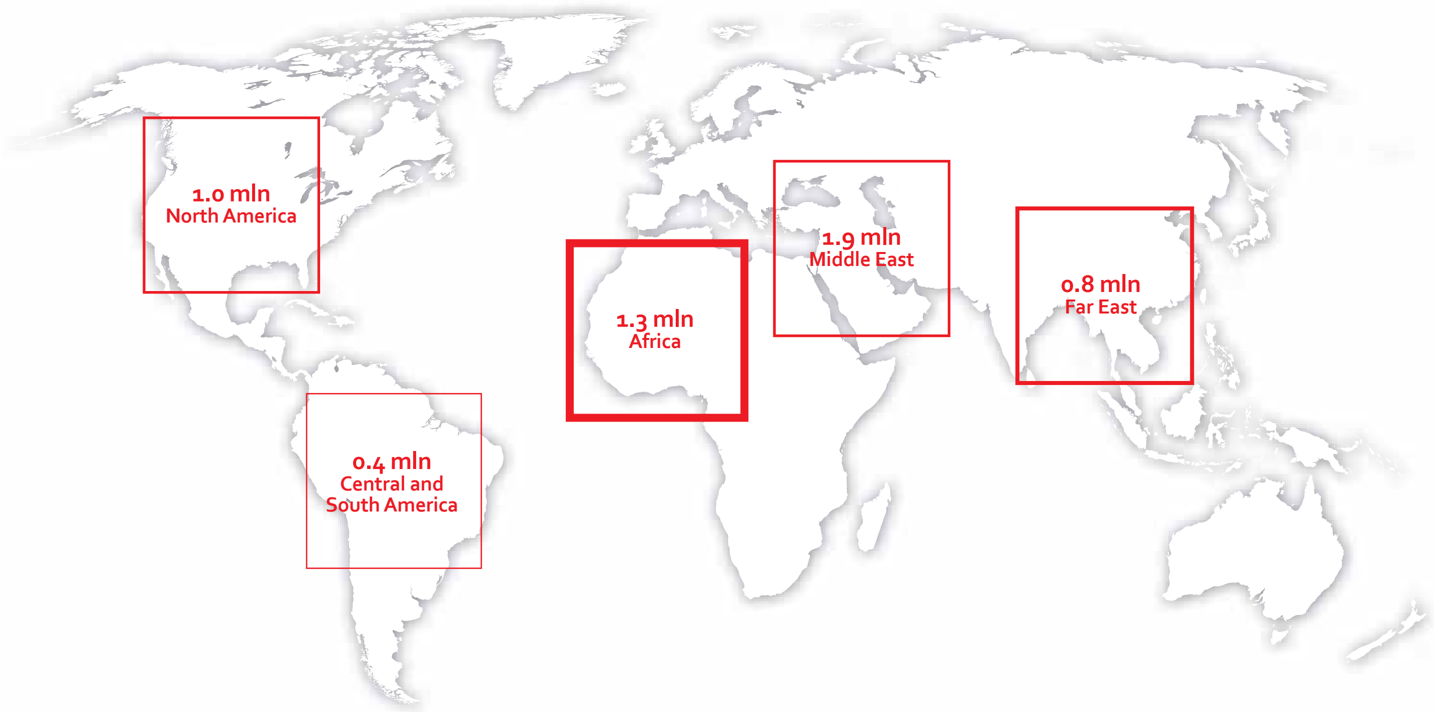
Swiss also from December 19 transferred to Linate one of the daily flights operated from Malpensa with Zurich.

Alitalia in 2014 saw passenger numbers increase (+2.6%), principally thanks to the Cagliari and Alghero routes, under its key role in ensuring an ongoing service with these regions.

Vienna, London City and Warsaw, not present in 2013, also reported strong performances.

The Linate-Fiumicino route grew 2.7%, with 1.4 million passengers. This result is due both to the mix of aircraft employed, through the restructuring of the fleet and consequently reducing the capacity offered and to the airline easyJet which, compared with 2013, commenced operations only from March 25. easyJet improved its performance in the year, increasing the aircraft load factor from 67% in 2013 to 70% in 2014.

2014 Passenger traffic on inter-continental routes by region – Airports managed by SEA



Cargo traffic

Cargo traffic in 2014 increased 9.1% on the previous year, with 460 thousand tonnes transported.

In particular, Malpensa reported a very strong performance for the year, with a peak in May, in which cargo increased 16.4%, also thanks to the cargo traffic of DHL and Aerologic transferred from Bergamo.

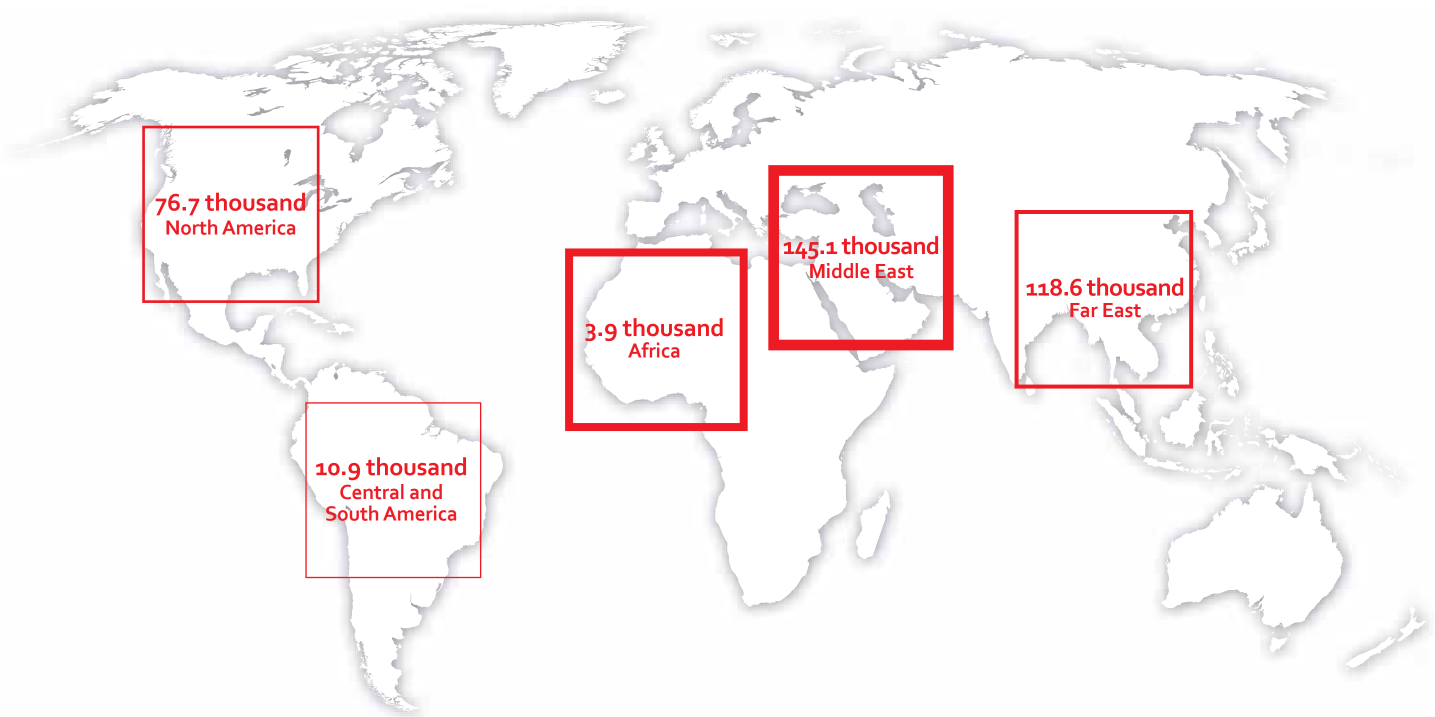
The all-cargo traffic performance improved 11.1% to 329 thousand tonnes of cargo transported.

Among the principal airlines contributing to the cargo traffic performance, we highlight Qatar, which in 2014 extended its network to Chicago, already operational in December 2013, and increased flights with Doha, with a significant increase in the number of movements (+80%), and in terms of cargo processed (+51%); from March flights were launched with Cairo and Frankfurt through 2 weekly flights operated by Lufthansa Cargo, and an all-cargo flight with 1 weekly connection by Emirates with Dubai.

Etihad, with growth of 48%, AirBridgesCargo +19%, Silk Way +25.3% and Korean +25% also reported strong performances.

The cargo traffic of the all-cargo carriers served at Malpensa by the SEA Group report varying levels of growth among the final destination areas.

2014 Cargo traffic on intercontinental routes by region – Airports managed by SEA



REGULATORY FRAMEWORK

New ENAC consultation Guidelines

In October, ENAC published the new "Consultation procedure between the manager and airport users for the supplementary and ordinary Regulatory Agreements". This document reports in detail the times, means and content subject to consultation with users for airport managers under the existing Regulatory Agreement signed with ENAC.

The new Guidelines establish the consultation procedures for users in the bridge year of each tariff sub-period for the supplementary Regulatory Agreement, including the obligation to provide users and ENAC with information concerning costs, investments, service quality, environmental protection indicators and unitary fees for the base year and the five-year regulatory period, in comparison with the more simplified requirements under the annual user consultation, relating both to the ordinary Regulatory Agreement and the supplementary Regulatory Agreement. In both cases however, the principle, already established by Directive 2009/12/EC, is restated concerning airport fees, regarding the obligation of the manager to put to user consultation any change in the regulatory fees at the latest four months before their entry into force. SEA falls within the remit of the supplementary Regulatory Agreement.

The establishment of the new 2015 fees, commented upon below, took place within the application of the above-stated New ENAC Guidelines.

Establishment of the new 2015 fees

On October 31, 2014, SEA initiated the consultation procedure for the updating of airport fees, publishing the documentation required by the new ENAC Guidelines.

On November 24 and 25, meetings were held with users, following which a number of written observations concerning the new fees proposed were received. The consultation procedure closed on December 23, with the publication by ENAC of the new maximum fees permitted. The effective date for the application of the new fees was fixed at March 1, 2015, in line with that established by the above-stated ENAC Guidelines.

Publication of the Guidelines for the incentivised introduction and development of air routes by airlines

The Ministry for Infrastructure and Transport issued on October 2, 2014 the Guidelines for the incentivised introduction and development of air routes by airlines, in accordance with Article 13, paragraphs 14 and 15 of Legislative Decree No. 145 of December 23, 2013, as amended by the enacting Law No. 9 of February 21, 2014.

This provision covers all forms of incentives introduced by airport managers for airlines and seeks to ensure the widest accessibility possible for airlines potentially interested in the incentive initiatives undertaken by managers, under any form, for the introduction and development of air routes, to promote demand within the respective user bases. The free entrepreneurial choice of managers to undertake partners considered appropriate to satisfy its needs remain, in compliance with the principles of transparency, competition and non-discrimination.

The Guidelines provide for the publication on the airport manager's website of the complete incentive programme which they intend to adopt, detailing the type of each incentive, their duration, the contributions provided for and additional details.

The Guidelines adopted by MIT were effective from October 2, 2014 (the publication date); their adoption does not therefore have any effect on the efficacy and/or validity of the incentive contracts signed prior to this date.

SEA is evaluating the manner for the publication of its incentive policy on the company website in line with the MIT provisions.

Ministerial Decree of October 1, 2014, published in Official Gazette No. 237 of October 11, 2014 (the "Lupi" Decree)

The Decree of the Ministry for Infrastructure and Transport of 1.10.2014 was published in Official Gazette No. 237 of 11.10.2014, concerning the breakdown of air traffic within the Milan airport system, which introduces a number of amendments to the previous governing regulation to improve access to Milan for the 2015 EXPO: EU airlines may introduce "point to point" flights employing narrow body aircraft between Linate and other European cities (not only capital cities), within the hourly capacity limits of Linate airport (unchanged at 18 movements/hour).

The Decree applies from the 2014-2015 winter season.

Reference should be made to the preceding paragraphs of the Directors' Report for considerations on the impact of this Decree on the overall amount of traffic managed by SEA and that at Linate and Malpensa airports.

OPERATING PERFORMANCE

Aviation

Commercial strategy

The commercial Aviation policy of SEA was further strengthened in 2014, with specific actions taken to boost traffic and expand the network, such as the acquisition of new airlines and the growth of existing airlines, in order to further improve the connectivity of the airports and the servicing of their respective catchment areas.

The SEA Group development strategy focuses on identifying and acquiring new non-European airlines, which operate principally out of large hubs with an extensive connection portfolio and simultaneously extending the European and domestic network, prompting existing operators to carry out fresh investment and seek new opportunities - both the legacy operators and the low cost airlines.

Particular attention was dedicated to the cargo segment, in order to attract new airlines and see new routes introduced, also collaborating with integrated operators, with a view to consolidating the market leadership of Malpensa, which in 2014 managed over 50% of domestic air cargo volumes.

Commercial Aviation activity is developed through an ongoing, daily contact with the airlines, participation at international sector events and the organisation of dedicated roadshows, while the main marketing tools included the development of specific support programmes, "welcome packages" and tailor made initiatives to support and communicate the programmes undertaken by the airlines. In this regard, we highlight also the intense lobbying undertaken as part of the negotiations for the review of the Bilateral Agreements, in order to ensure a wider liberalisation of traffic rights, including fifth freedom rights.

Key Results

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 use of spaces by airlines and handlers.

In 2014, these activities generated total revenues of Euro 393,736 thousand, increasing 8.1% on 2013 (Euro 364,305 thousand), with the discontinuation of the commercial aviation handling sector not impacting the comparability of the 2014 figures with the 2013 approved figures.

This performance was principally supported by the increase in passenger and cargo traffic, which at system level improved respectively 3.3% and 9.1%, and the annual review of the regulated tariffs.

In particular, on November 29, 2013 ENAC, following the annual monitoring of the ENAC-SEA Regulatory Agreement, published on its website the new regulated tariffs for 2014 for Malpensa and Linate airports. The new fees were based on the elements established by the Regulatory Agreement: inflation, investments made and incremental charges related to the entry into force on the regulatory provisions. The new tariffs are effective from February 1, 2014, differing from the contractual provisions which establish the effect of tariff adjustments from January 1 of each year.

Fees

The "Fees" rose Euro 25,076 thousand on the previous year, from Euro 284,345 thousand in 2013 to Euro 309,421 thousand in 2014.

This follows the increase in tariffs as part of the annual update of the Regulatory Agreement, with an impact of 4.2%, and the increased traffic volumes in the year. This latter was principally affected by the increase in passenger traffic of 3.3%, with strong performances by the intercontinental routes (+8.3%), the introduction of new destinations (approx. 50 in 2014), including Delhi and Toronto and the temporary transfer of traffic from Orio al Serio to Malpensa following the runway resurfacing at Bergamo. As expected, this transfer from May 12 to June 2 resulted in the additional management of approx. 475 thousand passengers and an additional approx. 3.5 thousand movements, principally concerning the airline Ryanair.

Cargo traffic increased 9.1%, thanks to the ongoing development of the Malpensa cargo area and the entry of new cargo operators.

Revenues in the year include in addition the general aviation airport fees, totalling Euro 5,571 thousand, for the activities managed by the subsidiary SEA Prime (previously Ali Trasporti Aerei ATA), whose investment was acquired at the end of 2013.

In 2014, the signing of new Bilateral Agreements continued, including those with Turkey, Hong Kong and Bangladesh. These agreements enable an extension of the weekly passenger and cargo flight numbers.

Centralised infrastructure

Centralised infrastructure revenues totalled Euro 9,404 thousand in 2014, compared to Euro 11,849 thousand in 2013. The decrease of Euro 2,445 thousand is principally due to the opposing developments of lower revenues for Euro 3,099 thousand generated from the de-icing of aircraft before take-off following the favourable weather conditions of 2014 compared to the previous year, and the increase of Euro 658 thousand from revenues from the use of fingers for the boarding and deplaning of passengers.

Security controls management

Revenues from the management of security controls (passenger, hand baggage and luggage controls and requested services) increased Euro 3,047 thousand, from Euro 46,160 thousand in 2013 to Euro 49,207 thousand in 2014.

This performance is closely related to the increase in passenger and cargo traffic, with a 3.6% effect, and the annual tariff update of the Regulatory Agreement, contributing 2.9%.

Use of regulated spaces

The revenues from the use of regulated spaces in 2014 totalled Euro 18,225 thousand, increasing Euro 1,074 thousand on 2013. The increase is principally due to income from the spaces granted by the subsidiary SEA Prime (previously Ali Trasporti Aerei ATA SpA), totalling Euro 5,509 thousand, offsetting the reduction of Euro 3,349 thousand, principally due to the significant decrease in tariffs applied for check-in desks at Malpensa, following the annual update of the Regulatory Agreement tariffs.

Free transfer of assets

The account "Free transfer of assets" relates to the free transfer of assets constructed by the sub-contractors and transferred to the operator under a commercial agreement.

The free transfer in 2014 concerns the buildings and relative annexes constructed by the Company De Montis Spa in the period 1997-1998, within Milan Malpensa Airport, and transferred without consideration to the Company on the basis of a commercial agreement (in 2013 the free transfer totalled Euro 4,800 thousand and concerned the transfer, in favour of the Group, of a building and related annexes at Milan Malpensa). 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.

Traffic development: increase in airlines, frequencies and services

In 2014, approx. 50 new connections were introduced between new routes and additions, for a total of 140 new weekly flights. As previously stated, the most significant development was the introduction of two new long haul flights from June with 2 major new destinations: Delhi (daily flight operated by Air India together with Rome) and Toronto (five weekly flights operated by Air Canada).

The non-European Malpensa network, in addition to the 2 new destinations mentioned, was extended with two new services with Marrakesh and Béni Mellal (operated by Royal Air Maroc) and significant capacity increases for Beijing (Air China, from 3 to 5 weekly), Tokyo (Alitalia, from 4 to 5 weekly), Singapore (Singapore Airlines, from 5 weekly flights to daily flights) and Muscat (Oman Air from 4 weekly flights to daily flights). Among the new leisure destinations introduced in the year, Neos operates 2 new flights with San Andreas (Columbia) and Salalah (Oman).

The upgrades to the Emirates service included from December a weekly flight operated with an A380 with Dubai. We highlight, also in December, the favourable judgement for the airline from the Council of State in relation to the appeal by Alitalia against the authorisation granted by ENAC to operate the New York connection under fifth freedom rights.

easyJet to Malpensa increased 3.4%, with an average load factor of 90%. The airline's offer was extended with 4 new destinations (Tel Aviv, Hamburg, Tenerife and Munich) and additional frequencies with Brindisi and a number of summer destinations such as Corfù, Mikonos and Minorca.

In Europe, the low cost Polish airline Eurolot began operations with the airport, introducing two weekly flights with Lublin, a new destination from Malpensa. Among the airlines which extended their offer, we highlight Tap, Flybe, Bulgaria Air, Lot, Air Serbia and Twin Jet (this latter during the summer operated a new connection with Nice).

The Alitalia Group, following the agreement with Etihad, at Malpensa reduced its movements 30%, with a drop of approx. 420,000 passengers, reducing in particular the domestic network capacity (Catania, Lamezia, Naples, Rome, Trapani, Olbia). In 2014, the airline had a market share at the airport of 5%.

As expected, in October the new regulation on the distribution of air traffic within the Milan system entered into force (the "Lupi Decree"), which provides for the possibility of connections between Linate and any other European Union destination. In the winter season, airberlin/FlyNiki, within the new Alitalia-Etihad strategy, therefore transferred operations from Malpensa to Linate (approx. 47 weekly flights), utilising the Alitalia slots. Swiss also chose to operate from Linate, with a weekly flight with Zurich, while Alitalia introduced from December daily flights with Berlin and Düsseldorf, reducing the offer on the domestic network.

Cargo traffic in 2014 grew 9.1% on the previous year, confirming Malpensa as among the strongest growing European airports. Among the freighters consolidating their presence at the airport, in addition to the Cargolux group (which maintained a market share of 18%), we highlight Qatar, Turkish, AirBridge, Silk Way and Korean Air. Among the new operators: Lufthansa Cargo, with two weekly flights with Frankfurt, Emirates SkyCargo (one weekly flight), Egyptair Cargo (one weekly flight) and Etihad, in collaboration with the Columbian airline Avianca Cargo, which introduced 2 new weekly flights with Bogotà. DHL Express, following the positive experience with the temporary transfer from Bergamo in May, opened a base at Malpensa in November; in this first phase the courier operated two daily flights with Lipsia and a daily flight with East Midlands, while from January Aerologic, a DHL group airline, plans the introduction of two weekly flights with Hong Kong.
In September, SEA in addition hosted and sponsored Air Cargo Handling, a major sector event, with the participation of over 250 international air cargo sector delegates.

Bilateral agreements

In the first half-year a new bilateral agreement was signed with Bangladesh, which provides for the inclusion of Milan among operable destinations by Bangladeshi airlines, as multi-designation and with significant increases in operable flights to 14 weekly for passenger flights and 7 for cargo flights.
In July, a new Bilateral Agreement was signed with Turkey, which provides for an increase in operable passenger flights and the establishment of a new limit of 14 cargo flights per airline, previously not provided for and authorised only on an extra-bilateral provisional basis.
In November, a new Bilateral Agreement was also signed with Hong Kong, which establishes an increase of weekly frequencies from 17 to 28 for passenger flights, in addition to 14 for cargo flights.

ViaMilano

In 2014 the promotional activities for the ViaMilano service continued, principally focused on distribution and communication through the digital channels. Marketing initiatives were pursued with two major sector players: Welcome Travel and BCD Ventura Travel. Both agreements ensure the promotion of the Via Milano service, supporting its increased usage by the travel agents of the respective networks.
In relation however to B2C communication, the service refreshed its graphic outlay, communicating a key concept of the service through the use of "gears".
2014 also saw the introduction of the new ViaMilano desks, developing the image of service's reliability and allowing operators to carry out their duties in line with the security and integrity principles for work stations.

Chinese friendly Airport and destination development

During the year, the collaboration with EXPO and with EXPLORA for the promotion of the airport among passengers from China and other Asian countries continued.
From April, commercial maps in Chinese were distributed and the assistance of Shopping Helpers introduced, for which a specific position at the entry of the commercial airport was created. At the beginning of the summer break, the Chinese signage across various airport areas was extended.
An agreement was signed with UnionPay (the most widely used credit card in China) for the development of a marketing partnership, under which the airport Tenants commit to accept the UnionPay card and U.P. commits to promote the SEA airports on behalf among its Card Holders.
The working group activities with Global Blue continued, with the preparation and planning of Chinese language communication which will support the launch of the new quicker VAT Refund (e-TFS) procedure.
In November, SEA was recognised as a "Chinese Friendly Airport", as part of the China Award organised by the Italy-China foundation, which recognises the efforts made to make the airport more welcoming for Chinese passengers.
2014 concluded with the undertaking by SEA of a Memorandum of Understanding with Caissa (the leading Chinese Tour operator). The co-operation, the subject of the memorandum, establishes for SEA's support in extending also within the Milan Airports the advantages which Caissa reserves for its card holders, such as discounts at airport retail outlets while, on the other hand, the Chinese tour operator commits to promote SEA and the Milan Airports with its card holders, informing them of services and initiatives.

Non Aviation

Commercial strategy

2014 saw the consolidation of SEA's commercial strategy with regard to the positioning of the retail offer at Malpensa and Linate.

In particular, the Malpensa Terminal 1 non-Schengen commercial area was reconceived and extended, recreating and drawing on the stylistic standards of the city of Milan – the Vittorio Emanuele Gallery principally – incorporating the values of style and elegance which the city is universally recognised for.

On a blueprint of long corridors featuring a series of retail spaces, "piazzas" have been developed, within an overall concept incorporating detailed consideration of design, light and the shop fronts.

This new vision resulted in the opening in May of the first piazza called the "Piazza del Lusso" featuring the major top Brands already with a presence in the heart of the Milanese fashion district.

In December a new area called the "Piazza del Gusto" followed, principally featuring high quality Italian food, thanks to partnerships with leading sector service providers.

The mix on offer is completed also by fashion brands, with full coverage of all market segments.

The principal developments of the new Terminal 1 compared to the previous lay-out will be the positioning in the spring of 2015 of security controls at the check-in level, following which all passengers, both with Schengen and non-Schengen destinations may access the new large central duty free shop and the two newly built Piazzas: Passport Control will instead be positioned at the end of the commercial corridor.

In terms of Parking, we highlight in particular the greater focus on marketing, with promotional campaigns around the main seasonal traffic peaks, which developed strong growth of the online channel through the e-commerce website.

A close and continual focus was also placed on the Business to Business channel, with the identification of new commercial opportunities in a very competitive and crowded market place.

Another important result was the awarding to ATI with APCOA in January 2014 of the tender introduced by SACBO for the management of parking at Orio al Serio airport: Via Milano Parking became an independent brand which manages the Malpensa, Linate and Orio al Serio parking network, with unified commercial and communication management.

Key Results

The Non Aviation segment which, both under direct management and under sub-licensing, offers a wide and segmented range of commercial services for passengers, operators and visitors, in 2014 reports net revenues of Euro 211,102 thousand, growth of 9.3% on 2013 (the decision to disengage from the handling sector, with the consequent application of IFRS 5 impacted the comparability of the 2014 figures with the 2013 approved figures; in particular, the 2013 restated revenues, in accordance with IFRS 5, totalled Euro 193,132 thousand.

This result was supported by the growth in retail revenues of 2.7% on 2013 and of parking revenues (+7.8%).

Shops

Shop revenues in 2014 totalled Euro 37,899 thousand (+2.3%). This result is considered very strong as achieved in the year in which Terminal 1 shop revenues were in line with 2013 and amid a drop in average passenger spend (-5% vs 2013): the contraction in the average Russian (-13%) and Ukrainian (-21%) passenger spend was particularly significant, following the depreciation of the Rouble and the Russian-Ukrainian crisis.

The restyling has had a significant impact on Terminal 1 operations, with works continuing both at the check-in areas and at the boarding and arrivals areas, often impacting passenger flows and resulting in the repositioning, although temporary, of many commercial enterprises. This has considerably held back the full exploitation of the new commercial offer by passengers.

As previously stated, May 2014 saw the opening of the "Piazza del Lusso" at Malpensa Terminal 1, with prestigious brands such as Burberry, Ermenegildo Zegna, Etro, Salvatore Ferragamo, Giorgio Armani, Moncler, Tod's, Gucci, Bulgari, Hermès, Bottega Veneta, Montblanc and Damiani, while in December a new area saw the addition of Piquadro, Moreschi, Pinko, Swatch, Venchi, Furla and Emozioni, the new Dufrital fine food & wine concept.

Food & Beverage

Food & Beverage revenues in 2014 totalled Euro 15,667 thousand, decreasing Euro 507 thousand (-3.1%), principally due to the conclusion at the end of 2013 of the contract with Autogrill for the management of the food area at the Terminal 1 mezzanine area of Malpensa.

The works for the restyling of Terminal 1 has a significant impact on the catering performance. These works have created a new strong and modern image for the terminal, with the opening in November of a food court in the check-in area, featuring the new formats of McDonald's and Rosso Pomodoro and the new Piazza del Gusto in December in the non-Schengen airside zone, with a Caffé Milano coffee shop and a Briciole bar and an extensive offer of pizzas and focaccia breads, in addition to a stellar and modern champagne bar with the "Ferrari Spazio Bollicine" table service, showcasing the excellence of Italian sparkling wines and the best of Italian cuisine under the chef Alfio Ghezzi.

The opening in May of the "Oldani Cafè" received significant media attention, which offers a refined and innovative selection of dishes from the famous chef.

Overall, the catering enterprises at the terminal reported increased revenues on 2013 of 8.5%, with the average passenger spend increasing 2.6%.

We highlight in addition the benefit generated by the temporary presence of Ryanair flights in May for all catering points in the Schengen departures area (+83%) and in the non-Schengen area (+37%).

In addition, the catering performance at Linate was strong, with increased revenues of 6.8% on 2013, in particular in relation to the A17-A21 gates food court, thanks to the excellent performance posted by Panino Giusto, in addition to the "Caffè Milano" bar, introduced following agreements undertaken with the Municipality of Milan.

Parking

Parking revenues, which amount to Euro 56,836 thousand, increased 6.4% of the previous year.

The contract for the management of parking at Orio al Serio contributed significantly to this result.

In general, the growth of the parking business was supported by ongoing communication operations focused on establishing the products position on the market, accompanied by campaigns featuring significant price cuts, in particular on the online channel for the seasonal traffic peaks.

A differentiated tariff policy increasingly focused on customer's needs, in addition to an increasingly targeted commercial policy on the Business to Business channel, with the participation of SEA at road shows and sector trade fairs completing the strategic focus on revenue development.

The parking results are considered even stronger as from July 2014 works began on the rail link between Terminal 1 and Terminal 2 at Malpensa, resulting in a loss of over 50% of the available parking spaces, significantly reducing Terminal 2 revenues.

Third party handling revenues

The entry into force from 23/09/2012 of the new ENAC/SEA Regulatory Agreement redefined the tariff structure, introducing new measurement criteria for handlers fees and fixing unitary fee levels for the use of exclusive assets (spaces and desks) assigned to Handling operators (Ramp, Passenger and Supervision/Representation handlers, Refuelling, Catering and Aircraft Maintenance).

In 2014 fees for the use of check-in desks reduced due to the decrease from February 2014 of tariffs under the new ENAC/SEA Regulatory Agreement compared to the previous year (approx. Euro 0.2 million).

Refuelling operations reported a reduction of Euro 250 thousand on 2013, due to the repossession of part of the areas occupied by operators.

Catering service revenues decreased Euro 100 thousand on the previous year following the reduction in the number of spaces utilised.

Cargo space revenues of Euro 10 million were substantially in line with 2013. However, in November 2014 DHL was assigned warehouses at Terminal 2, whose effects will become apparent in 2015.

Bank services

Bank services' revenues amounted to Euro 8,093 thousand, increasing 2.6% on 2013. The very strong performance of the currency exchange and tax refund activities by sector operators both at Malpensa and Linate is noted.

Advertising

Revenues from this non Aviation segment amounted to Euro 9,652 thousand, substantially in line with the previous year.

Against a reduction in interest at Linate, the new commercial areas at Malpensa Terminal 1 have seen strong demand from investors.

The decrease of 0.8% follows the non-renewal of the agreement with IC Moving Channel, which concluded in March 2014 and lower promotional activity revenues.

Car Rental

Car Rental revenues totalled Euro 13,977 thousand, up 11.9%, in part due to extraordinary items.

The sector in general saw a turnaround performance, following on from contractions in recent years, with an increase in arriving passenger numbers at Malpensa Terminal 1 on the previous year of 5.6% benefitting overall operations.

Handling

Within the negotiations with the European Union described in detail in the section "Risk Factors of the SEA Group", SEA took the decision in 2014 to discontinue the commercial aviation Handling business line, proceeding on the one hand with the liquidation of SEA Handling SpA on July 1 (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.
For the exit from a strategic sector (as per IFRS 8 the "handling" sector is defined as such), IFRS 5 requires that the 2014 income statement of the discontinued business is not included in the 2014 results line-by-line for each cost and revenue item, but the total result of the Discontinued Operations business line is recorded on a separate line in the account "Discontinued operations profit/(loss)". IFRS 5 also requires that the comparative income statement is restated in order to render comparable continuing operations and discontinued operations in the two years stated in the financial communication.
In 2014 the handling business only concerned the general aviation handling of the subsidiary Prime AviationServices SpA (previously ATA Ali Servizi SpA), acquired by the Group at the end of 2013, which operates outside of the commercial aviation handling business. Its impact on total revenues, assets and margins is not significant.

General aviation handling

Prime AviationServices, which operates in the general aviation airport services sector, manages, until the conclusion of the Agreement in place with SEA, all infrastructure at the Linate West terminal (general aviation); 2014 was the seventh year of the renewed Agreement with the Manager, signed at the end of May 2008 and the first full year with the new shareholder SEA.
Following the Council of State decision of July 5, 2010, 2014 was the fourth full year of liberalisation in favour of the various service handlers previously centrally managed by the company, with the exception of the follow me and marshalling service, which in 2014 continued to be carried out solely by Prime AviationServices.
In relation to refuelling, in the absence of the centralisation of the stockage plant, whose possibility was confirmed by the decision of the Council of State of July 5, 2010, 2014 again saw third party operators (Sky Tanking and RAI) refuel at the Linate West apron on behalf of all the competitor handlers of Prime AviationServices, further eroding market share. This is also a result of the worsening of procurement conditions in recent years, due firstly to the previous position of the company within the Acqua Marcia Group in liquidation and administration, with consequent funding problems and in 2014 to the delayed agreement of procurement procedures.

Commercial aviation handling

As illustrated in the Explanatory Notes, the comparative income statement of the commercial aviation handling sector – managed in 2013 and in 2014 by Sea Handling SpA until August 31 (date of the company's conclusion of operations) – is aggregated in the account "Discontinued Operations profit/(loss)" for the years 2014 and 2013; this comparative income statement therefore has the comparability limitation that against SEA Group operations for twelve months in 2013, 2014 operations concerned the first eight months of the year as the operations were subsequently managed by Airport Handling, which is not within the consolidation scope of SEA, as an operator not controlled by SEA.

Discontinued Operations income statement

(in thousands of Euro)	Year ended December 31 2014	2013
Operating revenues	78,194	114,676
Total revenues	**78,194**	**114,676**
Operating costs		
Personnel costs	(98,476)	(94,987)
Consumable materials	(1,519)	(1,912)
Other operating costs	(16,321)	(22,461)
Provisions and write-downs	11,933	(16,214)
Total operating costs	**(104,384)**	**(135,574)**
EBITDA	**(26,190)**	**(20,898)**
Amortisation and depreciation	(733)	(892)
EBIT	**(26,923)**	**(21,790)**
Financial charges	0	0
Financial income	29	38
Pre-tax result	**(26,894)**	**(21,752)**
Income tax	5,590	338
Discontinued Operations Profit/(Loss)	**(21,304)**	**(21,414)**

As illustrated in the previous paragraph "2014 Significant Events", the Extraordinary Shareholders' Meeting of SEA Handling on June 9, 2014 approved:

- the advance winding up of the Company and its placement into liquidation, with effect 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);
- entrusted the liquidation to a sole liquidator in the person of Mr. Marco Reboa.

In this context therefore the performance in the first eight months of the year, whose net result is in line with the result of the twelve months of 2013, reflects the application by the Directors of accounting principles on the going concern basis, considering however the proposed stoppage of activities and therefore the effects that the liquidation would have on the balance sheet and the recoverable value of the assets of the Company.
Within this process we report, given the nature of the assets, that the application of these principles did not result in adjustments to the normal valuation criteria in the recoverability of the tangible fixed assets and estimates in the recoverability of the receivables, adopted in 2013.
In addition, the consequent possibility to establish personnel restructuring charges in view of the Trade Union agreements reached on July 15, 2014, require that the 2014 income statement reflects a provision for risks and charges against the personnel restructuring charges amounting to approx. Euro 29,600 thousand; this differs from the 2013 Handling segment income statement due to the uncertainty surrounding the means of execution for the restructuring, in particular in relation to the means and number of employees placed at the new operator and SEA and the consequent inability to reliably quantify the liability to be incurred and therefore without any risks and charge provision been made in accordance with IAS 37.
As illustrated in the income statement above, the net loss of the commercial aviation handling activities in 2014 – which only operated for eight months, first in continuity until July 1, 2014 and then within a liquidation transition period to August 31, 2014, and subsequently in the liquidation phase without any operations, with the exception of the rental of the transport vehicles in the last four months of the year - is in line with the loss for the twelve months for the year ended December 31, 2013. This result is related to the significant personnel restructuring charges, which in 2013 could not be estimated, and amounted to Euro 29,600 thousand, and which resulted in higher personnel costs – for employees departing on September 1, 2014 – for the eight month period over the twelve months of 2013; in addition, also in relation to personnel costs, in 2014 we considerthe lower savings recognised in relation to the Extraordinary Temporary Lay-Off Scheme, the effect of the hiring in May and June of 150 FTE average temporary monthly employees to serve the additional

traffic transferred from Bergamo and the effects of the salary increases following the renewal of the Collective National Labour Contract, partly offset by the reduced number of personnel following the mobility procedure introduced in 2009.
The impact from increased personnel costs was only partially offset by the release of the risk and charges provisions of Euro 10.3 million in the account "Provisions and write-downs", together with the releases from the closure of disputes with carriers for amounts lower than originally estimated.

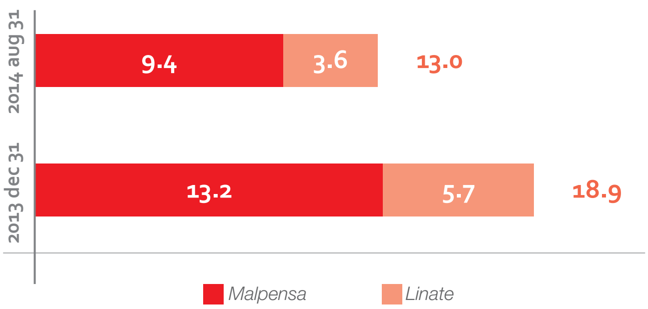
In terms of the managed traffic figures, commercial aviation handling reports the following comparative performances:

	Total Airports			Milan Malpensa			Milan Linate		
	To 31/08/2014	To 31/12/2013	C.ge %	To 31/08/2014	To 31/12/2013	C.ge %	To 31/08/2014	To 31/12/2013	C.ge %
Passengers served	13,025,294	18.858,092	-30.9%	9,383,228	13,174,782	-28.8%	3,642,066	5,683,310	-35.9%
Passenger area market share	68.7%	70.5%		72.6%	74.1%		60.3%	63.3%	
Movements served	125,096	185,875	-32.7%	77,642	114,747	-32.3%	47,454	71,128	-33.3%
Ramp area market share	72.5%	73.8%		69.4%	71.4%		78.2%	78.1%	
Cargo served (tonnes)	244,202	346,593	-29.5%	236,564	332,815	-28.9%	7,638	13,778	-44.6%
Cargo area market share	78.5%	79.5%		78.1%	79.0%		92.9%	92.8%	

Following the closure of Bergamo Orio al Serio airport for runway servicing, nearly all of the traffic for the May 12 - June 2 period was transferred to Malpensa, resulting in additional traffic at Terminal 1 for SEA Handling in liquidation of approx. 3,390 movements, 468 thousand passengers and 1,570 tonnes of cargo.
In 2014, until the conclusion date of operations, the various areas of activity reported the following:

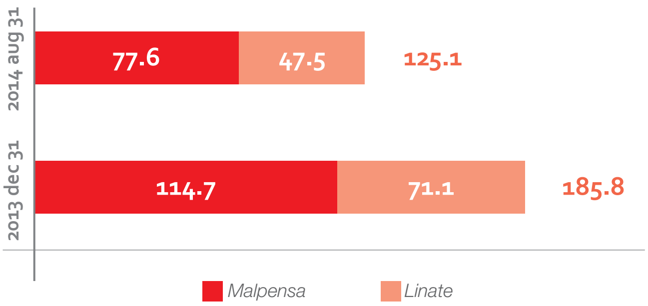
- in the passengers area, a total of over 13 million passengers were served (of which over 3.6 million at Linate and approx. 9.4 million at Malpensa). Compared to the full year 2013, at system level, a decrease of over 5.8 million (-30.9%) was reported, related to the non-operational period of the four final months of 2014. Linate reported a decrease of over 2 million passengers (-35.9% on 2013). Passengers served at Malpensa also decreased, reporting a reduction of approx. 3.8 million (-28.8% on 2013). The following table outlines the number of passengers served in 2014 (8 months) and in 2013 (12 months):

Passenger Handling: passengers served *(millions)*



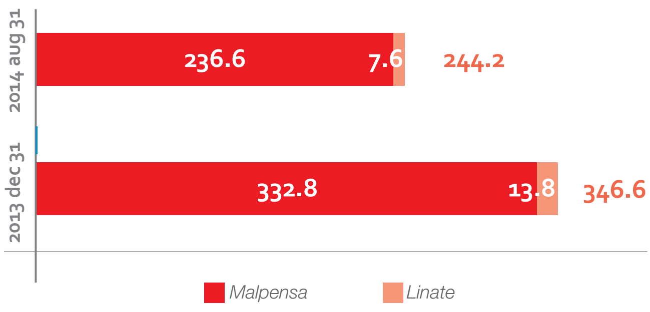
- In the ramp area, over 125 thousand movements were served (of which over 47,400 at Linate and over 77,600 at Malpensa). Compared to 2013, at system level, a decrease of 60,779 movements was reported (-32.7%). Linate reported a reduction of 23,674 movements (-33.3% on 2013). Movements served at Malpensa also decreased, reporting a reduction of approx. 37,105 (-32.3% on 2013). The following table summarises (within the previously-stated comparability limitations) the number of movements served in 2014 and in 2013:

Ramp Handling: movements served *(thousands)*



- in the cargo segment, whose activities are concentrated at Malpensa, where the company provides cargo unloading and loading services to nearly all of the cargo airlines at the airport. In 2014, over 244 tonnes of cargo were handled (of which over 7,600 tonnes at Linate and over 236,500 tonnes at Malpensa). Compared to the full year 2013, at system level, a decrease of approx. 102,400 tonnes of cargo handled was reported (-29.5%). Linate reported a decrease of over 6,100 tonnes (-44.6% on 2013). The cargo handled at Malpensa also decreased, reducing by over 96,200 tonnes (-28.9%). The following table summarises (within the previously-stated comparability limitations) the tonnes of cargo handled in 2014 and in 2013:

Cargo Handling: tonns of cargo served *(thousands)*



Finally, in relation to the balance sheet concerning the discontinued commercial aviation handling sector activities, reference should be made to paragraph 5.2 "Assets and liabilities held-for-sale and the Discontinued Operations profit/(loss)" for further details, considering also that the net equity of the discontinued operations (equity deficit of Euro 9,432 thousand at December 31, 2014) decreased Euro 9,433 thousand compared to December 31, 2013. This equity deficit is of a temporary nature due to the commitment undertaken by SEA on March 25, 2014 to guarantee the solvent liquidation of the company; under the commitment, the liquidator may request from SEA capital and financial support for the amount necessary to settle the equity and financial deficit at the date of the request. Consequently, the deficit position does not represent a permanent and effective equity deficit for the discontinued operations. In particular, SEA to date has already made payments of Euro 12,991 thousand, re-balancing the equity position of the discontinued business.

Energy

Commercial strategy

Within a general economic environment which continues to present significant difficulties and uncertainties in terms of the electricity market, SEA Energia continued to implement the policy introduced in 2010 to favour the acquisition of new supply contracts on the free market. In particular, a direct agreement was undertaken with 2i Rete Gas SpA.

These operations take place alongside the central commitment undertaken by the subsidiary SEA Energia to satisfy the coverage of the needs of Milan Malpensa and Linate airports through the management of co-generation plant.

These operations are executed under a sub-contract agreement for the management of the co-generation stations at Milan Linate and Malpensa undertaken with SEA SpA. In October 2014, the agreement was renewed and the conclusion date fixed at May 4, 2041.

Key Results

In 2014, the Energy business (production and sale of electric and thermal energy) reported consolidated net revenues of Euro 14,822 thousand (-29.8% on 2013).

In particular, electricity sales to third parties decreased 34.1% compared to 2013: :the reduction in the quantity sold to third parties relates to the continued low electricity exchange prices. This resulted in a change to the planning of the production processes at the Milan station through the use of a plant optimisation system, which principally resulted in the use of the second combined cycle of the Malpensa station, with a consequent reduction in the use of the first electricity production cycle. The quantity of electricity traded through the Electricity Exchange decreased 65% to 8.7 million kWh.

Revenues from the sale of electricity to third parties of Euro 2,047 thousand decreased Euro 296 thousand (-12.6% on 2013).

Production and sale of Energy

In 2014, electricity production for sale decreased 19.1% (-69.7 million kWh) compared to 2013, amounting to 296 million kWh. This decrease is in part due to the interrupted use of motor 1 at Linate, which suspended operations for nearly all of 2014, with a consequent reduction in production of approx. 20 million kWh.

The production of electricity for sale to third parties through the electricity exchange reduced 54.5% (-85.8 million kWh) compared to 2013 to 71.6 million kWh.

The production of electricity for sale under bilateral contracts increased 50% (+14.5 million kWh) compared to 2013 to 43.7 million kWh. In 2014, the main end customers were the airports of Bergamo Orio al Serio, Naples, Florence, Cagliari, in addition to the Sheraton hotel at Malpensa and the new client 2i Rete Gas SpA.

The main operating events were as follows:

- significant decrease in electricity prices (-13.8% compared to 2013) ;
- stabilisation of costs incurred for the emission of greenhouse gases, which did not benefit from the full free allocation by

the Ministry for the Environment (the free quota represents only 30% of the total).

In 2014, electricity production increased by 7.9% on 2013 (-27.1 million kWh) to 317.7 million kWh - of which 85% serving the needs of Linate and Malpensa airports.
This reduction follows the improved climatic conditions of winter 2014, with higher average temperatures than previous years.
Despite the uncertainties within the sector and the conclusion of the contracts with SACBO and GESAC on December 31, 2014, which were not renewed, the development programmes introduced by SEA Energia will improve the reliability of the service, for supply to the Parent Company and third parties under bilateral contracts.

Green certificates

Also in 2014 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, 38,131 green certificates will be requested from the Energy Services Regulator, of which 10,411 free to a2a under a contract which establishes that a percentage of the green heating certificates are recognised to a2a as an investment related to the heat distribution network was fully funded and undertaken by a2a.

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 5 years from the entry into force of Ministerial Decree of September 5, 2011, within the limit of 30% of the incentives recognised to newly-constructed high yield co-generation plant and may be requested from the 2012 data.
For the co-generation production in 2014 at the Malpensa station, the Electricity Service Operator recognised 6,504 white certificates, of which 4,375 combined cycle 1 (CC1) and 2,129 combined cycle 2 (CC2). The average unitary price is Euro 100 for white certificates.

Emission trading

In accordance with European Directive 2003/87/EC, from January 1, 2005, plant operators which emit CO2 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 CO2 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 utilised may be sold.
For 2014, the overall production of CO_2 by the Company amounted to 161,272 tonnes, of which 117,224 tonnes generated by the Malpensa station and 44,048 tonnes produced by the Linate plant.
SEA Energia in 2014 produced, on its own account, 95,018 Tonnes of CO_2. Therefore, to offset the Ministry of Environment for the 161,272 Tonnes produced, 66,254 CO_2 quotas must be purchased on the market.

Other information

Customer Care

The SEA Group, always keenly aware of the opinion of its users – passengers, accompanying persons, visitors and employees – continued in 2014 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.
The SEA Group has therefore introduced, looking to European best practice, an approach which identifies and intervenes on the more crucial aspects in terms of passenger expectations.

Quality of airport services provided: European context and positioning of our airports

The 2014 available figures (lastly updated for the final four months of 2014) reports a substantially stable position in Europe. Arriving and departing flight punctuality maintained in line with the 2013 averages, respectively of 85% and 83%, although with significant fluctuations and monthly changes. In the initial months of 2014, from January to March, particularly favourable weather conditions were evident. Therefore, the global airports performance improved on the same period of 2013. Adverse weather conditions impacted operations in the spring and the beginning of the summer of 2014 and the punctuality figures were further impacted by the strike by

ATC (Air Traffic Control) personnel in place at many European airports in the periods of highest traffic.

Malpensa, whose punctuality numbers consolidated at approx. 83%, were above the European average and in line with European airports of similar sizes (including Athens, Manchester and Stansted). This number is significantly better than the major Hubs and larger airports, such as Rome Fiumicino, Zurich, London Heathrow and Barcelona.

Linate, with over 91% departing flight punctuality, places first among airports in its size category, ahead of Oslo, Copenhagen and Vienna, which however feature higher volumes of transiting traffic.

At Malpensa the baggage delivery time performance, also in 2014 was above the Services Charter limits: at Terminal 1, the delivery of the first bag within 27 minutes was achieved for 96.6% of flights, while at Terminal 2, where the declared standard under the Services Charter is 26 minutes, the compliance percentage was 94%.

The delivery of the last bag within 37 minutes was achieved for 92.5% of flights at Terminal 1 and for 97.2% at Terminal 2.

The hand baggage security screening waiting times at Linate (7'49") was in line with the 7'50" required under the Regulatory Agreement and the Services Charter.

Overall passenger satisfaction: assessment of perceived Quality

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

- Malpensa Terminal 1: 70
- Malpensa Terminal 2: 70
- Linate: 67

The actions in progress at Malpensa Terminal 1 have already generated high numbers on this index, indicating that the significant efforts made by SEA in this regard have centred on passenger expectations.

The SEA system for Customer Relationship Management

As part of the company's online strategy, since 2010 SEA has utilised an innovative Customer Relationship Management (CRM) platform, specifically developed for passenger relations, with specific adaptations for relations between the passenger and a wide range of parties present at the airport (commercial, institutional and operational coordination), only partly under the company's direct responsibility and remit.

From this point of view, SEA is a leading enterprise in the airport sector internationally. A similar approach is currently only apparent also in Singapore-Changi, while European airports look to SEA as a point of excellence.

In September 2014, the number of users registered to the SEA CRM system reached 970,000.

Dedicated services: Family Friendly Airport

SEA's initiative focused on families travelling in the vacation periods successfully continued and was consolidated.

During the summer and Christmas holidays at Malpensa Terminal 1 and - from this year at Linate - SEA proposed a series of services, offering passengers travelling with infants and children up to 12 a Family Friendly airport:

- priority security passage through a "Family lane", used by approx. 150,000 passengers, with a very high satisfaction index level;
- distribution of 75,000 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;
- webpage dedicated to the initiative and a mini-site with games.

Information screen system

With the Virtual Desk system at Malpensa and Linate - the only airports in Europe with this feature, together with Munich - from this year a public information service was fully operative, provided through a high quality information screen system. This solution supplements the conventional means to ensure passenger's direct contact with staff at the airport at the desks, proposing interactive video and full size audio, together with the possibility to exchange documents through a multi-media totem linked with a back-office at each of the three terminals.

4 The index is measured on a scale of 0-100, with 75 representing excellence and 60 indicating sufficiency. The air transport sector generally sees an assessment of airlines at approx. 70; this is currently the only comparable figure given the very recent introduction of the index to the airport sector.

The expansion of the Virtual Desks allows therefore improvements to information service efficiency, with an increased number of dedicated areas.

Airport Safety

The Safety Management System operates with a view to consolidating and further improving the results achieved in recent years. The statistics highlight that the pre-fixed results have been achieved, implementing an "Airport Safety" operating level.
The guideline principles of the SEA airport Safety policy have remained unaltered in their consistency and suitability:

- guarantee design compliance, the construction 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, companies 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.

Safety Board and Safety Committee

In the year of meetings of the Safety Board and the Safety Committees at Linate and Malpensa, a high degree of participation by the main airport operators and the State Bodies was evident. Specifically, ENAC and ENAV, ensuring an ongoing and active presence, supported the Safety Management System in all of these activities.

All of the safety objectives declared to the ENAC Supervisory Team were achieved (assessment reported at the meetings of both the Safety Committees of Linate and Malpensa), and the relationships with ANSV (National Agency for the Safety of Flight) and ENAC were further consolidated in relation to support to investigations launched by the Agency on the one hand, and the issue related to obligatory flagging, eE-MOR[5], with the Authority on the other. A high quality level of the results achieved by SMS also in 2014 certainly contributed to a more efficient management of insurance premiums.

Ground Safety Report

As in previous years, in 2014 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.
A breakdown of events between "Significant" and "Minor" was introduced, so that a distinction may be made with regard to the severity of events.
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.

EU "EASA" Regulation No. 139 – New airport certification

The activity concerning the normalisation of the Airport Manuals in line with EASA[6] certification requirements began. Meetings commenced with Assaeroporti to establish a common operating process among all airports to identify, with the involvement of ENAC, the best manner for approaching at national level the difficulties which face Italy, at system level, which stand in the way of application of the European Regulation in question.

5 The eE-MOR (electronic ENAC Mandatory Occurrence Reporting) system records issues related to aeronautic events designed and constructed by ENAC, under Directive 2003/42/EC, enacted into domestic law with Legislative Decree No. 213/06.
6 European Aviation Safety Agency (EASA) is the aeronautic sector control body of the European Union.

PERFORMANCE OF THE SEA GROUP

Income statement

(in thousands of Euro)	2014	%	Year ended December 31 2013 restated *	%	C.ge % 2014/2013	2013 approved
Operating revenues	621,634	90.7%	578,539	89.6%	7.4%	657,080
Rev. for works on assets und. concession	63,466	9.3%	67,000	10.4%	-5.3%	67,000
Total revenues	**685,100**	**100.0%**	**645,539**	**100.0%**	**6.1%**	**724,080**
Operating costs						
Personnel costs	(161,501)	-23.6%	(155,357)	-24.1%	4.0%	(250,344)
Consumable materials	(47,243)	-6.9%	(48,786)	-7.6%	-3.2%	(48,786)
Other operating costs	(192,938)	-28.2%	(172,952)	-26.8%	11.6%	(161,366)
Provisions and write-down	(17,995)	-2.6%	(23,281)	-3.6%	-22.7%	(39,495)
Costs for works on assests und. concession	(59,540)	-8.7%	(62,311)	-9.7%	-4.4%	(62,311)
Total operating costs	**(479,217)**	**-69.9%**	**(462,687)**	**-71.7%**	**3.6%**	**(562,302)**
Gross Operating Margin / EBITDA [1]	**205,883**	**30.1%**	**182,852**	**28.3%**	**12.6%**	**161,778**
Restoration & replacement provision	(18,000)	-2.6%	(26,294)	-4.1%	-31.5%	(26,294)
Amortisation and depreciation	(58,186)	-8.5%	(49,027)	-7.6%	18.7%	(49,919)
EBIT	**129,697**	**18.9%**	**107,531**	**16.7%**	**20.6%**	**85,565**
Investment income (charges)	2,027	0.3%	507	0.1%	299.8%	507
Financial charges	(24,549)	-3.6%	(22,158)	-3.4%	10.8%	(22,151)
Financial income	1,430	0.2%	1,001	0.2%	42.9%	1,031
Pre-tax profit	**108,605**	**15.9%**	**86,881**	**13.5%**	**25.0%**	**64,952**
Income taxes	(32,454)	-4.7%	(31,756)	-4.9%	2.2%	(31,242)
Continuing Operations profit	**76,151**	**11.1%**	**55,125**	**8.5%**	**38.1%**	**33,710**
Discontinued Operations profit/(loss)	**(21,304)**	**n.s.**	**(21,414)**	**n.s.**	**-0.5%**	**0**
Minority interest profit	(11)	n.s.	3	n.s.	-466.7%	3
Group Net Profit	**54,858**	**8.0%**	**33,707**	**5.2%**	**62.7%**	**33,707**

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.

** Following the application of IFRS 5, the 2013 restated income statement does not include the figures of SEA Handling SpA in liquidation and Airport Handling SpA, which are recorded in the line "Discontinued Operations profit/(loss)". The figures of Airport Handling SpA relate to the period prior to the assignment to the Trust of the company which resulted in the loss of control by SEA; in this period, the company was non-operational and its contribution to the discontinued operations was therefore substantially immaterial compared to that of SEA Handling.*

As reported in the paragraph "SEA Group numbers - Key data and general information", within the negotiations with the European Union described in detail in the section "Risk Factors of the SEA Group", SEA took the decision in 2014 to discontinue the commercial aviation Handling business line, proceeding on the one hand with the liquidation of SEA Handling SpA on July 1 (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.

With reference to the exit from a strategic sector (as per IFRS 8 the "handling" sector is defined as such), IFRS 5 requires that the 2014 income statement of the discontinued business is not included in the 2014 results line-by-line for each cost and revenue item, but the total result of the discontinued business line is recorded on a separate line in the account "Discontinued operations profit/(loss)"; the same treatment is applied to the assets and liabilities of the discontinued business, which are not included in the assets and liabilities of the continuing operations but are recorded in separate accounts under assets and liabilities. IFRS 5 also requires that the comparative income statement is restated in order to render comparable continuing operations and discontinued operations in the two years stated in the financial communication.

Revenues

Revenues in 2014 (operating revenues and revenues from works on assets under concession) amounted to Euro 685,100 thousand, an increase of 6.1% on the 2013 restated figures (Euro 645,539 thousand).

Operational revenues amounted to Euro 621,634 thousand, an increase of 7.4% on the 2013 restated figures pursuant to IFRS 5 (Euro 578,539 thousand including Aviation revenues of Euro 393,736 thousand, non Aviation revenues of Euro 211,102 thousand, Handling revenues of Euro 1,974 thousand and Energy revenues of Euro 14,822 thousand). The Revenue performance was commented upon in the previous sections of the Directors' Report concerning the business areas and to which reference should be made for further information. The impact of the 2013 restatement concerns only handling revenues, which in 2014 referred exclusively to the activities undertaken by Prime AviationServices SpA (formerly ATA Ali Servizi SpA), acquired by the Group at the end of 2013, which therefore operates outside of the commercial handling business, subject to the above-mentioned "Discontinued Operations".

Revenues for works on assets under concession decreased from Euro 67,000 thousand in 2013 to Euro 63,466 thousand in 2013 (-5.3%).

These revenues refer to construction work on assets under concession increased by a mark-up representing 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 costs

Group personnel costs in 2014 increased Euro 6,144 thousand (+4%) on the 2013 figures restated as per IFRS 5, from Euro 155,357 thousand in 2013 to Euro 161,501 thousand in 2014.

This increase is principally due to the lower recourse to temporary redundancy schemes which amounted to Euro 3,525 thousand in 2014 and Euro 8,052 thousand in 2013, corresponding to 121 thousand hours in 2014 and 414 thousand hours in 2013 (the figures for both periods reflect the current consolidation scope that excludes the commercial aviation handling sector which in 2013 and 2014 underwent significant recourse to temporary redundancy schemes as described in detail in the Handling sector). The increase is also impacted by the contribution to the consolidated financial statements of the personnel costs of the companies SEA Prime SpA and Prime AviationServices SpA, present in 2014, while not present in 2013.

Average employee numbers (FTE) decreased 7 from 2,685 to 2,678, despite the entry into the consolidation of SEA Prime SpA and Prime AviationServices SpA, which contributed a total of 84 employees at December 31, 2014.

Consumable materials

Consumable material costs decreased from Euro 48,786 thousand in 2013 (restated as per IFRS 5) to Euro 47,243 thousand in 2014 (-3.2%). This decrease is principally due to the net effect of *(i)* lower purchases of methane utilised in the production of electricity by the subsidiary SEA Energia of Euro 4,781 thousand following the plant optimisation policies, as described under operating segments; *(ii)* lower costs for the purchase of inventories, principally by the parent company SEA of Euro 2,466 thousand, among which we highlight chemical products for de-icing and anti-icing utilised in the event of snow and/or formation of ice and runway illumination spare parts, due to the previously mentioned improved weather conditions in 2014; *(iii)* higher fuel costs, principally by the subsidiary SEA Prime for Euro 4,740 thousand, not present in the 2013 consolidated income statement; *(iv)* higher costs for security equipment and clothing of Euro 403 thousand; *(v)* higher costs for electricity purchases of Euro 402 thousand.

Other operating costs

In 2014, the account "Other operating costs" increased Euro 19,986 thousand (+11.6%) compared to the previous year's figures restated as per IFRS 5. This increase was principally due to the following factors:

- costs related to the Orio al Serio airport parking management of Euro 7,669 thousand, not present in 2013 (revenues related to this new activity amounted to Euro 8,975 thousand);
- higher costs for services provided by handling companies for Euro 4,256 thousand following the review of the contracts and the increased degree of activities required, among which we highlight the management of baggage porter services at Malpensa;
- higher commercial costs of Euro 2,407 thousand, related principally to the increase in leaving incentive charges;
- higher losses compared to 2013 of Euro 2,380 thousand related to the disposals during the year of plant and equipment;

- higher tax charges of Euro 1,827 thousand, mainly related to higher Property and Advertising charges;
- higher costs for professional legal, administrative and strategic services of Euro 1,561 thousand;
- higher concession fees to Public Entities for Euro 1,228 thousand, following the increased concession fee which the Parent Company SEA is required to pay for the year 2014 to ENAC. This increase is strictly correlated to the traffic numbers;
- higher equipment and vehicle rental totalling Euro 759 thousand, principally following the increase in the level of equipment rented for baggage screening at Malpensa and the rental of new runway buses for the transfer of flights in May from Orio al Serio to Malpensa;
- lower ordinary maintenance costs of Euro 3,212 thousand, in particular programmed maintenance on property, plant and equipment, although within a pre-established maintenance plan and aimed at guaranteeing efficiency and security at the airports.

Provisions and write-downs

In 2014, provisions and write-downs decreased Euro 5,286 thousand compared to the previous year, from Euro 23,281 thousand in 2013 (restated as per IFRS 5) to Euro 17,995 thousand. This decrease is principally related to the following factors: *(i)* the write-down of property, plant and equipment of Euro 8,200 thousand in 2013; *(ii)* higher provisions, net of reversals, of the doubtful debt provision of Euro 7,664 thousand; *(iii)* the write-down of the General Aviation terminal at Milan Linate Ovest for Euro 1,268 thousand, in view of the restyling of the terminal planned for 2015.

Costs for works on assets under concession

Costs for works on assets under concession decreased from Euro 62,311 thousand in 2013 to Euro 59,540 thousand in 2014. These costs refer to the costs for the works undertaken on assets under concession. This movement is strictly related to investment activities.

Restoration and replacement provision

The account decreased Euro 8,294 thousand in 2014, from Euro 26,294 thousand in 2013 to Euro 18,000 thousand, following the updating of the long-term scheduled replacement and maintenance plan of the assets within the so-called "Concession Right".

EBITDA amounted to Euro 205,883 thousand, compared to Euro 182,852 thousand in 2013 (restated as per IFRS 5), increasing 12.6%.

Investment income and charges

In 2014, net investment income increased Euro 1,520 thousand, from Euro 507 thousand in 2013 to Euro 2,027 thousand in 2014, 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 2,987 thousand in 2014 (Euro 493 thousand in 2013). 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 2,494 thousand, is principally due to the higher contribution of the associated company Dufrital, which in 2013 recorded non-recurring charges due to fiscal issues.

Investment charges include Euro 969 thousand relating to the loss of Airport Handling SpA at the transfer date of the investment to the Trust; the subsidiary was measured at cost as non-operational on the transfer to the Trust, which resulted in its deconsolidation in accordance with IFRS 10.

Financial income and charges

In 2014, net financial charges increased Euro 1,962 thousand, from Euro 21,157 thousand in 2013 (restated as per IFRS 5) to Euro 23,119 thousand in 2014.

This increase is due to the higher gross debt of the Group which, following the funding restructuring operation, saw a reduction in the average cost of the debt (from 2.8% nominal at the end of 2013 to 2.5% at the end of 2014), net of the associated new funding costs.

Financial income increased Euro 429 thousand following the increased availability of cash from the bond issue and despite the significant reduction in yields compared to the previous year.

Income taxes

Income taxes in 2014 amounted to Euro 32,454 thousand compared to Euro 31,756 thousand in 2013 (restated in accordance with IFRS 5), with a tax rate of 26.7% in 2014 and 41.5% in the previous year.

The significant reduction in the consolidated tax rate is related to the large benefit contributed by SEA Handling in liquidation to the consolidated tax regime of SEA due to the high tax losses in the period transferred to the fiscal unit, in addition to the result of SEA Energia and the consequent income taxes, which was also impacted by the reduction from 10.5% to 6.5% of the additional IRES rate (Robin Tax) and the recording of a significant deferred tax asset.
Reference should be made to note 7.12 for a detailed analysis of the items which contributed to this result and comparison with 2013 in application of IFRS 5.

Discontinued Operations profit/(loss)

The discontinued operations loss, concerning the commercial aviation handling sector, amounts to Euro 21,304 thousand.
The account includes, as previously illustrated in the handling sector overview, the result of the company SEA Handling in liquidation, net of the release of the provision for investment charges of Euro 10,305 thousand accrued in 2013 in relation to the above-mentioned subsidiary restructuring, which was completed in 2014 with its liquidation and exit from the 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 2013 in application of IFRS 5.

Net Profit

The Group Net Profit for the year increased by Euro 21,151 thousand - from Euro 33,707 thousand in 2013 to Euro 54,858 thousand in 2014. This result is comparable with the 2013 result approved by the Board, as not impacted by the application of IFRS 5.

Reclassified balance sheet

(in thousands of Euro)	At December 31, 2014	At December 31, 2013	Change
Intangible assets	978,171	942,987	35,184
Property, plant & equipment	192,733	196,495	(3,762)
Property investments	3,414	3,416	(2)
Investments in associated companies	41,882	40,429	1,453
Available-for-sale investments	26	26	0
Deferred tax assets	46,558	30,031	16,527
Other non-current financial assets	23,966		23,966
Other non-current receivable	370	495	(125)
Fixed assets (A)	**1,287,120**	**1,213,879**	**73,241**
Inventories	5,793	6,716	(923)
Trade receivables	118,526	118,095	431
Tax receivables	16,110	17,809	(1,699)
Other receivables	16,938	17,740	(802)
Current assets	**157,367**	**160,360**	**(2,993)**
Assets held-for-sale and discontinued operations	**16,010**	**0**	**16,010**
Trade payables	170,711	165,867	4,844
Other payables	98,753	111,282	(12,529)
Income tax payable	59,529	57,707	1,822
Current liabilities	**328,993**	**334,856**	**(5,863)**
Liabilities related to assets held-for-sale and discontinued operations	**25,443**	**0**	**25,443**
Working capital (B)	**(181,059)**	**(174,496)**	**(6,563)**
Provision for risks and charges (C)	(174,567)	(187,111)	12,544
Employee provisions (D)	(50,505)	(77,155)	26,650
Net capital employed (A+ B+ C+ D)	**880,989**	**775,117**	**105,872**
Group net equity	(309,200)	(286,766)	(22,434)
Minority interest net equity	(600)	(611)	11
Net debt	(571,189)	(487,740)	(83,449)
Total sources of funding	**(880,989)**	**(775,117)**	**(105,872)**

All the fixed assets, including those under the scope of IFRIC 12, are reported net of State and EU grants, amounting at December 31, 2014 to Euro 495,654 thousand and Euro 1,831 thousand and at December 31, 2013 respectively to Euro 499,748 thousand and Euro 1,800 thousand.

In the balance sheet, the above-mentioned figures, for the application of IFRS 5, do not result in differences between the comparative figures at December 31, 2013 and those originally approved; the discontinuation of the commercial aviation handling operations exclusively results in the presentation of the assets and liabilities at December 31, 2014, attributable to the commercial aviation handling operations, under "Assets held-for-sale and discontined operations" and "Liabilities related to assets held-for-sale and discontinued operations" in the consolidated balance sheet at December 31, 2014.

Net capital employed at December 31, 2014 amounted to Euro 880,989 thousand, an increase of Euro 105,872 thousand on December 31, 2013.

Fixed assets, amounting to Euro 1,287,120 thousand, include investments in tangible and intangible fixed assets of Euro 1,174,318 thousand, investments in associated companies of Euro 41,908 thousand, deferred tax assets of Euro 46,558 thousand, other non-current financial assets of Euro 23,966 thousand and other non-current receivables of Euro 370 thousand. Net fixed assets increased Euro 73,241 thousand compared to December 31, 2013, principally due to: *i)* net investments in the year of Euro 97,024 thousand, partially absorbed by depreciation in the year of Euro 58,186 thousand;

ii) other non-current financial assets of Euro 23,966 thousand from the Trust following the transfer of the investment in Airport Handling SpA and its consequent deconsolidation due to the loss of the "Power of control" over the new handler which replaced the operations of SEA Handling SpA in liquidation; *iii)* increase in net deferred tax assets of Euro 16,527 thousand; *iv)* increase in financial fixed assets following the equity valuation of the associated companies for Euro 1,453 thousand.
Net working capital amounted to Euro -181,059 thousand, decreasing by Euro 6,563 thousand compared to December 31, 2013, principally due to the following:

- liabilities related to assets held-for-sale of Euro 25,443 thousand and assets held-for-sale and discontinued operations of Euro 16,010 thousand, present in the 2014 financial statements following the presentation, in accordance with IFRS 5, of the operations of the company SEA Handling SpA in liquidation under the discontinued operations of the commercial aviation handling sector;
- lower payables to social security institutions of Euro 6,570 thousand, almost entirely relating to the balance of the payables of SEA Handling SpA in liquidation at December 31, 2013, not present in the 2014 financial statements;
- lower employee payables for vacation days not taken of Euro 3,949 thousand, attributable for Euro 2,389 thousand to the balance of the payables of SEA Handling SpA in liquidation at December 31, 2013, and for the remainder the reduction in the amount of vacation days not taken in 2014, principally in the parent company SEA;
- lower employee payables for remuneration matured of Euro 3,263 thousand, principally attributable for Euro -5,492 thousand to the balance of the payables of SEA Handling SpA in liquidation at December 31, 2013 and for Euro +1,965 thousand to the leaving indemnity agreements of the parent company SEA;
- lower payables for Euro 6,178 thousand relating to the payables of the Company SEA for airport fire protection services (the appeal made before the Rome Civil Court against the payment of this contribution is still pending);
- higher trade payables, increasing from Euro 165,867 thousand to Euro 170,711 thousand;
- lower inventories, decreasing from Euro 6,716 thousand to Euro 5,793 thousand.

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

(in thousands of Euro)	At December 31, 2014	At December 31, 2013	Change
Inventories	5,793	6,716	(923)
Trade receivables	118,526	118,095	431
Trade payables	(170,711)	(165,867)	(4,844)
Other receivables/(payables)	(125,234)	(133,440)	8,206
Assets held-for-sale	16,010		16,010
Liabilities related to assets held-for-sale and discontinued operations	(25,443)		(25,443)
Total net working capital	**(181,059)**	**(174,496)**	**(6,562)**

Reclassified Cash Flow Statement

At December 31, 2014, the net debt of Euro 571,189 thousand increased by Euro 83,449 compared to the end of 2013 (Euro 487,740 thousand).

This increase, in addition to the changes in the consolidation scope between the two years of Euro 25 million, is due to financial payments, of a non-recurring nature, of just under Euro 60 million at the end of 2014, related to the restructuring of the commercial aviation Handling activities which resulted in the recognition of post-employment benefits, deferred remuneration and leaving incentives to the employees of SEA Handling SpA in liquidation. The liquidation will also result in payments in the first months of 2015 of approx. Euro 13 million.

The changes in the net financial position between December 31, 2014 and December 31, 2013 are illustrated below.

(in thousands of Euro)	2014	2013 restated	2013 approved
Opening Net Financial Position	(487.740)	(411.370)	(411.370)
Net cash flow from operating activites (before work. capital changes)	102.852	123.699	123.522
Change in Net Working Capital	(24.051)	4.559	4.736
Net operating investments	(106.785)	(81.367)	(81.367)
IInterest paid	(21.425)	(16.139)	(16.139)
Dividends paid	(26.480)	(88.966)	(88.966)
Share capital and Equity increase			
Disposal/Acquisition of investments	(180)	(21.570)	(21.570)
Other	(7.380)	3.414	3.414
Total changes	**(83.449)**	**(76.370)**	**(76.370)**
Closing net financial position	**(571.189)**	**(487.740)**	**(487.740)**

The cash flow movements during the year are reported below:

(in thousands of Euro)	2014	2013 restated	2013 approved
Cash flow generated from operating activities	78,801	128,258	128,257
Cash flow absorbed from investing activities *	(105,080)	(79,650)	(79,650)
Cash flow absorbed from financing activities	(2,928)	(20,657)	(20,657)
Cash flow absorbed from acquisition of ATA **		(21,570)	(21,570)
Increase/(decrease) of cash and cash equivalents	(29,206)	6,381	6,381
Cash and cash equivalents at beginning of year	60,720	54,339	54,339
Cash and cash equivalents at end of year	31,514	60,720	60,720
- of which cash and cash equivalents included under Discontinued Operations	928		
Cash and cash equivalents at year-end reported in the accounts	30,586	60,720	60,720

* *Includes the amount relating to dividends received of Euro 1,706 thousand in 2014 and Euro 1,717 thousand in 2013.*

** *Acquisition price of the investment of Euro 25,200 thousand, net of the cash and cash equivalents contribution to the Group by the companies SEA Prime SpA (previously Ali Trasporti Aerei A.T.A. SpA) and Prime AviationServices S.p.A (previously ATA Ali Servizi SpA).*

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

Net cash flow from operating activities

(in thousands of Euro)	2014	2013 restated	2013 approved
Pre-tax profit	108,605	86,881	64,952
Amortisation & depreciation & change in provisions	75,607	63,844	77,692
Net financial charges & investment income	20,906	20,643	20,613
Other non-cash items	(8,524)	(1,081)	(1,108)
Cash generated/(absorbed) from operating activities before changes in net working capital of Discontinued Operations	(60,999)	(7,961)	
Cash flow generated from operating activities before working capital changes	**135,595**	**162,326**	**162,149**
Change in inventories	923	1,159	1,159
Change in trade & other receivables	(34,478)	33,844	34,176
Change in other non-current assets	125	(2,243)	(2,243)
Change in trade & other payables	(3,450)	(29,177)	(28,356)
Cash generated/(absorbed) from changes in working capital of Discontinued Operations	12,829	976	
Cash flow absorbed from changes in working capital	**(24,051)**	**4,559**	**4,736**
Income taxes paid	(42,414)	(36,316)	(38,627)
Damages received from Customs agency	5,631		
Repayment Quintavalle dispute (excluding interest)	2,313		
Cash generated/(absorbed) of operating activities from Discontinued Operations	1,727	(2,311)	
Cash generated/(absorbed) from operating activities	**78,801**	**128,258**	**128,258**

Net cash flow from investing activities

(in thousands of Euro)	2014	2013 restated	2013 approved
Investments in fixed asset:			
- intangible	(63,718)	(69,218)	(69,218)
- tangible	(18,076)	(12,108)	(12,149)
- financial	(180)		
Changes in other non-current financial assets	(24,950)		
Sales of fixed assets:			
- tangible	139		
- financial	(2)	(1)	
Dividends received	1,706	1,717	1,717
Cash generated/(absorbed) from investing activities of Discontinued Operations	2	(40)	
Cash flow absorbed from investing activity	**(105,080)**	**(79,650)**	**(79,650)**

Net cash flow from financing activities

(in thousands of Euro)	2014	2013 restated	2013 approved
Change in gross financial debt			
- increases/(decreases) in short-term & medium/long-term debt	(253,273)	81,895	81,895
- increases/(decreases) for bond issue	300,000		
Decreases/(increases) in receivables from State grants		(28)	(28)
Increase in capital and equity reserve			
Change in other financial asset/liabilities	(38,773)	(7,517)	2,581
Dividends distributed	(26,480)	(88,966)	(88,966)
Interest paid	(21,425)	(16,139)	(16,139)
Interest received	986	(31)	
Cash generated/(absorbed) from financing activities of Discontinued Operations	36,037	10,129	
Cash flow absorbed from financial activity	**(2,928)**	**(20,657)**	**(20,657)**

The amount of Euro 36,037 thousand of the "Cash generated/(absorbed) from financing activities of the Discontinued Operations" is shown net of the cash flows generated from the SEA capital contributions in favour of SEA Handling in liquidation (which amount to Euro 9,823 thousand).

Cash flow deriving from the acquisition of Ali Trasporti Aerei ATA SpA in 2013

(in thousands of Euro)	2014	2013 restated	2013 approved
Inventory		(116)	(116)
Current trade and other receivables		(6,504)	(6,504)
Current trade and other payables		9,026	9,026
Risk and Post-employment provisions		3,341	3,341
Intangible assets		(2,455)	(2,455)
Property, plant and equipment		(29,633)	(29,633)
Non-current assets net of non-current liabilities		37	37
Deferred tax liabilities		2,394	2,394
Financial debt		1,915	1,915
Minority interest net equity		425	425
Cash flow absorbed from the acquisition of Ali Trasporti Aerei ATA SpA	**0**	**(21,570)**	**(21,570)**

In 2013, following the acquisition by SEA SpA of Ali Trasporti Aerei ATA SpA, net cash was absorbed by the Group totalling Euro 21,570 thousand, as the difference between the acquisition value of the investment (Euro 25,200 thousand) and the cash and cash equivalents contributed to the Group by the companies Ali Trasporti Aerei ATA SpA and its subsidiary ATA Ali Servizi SpA.

SEA GROUP INVESTMENTS

The SEA Group in 2014 continued its commitment to support investments in line with the programmed development plan. The following table shows the breakdown of the investments in 2014, amounting to Euro 91.4 million, between new constructions (Euro 84.1 million) and restoration work (Euro 7.3 million).

(in thousands of Euro)	New constructions	Restoration investments	Total
Flight infrastructure	2,344	2,272	4,616
Terminals	61,713	3,976	65,689
Malpensa Cargo City	444	0	444
Parking, road access	3,850	371	4,221
Buildings	2,954	345	3,299
Plant and network	3,354	367	3,721
Ecology	172	0	172
ICT projects	7,212	0	7,212
Miscellaneous	2,052	0	2,052
	84,095	**7,331**	**91,426**

The amounts include the remuneration of 6% based on IFRIC 12 (Euro 3.9 million), of the financial charges capitalised (Euro 1.1 million) and net of the free transfer of the building at Malpensa (Euro 7.5 million) and the rights for the utilisation of land of the Ministry of Defence at Linate (Euro 3.1 million)..

At Malpensa the most significant investments in 2014 related to the expansion works of the Milan Malpensa Terminal 1, which will have 128 thousand sq. m. of additional space, of which approx. 67 thousand dedicated to passengers and commercial activities. In particular, the project provides for the centralisation of the security controls for all passengers (Schengen Non-Schengen) on the check-in floor and a single common commercial area (Schengen Non-Schengen) on the departures floor for the whole building, under a configuration which ensures maximum visibility and accessibility to the shops. In 2014, the new baggage reclaim area was made accessible and opened to the public for Non-Schengen flights (ground floor +1.50), in addition to the commercial operations facing the luxury plaza (upstairs transit lounge +7.90).

Together with this investment, a complete restyling of the arrivals and check-in floor was carried out, in order to upgrade the existing areas in line with the level of finishing at the newly constructed areas.

During the year, the urbanisation works and those at the new aircraft apron at Milan Malpensa Cargo were completed, in addition to the design of two new cargo warehouses which will be constructed from 2015, with completion scheduled for 2016. Each building will have a surface area of approx. 15,000 sq. meters

Towards the end of 2014, works for the construction of the new Milan Malpensa 2 station began, with the extension of the rail line currently terminating at Milan Malpensa 1.

In addition, during the year the works concerning the installation of a parking toll system at the P3 section of Bergamo airport (1,500 car spaces) was completed and the existing cargo warehouse at Milan Malpensa 2 for DHL operations was restructured.

In 2014, a number of flight infrastructure plant upgrades continued at Linate 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. The works concerning the upgrading of a number of runway areas and of the airport apron, both in the northern and western sections, were completed.

The Information and Communication Technology investments totalled Euro 7.2 million.

The major development projects include those on the HR, operating and administrative area systems.

For ICT and telecommunications infrastructure, in 2014 the hardware systems were updated, with a modernisation of the radio communication infrastructure based on Tetra technology, in addition to changes to the storage, security and data protection systems.

The investments in airport and business systems were also of particular interest, with the development of Aeronautic Operations support systems and the E-Commerce and Parking systems.

SEA GROUP RISK FACTORS

The SEA Group focuses greatly upon the correct management of the risks related to corporate activities and focuses its objectives in order to maximise opportunities and reduce potential risks from unforeseen events and in order to protect over the long-term the creation of economic value and the tangible and intangible assets of stakeholders.
Group risks may be broken down into five categories: strategic, operational, financial, commodity and compliance related.

Strategic risks

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

Air transport market structure and development

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

Risks related to airline company choices

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

Risks related to a reduction of passenger numbers or the quantity of cargo transported at the airports managed by the SEA Group

The volume of passenger traffic and cargo in transit at the Linate and Malpensa airports represents a key factor in the results achieved by the Group. Any reduction or interruption to flights by one or more airlines, operating out of the airports managed by the SEA Group, also as a result of the continued weak economic-financial position of the airlines, in addition to any stoppage or a change in connections with a number of destinations with significant passenger traffic may result in a reduction in the above-stated traffic, with consequent impacts on activities and Group results.
The Group considers itself, based on experience gained over the years, although not being certain in this regard, to be able to offset the risk of a reduction or interruption in flights, through the redistribution of passenger traffic between airlines operating on the market and the capacity to attract new airlines. Any redistribution of traffic may require a certain period of time, temporarily influencing traffic volumes. In relation to the Impact of the Lupi Decree on traffic volumes at Linate and Malpensa airports, reference should be made to the subsequent risk "Uncertainties relating to regulatory developments".
For 2015, it should be noted that for EXPO 2015 a significant increase in passenger numbers and movements will be seen in the period between May and October 2015, which may be handled by the Group through the normal usage of the production capacity.

Uncertainties relating to regulatory developments

SEA Group activities, as is the case for all Italian Airport Managers, are subject to a high level of regulation which impacts in particular the allocation of slots, the control of air traffic and the establishment of fees concerning services which may be provided only by the Airport Manager (airport fees, security control fees, fees for the use of common use

assets and centralised infrastructure for handling services).
In relation to the impact of the so-called Lupi M.D., the Group considers that the transfer of passenger flows to Linate will result in a reduction in the number of passengers and movements at Malpensa compared to that considered by the framework Regulatory Agreement for the setting of applicable tariffs.

Risk related to the European Commission Decision of 19.12.2012 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 in an advanced state of negotiation, as the written procedure phase has concluded some months ago; a ruling by the Court is therefore expected by the end of the year.
In the meantime, although fully committed – as re-confirmed by external consultants 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 execute the decision;

(ii) identify an agreed upon path to guarantee the definitive exit from the market of SEA Handling, in order that the Commission indirectly obtains the same result that would have been achieved through the execution of the decision, in accordance with alternative methods to the monetary restitution of the presumed 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 in full economic discontinuation with SEA Handling; the "economic discontinuation" represents in fact, in accordance with community law, the essential condition in order that the restitution obligation of State Aid is not 'transferred' to the newly incorporated company.

During negotiations, this scenario was supplemented by a series of further commitments undertaken by the Italian Authorities, in order to reassure the Commission of the inexistence of any economic continuation between SEA Handling and the new operator; among these, the commitment of SEA to transfer its entire shareholding of the new handling operator into a trust, as guarantee of the full management and operational segregation of the new company from SEA and/or SEA Handling, as well as the commitment of SEA to establish as the scope of the Trust to open the shareholding of the new company of the handling division to a significant minority shareholder (and, in a second phase, also majority shareholder).
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 the Milan Airport Handling Trust, a consistent accounting treatment was applied also in terms of its consolidation; in fact, 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 in the capitalisation, by SEA, of the new company.

In the belief that the decision to commence the investigation recently adopted by the European Commission is illegitimate, SEA – and at the same time, independently, the presumed beneficiary Airport Handling and the Italian State - presented an appeal before the EU Court, requesting cancellation of the commencement of the investigation.

While awaiting this appeal, 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 present observations in relation to the decision on Airport Handling. In this context, SEA wishes to present to the Commission all the reasons for which it considers that *(i)* there was no economic continuation between SEA Handling and Airport Handling, with consequent non-admission of any 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:

- it should firstly be recalled the creation of the Trust and the assignment of the entire shareholding of SEA to Airport Handling, a circumstance which, in accordance with community best practice, ensures full economic and operational discontinuation: the Trust in fact, as illustrated above, 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, it is recalled 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 compliant with the requirements of European practice in similar cases, as there was no automatic transfer of goods and judicial 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 and concluded at market prices, is not considered – in view of similar precedents – as an indicator of economic continuation and consequently also from this viewpoint the utilisation of the leased equipment may not be taken by the European Commission as an indicator of economic continuation.

In relation to the non-consideration of the initial capitalisation of Airport Handling as State Aid, the considerations of SEA are summarised below:

- firstly, the capitalisation of Airport Handling does not appear in any manner related to the wishes of the Public Authorities, being an independent commercial choice of SEA. It is therefore not possible to conceive how the investigation could reach the conclusion of a state origin (an essential condition for the qualification of State Aid) as

the issues raised in the commencement decision were not sufficient under past jurisprudence, or rather were based on declarations by politicians – the Transport Minister and the Mayor of Milan – and in any case were out of context and not relating to the capitalisation of Airport Handling. On this point, therefore and in the absence of further evidence, it is considered that the Commission must review its position; it should also be noted that the subscription of the equity financial instruments was undertaken in view of the minimum capital requirements as per Article 13 Legislative Decree 18/1999 for the operational activities of the company;
- 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 will prove to the European Commission 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 so as not to impact the capital contributions made, including through subscription of share capital increases and equity financial instruments; the performance in the first months of the company is in line with the forecast of the industrial plan for losses decisively more contained than those of SEA Handling.

Based on that outlined above, restating the belief that the appeals presented by the Italian State, SEA Handling and the Municipality of Milan to the European Court 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, and establish therefore the full economic discontinuity between the two companies. Therefore it is considered that on the completion of its investigation which commenced on July 9, the European Commission may only find its doubts concerning economic continuation and the existence of new aid as unfounded and consider the decision of 2012 correctly implemented.
For these reasons, it is considered correct to confirm the criteria adopted in the previous annual report and interim financial reports to not recognise any accrual 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 in the participation in future profits of the company (for the residual holding) and which are considered realisable and not affected by the decision of the European Commission.

Risks relating to the A474 procedure before the Competition Authority (AGCM)

The Procedure commenced on December 20, 2013 following the complaint by Cedicor Sociedad Anonima ("CEDICOR").
The conduct contested against SEA is the abuse of its dominant position in violation of Article 102 of the Treaty of the Functioning of the European Union ("TFEU") within the administration procedure of Società dell'Acqua Pia Antica Marcia SpA in liquidation ("SAPAM"). In particular SEA, within the administration procedure of SAPAM, exploiting its dominant position in the management of airport infrastrcutures, is accused of invoking the resolution of the Regulatory Agreement with ATA for the management of general aviation infrastructures (ATA is owned by SAPAM), 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:
- that the conduct contested against SEA does not constitute any violation of Article 102 of the Finance Act as there were no plausible mechanisms to harm the competitive process and there was no damage to consumers;
- that SEA was not present in the markets subject to the Procedure until December 18, 2013 when the investment in ATA was acquired;
- that, in any case, as the tender prepared by SAPAM for the disposal of ATA was not appropriate to sell the investment and, in any case, the offer of CEDICOR was never in accordance with the tender procedure and would never have concluded successfully, the outcome of the tender was not "overturned" by SEA;
- that SEA only exercised its rights and, therefore, the

conduct of SEA was legitimate, economically rational, both in relation to its merits and manner of application;

– that even in the event of admitting that the tender was "overturned", no damage arose to competitors and consumers. Only in the case of the clear inefficiency of SEA, which nobody implies, with respect to CEDICOR, and at parity of investments, in fact would there be damage to consumers;
– that benefits to consumers can not be excluded in this case as a unitary management could reduce costs (also through higher leverage on the buyer power for the purchase of goods or services) or lead to the integration of the safety and security processes, reducing risk margins (given the sharing of some airport assets such as runways);
– that certainly SEA appears the most motivated agent with regard to the investments, also given the pressure of ENAC.

The legal advisors of the Group therefore concluded that it is reasonable to consider that the conduct of SEA, although it may have impacted upon competitors - as AGCM wishes to demonstrate - did not have any negative impact on consumers who, on the contrary, benefitted and could benefit from the sale of ATA to SEA.

The Procedure is now in the conclusive phase and the decision of the Authority is expected by March 30, 2015. A number of days may pass before formal notification.

The investigation and formal conclusion by the competent offices in the communication of the investigation results of December 3, 2014 by the Authority AGCM agreed with the reconstruction offered by the plaintive CEDICOR, which would indicate that a negative judgement by AGCM may not be excluded, with the communication of a sanction, not yet determinable - against which in any case SEA could appeal at the Lazio Regional Administrative Court and, at second level, before the Council of State.
In view of the above circumstances and, in particular, of the possibility to overturn any negative outcome in subsequent judicial phases, it is considered that the risk of the definitive communication of the sanction is "possible" and therefore, in the financial statements of SEA no specific accruals were recorded in the provision for risks and charges.

Operating Risks

The 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. The risk management instruments are: safety management system, progressive investments in safety and security, staff training activities and control and monitoring of security standard activities.

Risks related to the interruption of activities

Group activities may be interrupted through: strikes by personnel, by those of the airlines, of personnel dedicated to air traffic control services and of the public emergency service operators; the incorrect and non-punctual provision of services by third parties; adverse weather conditions (snow, fog etc.).
The risk management instruments are: emergency procedures and plans, highly prepared and competent staff; 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 behaviour of employees may have legal and financial consequences on company activities. The risk management instruments are: optimal workplace environment, talent development plans, ongoing dialogue and cooperation with the Trade Unions, Ethics Code, procedure 231.

Risk related to dependence on third parties

Airport management activities depend on third parties, for example: 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 instruments are: continuous updating of agreement with trade parties, selection of partners based on 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 self-consumption by the Group of energy produced by SEA Energia, is 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 programme for personnel is implemented in order to guarantee maximum safety protection, quality levels and the punctuality and efficiency of the service.

OTHER INFORMATION

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 2011, in order to introduce and consolidate an increasingly integrated management of relations with stakeholders in the business options. Projects and initiatives are shared on an ongoing basis with top management through the Sustainability Committee, which handles the conceptual and decision-making governance in relation to sustainable development.

In 2014, the "Developing Sustainability Culture" project, which commenced in 2012, concluded. An agenda of strategic objectives, policies, instruments and resources was therefore developed, through which the business objectives will be linked with the medium-term sustainability issues.

In November 2014, the Board of Directors of SEA approved the redrawing of the Ethics Code, to incorporate the core ethics values for the organisation and conduct rules to assist members of the organisation in adopting choices and decisions more in line with these values and the Corporate Social Responsibility policy adopted by SEA, both in relation to internal relations and in those with the main stakeholders.

The "Social" dimension

In the first half of 2014 a study on the socio-economic impact of Malpensa airport concluded, undertaken by a research group coordinated by the Castellanza University and with the involvement of the Milan Social Research Institute.

The analysis of the data highlights that Malpensa airport is one of the most important productive bases in Lombardy. On the basis of the figures updated to 2012, the airport directly supports more than 500 business which operate on site, in addition to more than 900 indirect suppliers of SEA and suppliers of third party enterprises operating at the airport. The direct on site employment and economic knock-on benefits translate into 16,600 jobs, for a value of production exceeding Euro 2.7 billion.

Taking account also of the indirect (the supplier chain) and spin-off effects, the impact of Malpensa of the Lombardy economy exceeds Euro 12 billion and generates more than 82,000 jobs. In terms of tax take, the airport and its knock-on benefit generates approx. 4.5% of total Lombardy Income Tax contributions.

In the school year to June 2014, the "English takes off from MXP" project concluded, a three-year English language teaching project, with the assistance of mother tongue tutors and the provision of a learning environment inter-twined with other subjects – at the primary schools in the vicinity of Malpensa.

The Department of Energy and the Milan Polytechnic are monitoring and evaluating the economic, environmental and social impacts of the Energy Facility project implemented by COOPI in Malawi and co-financed by SEA. At the end of the research, scheduled for the end of 2015, it will be possible to have a defined framework of outcomes produced by the project.

Also on the societal front, at the end of 2014 the Board of Directors of SEA approved "The Social Challenge" project, to encourage SEA employees to undertake the civic commitment undertaken by non-profit organisations in the regions surrounding the Linate and Malpensa airports.

Employees may identify and propose small onlus/non-profit organisation projects to receive economic support from the company, which provide concrete responses to the needs of regional organisations within the airport's surrounding region.

Management of relations with the stakeholders

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

The following activities were carried out in this regard:

- "Stakeholder survey" carried out on a representative sample (150) of Company's stakeholders, broken down by category, in order to establish the perception of stakeholders in relation to the quality of their relationship with SEA, the

evaluation of management and the actions of SEA which have directly impacted them;
- "SEA Special Project Day," annual meeting established to share with the community the results of the partnerships with the non-profit world, through direct recollections from operators which have worked "on field.";
- creation of an extensive informational area dedicated to sustainability within the corporate website, including the Sustainability Report which may be navigated, outlines of the principle projects in course and sections dedicated to the most significant case histories, with multimedia support materials.

The quality of the online Corporate Social Responsibility communication of SEA was assessed as among the most effective produced by major Italian enterprises.
In the ranking reported in 2014 by Lundquist, SEA placed 21^{st} among 97 large enterprises (the 80 leading listed companies plus 17 leading non-listed enterprises).
The rating produced by Lundquist is based on 7 qualitative elements: tangibility, exhaustiveness, speed of updating, ease of navigation, connection with social media, integration into corporate communication, originality.

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 for the subsequent three-year period.
The procedures and operating instructions involved in this system allow an effective management and monitoring of the environmental processes, in addition to the identification of areas for improvement within SEA Group activities.

With a view to a constant and close monitoring of the environmental impact of its activities, the SEA Group works together with a number of external bodies with environmental and regional responsibilities.
The range of environmental aspects managed is particularly extensive: water, air, noise, climate change, energy, waste, electromagnetic fields, light pollution and 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.
The management of SEA Group energy consumption is based on the following principles:
- energy must be produced in respect and protection of the environment;
- the reduction of the environmental impact and the improvement of the environmental specifications are among the criteria which contribute to the establishment of the business strategies, and also on infrastructural development;
- the awareness of employees, partners, suppliers, contractors and stakeholders on the environmental impacts of their activities is a central concern for the improvement of the environmental performance at both airports.

The System provides for the setting up of the Energy Team and, for the integrated management of the more specific technical aspects, a Technical Group involving all departments most directly involved in the various aspects, from design to implementation, to maintenance, in addition to the Environment Management structure, ensuring the necessary collective vision in terms of processes and therefore the identification of the best actions to be taken.

Climate change, air protection, and energy consumption

Also in 2014, strong management in this area has resulted in the reaching of level 3+ "neutrality" within the ACI Europe Airport Carbon Accreditation initiative, repeating in the field of voluntary reduction of CO_2 emissions the results maintained over 5 years, achieving absolute leadership in Italy and placing SEA at the summit of "neutral" European airport managers (since 2010).
The SEA Group has maintained over the last 4 years a strong commitment to the reduction of these emissions both directly and through contributing to initiatives carried out by other parties which operate in close contact with the airport market (ENAV- National Flight Assistance Body primarily, with the Flight Efficiency Plan (FEP), a long-term intervention plan which, through optimising the ATM network structure allows a reduction in flight times, carbon consumption and emissions of carbon dioxide by aircrafts).

Airport Carbon Accreditation and Carbon Neutrality of the Milan airports

The SEA Group in relation to CO2 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). In 2014, the leadership position in Europe was confirmed (in 2009 at Optimisation level and since 2010 at Level 3+ "neutrality") for both airports of Linate and Malpensa.
The initiative is based on the introduction of a series of actions for the control and reduction of direct and indirect CO2 emissions by airport managers, transport operators, airlines and all those operating within the airport system.

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 "scope1 and scope2"), carbon credits were acquired corresponding to the tonnes of CO_2 emitted in the year.
The certification on CO_2 emissions within the international initiative promoted by ACI Europe was carried out at a national level by TÜV Italia and at a European level by WSP, an international company with head office in London, chosen by ACI Europe as the technical-scientific reference point of the initiative.

Air quality

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

Production and consumption of energy

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

Energy Saving Strategies

From 2006, at the two airports of Linate and Malpensa, a systematic energy saving action was conducted, which achieved particularly strong results. SEA carried out actions principally in relation to the lighting and air conditioning of the terminals, of the operational areas, of the buildings and of the individual technical rooms.
The lighting actions concerned both technological, with the replacement of internal and external lights, and operational improvements (aligning the lighting profiles with the effective usages of the individual zones) and the effect of the action at Malpensa was such as to attain from ENAC authorisation (through specific Risk Assessment) of the switching-off of unutilised runway lights during the hours of darkness together with the operational structure in place also in relation to anti-noise concerns.
SEA received ISO 50001 "Energy Management System" certification.

Waste management

In 2014, the SEA Group confirmed its commitment to separated collection of waste produced at the Milan Malpensa and Milan Linate airports.
The activities were effectively structured and confirmed the strong relations with the regional bodies which govern the issue. The total quantity of municipal solid waste managed at the two airports amounted to 5,712 tonnes at Malpensa and 2,077 tonnes at Linate. Overall, at the two airports approx. 790 tonnes of differing types of special waste were treated (hazardous and non-hazardous).
At both airports separated waste collection of significant volumes is practiced (58% at Linate and 34% at Malpensa), according to the classifications outlined by Legislative Decree 152/2006 and subsequent amendments, such as Legislative Decree no. 205 of 03.12.2010).

Water and the Water Footprint

The airports of the SEA Group independently procure their water needs and ensure all necessary controls to distribute optimal quality water for the range of uses within the airports, in the technical rooms and on aircraft. Attention is now focused on reducing consumption and improving management, in addition to projects for the reuse of meteorological water.
In relation to the disposal of sewage, both terminals managed by the SEA Group are fitted with a sewage system linked to the purification plant of San Antonio, for Milan Malpensa, and at Peschiera Borromeo for Milan Linate. In relation to rainwater, at both airports this is treated with oil-water separation plant (oil extraction) before disposal.
The aqueducts at Linate and Malpensa distribute high quality water, periodically subject to close monitoring (reported to the Healthcare Authority and Air Safety). Also in relation to the acceptable levels of water discharge, parameters significantly lower than the maximum thresholds established by the sector regulation are reported.
The European Waternomics projects is fully implemented, which concerns the improvement of the operating processes of the internal water distribution networks, in order to save water consumption and improve the rationalisation of use and pressures. After developing in recent years a structured control and rationalisation system of the SEA Carbon Footprint, the challenge to manage the Water Footprint has been undertaken, which will involve an initial approach closely focused on measurement and controls (also dynamic) of consumption by type of user and, subsequently, an action broken down by the plant components which are most directly related to the reaching of significant consumption reductions.

Noise

The aircraft noise pollution levels at Linate and Malpensa are monitored by an efficient network of fixed stations, controlled also by ARPA Lombardia, whose monitoring times for controls is well over 95%.
The noise levels surrounding both airports has reduced in recent years, both thanks to aircraft technological developments and the ongoing optimisation carried out in close contact with the major regional stakeholders.

The Linate Airport Commission

The Linate Airport Commission since 2009 has drawn up noise zoning within the airport. Aeronautic activity noise levels in the areas surrounding the airports reduced principally due to a close management of air traffic and the technological development of aircraft.

The Malpensa Airport Commission

The Malpensa Airport Commission has welcomed and tested a third take-off route towards the north-east (route 070) and a balanced distribution of aircraft on the northern take-off route. The new route established through close collaboration between SEA, ENAV and ENAC, further improves operational management, benefitting from a regional corridor between Casorate Sempione and Arsago Seprio, with reduced difficulties for a number of models of aircraft in complying with the change of direction to the east following take-off.
The size of population affected by this development is lower than that previously impacted and in general noise levels in the region have decreased.
The current traffic management structure enables strong results, both from an operational flight safety viewpoint and in relation to flyovers, minimising the times spent by aircraft in the surrounding regions, with significant advantages also in terms of CO_2 emissions.

The certifications: ISO 14001 and ISO 50001

ISO 14001 – SEA has been certified since 2006, although the Environmental Management System was introduced sometime previously. The system takes into consideration all of the major environmental aspects (water, energy, noise, waste, emissions, light pollution, radiation, electromagnetic pollution and landscape). The system is closely integrated with the Airport Carbon Accreditation initiative in relation to the issues of energy, water and emissions.
ISO50001 – SEA has been ISO50001 certified since October 2013. In 2014, the activities continued and the system is being gradually consolidated. One of the results of the analysis and intervention operations implemented was also the achievement of a significant volume of energy efficiency certificates.

Responsible purchasing

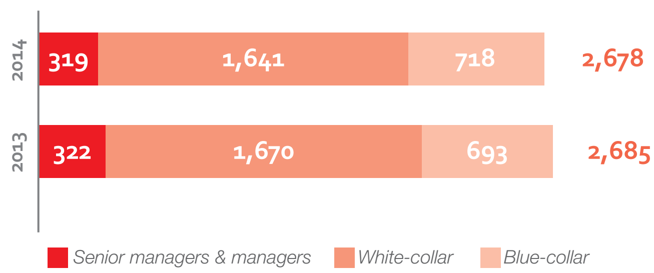
In line with the above described systems, actions involving the suppliers of goods and services – in line with the overall commitment of SEA – are being implemented.

The European project

The involvement of the company in the international research and innovation project environment was further developed, principally focused on environmental and safety/security issues.
The two main projects concerning energy management are the CASCADE Project, which in 2014 saw the completion of the sensors and measurement devices project, confirming the PILOT (Malpensa) results in line with the parameters developed in the project and the S4ECoB Project, which concerns Linate, in order to develop more sophisticated systems for the assessment of the occupation of the operational areas and, consequently, optimise the energy necessary to ensure an optimal level of the micro climate.
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.
The ADDPRIV Project was successfully concluded, which concerns safety/video supervision at Linate.
In relation to water issues, the WATERNOMICS project was successfully introduced in 2014, for the optimisation of the water cycle at Linate airport.
SEA was involved in a number of interesting new design proposals on the issue of security processes, related to biometric (vocal) recognition, actions concerning the link between road traffic and passenger and operator information, on the redevelopment of the risk assessment processes and on passenger security activities. Within the context of Horizon 2020, projects concerning the vulnerability of critical/strategic infrastructure, the security of the internal aqueducts and more in general the water cycle, the safety of operations and problems regarding the advanced management of data concerning the roadway infrastructure surrounding the airports are being drawn up, with a view to consequent proposals.

Human resources

FTE Employees *(average)*



At December 31, 2014, SEA Group employees numbered 2,684, decreasing 81 on the end of 2013 (-2.9%); the figure refers to the scope redefined in accordance with IFRS 5, without therefore taking into consideration the effects on employees within the "discontinued operations" of the commercial aviation handling operations.

The overall Full Time Equivalent in the January-December 2014 period compared to the full year 2013 reduced by 7, from 2,685 to 2,678 (-0.3%). The reduced headcount relates to the incentive scheme (97 departures), seasonal factors, which at December 31 involved 25 part-time workers (6 Full Time Equivalent over the year) and an extension of the corporate scope with 84 Full Time Equivalent within the companies SEA Prime (previously Ali Trasporti Aerei ATA SpA) and Prime AviationServices (previously ATA Ali Servizi SpA).
During the year, the Solidarity Contract was introduced for SEA. This instrument was used by office and airport staff departments in a targeted manner: the Solidarity Schemes were operated based on work loads. For these social security schemes, total hours amounted to approx. 121 thousand.
Females at the SEA Group represented 29% of the Headcount at December 31, 2014, equally distributed across classifications.

Organisation

In 2014, the reorganisation of the Chief Financial Officer role was completed, with renaming as the Chief Financial and Risk Officer.
During the year, within Operational Management, the structuring of the Security function was amended in order to optimise the operational processes and to ensure ongoing improvement, both in terms of compliance with the applicable regulations and in relation to the effective and perceived quality of clients/passengers.
During the final quarter, SEA introduced the Masterplan Project for the development of Malpensa, with the objective to roll out an appropriate solution and in line with wider developments. The "Continuous Improvement" unit, which directly reports to the Chairman of SEA was introduced in order to develop the integration, and therefore the efficacy of organisational/operational instruments, in support of the ongoing improvement process.

Development and training

The managerial development and training activities in 2014 focused on developing the skills-key roles and the capacity of individuals, in order to improve company performance.
These activities included:

- Development Center: process introduced in 2009, focused each year on newly hired or newly appointed senior managers, in order to develop managerial skills.
- Project Work: in 2014 Top Management was presented the results of the two editions dedicated to Senior Managers and focused on identifying proposals and solutions for projects of corporate interest. The initiative, conceived as an extension of the Development Center activities, had the principal objective of improving the performance and the motivation of participants, developing potential and key skills to accelerate managerial growth.

The engagement and communication initiatives introduced in the year included the "1+1=3 The value of diversity" project, based on the idea that because gender diversity creates additional value, the skills and the specific qualities of each gender must be allowed to flourish. The research investigated the issue of gender diversity at SEA and shed light on the various aspects related to the promotion of female talent and equality within the professional growth processes. The results of the analysis laid the basis for tracing the lines of action to be taken in terms of training, with the design and introduction of three initiatives:

- Female Leadership Lab: laboratory dedicated to women with positions of responsibility or who are undertaking increasingly complex roles. The initiative seeks to strengthen "female" leadership, encouraging the undertaking of responsibilities and increasing individual self-confidence and development the awareness of their potential (two editions carried out in 2014).
- Mothers workshop: an initiative dedicated to mothers with children aged under three to facilitate the re-entry of mothers following childbirth, providing instruments useful to achieve a better balance in carrying out the dual role of a parent and a professional (two editions carried out in 2014).
- Counselling: individual meetings dedicated to a number of female managers in order to encourage awareness around their style of leadership, providing self-improvement and development instruments, developing a managerial style which can overcome stereotypes and strengthen integrative and inclusive conduct.

In the final quarter of the year, the training before the go-live of the new company intranet began, which will improve the efficiency of processes and facilitate operational communication, collaboration and information searches, with a positive impact on productivity.
In collaboration with the Italy/China Foundation, the Chinese Friendly Airport project was introduced, in order to capitalise on the business development opportunity stemming from the increase in Chinese passenger numbers at Malpensa airport. The initiatives include socio-cultural training programmes in support of operational activities and focused on front-end managers and personnel.
Professional Training in 2014 once again closely focused on

compliance and training process governance and control, concerning the following lines of action:

- Mandatory Training;
- Recurrent Training.

The greatest commitments focused on Ramp Safety, Dangerous Goods Regulation, Use of transport vehicles and Ground Safety activities.

In relation to the implementation of the new Regulation EC 139/2014 which establishes the technical requirements and procedures within the duties of the Manager, the Professional Training introduced teamwork with the Operational Department contact persons and with the Safety Management System and confirmed the following as an interface and coordinator for the circulation and communication of basic governance instruments for Airport Management: the Airport Manual, the Terminal Regulation, the Emergency Plans and the assistance and fire protection services.

In relation to Workplace Security as per Legislative Decree 81/08, Article 37, the scheduled activities concentrated on the internal training concerning:

- fire protection, intensified training with a further 19 mandatory dedicated upskilling sessions, in addition to complete training courses, which in November and December concluded with three extraordinary certification sessions;
- equipment, initiative focused on the users of special equipment; participation at the theoretical teaching sessions and new practices for Forklifts and Elevating Work Platforms numbered over 990.

The hiring of seasonal workers required a significant degree of design, organisational and operational commitment; the professional training focused on the issues of Security, Airport safety, Workplace Safety and DCS training, ensuring compliance with regulations and the technical/operational indications. Front line staff, check-in and departure gate staff, and airside - loading and unloading staff, baggage and ramp handlers - number over 890.

We particularly highlight the training for the new Ramp Agent role for assistance to the airline easyJet. The programme, based on the request of the manager involved and in line with the needs of the new operational realities, concerned the specific issues of aircraft balancing, ramp procedures and problem solving.

In the final quarter of 2014, extensive training courses were introduced for the new duties of SEA employees, preliminary to the specific training by sector: basic and intermediate English language courses, specific cross-departmental training for Change Management and mandatory Workplace Security updates, as established by Legislative Decree 81/08 and in terms of Aviation Security, according to the indications of the National Programme for Civil Aviation Security.

Particular attention was focused at the two airports on the training of Employees transferred to the assistance of passengers with reduced mobility: *Passengers Reduced Mobility* which introduces and extends the framework regulation (Legislative Decree 81/08, Regulation EC 1107/06, European Civil Aviation Conference), whose objective is to provide basic skills on techniques for the management of passengers with reduced mobility, to be applied to the professional environment with responsibility and awareness, and effective communication and interpersonal relationship management instruments, including basic English language learning for the airport environment.

Strong emphasis was given to the training course designed in collaboration with Customer Care for the introduction at the airports of the new welcoming Virtual Desk. The training sessions, integrated by the interactive use of video conferences, videos and role playing, expanded upon the motivational and professional aspects of the communication issues in general and more specifically the video communication models, allowing participants to acquire a comprehensive understanding of the product. In completion of this project and with a view to improving the experience of the traveller on arrival at the airport, from October 2014, informational sessions were organised for employees of the information and Call Centre areas dedicated to the knowledge and usage of the institutional portal for tourism, in collaboration with the Municipality of Milan and ahead of the major challenge presented by Expo 2015 (total participants numbered 75).

The total training hours provided in 2014 numbered over 78,000 (+0.9% on 2013), with 78.9% of training hours obligatory under legal or contractual provisions.

Welfare

Company Welfare in 2014 was again a central issue for SEA, which undertook a significant commitment to the development and optimisation of services and initiatives in favour of the individual wellbeing of Group employees and their families, and in support of productivity and the development of the enterprise.

The activities carried out in the year responded on the one hand to the need to refresh the entire package of services offered to employees, with initiatives more in line with the needs of the individual, and on the other to the need to create a more efficient and modern organisation.

In order to maintain close attention on the budget and in compliance with the tax regulation, in the first quarter of the year cost and data analysis was carried out in relation to the activities executed in the previous year. Following this, the individual welfare services were drawn up and planned.
In relation to services for families, the collaboration with the NoiSEA Association was further developed, under which, in line with the objectives agreed on the creation of the bilateral body, together with the traditional cultural, recreational, training, sporting and tourism activities and the offer of goods and services for employees and their families, and together with the promotion of the solidarity initiatives, in 2014 summer centres and summer camps were organised; we also highlight the distribution in December of over 2,000 coupons acquired to be used by children between 0 and 12 years at toy and infant retail outlets.
Together with the traditional initiatives under the Supplementary Contracts (Extraprofessional Insurance, Supplementary Health Insurance etc.), in line with changing social and individual needs new income support initiatives were introduced. With the support of the Ascolto Aiuto desk, for many years available for persons with psycho-social difficulties and family and economic problems, new agreements were signed for subsidised loans and food expenses. In 2014 over 600 persons availed of our offices in support of these services.
Particular attention was in addition dedicated to the preparation of diet programmes which, as part of the tender for the awarding of the collective catering contract, ensure health promotion and optimal diet benefits. The new catering offer in fact presents a number of innovative services which from next year will be the subject of a specific project introduced in collaboration with the province of Varese Healthcare Authority and the Industrial Union of the Province of Varese (Workplace Health Promotion project).
In the final part of the year, study grants were provided in favour of employees and their children.
The consultation and benchmark activities in terms of corporate welfare and work-life balance continued, both with external companies and with institutions, through the Value D project, the Enterprises and Individuals network, the Varese Healthcare Authority and the Industrial Union of the Province of Varese and the Region of Lombardy. The objective of these meetings and working groups is to share experiences, communicate our history and our tradition, identify "best practices" and create a business network, promoting optimal organisational solutions and instruments to encourage the implementation of company welfare plans.

Industrial relations

Trade Union relations – featuring throughout 2013 significant tension due to the SEA Handling/European Commission issue – suffered a fresh set back following the position undertaken by the European Commission, in March 2014, which set as a pre-condition for the approval of the plan proposed by SEA through the Italian Government, the ceding of control of Airport Handling to a party (private) other than SEA.
Against the EU position, CGIL, CISL, UIL, UGL and FLAI communicated to SEA Group the suspension of industrial relations and the introduction of a series of agitation actions, which had already been a significant feature following the disruptive stands of particular groups.
On April 22 mobility procedures were introduced for SEA Handling (stoppage of activities) and for SEA (reduction of personnel). On May 23, 2014 the SEA mobility procedure was successfully introduced through the signing of an agreement which provided for the incentivised departure of a maximum of 100 Headcount. The agreement was signed by CGIL, CISL, UIL, UGL and FLAI
A similar agreement was signed by CGIL, CISL, UIL, UGL and FLAI with SEA Handling on June 4, 2014. Through the placing into voluntary mobility of a maximum 300 Headcount and the absorption of the remaining departures into the newly incorporated Airport Handling and partly into SEA – based on their respective organisational needs – the agreement succeeded in the primary objective of avoiding job losses. The absorption of employees into Airport Handling and into SEA was governed by two separate agreements, also dated June 4, which cover the means for absorption of departing employees and the related financial and regulatory conditions. In particular, the agreement establishes that employees allocated to Airport Handling firstly and consensually resolve their contracts with SEA Handling and sign with Airport Handling a new employment contract, formally and substantially differing from that previously undertaken with SEA Handling – in line with the commitments undertaken by the Italian Government with the European Commission.
By express declaration of the signatory parties the three agreements were substantially bound and by declaration of the Trade Union organisations their efficacy was explicitly subject to the positive outcome of the referendum put to workers between June 11 and June 13, 2014. The defeat of the referendum therefore voided the 3 agreements. In July, after a number of interpretative clarifications required by the signatory Trade Unions and provided by the company and particularly following the petition signed by over 1,250 SEA Handling workers in support of the agreements previously

rejected by the referendum, the mobility procedure of SEA Handling was introduced successfully, according to regulations, at ARIFL Lombardy, incorporating both the agreements signed on June 4 and the clarifications provided by the company. On the same date, separate agreements were signed by SEA and Airport Handling which confirmed the validity of the previous agreements, supplemented with the clarifications provided by the company on the request of the signatory Trade Unions.
As established by the above-stated agreement, a monitoring committee for the application of the trade union agreement was set up – comprising representatives of the signatory Trade Union Organisations – which in September began the activities focused on implementing the points of the trade union agreement for which the implementation means were still to be drawn up (principally the means for the replacement within SEA of SEA Handling SpA personnel in liquidation to the Extraordinary Temporary Lay-Off Scheme until December 31 and the hiring at Airport Handling of SEA Handling SpA in liquidation personnel, with reduced working capacity, whose transfer to the new company was subject to the establishment of compatible duties).
On November 18, 2014, a Trade Union Agreement was drawn up between SEA Handling and the signatory trade unions on June 4, 2014, which governed the means for the hiring at Airport Handling of the SEA Handling personnel not suitable for the original duties required. On December 9, 2014, an agreement was signed between SEA and the same Trade Unions to identify the specific means for the transfer to SEA of 143 SEA Handling SpA workers to the Extraordinary Temporary Lay-Off scheme at the date of the agreement.

Workplace health and safety

In 2014 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 2014, the SEA Group maintained the certification of its Workplace Health and Safety Management System, issued in 2012 by TÜV Italia - Accredita 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 activities were implemented in line with the reviewed annual programme presented. In order to guarantee the monitoring of the efficacy of the control and risks measures and compliance with legal requirements, n. 30 Follow Up actions were completed, during which the need to apply a number of corrective actions to prevent potential non-compliance emerged: in particular the specific Operating Procedures and Instructions were reviewed and prepared. The corrective actions undertaken also required additional specific training, whose efficacy was positively reviewed. The process for the involvement and consultation introduced by the Workplace Health and Safety Management System involves the active participation of all workers, 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 also the SEA Group this year to reduce the annual INAIL insurance premium.
Accident numbers again decreased, confirming the trend over a number of years, with accidents for both SEA and SEA Handling in liquidation in 2014 reducing approx. 7% on 2013 (for SEA Handling in liquidation the comparison concerns the first 8 months of the year).

The Risk Assessment Documents were reviewed in terms of "work related stress", in addition to the risks related to the use of specialised equipment, with the implementation/review of the consequent safe usage regulations/procedures.

In collaboration with qualified radiological protection experts, the monitoring activity in protection of workers safety continued, through specific environmental and personal dosimeters of ionised radiation, related to the transit of radioactive packages within the airports and the use of x-ray equipment and the provision of training updates for personnel exposed to ionised radiation.

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 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, although not listed on a market regulated by Borsa Italiana 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"**).

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

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

Shareholders' 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 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 Ethics Code).

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 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 organisation subject to the internal control and risk management system is 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; the Committee reports to the Board of Directors on activities carried out and on the adequacy of the internal control and risk management system, in addition to the effectiveness and adequacy of the Organisational and Management Model as per Legislative Decree 231/2001.

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 18.12.2014 and 29.01.2015 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 liaises, according to the issues dealt with, with the Control and Risks Committee and the Remuneration Committee.

Ethics Code

In April 2000, SEA adopted an "Ethics Code" which establishes the ethics and principles which the Company, through its personnel and members of the Corporate Boards, bases its operations, both in terms of internal dealings within the company and those with third parties outside the organisation. In 2011, SEA updated its Ethics Code (Second Edition), to align with applicable "best practices" and on September 25, 2014 adopted the updated Third Edition, which particularly incorporated the provisions of Law 190/2012 in relation to the prevention of corruption. The Company appointed an "Ethics Committee" to promote the circulation and supervision of compliance with the Ethics Code, comprising a SEA Director and the heads of the "Human Resources and Organisation", "Legal and Corporate Affairs" and "Auditing" departments.

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

Anti-corruption contact person

The Company identified, with effect from January 31, 2014, its Anti-Corruption contact person, also a member of the Ethics Committee, in accordance with Law No. 190 of November 6, 2012.

Through the Anti-Corruption contact person, SEA wishes to introduce and consolidate the process for the disclosure and coordination with the Anti-Corruption Plan manager of the Municipality of Milan, the majority shareholder, in addition to fulfil, as far as compatible, 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.

Organisation and management model as per Legislative Decree 231/01

The Organisation and Management Model (the "Model") was adopted in compliance with Legislative Decree No. 231/01, enacting the "governance of the administrative responsibility of legal persons, of companies and of associations, also without legal personality" and with the "Guidelines for the construction of organisation, management and control models as per Legs. Decree No. 231/01" published by Confindustria (last edition March 2014).

The "Model" was approved 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 May 29, 2014 (VIII edition). The Model is broken down into a "General Part" and a "Special Part", this latter principally concerning the categories of offenses considered by Legislative Decree 231/01.

The Organisational and Management Model as per Legislative Decree 231/01 was adopted also by the Corporate Boards of the SEA subsidiaries, with the exception of SEA Prime (previously Ali Trasporti Aerei ATA SpA) and its subsidiary Prime AviationServices (previously ATA Ali Servizi SpA), for whom it is currently in the preparation phase.

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).

SUBSEQUENT EVENTS

SEA Group airport traffic performance in the first two months of 2015

The results for the first two months of 2015 of the airports managed by the SEA Group report a slight reduction in passenger traffic (-0.8%) and for aircraft movements (-2.2%).
The reduction in passenger numbers exclusively relates to Malpensa airport (-1.8%), principally due to the transfer of the airlines airberlin and FlyNiki to Linate following the entry into force of the Lupi M.D. from the winter season.

Malpensa

Malpensa traffic numbers totalled 2.4 million, with a reduction of approx. 43 thousand passengers; the number of aircraft movements significantly reduced also (-5.7%).

Malpensa Terminal 1

Malpensa Terminal 1 reported a decrease of 4.5%, based on the poor domestic traffic performance (-41%), following the cancellations by Alitalia to Catania, and reduced international traffic (-12%). For this latter, the poor result relates to the above-stated transfer (airberlin, FlyNiki) and the reduced number of connections with Vienna by Austrian.
Intercontinental traffic however reported a stronger performance (+6.3%), particularly relating to Emirates (+16%), improving its load factor 3 percentage points on the 2014 two-month period with the connection to New York.
We highlight the presence of Air India, which is progressively increasing its load factor and Air Canada, not present in the previous year; Neos (+32%), Meridiana (+17%), Egyptair (+38%) and Qatar (+19%) also reported growth.

Malpensa Terminal 2

Passenger traffic also improved in the first two months of the year (+4%), with 800 thousand travellers served by the airline easyJet. Among the main routes contributing to the growth were Munich, Tel Aviv, Tenerife and Hamburg, which were not present in the 2014 two-month period. The increase in frequencies to Amsterdam and Paris Charles de Gaulle resulted in higher passenger numbers respectively of 32% and 6.2%. easyJet was the only airline connected to the two hubs at Malpensa. Destionations such as London Gatwick (12%) and Naples (+14%) also reported significant growth.
Passenger numbers with Madrid reduced (-37%), following the reduction in the number of flights, the cancellation of the Sharm el Sheik route (-9 thousand passengers), present in the same period of 2014, and the Casablanca numbers (-33%).

Milan Malpensa Cargo

In the 2015 two-month period, Milan Malpensa cargo saw growth of 6.9%, with 69.5 thousand tonnes of cargo transported, thanks to the strong performances of the all-cargo airlines such as SW Italia, European Air Transport (DHL), and the entry of Aerologic, Air Bridge and Atlas Air. In particular, we highlight the tripling of the number of frequencies by DHL with Lipsia compared to the 2014 two-month period and the introduction of two weekly flights with Hong Kong and Lipsia by Aerologic.
From January 21, 2015, the new Italian cargo airline SW began operations, a joint venture between Silk Way Airlines, held by the State of Azerbaijan, and the British company Cargo Invest, with 3 weekly flights, employing a B747-400 aircraft.
Among the airlines with a mixed configuration, we highlight the 4.9 thousand tonnes of cargo moved by Emirates.

Linate

At Linate, passenger traffic grew 1.1%, with an increase in movements of 3.7%, thanks to the presence of the airlines airberlin and FlyNiki, which transferred from winter season 2014 with the destinations of Düsseldorf (+16 thousand passenger), Berlin (+19 thousand passengers) and Vienna (+14 thousand passengers).
We highlight also the transfer from Malpensa to Linate of one of the daily flights from Zurich operated by Swiss and the introduction of the connection with Bucharest Otopeni by Blue Air, which contributed to the performance, serving 6.6 thousand passengers.
Air France and British Airways also reported strong results, in the former case with Paris Charles de Gaulle following an increase in the number of movements, while in the latter with London Gatwick, thanks to the strong performances in terms of aircraft load factor, which increased approx. 5% to 65%.
The Alitalia Group, although reporting a reduction of 29 thousand passengers, introduced flights with Düsseldorf (+6.6 thousand passengers), Warsaw (+5.5 thousand passengers) and Berlin (+5.3 thousand passengers); the reduction of the customer portfolio was principally due to the connections with Rome Fiumicino (-7%) and three southern Italian destinations – Reggio Calabria, Palermo and Naples. For the London destinations however, operations transferred from London Heathrow (-33%) to London City (+43%).
easyJet also reported poor performances, due to the reduction in the number of movements on the Linate-Fiumicino route, with a decrease in the two-month period of 3 thousand passengers (-9%).

Traffic development: increase in airlines, frequencies and services

At the beginning of 2015 the airline Oman Air increased frequencies, with the connection to Muscat now operated on a daily basis. Korean Air also improved its service, operating three direct flights with Seoul (no longer combined with Rome), and adding from the summer a fourth flight. Emirates also made an important announcement, with operations from June 1 of flights with New York, employing an A380.

Alitalia, on the occasion of the Expo, will develop long-haul flights from Malpensa with a new daily flight to Abu Dhabi, three weekly flights with Shanghai and increasing to a daily frequency the service with Tokyo, from the current four weekly flights.

The cargo segment in January 2015 saw the start-up of the new company Silk Way Italia, an associated company of azero Silk Way West, which operates with Italian COA. Among the plans of the airline, we report the connections with Hong Kong, USA and Africa. Saudia Cargo doubled its capacity with Malpensa, implementing direct flights and no longer combined with Brussels.

Bilateral Agreements

In January 2015, a new Bilateral Agreement was signed with China, which provides for the increase of the weekly frequencies from 35 to 49 and the establishment of a new ceiling of 14 cargo flights, previously included within the same limit for passenger flights, in addition to an increase from 5 to 6 for the number of destinations for each national party.

In February a new agreement was signed with the Seychelles, which extends the passenger and cargo frequencies, in addition to the allocation system and particularly includes Milan as the Italian destination for the African states' airlines; for 2015 reviews of the Bilateral Agreements with the United Arab Emirates and Tanzania have already been scheduled.

Updating of the Decision of July 9, 2014 for the set-up of a new procedure on the incorporation and capitalisation of Airport Handling

As stated in the section "SEA Group risk factors – Strategic risks – Risk related to the European Commission Decision of 19.12.2012 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", the Decision of July 9, 2014 was published in the Official Gazette of the EU of February 6, 2015, under which the 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 in the capitalisation, by SEA, in the new company.

The text published on February 6, 2015 includes the confidentiality applications made by SEA.

With the publication, all parties affected had the option to draw up, in the 30 days subsequent to publication, any observations on the decision.

As stated, by March 30, SEA wishes to present to the Commission all the considerations on the basis of which it holds that *(i)* there was no economic continuation between SEA Handling and Airport Handling, with consequent inapplicability of any restitution of presumed State Aid from the latter; *(ii)* the initial capitalisation of Airport Handling does not represent in any manner further State Aid.

The New "Mxperience"

In April 2015 the extension works on the new commercial areas will be completed and particularly the review of the security and passport control layout of Terminal 1.

The most significant event in the first quarter of 2015 will be the completion of the extensive Dufrital duty free shop: positioned at the entry for all departing passengers in the new retail area, covering 2,000 sq. m., one of the largest walk-through shops in Europe, which is expected to significantly boost SEA's retail revenues.

The entirely new structure of Terminal 1 and the commercial areas will introduce a completely different customer experience for passengers and allow the use of all areas - without any segregation between Schengen and non Schengen destination passengers. With the transfer of passport controls in fact slightly ahead of the access to the satellite, passengers may avail of a wide ranging commercial offer, offering a complete range of goods and services.

The new electronic tax refund service initiated by SEA and developed with the tax refund enterprise Global Blue and the Customs Agency which will be rolled out in the first quarter of 2015 merits also a special mention as an additional very important project.

This will allow the speeding up of all VAT refund applications by operators of the tax refund service, improving the service

and the image of the airport with airlines and international tour operators and particularly those from Asia, who have always been very cognisant of this issue.
The launch of the new service will be supported by a marketing and communication campaign on the local market, in addition to the origin passenger markets, with a greater focus on luxury good purchases.

New name and new brand for Ata Trasporti and Ata Servizi: launching of SEA Prime and Prime AviationServices

On the basis of the relaunch plan for General Aviation at Linate and of the services offered throughout the network (Linate, Malpensa, Rome Ciampino, and Venice), the Extraordinary Shareholders' Meetings of Ali Trasporti Aerei ATA SpA and ATA Ali Servizi SpA approved on March 2, 2015 the change of the respective names to "SEA Prime SpA" and "Prime AviationServices SpA". The new name and the new brand seek to relaunch the "new ATA" as the only FBO (Fixed Base Operator) operating out of Linate West, affirming it as belonging to the SEA Group and supporting the restyling of the image, together with a restyling of the terminal and in line with the product and services relaunch plan. The restyling of the General Aviation Terminal will be completed in time for the 2015 EXPO. This will guarantee the new brand the maximum visibility and promotion provided by such a major global event.

Execution of the commitments undertaken by SEA to guarantee the solvent liquidation of SEA Handling in liquidation

In relation to the balance sheet concerning the assets held-for-sale of the commercial aviation handling sector, the equity deficit of Euro 9,432 thousand at December 31, 2014 was resolved, in consideration on the commitment undertaken by SEA on March 25, 2014 to guarantee the solvent liquidation of the company; SEA has already made payments of Euro 12,991 thousand, re-establishing the equity position of the discontinued business unit.

TRANSACTIONS WITH RELATED PARTIES

As reported upon in the Corporate Governance section, the Board of Directors of SEA on December 18, 2014 and January 29, 2015 approved the text of a procedure which governs the transactions with the related parties of the Company.
The procedure concerns the approval processes of these operations, in order to ensure their transparency and substantial and procedural correctness; SEA applies the applicable regulation voluntarily, confirming the programme of effective compliance to corporate governance best practice.
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.
For further details, reference should be made to paragraph 8 "Transactions with related parties" of the Explanatory Notes.

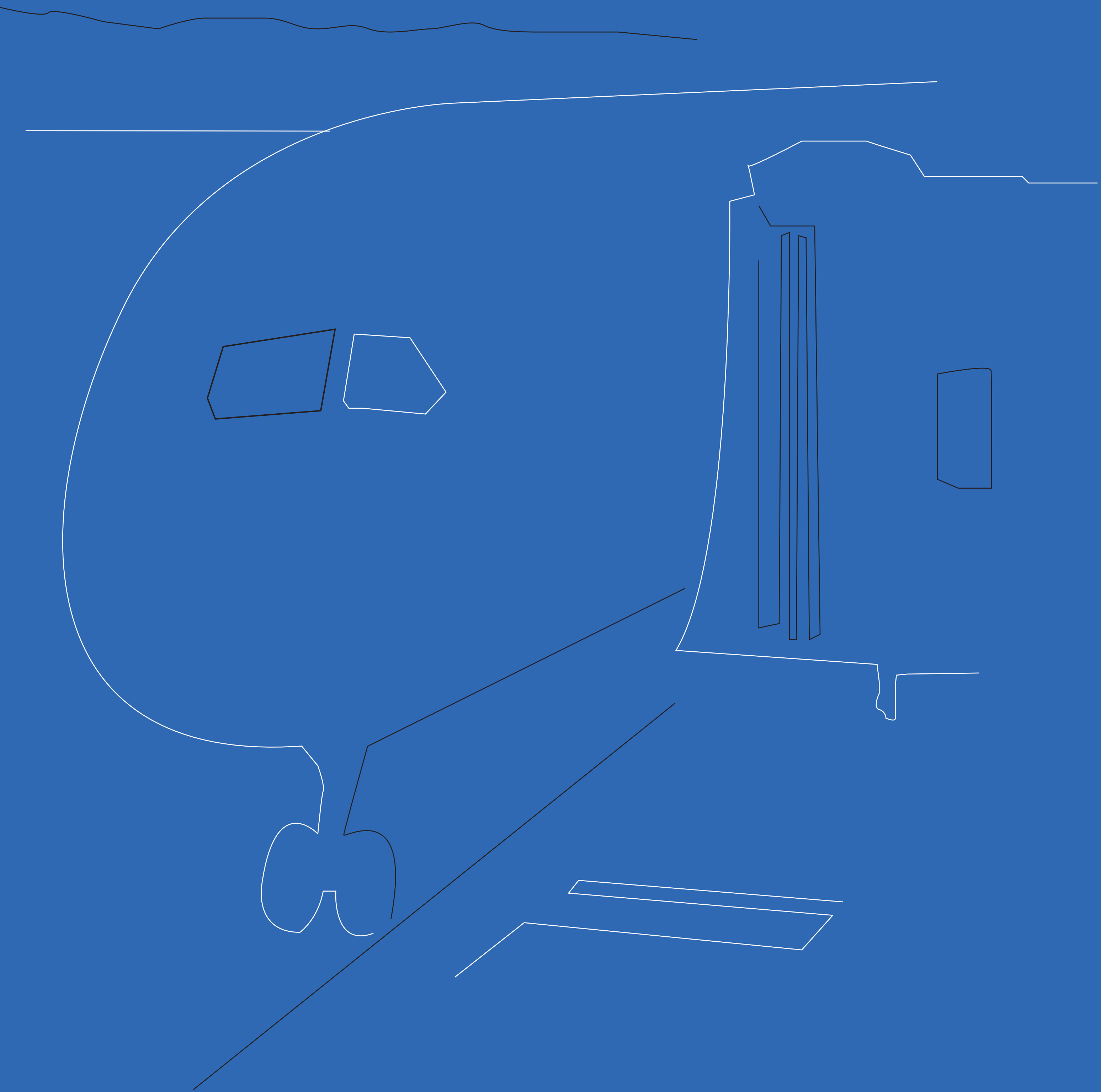
SHAREHOLDERS' AGM RESOLUTIONS

The Shareholders' AGM, held on April 30, 2015, approved:

- the 2014 financial statements of SEA SpA, prepared in accordance with IFRS, which report a net profit of Euro 56,382,401.82;
- the allocation of the net profit of Euro 56,382,401.82 as follows:
  - Euro 50,925,000.00 as dividend to Shareholders, in the amount of Euro 0.2037 per share;
  - Euro 5,457,401.82 to the extraordinary reserve;
  - the payment of the 2014 dividend of Euro 0.2037 per share from June 22, 2015, with any rounding on payment allocated to the extraordinary reserve.

The Chairman of the Board of Directors
Pietro Modiano

SEA GROUP CONSOLIDATED FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

		At December 31, 2014		At December 31, 2013	
(in thousands of Euro)	Note	Total	of which Related Parties	Total	of which Related Parties
ASSETS					
Intangible assets	6.1	978,171		942,987	
Property, plant and equipment	6.2	192,733		196,495	
Property investments	6.3	3,414		3,416	
Investments in associated companies	6.4	41,882		40,429	
Available-for-sale investments	6.5	26		26	
Deferred tax assets	6.6	46,558		30,031	
Other non-current financial assets	6.7	23,966			
Other non-current receivables	6.8	370		495	
Total non-current assets		**1,287,120**		**1,213,879**	
Inventories	6.9	5,793		6,716	
Trade receivables	6.10	118,526	9,522	118,095	6,212
Tax receivables	6.10	16,110		17,809	
Other receivables	6.11	16,938		17,740	
Cash and cash equivalents	6.12	30,586		60,720	
Total current assets		**187,953**	**9,522**	**221,080**	**6,212**
Assets held-for-sale and discontinued operations	5.2	**16,010**		**0**	
Elimination of discontinued receivables and payables		**(13,704)**		**0**	
TOTAL ASSETS		**1,477,379**	**9,522**	**1,434,959**	**6,212**
LIABILITIES					
Share capital	6.13	27,500		27,500	
Other reserves	6.13	226,842		225,559	
Net profit	6.13	54,858		33,707	
Group net equity		**309,200**		**286,766**	
Minority interest	6.13	**600**		**611**	
Group and minority interest net equity		**309,800**		**287,377**	
Provisions for risks & charges	6.14	174,567		187,111	
Employee provisions	6.15	50,505		77,155	
Non-current financial liabilities	6.16	527,856		401,361	
Total non-current liabilities		**752,928**		**665,627**	
Trade payables	6.17	170,711	2,556	165,867	2,952
Income tax payables	6.18	59,529		57,707	
Other payables	6.15	98,753		111,282	
Current financial liabilities	6.16	73,919		147,099	
Total current liabilities		**402,912**	**2,556**	**481,955**	**2,952**
Liabilities related to assets held-for-sale and discontinued operations	5.2	**25,443**		**0**	
Elimination of discontinued receivables and payables		**(13,704)**		**0**	
TOTAL LIABILITIES		**1,167,579**	**2,556**	**1,147,582**	**2,952**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**1,477,379**	**2,556**	**1,434,959**	**2,952**

Consolidated Income Statement

(in thousands of Euro)	Note	2014 Total	2014 of which Related Parties	2013 restated Total	2013 restated of which Related Parties
Operating revenues	7.1	621,634	40,500	578,539	32,654
Revenues for works on assets under concessions	7.2	63,466		67,000	
Total revenues		**685,100**	**40,500**	**645,539**	**32,654**
Operating costs					
Personnel costs	7.3	(161,501)		(155,357)	
Consumable materials	7.4	(47,243)		(48,786)	
Other operating costs	7.5	(192,938)		(172,952)	
Provisions & write-downs	7.6	(17,995)		(23,281)	
Costs for works on assets under concession	7.7	(59,540)		(62,311)	
Total operating costs		**(479,217)**	**(9,934)**	**(462,687)**	**(1,878)**
Gross Operating margin/EBITDA		**205,883**	**30,566**	**182,852**	**30,776**
Restoration and replacement provision	7.8	(18,000)		(26,294)	
Amortisation & Depreciation	7.9	(58,186)		(49,027)	
EBIT		**129,697**	**30,566**	**107,531**	**30,776**
Investment income/(charges)	7.10	2,027	2,027	507	507
Financial charges	7.11	(24,549)		(22,158)	
Financial income	7.11	1,430		1,001	
Pre-tax profit		**108,605**	**32,593**	**86,881**	**31,283**
Income taxes	7.12	(32,454)		(31,756)	
Continuing Operations profit		**76,151**	**32,593**	**55,125**	**31,283**
Discontinued Operations profit/(loss)	5.2/7.13	**(21,304)**	**0**	**(21,414)**	**0**
Minority interest profit		(11)		3	
Group net profit		**54,858**	**32,593**	**33,707**	**31.283**
Basic earnings per share (in Euro)	7.14	0.22		0.13	
Diluted earnings per share (in Euro)	7.14	0.22		0.13	

In accordance with IFRS 5, the 2013 figures were reclassified.

Consolidated Comprehensive Income Statement

	2014		2013 restated	
(in thousands of Euro)	Total	of which Related Parties	Total	of which Related Parties
Group net profit	**54,858**	**32,593**	**33,707**	**31,283**
- Items reclassifiable in future periods to the net result				
Fair value measuremnet of derivative financial instruments	(3,187)		5,000	
Tax effect from fair value measurement of derivative financial instruments	876		(1,375)	
Total items reclassifiable, net of tax effect	**(2,311)**		**3,625**	
- Items not reclassifiable in future periods to the net result				
Actuarial Profit/(Loss) on Employment Leaving Indemnity	(5,023)		191	
Tax effect on Actuarial Profit/(Loss) on Employee Leaving Indemnity	1,381		(53)	
Total items not reclassifiable, net of tax effect	**(3,642)**		**138**	
Total other comprehensive income items	**(5,953)**		**3,763**	
Total comprehensive profit	**48,894**		**37,473**	
Attributable to:				
- Parent Company shareholders	48,905		37,470	
- Minority interest	(11)		3	

In accordance with IFRS 5, the 2013 figures were reclassified.

Consolidated Cash Flow Statement

(in thousands of Euro)	2014	of which Related Parties	2013 Restated	of which Related Parties
Cash flow from operating activities				
Pre-tax profit	108,605		86,881	
Adjustments:				
Amortisation & depreciation of tangible & intangible assets	58,186		49,027	
Net provisions (excluding employee provisions)	6,541		10,377	
Net employee provisions	(3,709)		(2,485)	
Net change in doubtful debts	14,589		6,925	
Net financial charges	22,918		21,150	
Investment income	(2,012)		(507)	
Repayment Quintavalle dispute (excluding interest)	(2,083)			
Other non-cash items	(6,440)		(1,082)	
Cash generated / (absorbed) from operating activities before changes in net working capital of Discontinued Operations	(60,999)		(7,961)	
Cash flow generated from operating activities before working capital changes	**135,595**		**162,326**	
Change in inventories	923		1,159	
Change in trade & other receivables	(34,478)	(3,310)	33,844	(2,313)
Change in other non-current assets	125		(2,243)	
Change in trade & other payables	(3,450)	(396)	(29,177)	2,079
Cash generated/(absorbed) from changes in working capital of Discontinued Operations	12,829		976	
Cash flow absorbed from changes in working capital	**(24,051)**	**(3,705)**	**4,559**	**(234)**
Income taxes paid	(42,414)		(36,316)	
Damages received from Customs agency	5,631			
Repayment Quintavalle dispute (including interest)	2,313			
Cash generated/(absorbed) of operating activities from Discontinued Operations	1,727		(2,311)	
Cash generated / (absorbed) from operating activities	**78,801**	**(3,705)**	**128,258**	**(234)**
Investments in fixed assets:				
- intangible	(63,718)		(69,218)	
- tangible	(18,076)		(12,108)	
- financial	(180)			
Changes in other non-current financial assets	(24,950)			
Sales of fixed assets:				
- tangible	139			
- financial	(2)		(1)	
Dividends received	1,706	1,706	1,717	1,717
Cash generated/(absorbed) from investing activities of Discontinued Operations	2		(40)	
Cash flow absorbed from investing activity	**(105,080)**	**1,706**	**(79,650)**	**1,717**
Inventory			(116)	
Current trade and other receivables			(6,504)	
Current trade and other payables			9,026	
Risk and Post-employment provisions			3,341	
Intangible assets			(2,455)	
Property, plant and equipment			(29,633)	
Non-current assets net of non-current liabilities			37	
Deferred tax liabilities			2,394	
Financial debt			1,915	
Minority interest net equity			425	
Cash flow absorbed from the acquisition of Ali Trasporti Aerei ATA SpA	**0**		**(21,570)**	
Change in gross financial debt				
- increases / (decreases) in short-term & medium/long-term debt	(253,273)		81,895	
- increases / (decreases) for Bond issue	300,000		0	
Decreases / (increases) in receivables from State grants			(28)	
Increase in capital and equity reserves			0	
Change in other financial asset / liabilities	(38,773)		(7,517)	
Dividends distributed	(26,480)		(88,966)	
Interest paid	(21,425)		(16,139)	
Interest received	986		(31)	
Cash generated/(absorbed) from financing activities of Discontinued Operations	36,037		10,129	
Cash flow absorbed from financial activity	**(2,928)**		**(20,657)**	
Increase / (decrease) in cash and cash equivalents	**(29,206)**	**(1,999)**	**6,381**	**1,483**
Cash and cash equivalents at the beginning of the year	60,720		54,339	
Cash and cash equivalents at the end of the year	31,514		60,720	
- of which, cash and cash equivalents included under Discontinued Operations	928			
Cash and cash equivalents at year-end reported in the accounts	30,586		60,720	

In accordance with IFRS 5 the 2013 figures were reclassified.

Statement of changes in Consolidated Shareholders' Equity

(in thousands of Euro)	Share capital	Legal reserve	Retained earnings	Actuarial gains/(losses) reserve	Derivative and hedge accounting reserve	Net profit	Consolidated net equity	Minority interest reserves and capital	Group and minority interest net equity
Balance at December 31, 2012	**27,500**	**5,500**	**192,795**	**(2,254)**	**(10,297)**	**64,003**	**277,247**	**85**	**277,332**
Allocation of net profit 2012			64,003			(64,003)	**0**		**0**
Dividends distributed			(26,700)				**(26,700)**		**(26,700)**
Othe r movements									
Change in consolidation scope			(100)				**(100)**	523	**423**
Other comprehensive items				(1,013)	3,625		**2,612**		**2,612**
Reclassified			(512)	512			**0**		
Net profit						33,707	**33,707**	3	**33,710**
Balance at December 31, 2013	**27,500**	**5,500**	**229,486**	**(2,755)**	**(6,672)**	**33,707**	**286,766**	**611**	**287,377**
Allocation of net profit 2013			33,707			(33,707)			
Dividends distributed			(26,450)				**(26,450)**		**(26,450)**
Other movements									
Other comprehensive items				(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**

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

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

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 the commercial aviation Handling business, proceeding on the one hand with the liquidation of SEA Handling SpA – on July 1 (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 (as further described in paragraph 2.5 "Consolidation scope and changes in the year") and, pursuant to IFRS 5, the inclusion of the commercial aviation handling sector (comprising SEA Handling in liquidation for the entire year and Airport Handling until the assignment date to the Trust) under discontinued operations.

Consequently, in 2014 the Handling business only concerned the general aviation handling of the subsidiary ATA Ali Servizi 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.

It is recalled that on December 18, 2013, SEA acquired 98.34% of the share capital of Ali Trasporti Aerei ATA SpA, a company operating in the management (as operator) of the General Aviation Milano Linate Ovest airport, on the basis of a sub-concession contract expiring in 2041.

Ali Trasporti Aerei ATA SpA holds 100% of ATA Ali Servizi SpA, a leading General Aviation handler, operating at the airports of Linate Ovest, Ciampino, Venice and Malpensa.

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

It is also reported that the Group *(i)* through a 40% holding of SEA in the share capital of Dufrital, also undertakes commercial activities in other Italian airports, including Bergamo, Genoa and Verona; *(ii)* through the investee company Malpensa Logistica Europa (in which SEA held 25% of the share capital at December 31, 2014) undertakes integrated logistics activities; *(iii)* through the shareholding (34% of the share capital at December 31, 2014) in SEA Services operates in the catering sector for the Milan airports and *(iv)* through an investment in Disma (18.75% of the share capital) manages a plant for the storage and distribution of aviation fuel at Milan Malpensa Airport.

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

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

- Aviation business ("core" airport business in support of passenger and cargo transport); the revenues generated are based on a regulated tariff system and stem from airport rights, fees for the use of centralised infrastructure and of shared use assets, in addition to security fees and tariffs for the exclusive use of spaces by airlines and Handlers. The rights and fees for security are set by Ministerial Decrees, while the fees for the use of centralised infrastructure and shared assets are monitored and verified by ENAC;

- Non-Aviation business (commercial services offered to passengers and users of the Milan Airports), whose revenues derive from market fees for the Non-Aviation business directly carried out by SEA, and/or from the above-stated business carried out by sub-contractors, from royalties based on a percentage of revenues of third party operators, with minimum guarantees where established;
- Handling business, relating only to the general aviation handling of the subsidiary Prime AviationServices SpA (formerly Ali Servizi ATA SpA), acquired by the Group at the end of 2013 and the associated company Malpensa Logistica Europa SpA (held 25%), which operates outside of the concessionary core business of passenger handling at Linate and Malpensa;
- Energy (generation and sale of electric and thermal energy) whose revenues stem from market fees set by unit, multiplied by quantity of energy supplied.

2. Summary of accounting principles adopted

The main accounting principles adopted in the preparation of the consolidated Financial Statements at December 31, 2014 are reported below.
The consolidated Financial Statements at December 31, 2014 and the tables included in the explanatory notes are prepared in thousands of Euro.

2.1 Basis of preparation

The Consolidated Financial Statements includes the Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Comprehensive Income Statement, the Consolidated Cash Flow Statement, the Statement of Changes in Consolidated Shareholders' Equity and the relative Explanatory Notes.
As described in the Directors' Report, with reference to the comparative figures, 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 2014 Income Statement of the commercial aviation handling business is not included in the 2014 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.
IFRS 5 also requires that the comparative Income Statement is restated in order to render comparable continuing operations and discontinued operations in the two years stated in the financial communication, without requiring reclassification of the comparative balance sheet at December 31, 2013.
A specific paragraph of the present Explanatory Notes, to which reference should be made (Paragraph 5.2 "*Assets and liabilities held-for-sale and Discontinued Operations profit/(loss)*)", illustrates the Discontinued Operations' accounts presented in the Consolidated Income Statement, the consolidated balance sheet and the consolidated cash flow statement.

The consolidated Financial Statements at December 31, 2014 were prepared in accordance with IFRS in force at the approval date of the Financial Statements and the provisions of Article 9 of Legs. 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 balance sheet while the classification by nature was utilised for the comprehensive Income Statement and the indirect method for the cash flow statement.

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

The Consolidated Financial Statements were prepared under the going concern principle. Group Management established that there are no uncertainties on the going concern of the business, considering the existing capitalisation levels and that there are no financial, operational, management or other indicators which may 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, 2014, the same accounting principles were adopted as in the preparation of the Consolidated Financial Statements at December 31, 2013. Following the issue on a regulated market of the "SEA 3 $^{1}/_{8}$ 2014-2021" Bond, IFRS 8 and IAS 33 concerning segment

reporting and earnings per share were utilised, with the comparative figures at December 31, 2013 prepared on this basis also.
For improved presentation, the Income Statement was presented in two tables: *a)* the Consolidated Income Statement and *b)* the comprehensive consolidated Income Statement. The 2013 figures were restated to assist comparability.
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, 2014

The International Accounting Standards and amendments which must be obligatory applied from January 1, 2014, 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 Gazette	Effective date as per the standard	Effective date applied by SEA
IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements	11 Dec 12	29 Dec 12	Periods which begin from 01 Jan 14	01 Jan 14
IFRS 11 Joint arrangements	11 Dec 12	29 Dec 12	Periods which begin from 01 Jan 14	01 Jan 14
IFRS 12 Disclosure of Interests in Other Entities	11 Dec 12	29 Dec 12	Periods which begin from 01 Jan 14	01 Jan 14
IAS 28 Investments in Associates and Joint Ventures	11 Dec 12	29 Dec 12	Periods which begin from 01 Jan 14	01 Jan 14
Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	13 Dec 12	29 Dec 12	Periods which begin from 01 Jan 14	01 Jan 14
Amendments to IAS 36 Impairment of assets	19 Dec 13	20 Dec 13	Periods which begin from 01 Jan 14	01 Jan 14
Amendment to IAS 39 Financial instruments: Recognition and measurement, on novation of derivatives and hedge accounting	19 Dec 13	20 Dec 13	Periods which begin from 01 Jan 14	01 Jan 14
IFRIC 21 Levies	13 June 14	14 June 14	Periods which begin from 01 Jan 14	01 Jan 14

Reference should be made to paragraph 2.5 "Consolidation scope and changes in the year" below for further information on the decisions adopted by the Directors, supported by independent third party accounting opinions, in relation to the application of IFRS 10 to the "Milan Airport Handling Trust" which resulted in the transfer of control of Airport Handling by SEA on the assignment of the above-mentioned investment to the Trust, with consequent exit from the consolidation scope.

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

Below we report the International Accounting Standards, interpretations and amendments to existing accounting standards and interpretations, or specific provisions within the standards and interpretations approved by the IASB which have not yet been approved for adoption in Europe at the approval date of the present document 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
Amendment to IAS 19 regarding defined benefit plans	NO	Periods which begin from 01 July 2014
Annual improvements cycles 2010-2012 and 2011-2013	NO	Periods which begin from 01 July 2014
Amendment to IAS 16 Property, plant and equipment and IAS 38 Intangible assets	NO	Periods which begin from 01 Jan 2016
Amendment to IFRS 11 Joint arrangements on acquisition of an interest in a joint operation	NO	Periods which begin from 01 Jan 2016
Amendment to IAS 27 Separate Financial Statements on the equity method	NO	Periods which begin from 01 Jan 2016
IFRS 15 Revenue from contracts with customers	NO	Periods which begin from 01 Jan 2017
IFRS 9 Financial instruments	NO	Periods which begin from 01 Jan 2018

No accounting standards and/or interpretations were applied in advance whose application is obligatory for periods commencing after December 31, 2014.

The Company, while still needing to complete the overall review of the application of the standards indicated above, consider that these will not have significant accounting effects on future consolidated Financial Statements.

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 May 6, 2014, the IASB issued a number of amendments to IFRS 11 – "Joint Arrangements – Accounting for acquisitions of interests in joint operations" concerning the recognition of the acquisition of interests in joint ventures whose activities constitute a business, as established under IFRS 3. The amendments require that in these circumstances the principles reported by IFRS 3 are applied in relation to the measurement of the effects of a business combination. They are applied from January 1, 2016, although advance application is permitted.

On May 12, 2014, the IASB issued a number of amendments to IAS 16 Property, plant and equipment and to IAS 38 Intangible Assets – "Clarification of acceptable methods of depreciation and amortisation". The amendments to IAS 16 establish that depreciation based on revenue recognition is not appropriate, as according to the amendment revenues generated by an asset which includes the use of an asset subject to depreciation generally reflects factors other than the sole consumption of economic benefits from the asset itself. The amendments to IAS 38 introduce a presumption that depreciation criteria based on revenues are usually inappropriate for the same reasons as the amendments introduced to IAS 16. In the case of intangible assets, this presumption can only however be excluded in limited circumstances. They are applied from January 1, 2016, although advance application is permitted.

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 essential issues for the recognition of revenues according to 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 applied from January 1, 2017, although advance application is permitted.

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. The standard introduces new criteria for the classification and measurement of financial assets and liabilities. The greater flexibility of the new accounting rules is offset by the additional disclosure requirements on the risk management activities of the adopter.

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. In the case in which the assets or the subsidiary disposed of/conferred represents a business, the entity should recognise the profit or the loss on the entire share previously held; while, in the contrary case, the share of the profit or loss concerning the stake still held by the entity should be eliminated. They are applied from January 1, 2016, although advance application is permitted.

On September 25, 2014, the IASB published the "Annual Improvements to IFRS: 2012-2014 Cycle". The amendments introduced by the document must be applied from periods beginning January 1, 2016 or subsequently.

On December 18, 2014, the IASB issued an amendment to IAS 1 – Disclosure Initiative. The amendments seek to clarify the disclosure elements which may be considered impediments to a clear preparation of the Financial Statements.

The amendments were as follows:

- materiality and aggregation: it is clarified that a company must not obscure disclosure through aggregating or disaggregating and that the considerations concerning materiality apply to the Financial Statements, the Explanatory Notes and the specific disclosure requirements of IFRS. The disclosures required specifically by IFRS must be provided only if the disclosure is considered material;

- balance sheet and comprehensive Income Statement: this clarifies that the list of accounts specified by IAS 1 for these statements may be disaggregated or aggregated according to the applicable case. Guidelines are also provided on the use of sub-totals within the Financial Statements;
- presentation of Other elements Comprehensive Income ("OCI"): this clarifies that the share of OCI of associates and joint ventures consolidated at equity must be aggregated into a single account, in turn broken down between the components which may be reclassified in the future to the Income Statement or not;
- explanatory notes: this clarifies that entities may employ flexibility in the definition of the structure of the explanatory notes and provides guidelines to establish a structure for the notes, for example:
  i. prominence is given to those considered most central to an understanding of the equity and financial position (e.g. grouping information by particular activities);
  ii. grouping elements measured by the same criteria (e.g. assets measured at fair value);
  iii. according to the order of the elements presented in the Financial Statements.

The amendments introduced by the document must be applied from periods beginning January 1, 2016 or subsequently.

On December 18, 2014, the IASB published the document "Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)", containing amendments to the issues emerging following the application of the consolidation exception granted to the investment entity. The amendments introduced by the document must be applied from periods beginning January 1, 2016 or subsequently; advance adoption is however permitted.

2.4 Consolidation method and principles

The Financial Statements of the companies included in the consolidation scope were prepared as at December 31, 2014 and were appropriately adjusted, where necessary, in line with Group accounting principles.

The consolidation scope includes the Financial Statements at December 31, 2014 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.

At paragraph "2.5 – Consolidation scope and changes in the year" below, in relation to this definition of control pursuant to IFRS 10, the reasons that the consolidation obligation of Airport Handling is no longer applicable from the date of its assignment to the Milan Airport Handling Trust are outlined.

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

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

deriving from reciprocal payables and receivables, costs and revenues, as well as financial income and charges are also eliminated if significant;

- the gains and losses deriving from the sale of a share of the investment in a consolidated company which results in the loss of control are recorded in the Income Statement for the amount corresponding to the difference between the sales price and the corresponding fraction of the consolidated net equity sold.

Associated Companies

Associated companies are companies in which the Group has a significant influence, which is 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, 2014 and December 31, 2013) 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 31/12/2014 (Euro)	Share capital at 31/12/2013 (Euro)
SEA Handling SpA (in liquidation) [1]	Aeroporto di Malpensa - Terminal 2 - Somma Lombardyo (VA)	10,304,659	38,050,394
SEA Energia SpA	Aeroporto di Milano Linate - Segrate (MI)	5,200,000	5,200,000
Railink Srl (in liquidation) [2]	Aeroporto di Milano Linate - Segrate (MI)	-	10,000
Airport Handling SpA [3]	Aeroporto di Malpensa - Terminal 2 - Somma Lombardo (VA)	-	50,000
SEA Prime SpA (formerly Ali Trasporti Aerei ATA SpA) [4]	Viale dell'Aviazione, 65 - Milan	2,976,000	2,976,000
Prime AviationServices SpA (formerly ATA Ali Servizi SpA) [5]	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	Aeroporto di Milano Linate - Segrate (MI)	6,000,000	6,000,000
Disma SpA	Aeroporto di Milano Linate - Segrate (MI)	2,600,000	2,600,000

The companies included in the consolidation scope at December 31, 2014 and the respective consolidation methods are reported below:

Company	Consolidation Method at 31/12/2014	% Group holding at 31/12/2014	% Group holding at 31/12/2013
SEA Handling SpA (in liquidation) [1]	[1]	100%	100%
SEA Energia SpA	Line-by-line	100%	100%
Railink Srl (in liquidation) [2]	[2]	100%	100%
Airport Handling SpA [3]	[3]	0%	100%
SEA Prime SpA (formerly Ali Trasporti Aerei ATA SpA) [4]	Line-by-line	98.34%	98.34%
Prime AviationServices SpA (formerly ATA Ali Servizi SpA) [5]	Line-by-line	98.34%	98.34%
Consorzio Malpensa Construction	Line-by-line	51%	51%
Dufrital SpA	Equity	40%	40%
SACBO SpA	Equity	30.979%	30.979%
SEA Services Srl	Equity	40%	30%
Malpensa Logistica Europa SpA	Equity	25%	25%
Disma SpA	Equity	19%	19%

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 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; reference should be made to the previous paragraphs 1 – "General Information" and 2.1 "Basis of preparation" for the impact of the application of IFRS 5 on the 2014 Financial Statements and 2013 comparative Financial Statements.

2 The company Railink was placed in liquidation on November 26, 2013.

3 On August 27, 2014, SEA, sole shareholder of Airport Handling, with the signing of the Trust Deed transferred to the "Milan Airport Handling" Trust the entire nominal investment of Euro 5 million. Consequently SEA, on the same date, in accordance with IFRS 10 did not hold the "power of control" over the operations of the Company and it was excluded from the consolidation scope. In particular, the assignment of the investment Airport Handling Srl to the Trust resulted, in the opinion of the Directors and supported by an independent accounting opinion, in the loss of control of the above-mentioned entity in accordance with IFRS 10 in consideration of the fact that, in view of the conditions defined by IFRS 10 for a position of control, outlined in the previous paragraph 2.4 "Consolidation methods and principles" which must simultaneously apply: (a) the exercise of power over the entity; (b) exposure, or rights, to variable returns deriving from involvement with the same; and (c) the capacity to utilise the power to influence the amount of these variable returns – the Directors consider that the concentration of decision-making power and governance of Airport Handling Srl in its Board of Directors, appointed independently by the Trust and over which SEA has no control pursuant to Article 2359 of the Civil Code, means that the SEA may not exercise power over the entity and may not influence the amount of the variable returns produced, to which SEA could possibly be exposed; therefore as two of the three conditions for the control of the company in accordance with IFRS 10 are not present, this determines the exit from the consolidation scope of Airport Handling Srl from the assignment date to the Trust.
The investment maintained in Airport Handling by SEA, corresponding to the original capital paid-in and to the increases made before the assignment to the Trust, and the amount of the investment in equity financial instruments, with the loss of legal control of the company, is classified in the account "other non-current financial assets" in the consolidated balance sheet and the exposure to variable

returns of the company is maintained in consideration of the normal valuation process of the recovery of the receivable position with the sale to third parties or the new recognition of the residual investment on the liquidation of the Trust.

4 The company Ali Trasporti Aerei ATA SpA changed its name to SEA Prime SpA with Shareholders' Meeting motion of March 2, 2015.

5 Indirectly through Ali Trasporti Aerei ATA.

2.6 Conversion 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 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) Patents, concessions, licenses, trademarks and similar rights

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

(c) Computer software

Software licenses 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.

Property

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 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.

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 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, 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 are restated up to the value deriving from the application of the amortised cost.

(c) AFS financial assets

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

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

Derivative financial instruments

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. Where 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. When 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 and cash equivalents

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

Provisions for risks and charges

The provisions for risks and charges are recorded to cover known or likely losses or liabilities, the timing and extent of which are not known with certainty at the balance sheet date. They are recorded only when there exists a current obligation (legal or implicit) for a future payment resulting from past events and it is probable that the obligation will be settled. This amount represents the best estimate less the expenses required to settle the obligation.
Possible risks that may result in a liability are disclosed in the notes under the section on commitments and risks without any provision.

Restoration and replacement provision of assets under concession

The accounting treatment of the works undertaken by the lessee on the assets under concession, as per IFRIC 12, varies depending on the nature of the work: normal maintenance on the asset is considered ordinary maintenance and therefore recognised in the Income Statement; replacement work and programmed maintenance of the asset at a future date, considering that IFRIC 12 does not provide for the recognition of a physical asset but a right, must be recognised in accordance with IAS 37 – "Provisions and potential liabilities" – which establishes recognition to the Income Statement of a provision and the recording of a provision for charges in the balance sheet.
The restoration and replacement provision of the assets under concession include, therefore, the best estimate of the present value of the charges matured at the balance sheet date for the programmed maintenance in the coming years and undertaken in order to ensure the functionality, operations and security of the assets under concession.
It should be noted that the restoration and replacement provision of the assets refers only to fixed assets within the scope of IFRIC 12 (assets under concession classified to intangible assets).

Employee 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.

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-both those at fixed prices and 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.

Revenue for works on assets under concession

Revenues on construction work are recognised in relation to the state of advancement of works in accordance with the percentage of completion method and on the basis of the costs incurred for these activities increased by a mark-up of 6% representing the remuneration of the internal costs of the management of the works and design activities undertaken by the 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 to the consolidating company the tax income or loss; 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 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. Reference should be made to *Note* 15.

The dividends distributed between Group companies are eliminated in the Income Statement.

3. Estimates and assumptions

The preparation of the Financial Statements requires 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 impacts upon the amounts reported in the Financial Statements, such as the balance sheet, the Income Statement and the cash flow statement, and on the disclosures in the notes to the accounts.

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

(a) Impairments

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

(b) Depreciation

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

(c) Provisions for risks and charges

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.

Therefore, Management, having consulted with its legal and tax advisers, recognises a liability against these disputes when a financial payment is considered probable and the amount of the losses arising may 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.

4. Risk Management

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

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

4.1 Credit risk

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

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

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

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

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

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

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

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

Trade receivables

(in thousands of Euro)	At December 31, 2014	At December 31, 2013
Customer receivables	198,746	224,360
- of which overdue	115,344	145,182
Doubtful debt provision	(89,742)	(112,477)
Trade receivables from associates	9,522	6,212
Total net trade receivables	**118,526**	**118,095**

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

Trade receivables

(in thousands of Euro)	At December 31, 2014	At December 31, 2013
Overdue less than 180 days	39,121	36,518
Overdue more than 180 days	76,223	108,664
Total trade receivables overdue	**115,344**	**145,182**

The table below illustrates the gross trade receivables at December 31, 2014 and 2013, 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, 2014	At December 31, 2013
Customer receivables	208,268	230,572
(i) receivables from parties in administration	43,544	72,068
(ii) disputed receivables	23,618	23,806
Total trade receivables net of receivables at (i) and (ii)	**141,106**	**134,698**
Receivables due other than receivables at (i) and (ii)	48,182	51,657
Sureties and guarantee deposits	68,932	70,451
Percentage of receivables guaranteed by sureties and guarantee deposits compared to the total trade receivables net of receivables at (i) and (ii)	48.9%	52.3%

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 H1 2014, the market risks to which the SEA Group were subject were:

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

a) Interest rate risk

The SEA Group is exposed to the risk of changes in interest rates in relation to the necessity to finance its operating activities and the use of available liquidity. The changes in interest rates may impact positively or negatively on the results of the SEA Group, modifying the costs and returns on financial and investment operations. The SEA Group manages this risk through an appropriate mixture between fixed and variable rate loans, with the objective to mitigate the economic effect of the volatility of the interest rates.

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

At December 31, 2014 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, 2014 is reported in the following table, which shows each loan at the nominal value (which includes a spread of between 0.20% and 2.20%, not considering the hedging operations):

Medium/long-term loans at December 31, 2014 and 2013

Loans	Type of rate	Issue date	Maturity date	December 31, 2014 In thousands of Euro	Rate	December 31, 2013 In thousands of Euro	Rate
SEA SpA							
BIIS (ex Comit) -EIB 1st drawdown	F	26-Aug-1999	15-Mar-2014	-	-	1,000	3.14%
BIIS (ex Comit) -EIB 2nd drawdown	V	30-Nov-2000	15-Sep-2015	1,000	0.44%	2,000	0.59%
BIIS (ex Comit) -EIB 3rd drawdown	V	17-Mar-2003	15-Sep-2017	6,947	0.44%	9,263	0.59%
Total EIB/Comit				**7,947**	**0.44%**	**12,263**	**0.80%**
BNL-EIB 1st drawdown	V	22-Nov-1999	15-Sep-2014	-	-	2,000	0.52%
BNL-EIB 2nd drawdown	V	11-Aug-2000	15-Mar-2015	500	0.39%	1,500	0.52%
BNL-EIB 4th drawdown	V	8-May-2003	15-Mar-2018	4,076	0.39%	5,240	0.52%
BNL-EIB 13.06.2006 1st drawdown	V	4-Sep-2006	4-Sep-2026	9,103	0.44%	9,862	0.57%
BNL-EIB 13.06.2006 2nd drawdown	V	4-Sep-2006	4-Sep-2026	9,103	0.44%	9,862	0.57%
BNL-EIB 13.06.2006 3rd drawdown *	V	4-Sep-2006	4-Sep-2026	9,103	0.44%	9,862	0.57%
BNL-EIB 13.06.2006 4th drawdown *	V	4-Sep-2006	4-Sep-2026	9,931	0.44%	10,759	0.57%
BNL-EIB 13.06.2006 5th drawdown *	V	4-Sep-2006	4-Sep-2026	9,931	0.44%	10,759	0.57%
BNL-EIB 2007 1st drawdown *	V	7-Mar-2007	7-Mar-2027	9,429	0.44%	10,214	0.57%
BNL-EIB 2007 2nd drawdown *	V	7-Mar-2007	7-Mar-2027	9,429	0.44%	10,214	0.57%
BNL-EIB 2013	F	15-Mar-2013	15-Mar-2023	30,000	3.83%	30,000	3.83%
Total EIB/BNL				**100,605**	**1.45%**	**110,272**	**1.45%**
UniCredit EIB 1st dddrawdown	V	8-Sep-2007	8-Sep-2027	8,929	0.44%	9,643	0.59%
UniCredit EIB 2nd drawdown *	V	8-Sep-2007	8-Sep-2027	8,929	0.44%	9,643	0.59%
UniCredit EIB 3rd drawdown *	V	16-Feb-2009	15-Sep-2028	14,483	0.67%	15,000	0.82%
Total EIB/UniCredit				**32,341**	**0.54%**	**34,286**	**0.69%**
BIIS-EIB 1st drawdown *	V	25-Feb-2011	15-Sep-2030	10,000	0.81%	10,000	0.96%
BIIS-EIB 2nd drawdown *	V	25-Feb-2011	15-Sep-2030	5,000	0.81%	5,000	0.96%
BIIS-EIB 3rd drawdown	V	23-Jun-2011	15-Mar-2031	10,000	0.87%	10,000	1.02%
BIIS-EIB 4th drawdown	V	23-Jun-2011	15-Mar-2031	5,000	0.87%	5,000	1.02%
Total EIB/BIIS				**30,000**	**0.84%**	**30,000**	**0.99%**
EIB/CDP 2012 1st drawdown	F	27-Apr-2012	15-Mar-2027	10,000	4.05%	10,000	4.05%
EIB/CDP 2012 2nd drawdown	F	27-Apr-2012	15-Mar-2027	5,000	4.05%	5,000	4.05%
EIB/CDP 2012 3rd drawdown	F	29-Jun-2012	15-Mar-2027	10,000	3.88%	10,000	3.88%
EIB/CDP 2012 4th drawdown	F	29-Jun-2012	15-Mar-2027	5,000	3.88%	5,000	3.88%
EIB/CDP 2013 1st drawdown	V	30-Sep-2013	15-Sep-2028	10,000	2.61%	10,000	2.75%
EIB/CDP 2013 2nd drawdown	V	30-Sep-2013	15-Sep-2028	10,000	2.61%	10,000	2.75%
EIB/CDP 2013 3rd drawdown	V	30-Sep-2013	15-Sep-2028	10,000	2.61%	10,000	2.75%
Total CDP/EIB				**60,000**	**3.28%**	**60,000**	**3.36%**
UniCredit Mediobanca 2011 Tranche A 1st dd.	V	31-Jul-2012	6-May-2014	-	-	13,271	5.79%
UniCredit Mediobanca 2011 Tranche A 2nd dd.	V	13-Dec-2012	6-May-2014	-	-	80,000	4.54%
UniCredit Mediobanca 2012 Tranche A	V	21-Nov-2012	6-May-2014	-	-	21,729	5.79%
Mediobanca 2012	V	20-Dec-2012	6-May-2014	-	-	35,000	4.34%
Mediobanca 2013	V	10-Dec-2013	29-May-2015	50,000	2.39%	50,000	2.46%
Total loans excluding EIB				**50,000**	**2.39%**	**200,000**	**4.20%**
***Bond* SEA 3 1/8 2014-2021**	F	17-Apr-2014	17-Apr-2021	**300,000**	**3.13%**	**-**	**-**
TOTAL SEA SpA				**580,893**	**2.49%**	**446,821**	**2.83%**
SEA Energia SpA							
BPM	V	20-Jun-2003	31-Dec-2014	-	-	5,162	1.25%
UniCredit - BPM	V	20-Jun-2006	30-Jun-2014	-	-	8,646	1.10%
TOTAL SEA Energia SpA				**-**	**-**	**13,808**	**1.16%**
TOTAL GROUP PAYABLES				**580,893**	**2.49%**	**460,629**	**2.78%**
		total tranche swapped		95,163	16.4%	101,094	21.9%
		portion debt at fixed rates		360,000	62.0%	61,000	13.2%
		portion of debt not hedged		125,730	21.6%	298,536	64.8%

* *Tranches subject to swap.*

Following the debt restructuring operation, the total medium/long-term debt at December 31, 2014 amounted to Euro 580,893 thousand, an increase of Euro 120,264 thousand compared to December 31, 2013, with the average cost reducing 29 basis points to 2.49% at the end of 2014. The cost of this debt, after the interest hedging operations, amounts to 3.00%, a reduction on 3.41% at the end of December 2013 (-41 basis points).

The fair value of the overall bank and Bond medium/long-term Group debt at December 31, 2014 amounted to Euro 602,023 thousand (Euro 492,982 thousand at December 31, 2013) and 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, the market value refers to December 31, 2014;
- for the loans at variable interest rates, the interest portion was calculated utilising the estimate of the expected rates at the end of each contractual maturity, increased by the spread defined contractually. The interest portion defined as outlined above and the capital on maturity was discounted utilising the spot rate for each contractual maturity, extrapolated from the market rate.

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

Interest rate hedges

	Notional on signing	Residual debt at 31/12/2014	Signing date	Start date	Maturity	Fair value at 31/12/2014	Fair value at 31/12/2013
IRS	10,000	10,000	18/5/2011	15/9/2012	15/9/2021	(1,741.0)	(1,274.8)
	5,000	5,000	18/5/2011	15/9/2012	15/9/2021	(870.5)	(637.4)
	15,000	14,483	18/5/2011	15/9/2012	15/9/2021	(2,358.4)	(1,784.9)
	11,000	9,483	18/5/2011	15/9/2011	15/9/2016	(498.0)	(649.8)
	10,000	8,929	6/6/2011	15/9/2012	15/9/2021	(1,351.8)	(1,027.8)
	11,000	9,483	6/6/2011	15/9/2012	15/9/2021	(1,433.2)	(1,090.6)
	12,000	9,931	6/6/2011	15/9/2012	15/9/2021	(1,475.5)	(1,129.6)
	12,000	9,931	6/6/2011	15/9/2012	15/9/2021	(1,475.5)	(1,129.6)
Collar	10,000	8,929	6/6/2011	15/9/2011	15/9/2021	(1,047.9)	(743.6)
	11,000	9,103	6/6/2011	15/9/2011	15/9/2021	(1,041.3)	(741.7)
Total		**95,272**				**(13,293.1)**	**(10,209.8)**

"-" 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, 2014 and at December 31, 2013 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 limited 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 2014 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 implementing an implicit hedge of the commodity risk. 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), which covers the financial commitments of the Group in the coming 12 months deriving from the investment plan and debt repayments;
- monitors the liquidity position, in relation to the business planning.

At the end of 2014, the SEA Group had irrevocable unutilised credit lines of Euro 260 million, of which Euro 120 million relating to a revolving line available until April 2019 ("RCF Line") and Euro 140 million relating to a new EIB loan ("New EBI Loan"), of which utilisation is expected by December 2017, for a total duration between 15 and 20 years. At December 31, 2014, the SEA Group also had a further Euro 139,317 thousand of uncommitted credit lines available for immediate cash requirements.

The debt restructuring operation has guaranteed the SEA Group the availability of committed credit lines which strengthen the coverage of financial requirements in the coming years, permitting a significant lengthening of the average maturity of the debt and minimising debt sourcing costs (over 76% of the group medium/long-term debt matures beyond 5 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 indirect factoring which provides further financial credit lines to guarantee adequate cash flexibility).

The tables below illustrate for the SEA Group the breakdown and maturity of the financial debt (capital, medium/long-term interest, financial charges on derivative instruments and leasing) and trade payables at December 31, 2014 and December 31, 2013:

Liabilities 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**

Liabilities 2013

(in millions of Euro)	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years	Total
Gross debt	86.6	211.5	52.6	192.7	543.5
Trade payables	165.9				165.9
Total debt	**252.5**	**211.5**	**52.6**	**192.7**	**709.4**

The debt restructuring operation of the SEA Group resulted in a significant lengthening of the duration of the debt, in particular on the maturities between 1 and 3 years and those beyond 5 years. Loans with maturity of less than 1 year for Euro 50 million concern the 2013 Mediobanca loan, with maturity in May 2015.

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:

- **Assumptions**: the effect was analysed on the SEA Group Income Statement for 2014 and 2013 of a change in market rates of +50 or of -50 basis points.
- **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, 2014		December 31, 2013	
(in thousands of Euro)	**-50 bp**	**+50 bp**	**-50 bp**	**+50 bp**
Current accounts (interest income)	-423.04	503.68	-180.42	188.95
Loans (interest expense) [1]	1,591.05	-1,591.05	1,748.03	-1,748.03
Derivative hedging instruments (cash flow) [2]	-504.86	504.86	-530.96	530.96
Derivative hedging instruments (*fair value*)	-2,180.77	2,193.52	-2,521.45	2,427.93

1 *+= lower interest expense; - = higher interest expense.*

2 *+ = hedging income; - = hedging cost.*

It should be noted that the results of the sensitivity analysis undertaken on some accounts of the previous tables are impacted by the low level of the market interest rates, which in the case of a change of -50 basis points would result as negative, and therefore are recorded as equal to zero.

Some loans include covenant conditions, relating to the capacity of the SEA Group to meet annual and/or half year financial commitments (net of financial resources available and receivables from the State) from operating activities. It should be noted that, for some loans, non-compliance of the covenant terms results in, for the following half-year period, the application of a correlated predetermined spread (in accordance with a contractually defined pricing grid).

At the present moment the SEA Group is not aware of any default situations related to the loans held or violations of any of the above-mentioned covenants.

5. Classification of the financial instruments

The following tables provide a breakdown of the financial assets and liabilities by category at December 31, 2014 and at December 31, 2013 of the Group.

	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			370			
Trade receivables			118,526			118,526
Tax receivables			16,110			16,110
Other current receivables			16,936			16,936
Cash and cash equivalents			30,586			30,586
Total	**–**	**–**	**206,494**	**26**	**–**	**206,150**
Non-current financial liabilities excluding leasing	13,293				514,153	527,446
- of which bonds issued					297,159	297,159
Non-current financial liabilities for leasing					410	410
Trade payables					170,711	170,711
Tax payables					59,529	59,529
Other current payables					98,752	98,752
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**

	At December 31, 2013					
(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 receivables			495			495
Trade receivables			118,095			118,095
Tax receivables			17,809			17,809
Other current receivables			17,740			17,740
Cash and cash equivalents			60,720			60,720
Total	**–**	**–**	**214,859**	**26**	**–**	**214,885**
Non-current financial liabilities excluding leasing	10,210				389,783	399,993
Non-current financial liabilities for leasing					1,368	1,368
Trade payables					165,867	165,867
Tax payables					57,707	57,707
Other current payables					111,282	111,282
Current financial liabilities excluding leasing					146,071	146,071
Current financial liabilities for leasing					1,028	1,028
Total	**10,210**	**–**	**–**	**–**	**873,106**	**883,316**

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, 2014 and at December 31, 2013:

	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**

	At December 31, 2013		
(in thousands of Euro)	Level 1	Level 2	Level 3
Available-for-sale investments			26
Derivative financial instruments		10,210	
Total		**10,210**	**26**

5.2 Assets and liabilities held-for-sale and Discontinued Operations profit/(loss)

The present section reports a breakdown of the Discontinued Operations' accounts presented in the Income Statement, the Balance Sheet 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, 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 accounts included in the account *Discontinued Operations* relate to the Income Statement of SEA Handling SpA in liquidation for the entire year (and therefore also with reference to the period prior to the liquidation procedure – the first half-year of 2014);
- 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;
- on the balance sheet, 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 balance sheet post-discontinuation 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 cash flows post-discontinuation 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.

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

Discontinued Operations Income Statement

(in thousands of Euro)	Year ended at December 31 2014	2013	Change	Change %
Operating revenues	78,194	114,676	(36,482)	-31,8%
Total revenues	**78,194**	**114,676**	**(36,482)**	**-31,8%**
Operating costs				
Personnel costs	(98,476)	(94,987)	(3,489)	3.7%
Consumption materials	(1,519)	(1,912)	392	-20.5%
Other operating costs	(16,321)	(22,461)	6,140	-27.3%
Provisions and write-downs	11,933	(16,214)	28,147	-173.6%
Total operating costs	**(104,384)**	**(135,574)**	**31,190**	**-23.0%**
Gross operating margin / EBITDA	**(26,190)**	**(20,898)**	**(5,292)**	**25.3%**
Restoration and replacement provision	0	0	0	
Amortisation and depreciation	(733)	(892)	159	-17.8%
EBIT	**(26,923)**	**(21,790)**	**(5,133)**	**23.6%**
Investment income / (charges)	0	0	0	
Financial charges	0	0	0	
Financial income	29	38	(9)	-23.5%
Pre-tax result	**(26,894)**	**(21,752)**	**(5,142)**	**23.6%**
Income tax	5,590	338	5,252	n.s.
Discontinued Operations Profit / (Loss)	**(21,304)**	**(21,414)**	**110**	**-0.5%**

As described in detail in the Directors' Report, SEA Handling SpA was placed in liquidation on June 30, 2014. Operational activities continued until August 31, 2014. With the transfer of the workforce to Airport Handling SpA on September 1, 2014, the operational activities of Airport Handling SpA commenced, which due to the prior transfer to the Milan Airport Handling Trust is not included in the consolidation scope. Therefore, the 2014 figures refer to 8 months of operations of the company SEA Handling in liquidation compared to 12 months in the previous year, with consequent limits on the comparability between the figures.

For comparative purposes the Income Statement for the first 8 months of 2014 is shown compared to the same period of 2013 (unaudited management data utilised for 2013).

Discontinued Operations Income Statement

(in thousands of Euro)	Not audited 8 months to 31/8/2014	31/8/2013	Change	Change %
Operating revenues	77,494	77.680	(186)	-0.2%
Total revenues	**77,494**	**77.680**	**(186)**	**-0.2%**
Operating costs				
Personnel costs	(95,117)	(64,599)	(30,518)	47.2%
Consumption materials	(1,505)	(1,340)	(165)	12.3%
Other operating costs	(15,066)	(15,079)	13	-0.1%
Provisions and write-downs	10,990	(11,083)	22,073	-199.2%
Total operating costs	**(100,698)**	**(92,101)**	**(8,597)**	**9.3%**
Gross operating margin / EBITDA	**(23,204)**	**(14,421)**	**(8,783)**	**n.s.**
Restoration and replacement provision	0	0	0	
Amortisation and depreciation	(498)	(628)	130	-20.7%
EBIT	**(23,702)**	**(15,049)**	**(8,653)**	**n.s.**
Investment income / (charges)	0	0	0	
Financial charges	0	0	0	
Financial income	24	17	7	41.2%
Pre-tax result	**(23,678)**	**(15,032)**	**(8,646)**	**n.s.**
Income tax	4,952	340	4,612	n.s.
Discontinued Operations Profit / (loss)	**(18,726)**	**(14,692)**	**(4,034)**	**n.s.**

Operating revenues in 2014 decreased by 32% on 2013. The decrease is due to the discontinuation of operations by SEA Handling in liquidation from September 1, 2014.
Comparing however the effective operational period in 2014 of SEA Handing in liquidation with the first 8 months of 2013, revenues were substantially in line. Handling revenues in the first 8 months of 2014 decreased 3.5% compared to the same period in 2013, due to the contractual review of handling service prices (principally with Alitalia-CAI) and a reduction in traffic served, partly offset by the transfer to Malpensa in May of flights originating from Bergamo. Non Aviation revenues in the first 8 months of 2014 report an increase of 22.8% on the same period of the previous year, thanks to the increase in support services to the airport management activities and an increase in other revenues from the release of the future charges provision against personnel restructuring, other services and ordinary prior year income.
The operating costs of the discontinued operations in 2014 amounted to Euro 104.4 million, decreasing 23% (Euro -31.2 million compared to 2013). In particular, as stated, operating costs in 2013 included the future charges provision for Euro 10,305 thousand, relative to SEA Handling, with the objective to align the net asset value, contributed to the consolidation of the subsidiary, to the valuation made by the Directors in the separate Financial Statements of the Parent Company, in consideration of the re-organisation of the handling sector related to the review of the existing shareholding structure. In 2014, this account impacted positively on operating costs, given the reversal of the provision against personnel restructuring charges commented upon below.
Comparing the effective operational period in 2014 with the first eight months of 2013, personnel costs increased by approx. Euro 30.5 million – due to the following items *(i)* extraordinary charges for the liquidation of employees of approx. Euro 25 million, *(ii)* lower savings compared to the previous year relating to the Extraordinary Lay-Off Scheme, and the hiring in May and June of 150 FTE temporary workers for the additional traffic transferred from Bergamo for approx. Euro 5 million.
In the liquidation period further personnel restructuring charges arose totalling Euro 4.6 million; consequently, the total restructuring charges deriving from the discontinuation of operations amounts to approx. Euro 29.6 million.
The other operating costs in the first eight months of 2014 were substantially in line with the corresponding period of the previous year.
The net provisions and write-downs in 2014 positively impacted the Income Statement for Euro 11,933 thousand and decreased Euro 28,147 thousand compared to 2013. The net provisions include, as already illustrated, the release of the risk provision amounting to Euro 10.3 million. The net write-downs refer to the doubtful debt provisions in continuity with the previous

year and concern the reversal of the excessive doubtful debt provision. Depreciation in 2014 amounted to Euro 733 thousand and related to property, plant and equipment. It was calculated for the full year 2014, despite the liquidation of the Company SEA Handling, based on the fact that these assets were subject to a rental contract with Airport Handling SpA.

Income taxes resulted in a benefit for the Income Statement, amounting to Euro 5,590 thousand, and include:

- current IRAP regional taxes of Euro 1,175 thousand (decrease of Euro 813 thousand on 2013);
- remuneration of the benefits deriving from the Tax Consolidation of the Parent Company SEA for Euro 5,436 thousand (compared to 2013 a higher benefit of Euro 3,100 thousand);
- deferred tax income of Euro 1,329 thousand.

The increase in the tax benefit compared to 2013 is due to the corresponding increase in the loss which SEA Handling in liquidation transferred to the parent company SEA SpA within the Tax Consolidation.

The assets and liabilities related to the Discontinued Operations at December 31, 2014 and December 31, 2013 – restated – are reported below:

Discontinued Operations Financial Statement

(in thousands of Euro)	At December 31, 2014 Total	At December 31, 2013 * Total	Change	Change %
ASSETS				
Intangible assets	0	0	0	
Property, plant and equipment	1,853	2,586	(733)	-28%
Property investments	0	0	0	
Investments in associated companies	0	0	0	
Available-for-sale investments	0	0	0	
Deferred tax assets	1,329	0	1.329	n.s.
Other non-current financial assets	0	0	0	
Other non-current receivables	0	2	(2)	-100%
Total non-current assets	**3,182**	**2,588**	**594**	**23%**
Inventories	0	0		
Trade receivables	2,300	29,727	(27,427)	-92%
Tax receivables	0	1,069	(1,069)	-100%
Other receivables	9,600	8,091	1,509	19%
Cash and cash equivalents	928	1,509	(581)	-39%
Current financial recevaibles	0	36,008	(36,008)	-100%
Total current assets	**12,828**	**76,403**	**(63,575)**	**-83%**
Total assets held-for-sale and Discontinued Operations	**16,010**	**78,991**	**(62,981)**	**-80%**
LIABILITIES				
Share capital	10,305	38,050	(27,745)	-73%
Other reserves	1,567	(16,636)	18,203	-109%
Net profit	(21,304)	(21,414)	110	-1%
Group net equity	**(9,432)**	**1**	**(9,433)**	**n.s.**
Minority interest	**0**	**0**	**0**	
Group and minority interest net equity of Discontinued Operations	**(9,432)**	**1**	**(9,433)**	**n.s.**
Provisions for risks & charges	9,232	18,670	(9,438)	-51%
Employee provisions	0	29,159	(29,159)	-100%
Non-current financial liabilities	0	0	0	
Total non-current liabilities	**9,232**	**47,829**	**(38,597)**	**-81%**
Trade payables	1,211	14,140	(12,929)	-91%
Income tax payables	582	2,001	(1,419)	-71%
Other payables	14,417	15,021	(604)	-4%
Current financial liabiies	0	0	0	
Total current liabilities	**16,210**	**31,162**	**(14,952)**	**-48%**
Total liabilities related to held-for-sale and Discontinued Operations	**25,443**	**78,990**	**(53,547)**	**-68%**
TOTAL LIABILITIES RELATED TO ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS AND SHAREHOLDERS' EQUITY	**16,010**	**78,991**	**(62,981)**	**-80%**

* *Reported only for comparative purposes; IFRS 5 does not require restatement of the prior year balance sheet.*

Property, plant and equipment decreased Euro 733 thousand due to depreciation in 2014 which, as already described, continued to be applied based on the lease of the assets to Airport Handling SpA. In particular, we highlight that in 2014 two valuations were prepared by separate independent experts on the current value of the transport vehicles and both valuations illustrated values significantly above the residual net book value. On November 12, 2014, the liquidator therefore held a public tender for the sale of the transport vehicles with intentions of interest to be received by January 26, 2015. This tender process was discontinued as no enterprise expressed interest in the assets for sale within the terms indicated in the tender, with the exception of some information requests communicated informally outside of the tender process to enquire upon the possibility of acquiring some of the vehicles at prices much lower than indicated in the above-mentioned valuation reports.

In relation to the unsuccessful public tender for the sale of its transport vehicles, Airport Handling SpA on February 26, 2015 sent a non-binding intention of interest to SEA Handling SpA in liquidation for the purchase of at least 6 of the 9 lots subject to the public tender for a value substantially in line with the tender process.

For complete disclosure, we recall that on September 1, 2014 a rental contract of the transport vehicles was signed with Airport Handling SpA for the period September 1, 2014 - August 31, 2015 to temporarily permit the continuation of the handling activities at Linate airport. The value of the rental contract was also verified by the above-mentioned independent experts.

Within this situation – featuring *(i)* expert reports which illustrate current values of the transport vehicles above the net book value, *(ii)* no operators participating in the public tender, *(iii)* absence of intentions of binding interest and the consequent de facto non-existence of an active market for these vehicles – the Liquidator of SEA Handling confirmed the net book value – despite the uncertainties described above – as the realisable value.

At December 31, 2014, in order to normalise the effect of the utilisation and reversal of risk provisions for disputes with personnel and for corporate restructuring charges, deferred tax assets were recorded, whose reversal will take place during 2015.

The decrease in trade receivables and receivables from the parent company of Euro 27,427 thousand is mainly related to the conclusion of operations.

At December 31, 2014, other receivables totalled Euro 9,600 thousand and increased Euro 1,509 thousand compared to December 31, 2013. This follows the increase in the receivable from the parent company for the tax benefit recognised by SEA SpA within the 2014 tax consolidation and the increase in receivables from INPS and the Volo Fund. At December 31, 2014, the accrued income was not calculated following the conclusion of operations.

Cash and cash equivalents refer to bank current accounts of Euro 918 thousand and cash of Euro 10 thousand.

At December 31, 2014, the current financial receivables amounted to zero. In September 2014, the Liquidator of SEA Handling requested the payment of the residual financial receivable from SEA to cover the requirements of the liquidation procedure. The amount received was Euro 27,470 thousand and therefore this receivable was written-down and the liquidity was utilised for personnel settlements. Receivables from the centralised treasury management of the SEA Group (equal to Euro 8,540 thousand at December 31, 2013) were written down. From August 2014, SEA Handling in liquidation does not mature interest on intercompany financial receivables and payables.

The net equity of the discontinued operations (equity deficit of Euro 9,432 thousand at December 31, 2014) decreased Euro 9,433 thousand compared to December 31, 2013. The share capital decreased Euro 27,745 thousand following the covering of the losses from the 2013 Financial Statements of SEA Handling, amounting to Euro 27,745 thousand, through the reduction of the share capital from Euro 38,050 thousand to Euro 10,305 thousand. The other reserves increased Euro 18,203 thousand compared to December 31, 2013, principally for Euro 11,870 thousand to the contributions made by SEA to the subsidiary SEA Handling in liquidation for the funding of the liquidation of SEA Handling.

Finally, we report that the equity deficit at December 31, 2014 is of a temporary nature due to the commitment undertaken by SEA on March 25, 2014 to guarantee the solvent liquidation of the company; the liquidator may request from SEA capital and financial support for the amount necessary to settle the equity and financial deficit at the date of the request. Consequently, the deficit position does not represent a permanent and effective equity deficit for the discontinued operations. In particular, to date SEA has made payments totalling Euro 12,991 thousand, which re-balance the equity deficit at December 31, 2014.

Compared to December 31, 2013, the provision for risks and charges decreased Euro 9,438 thousand. The reduction, as illustrated, relates for Euro 10.3 million to the reversal of the risk provision for the year. The balance at December 31, 2014, amounting to Euro 9,232 thousand, refers for Euro 7,143 thousand to the residual provision accrued in 2014 for leaving

incentives (for employees whose employment contracts were resolved) or salary increases of Euro 29,600 thousand.
The Post-employment benefit provision in 2014 decreased Euro 23,446 thousand due to the payments for the redundancy of employees with the Company SEA Handling in liquidation; the balance at December 31, 2014 was Euro 5,713 thousand and was classified in the account "Other payables" – as settled on January 1, 2015.
Trade payables decreased Euro 12,929 thousand and were principally related to the discontinued operations of SEA Handling in liquidation.
At December 31, 2014, tax payables amounted to Euro 582 thousand, a decrease of Euro 1,419 thousand, principally due to the decrease in the IRPEF payable on employees.
At December 31, 2013, other payables decreased Euro 604 thousand (-4%). The changes were due to varying factors. In particular, the reduction of payables to related parties and the decrease in employee and social security institution payables were in part offset by the reclassification (for Euro 5,711 thousand) of the Post-employment benefit payables, reclassified from the account "Employee provisions" to "Other payables" as the Post-employment benefit provision was fully settled in January 2015.

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 2014	2013
Cash flow from operating activities		
Discontinued Operations profit / (loss)	(26,894)	(21,752)
Adjustments:		
Amortisation and depreciation	733	892
Net provisions (excluding employee provisions)	(9,438)	10,840
Net employee provisions	(23,446)	(712)
Net changes in doubtful debt provisions	(1,414)	2,828
Net financial charges	(29)	(31)
Changes in non-cash items	(511)	(26)
Cash generated / (absorbed) from operating activities before working capital changes of Discontinued Operations	(60,999)	(7,961)
Changes in trade and other receivables	28,827	332
Changes in trade and other payables	(15,998)	644
Cash generated / (absorbed) from changes in working capital of Discontinued Operations	12,829	976
Receipt of tax benefit net of income taxes paid	1,727	(2,311)
Cash flow absorbed from operating activities of Discontinued Operations	**(46,443)**	**(9,296)**
Investments in property, plant and equipment		(41)
Sale of financial fixed assets	2	1
Cash generated / (absorbed) from investing activities of Discontinued Operations	**2**	**(40)**
Share capital increase and equity reserves	9,823	0
Changes in financial assets / liabilities	36,008	10,099
Interest received	29	31
Cash flow deriving from financing activities of Discontinued Operations	**45,860**	**10,130**
Increase / (decrease) in cash and cash equivalents	**(581)**	**793**
Cash and cash equivalents at the beginning of the year	1,509	716
Cash and cash equivalents at the end of the year	928	1,509

The "Cash flow from financing activities of Discontinued Operations" in 2014 amounted to Euro 45,860 thousand and were generated by the following items:

- receipt of the financial receivable in September 2014 of SEA Handling in liquidation from SEA to cover funding for the liquidation process. The amount received was Euro 27,470 thousand;
- receivables from the centralised treasury management of the SEA Group (equal to Euro 8,540 thousand) were written-down;

- capital contribution to cover restructuring charges;
- interest received of Euro 29 thousand.

The "Cash Flow absorbed from Discontinued Operations" was significantly impacted by the discontinuation of operations, as already described. The principal effects were: *(i)* payment of the post-employment benefit for Euro 23.4 million *(ii)* receivables collected of Euro 28.8 million *(iii)* payables settled of Euro 16 million. It is recalled, as previously illustrated on the temporary nature of the equity deficit of the discontinued operations, with letter of March 25, 2014, SEA made a commitment to support the solvent conclusion of the liquidation of the Company, with consequent absorption of any future cash requirements resulting from the liquidation procedure and exceeding the self-generating liquidity capacity to be covered by SEA within the commitment assumed in the above-mentioned letter.

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 2014 and the relative comparative figures for 2013. 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 segments, as further described in the Directors' Report and specifically: *(i)* Aviation, *(ii)* Non Aviation, *(iii)* Handling, *(iv)* Energy. In particular, a project to appropriately set an economic performance indicator for the Aviation and Non-Aviation sectors within the Legal Entity SEA SpA, for which currently only the separate Revenue figures as reported in the Directors' Report are available, is in the completion phase. Therefore, as per IFRS 8, the provisional aggregate figures of the Aviation and Non Aviation operating sectors were presented for 2014. The information currently available concerning the principal operating sectors identified is presented below.

Aviation and non Aviation: the Aviation business consists of the "core" passenger and cargo aviation support activities. This concerns the management, development and maintenance of infrastructure and plant within the airports and the offer to SEA Group customers of services and activities related to the arrival and departure of aircraft, in addition to airport safety services. The revenues generated by these activities are established by a regulated tariff system and comprise airport fees, fees for the use of centralised infrastructure, in addition to security fees and tariffs for the use of check-in desks and spaces by airlines and handlers. The Non Aviation business however provides a wide and segregated offer, managed both directly and under license to third parties, of commercial services for passengers, operators and visitors to the Milan Airports, in addition to real estate activities. The revenues from this area consist of the market fees for activities directly carried out by SEA or from activities carried out by third parties under license and of royalties based on a percentage of revenues generated by the licensee, usually with the provision of a guaranteed minimum. The Aviation activities include in addition the General Aviation activities which are carried out through the subsidiary Ali Trasporti Aerei ATA SpA acquired in 2013 and which supplies the entire range of services related to business traffic (commercial and general aviation) at the Western section of Linate airport.

Handling: The Handling business relates only to the general aviation handling operations of the subsidiary ATA Ali Servizi SpA acquired by the Group at the end of 2013 and the associated company Malpensa Logistica Europa SpA (held 25% and consolidated under the equity method) which operates outside of the commercial aviation handling business. As described in the Directors' Report with reference to the exit from a strategic sector (as per IFRS 8 the "handling" sector is defined as such), IFRS 5 requires that the 2014 Income Statement of the Discontinued Operations is not included in the 2014 results line-by-line for each cost and revenue item, but the total result of the Discontinued Operations business line is recorded on a separate line in the account "Discontinued operations profit/(loss)"; the same treatment is applied to the assets and liabilities of the Discontinued Operations, which are not included in the assets and liabilities of the continuing operations but are recorded in separate accounts under assets and liabilities. IFRS 5 also requires that the comparative Income Statement is restated in order to render comparable continuing operations and discontinued operations in the two years stated in the financial communication. The segment information illustrated below refers only to continuing operations. Similarly, the Income Statement and balance sheet figures of the discontinued operations are illustrated and reported upon at paragraph 5.2 "Assets and liabilities held-for-sale and Discontinued Operations profit/(loss)". Consequently, the comparative segment information was restated taking account of the exit of the Group from the commercial aviation handling business.

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

The following tables present the segment income statements and balance sheets, reconciled with the figures presented in the present Report. The accounting standards utilised for the recognition and measurement of segment disclosure are the same as those used for the preparation of the SEA Group Financial Statements.

The Aviation segment results in 2014 include revenues from the General Aviation business acquired in December 2013.

Segment information: Income Statement and Balance Sheet at December 31, 2014

(in thousands of Euro)	Aviation and Non Aviation	Energy	Handling	Consolidated accounts
Revenues	609,790	45,431	1,974	657,195
Consolidation adjustments and IC eliminations	(4,952)	(30,609)		(35,562)
Total operating revenues	**604,838**	**14,822**	**1,974**	**621,634**
IFRIC 12 revenues	63,466			63,466
Total revenues	**668,304**	**14,822**	**1,974**	**685,100**
Amortisation, depreciation and provisions	89,253	4,602	326	94,181
Operating result	**158,355**	**(28,116)**	**(541)**	**129,697**
Investment income / (charges)				2,027
Financial charges				(24,549)
Financial income				1,430
Pre-tax profit				**108,605**
Investments in fixed assets	**96,260**	**756**	**8**	**97,024**
Tangible	17,635	756	6	18,397
Intangible	78,625	0	2	78,627

Segment information: Income Statement and Balance Sheet at December 31, 2013 (restated)

(importi in migliaia di Euro)	Aviation and Non Aviation	Energy	Handling	Consolidated accounts
Revenues	558,280	55,770	0	614,049
Consolidation adjustments and IC eliminations	(843)	(34,668)		(35,510)
Total operating revenues	**557,437**	**21,102**	**0**	**578,539**
IFRIC 12 revenues	67,000			67,000
Total revenues	**624,437**	**21,102**	**0**	**645,539**
Amortisation, depreciation and provisions	94,188	4,414	0	98,602
Operating result	**135,318**	**(27,787)**	**0**	**107,531**
Investment income / (charges)				507
Financial charges				(22,158)
Financial income				1,001
Pre-tax profit				**86,881**
Investments in fixed assets	**89,094**	**1,325**	**83**	**90,502**
Tangible	11,465	1,325	67	12,857
Intangible	77,629	0	16	77,645

6. Notes to the Balance Sheet

6.1 Intangible assets

The following tables illustrate the changes for the years ended December 31, 2014 and 2013 relating to intangible assets.

(in thousands of Euro)	At December 31, 2013	Increases in the year	Change in consolidation scope	Reclass. /Transfers	Destruction/ obsolete/ sale	Amortisation	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
Other	17,551	34	(2)				17,583
Gross value	**1,378,180**	**79,331**	**(16)**	**(1,401)**	**(3,861)**	**(1,268)**	**1,450,964**
Accumulated amortisation							
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							
Other	(15,262)					(94)	(15,356)
Accumulated amortisation	**(435,193)**			**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
Other	2,289	34	(2)			(94)	2,227
Intangible Assets (Net value)	**942,987**	**79,331**	**(16)**	**(374)**	**(2,176)**	**(41,580)**	**978,171**

The "Change to consolidation scope" reports the amounts of the company Airport Handling SpA at December 31, 2013 (*Note* 2.5).

As per IFRIC 12, rights on assets under concession amount to Euro 916,330 thousand at December 31, 2014 and Euro 884,429 thousand at December 31, 2013. 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 2014 amounts to Euro 34,924 thousand. The increases in the year derive for Euro 58,334 thousand from the entry into service of investments made in previous years and recorded under "Assets under concession in progress and advances", in addition to investments in the year of Euro 10,667 thousand which include the free assets received of Euro 7,479 thousand of buildings and annexes constructed by De Montis SpA in 1997-1998 within Milan Malpensa airport for catering services; this agreement, in which LSG Sky Chef SpA sub-entered, provides for the free transfer of the building to SEA.

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 45,497 thousand, refers to the work in progress on concession assets, not yet completed at December 31, 2014. The principal works concern the restyling of Malpensa Terminal 1, the upgrading of the cargo warehouse at Malpensa Terminal 2, structural extension work on the Malpensa third satellite concourse, internal plant structures (lifts, escalators) and baggage reclamation plant; the completion of the Malpensa third satellite concourse is expected in the first half of 2015. 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 12,859 thousand at December 31, 2014 (Euro 7,217 thousand at December 31, 2013), 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 Euro 12,342 thousand relating to previous years and recorded

in the account "Assets in progress and advances" which at December 31, 2014 record a residual amount of Euro 1,258 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, 2014 the Company did not identify any impairment indicators, with the exception of the write-down of Assets under concession following the restyling of the terminal of the company SEA Prime SpA (formerly Ata Ali Servizi SpA) for Euro 1,268 thousand. In particular, the entry into force of the Lupi Decree, although prompting a reduction in transiting passengers at Malpensa, will not reduce traffic below the thresholds of the Regulatory Agreement, which consider traffic in line with the return on investments.

The changes in intangible assets during 2013 were as follows:

(in thousands of Euro)	At December 31, 2012	Increases in the year	Business Combination	Reclass. / Transfers	Destruction/ obsolete/ sale	Amortisation	At December 31, 2013
Gross value							
Assets under concession	1,151,275	5,475	38,476	74,988	(1,295)		1,268,919
Assets under concession in progress & advances	52,693	65,421		(77,077)			41,037
Industrial patents and intellectual property rights	38,307	14		4,337			42,658
Assets in progress and advances	5,245	6,733	98	(4,062)			8,014
Other	15,262	2	2,287				17,551
Gross value	**1,262,781**	**77,645**	**40,862**	**(1,813)**	**(1,295)**		**1,378,180**
Accumulated amortisation							
Assets under concession	(345,993)		(11,229)		460	(27,728)	(384,490)
Assets under concession in progress & advances							
Industrial patents and intellectual property rights	(30,844)			(275)		(4,322)	(35,441)
Assets in progress and advances							
Other	(15,262)						(15,262)
Accumulated amortisation	**(392,099)**		**(11,229)**	**(275)**	**460**	**(32,050)**	**(435,193)**
Net value							
Assets under concession	805,282	5,475	27,248	74,988	(835)	(27,728)	884,429
Assets under concession in progress & advances	52,693	65,421		(77,077)			41,037
Industrial patents and intellectual property rights	7,463	14		4,062		(4,322)	7,217
Assets in progress and advances	5,245	6,733	98	(4,062)			8,014
Other		2	2,287				2,289
Intangible Assets (Net value)	**870,682**	**77,645**	**29,633**	**(2,088)**	**(835)**	**(32,050)**	**942,987**

6.2 Property, plant and equipment

The following tables summarises the movements in property, plant and equipment between December 31, 2013 and December 31, 2014.

(in thousands of Euro)	At December 31, 2013	Increases in the year	Change in consolidation scope	Reclass. / Transfers	Destruction/ obsolete / sale	Depreciation/ write-downs	At December 31, 2014
Gross value							
Property	202,785	35		5,551	(13,574)		194,797
Plant and machinery	134,000	1,499	(27,437)	904	(247)		108,719
Industrial and commercial equip.	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
Total gross values	**502,528**	**18,397**	**(55,296)**	**3,586**	**(14,945)**	**(604)**	**453,666**
Accumulated depreciation & write-down							
Property	(78,473)			(3,670)	12,525	(6,198)	(75,816)
Plant and machinery	(86,405)		26,003	(557)	247	(4,096)	(64,808)
Industrial and commercial equip.	(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							
Total accumulated depreciation & write-down	**(306,032)**		**52,710**	**(3,614)**	**13,876**	**(17,872)**	**(260,933)**
Net values							
Property	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 and commercial equip.	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
Total Net Values	**196,495**	**18,397**	**(2,586)**	**(28)**	**(1,069)**	**(18,476)**	**192.733**

The "Change to consolidation scope" reports the amounts of the company SEA Handling SpA at December 31, 2013 (*Note* 2.5).

The investments related to the development of the Aviation sector (which, as already reported, in accordance with IFRIC 12 are classified as assets under concession and concessions in progress) and in the Non Aviation sector, principally related to the advancement of the Malpensa third satellite concourse and the new employee car park in the cargo city area of Malpensa.
The increases in "Property, plant and equipment" also includes the acquisition of new runway equipment and access control systems and vehicles at Malpensa.

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, 2014 the Company did not identify any impairment indicators. In particular, the entry into force of the Lupi Decree, although prompting a reduction in transiting passengers at Malpensa, will not reduce traffic below the thresholds of the Regulatory Agreement, which consider traffic in line with the return on investments.
All the fixed assets, including those under the scope of IFRIC 12, are reported net of State and EU grants, amounting at December 31, 2014 to Euro 495,654 thousand and Euro 1,831 thousand respectively.

The changes in tangible fixed assets during 2013 were as follows:

(in thousands of Euro)	At December 31, 2012	Increases in the year	Business Combination	Reclass. / Transfers	Destruction/ obsolete / sale	Depreciation	Write-downs	At December 31, 2013
Gross value								
Property	197,820		1,197	4,579	(812)			202,785
Plant and machinery	134,105	1,217	1,161		(2,482)			134,000
Industrial and commercial equip.	51,292	540	36		(696)			51,171
Other assets	102,733	3,472	3,858	2,207	(1,317)			110,953
Assets in progress and advances	3,609	7,628		(7,620)				3,618
Total gross values	**489,559**	**12,857**	**6,252**	**(833)**	**(5,307)**			**502,527**
Accumulated depreciation & write-down								
Property	(64,401)		(164)		108	(5,816)	(8,200)	(78,473)
Plant and machinery	(83,393)		(839)		2,482	(4,655)		(86,405)
Industrial and commercial equip.	(46,319)		(9)		695	(2,170)		(47,803)
Other assets	(86,654)		(2,785)		1,315	(5,228)		(93,352)
Assets in progress and advances	(2,920)			2,920				
Total accumulated depreciation & write-down	**(283,688)**		**(3,797)**	**2,920**	**4,600**	**(17,869)**	**(8,200)**	**(306,033)**
Net values								
Property	133,419		1,032	4,579	(703)	(5,816)	(8,200)	124,312
Plant and machinery	50,711	1,217	322			(4,655)		47,595
Industrial and commercial equip.	4,973	540	27			(2,170)		3,370
Other assets	16,079	3,472	1,073	2,207	(2)	(5,228)		17,601
Assets in progress and advances	689	7,628		(4,700)				3,618
Total Net values	**205,870**	**12,857**	**2,455**	**2,087**	**(705)**	**(17,869)**	**(8,200)**	**196,495**

6.3 Investment property

Information on investment property is provided below:

Investment property

(in thousands of Euro)	At December 31, 2014	At December 31, 2013
Gross values	4,148	4,149
Accumulated depreciation	(734)	(733)
Total net investment property	**3,414**	**3,416**

Movements in accumulated depreciation

(in thousands of Euro)	At December 31, 2014	At December 31, 2013
Opening value	(733)	(733)
Decreases	1	2
Depreciation	(2)	(2)
Closing value	**(734)**	**(733)**

The account includes buildings not utilised in the operated activities of the Group (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, 2014.

6.4 Investments in associated companies

The changes in the account "investments in associated companies" at December 31, 2014 and December 31, 2013 are shown below.

Investments in associated companies

(in thousands of Euro)	At December 31, 2013	Changes in the year Increase / revaluation	Decrease / write-down	At December 31, 2014
SACBO SpA	29,107		(1,321)	27,786
Dufrital SpA	6,436	2,123	0	8,559
Disma SpA	2,571		(31)	2,540
Malpensa Logistica Europa SpA	1,825	276	0	2,101
SEA Services Srl	489	406	0	895
Total	**40,429**	**2,805**	**(1,352)**	**41,881**

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, 2014 amounts to Euro 41,881 thousand compared to Euro 40,429 thousand at December 31, 2013.

6.5 AFS Investments

The investments available-for-sale are listed below:

Company	% held At December 31, 2014	At December 31, 2013
Consorzio Milano Sistema in liquidation	10%	10%
Romairport SpA	0.227%	0.227%
Aeropuertos Argentina 2000 SA	8.5%	8.5%

The tables below report the changes in the investments available for sale during 2014:

Available-for-sale investments

(in thousands of Euro)	At December 31, 2013	Changes in the year Increase / revaluation / reclassification	Decrease / write-down	At December 31, 2014
Consorzio Milano Sistema in liquidation	25			25
Romairport SpA	1			1
Aeropuertos Argentina 2000 SA				
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:

Deferred tax assets

(in thousands of Euro)	At December 31, 2014	At December 31, 2013
Tax assets	78,912	66,072
Tax liabilities	(32,354)	(36,041)
Total deferred tax assets	**46,558**	**30,031**

The changes in the net deferred tax assets for the year 2014 are shown below:

Deferred tax assets

(in thousands of Euro)	At December 31, 2013	Reclass.	Release / recognition to P&L	Release / recognition to equity	At December 31, 2014
Non-deductible provisions	23.690	0	8.364	0	32.054
Asset impairment	18.081	0	(2.599)	0	15.482
Amortisation and depreciation	19.950	0	604	0	20.554
ATA Group	455	0	549	0	1.004
Discounting post-employment benefits (IAS 19)		1.410	696	1.381	3.487
Derivative fair value measurement	2.531			876	3.407
Other temporary differences	1.364	(1.674)	3.232		2.922
Total deferred tax assets	**66.072**	**(264)**	**10.846**	**2.257**	**78.912**
Amortisation and depreciation	(7.484)	0	3.221	0	(4.263)
Discounting post-employment benefits (IAS 19)	(2.045)	264	0	0	(1.781)
Provision for risks	(8.680)	0	0	0	(8.680)
Fair value measurement of investments	2	0	0	0	2
Financial leasing	(499)	0	0	0	(499)
IFRIC 12	(13.906)	0	193	0	(13.713)
Allocation ATA gain	(2.849)	0	0	0	(2.849)
Other temporary differences	(580)	0	9	0	(571)
Total deferred tax liabilities	**(36.041)**	**264**	**3.423**	**0**	**(32.354)**
TOTAL NET DEFERRED TAX ASSETS	**30.031**	**0**	**14.269**	**2.257**	**46.558**

At December 31, 2014 no deferred tax assets were recorded on tax losses.

6.7 Other non-current financial assets

The account "Other 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 (incorporated on September 9, 2013) 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 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.
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, SEA executed the payment of Euro 20,000 thousand.

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, 2014	At December 31, 2013
Tax receivables		104
Other receivables	370	391
Total non-current receivables	**370**	**495**

Tax receivables, amounting to Euro 104 thousand at December 31, 2013, mainly refer to withholding taxes on employee leaving indemnity relating to the subsidiary SEA Handling and were offset during 2014 within the transfer of operations and the termination of the employment contracts of the company in liquidation.
Other receivables, amounting to Euro 370 thousand at December 31, 2014 (Euro 391 thousand at December 31, 2013), 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, 2014	At December 31, 2013
Raw materials, consumables and supplies	5.793	6,716
Total inventories	**5,793**	**6,716**

The account includes consumable materials for airport activities; no goods held in inventories comprised guarantees on loans or concerning other commitments.
The comparison of inventories with the realisable value or replacement does not necessitate an obsolescence inventory 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, 2014	At December 31, 2013
Customer receivables	109,004	111,883
Trade receivables from associated companies	9,522	6,212
Total trade receivables	**118,526**	**118,095**

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

(in thousands of Euro)	At December 31, 2014	At December 31, 2013
Opening provision	(112,478)	(103,060)
Business Combination (*)		(174)
IFRS 5 reclassification (**)	34,652	
Increases	(14,416)	(9,579)
Utilisations/reversals	2,499	335
Closing doubtful debt provision	**(89,743)**	**(112,478)**

* *Acquisition of SEA Prime SpA (formerly Ali Trasporti Aerei ATA SpA).*
** *Balance at December 31, 2013 of the doubtful debt provision of SEA Handling SpA, whose balances were reclassified to the account "Assets held-for-sale and Discontinued Operations" in accordance with IFRS 5.*

The provision in the year amounted to Euro 14,416 thousand (Euro 9,579 thousand in 2013) and was calculated to take into account the risk of deterioration of the financial positions of the principle operators with which disputes exist and write-downs for receivables under administration.
The utilisations/reversals relating to the year 2014, amounting to Euro 2,499 thousand, refer to the closure during the year of disputes for which the provisions were accrued to cover such risks in previous years; we report: in August 2014, a settlement was agreed with Alitalia – Compagnia Aerea Italiana SpA in closure of all disputes.
The increase in trade receivables at December 31, 2014 compared to the previous year is due to the increase in turnover, for which reference should be made to the Directors' Report.

6.11 Tax receivables and other current receivables

The following table provides the breakdown of other current receivables:

Other current receivables

(in thousands of Euro)	At December 31, 2014	At December 31, 2013
Tax receivables	16,110	17,809
Other receivables	16,936	17,740
Total other current receivables	**33,046**	**35,549**

The tax receivables at December 31, 2014 refer 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, 2013), for Euro 3,405 thousand receivables for income taxes (Euro 2,810 thousand at December 31, 2013), for Euro 16 thousand (Euro 2,266 thousand at December 31, 2013) the request for reimbursement of 10% of the IRAP paid in previous years, for Euro 1,728 thousand (Euro 1,421 thousand at December 31, 2013) VAT receivables and for Euro 547 thousand (Euro 898 thousand at December 31, 2013) 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, 2014	At December 31, 2013
Receivables for green and white certificates	3,866	4,709
Receivables from employee and social security institutions	1,110	2,197
Receivables from the State under SEA /Ministry Infras. and Trans.	3,889	3,715
Receivables from insurance companies	1,545	2,119
Receivables from the State for grants under Law 449/85	1,387	1,425
Miscellaneous receivables	348	206
Dividends to be received from investees		14
Postal and stamp duty receivables	3	35
Receivables from the Ministry of Communication for radio bridge	3	55
Other receivables	7,070	5,377
Doubtful debt provision	(2,285)	(2,112)
Total other receivables	**16,936**	**17,740**

"Other current receivables" amount to Euro 16,936 thousand at December 31, 2014 (Euro 17,740 thousand at December 31, 2013) 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 2014 (Euro 3,866 thousand) and which will be received in 2015.

Employee and social security receivables, amounting to Euro 1,110 thousand at December 31, 2014 (Euro 2,197 thousand at December 31, 2013), mainly refer to the receivable from INPS and the "Fondo Volo per la Cassa Integrazione Guadagni Straordinaria" paid to employees on behalf of the institution and receivables from INAIL.

Receivables from the State under SEA/Ministry Infrastructure and Transport case, following the judgement of the Cassation Court, which recognised to the Company the non adjustment of handling tariffs for the period 1974-1981, in addition to interest and expenses incurred, for Euro 3,889 thousand at December 31, 2014 (Euro 3,715 thousand at December 31, 2013) relating to the residual amount not yet received from the Ministry for Infrastructure and Transport, in addition to interest matured up to December 31, 2014. These receivables are considered recoverable.

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. Other receivables refer to miscellaneous receivables (reimbursements, supplier advances, insurance company receivables, arbitration with sub-contractions and other minor positions).

The receivable from the Ministry for Communications relates to higher provisional payments made in previous years for fees related to the radio bridges and will be offset by future fees to be paid.

The doubtful debt provision is made against the realisation risk of receivables and in 2014 the provision amounted to Euro 173 thousand.

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, 2014	At December 2013
Bank and postal deposits	30,466	60,608
Cash in hand and at bank	120	112
Total	**30,586**	**60,720**

The available liquidity at December 31, 2014 decreased by Euro 30,134 thousand compared to the previous year. The breakdown of liquidity at year-end follows: bank and postal deposits on demand for Euro 28,584 thousand (Euro 50,614 thousand at December 31, 2013), restricted bank deposits of Euro 1,882 thousand, of which Euro 1,773 thousand to cover the instalments of European Investment Bank loans due in the coming 12 months (Euro 1,864 thousand at December 31, 2013) and cash amounts for Euro 120 thousand (Euro 112 thousand at December 31, 2013).

Following the favourable judgement of the Cassation Court, the deposit which was restricted to the executive action on behalf of Quintavalle for Euro 8,254 thousand is now fully available.

6.13 Shareholders' Equity

At December 31, 2014, 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 balance sheet.

The reconciliation between the net equity of the Parent Company SEA SpA and the consolidated net equity is shown below.

(in thousands of Euro)	Net equity at December 31, 2013	Change in equity	CIS Reserve	Net profit	Net equity at December 31, 2014
Financial Statements of the parent company	**247,703**	**(26,450)**	**(5,952)**	**56,382**	**271,683**
Share of equity and result of the consolidated subsidiaries attributable to the Group, net of the carrying value of the relative investments	15,744	(5)		(2,389)	**13,350**
Equity method valuation of associates	29,829	(17)		1,291	**31,103**
Other consolidation adjustments	(5,899)			(437)	**(6,336)**
Consolidated Financial Statements	**287,377**	**(26,472)**	**(5,952)**	**54,847**	**309,800**

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, 2013	IFRS 5* reclassified	Provision / increases	Utilisation / reclassification	Releases	At December 31, 2014
Provision for restoration and replacement	123,467		18,000	(7,331)		134,136
Provision for future charges	63,644	(8,366)	7,853	(18,460)	(4,240)	40,431
Total provision for risks and charges	**187,111**	**(8,366)**	**25,853**	**(25,791)**	**(4,240)**	**174,567**

* *Balance at December 31, 2013 of the future charges provision of SEA Handling SpA in liquidation, whose balances were reclassified to the account "Assets held-for-sale and Discontinued Operations" in accordance with IFRS 5.*

The restoration and replacement provision on assets under concession, created in accordance with IFRIC 12, amounting to Euro 134,136 thousand at December 31, 2014 (Euro 123,467 thousand at December 31, 2013), 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, 2013	IFRS 5* reclassified	Provision / increases	Utilisation/ reclassification	Releases	At December 31, 2014
Employment provisions	20,062	(6,065)	1,838	(7,444)		8,391
Disputes with contractors	600				(50)	550
Insurance excess	4,384	(2,301)	767	(26)	(348)	2,476
Tax risks	4,315			(13)	(1,754)	2,548
Provisions for investments	10,305			(10,305)		
Other provisions	23,978		5,248	(672)	(2,088)	26,466
Total provisions for future charges	**63,644**	**(8,366)**	**7,853**	**(18,460)**	**(4,240)**	**40,431**

* *Balance at December 31, 2013 of the future risk provision of SEA Handling SpA in liquidation, whose balances were reclassified to the account "Assets held-for-sale and Discontinued Operations" in accordance with IFRS 5.*

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 reversal of the provision relating to the sub-contractors disputes of Euro 50 thousand concerns the resolution of the dispute, without any payment by the Company.
The reversal of the provision for tax disputes, amounting to Euro 1,754 thousand, is due to the conclusion of the tax dispute with the Tax Authorities following the Cassation Court judgement, without payment for the Company.
The **investments provision** relates to SEA Handling and was accrued in 2013 with the objective to align the net asset value, contributed to the consolidation of the subsidiary, to the valuation made by the Directors in the separate Financial Statements of the Parent Company, in consideration of the reorganisation of the handling sector related to the review of the existing shareholding structure following the EU Commission decision on presumed state aid by the Parent

Company to the subsidiary SEA Handling. The provision was released in 2014 and recorded in the account "Discontinued Operations profit/(loss)".

The account "**other provisions**" for Euro 26,466 thousand at December 31, 2014 is mainly composed of the following items:

- Euro 12,088 thousand for legal disputes related to the operational management of the airports;
- Euro 5,497 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, 2014
Opening provision	77,155
IFRS 5 reclassification *	(29,159)
Financial income/(charges)	1,195
Utilisations	(3,709)
Actuarial profit/(loss)	5,023
Total employee provisions	**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 "Assets held-for-sale and 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:

Principal actuarial assumptions

	At December 31, 2014	At December 31, 2013
Annual discount rate	1.49%	3.20%
Annual inflation rate	0.60%	2.00%
Annual Post-Employment benefit increase	1.95%	3.00%

The sensitivity analysis for each of the significant assumptions at December 31, 2014 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, 2014
+ 1 % on turnover	48,755
- 1 % on turnover	49,340
+ 1/4 % on the annual inflation rate	49,713
- 1/4 % on the annual inflation rate	48,361
+ 1/4 % on the annual discount rate	47,959
- 1/4 % on the annual discount rate	50,142

The annual discount rate, utilised for the present value of the Bond, was based on the Iboxx Eurozone Corporate A 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, 2014 and December 31, 2013. The breakdown of the accounts is shown below:

	At December 31, 2014		At December 31, 2013	
(in thousands of Euro)	**Current portion**	**Non-current portion**	**Current portion**	**Non-current portion**
Long-term loans	63,845	216,994	69,112	389,783
Loan charges payables				
Short-term loans	8,859		76,959	
Fair value derivatives		13,293		10,210
Bank payables	**72,704**	**230,287**	**146,071**	**399,993**
Bonds payable		297,159		
Leasing payables	1,215	410	1,028	1,368
Payables to other lenders	**1,215**	**297,569**	**1,028**	**1,368**
Total current and non-current liabilities	**73,919**	**527,856**	**147,099**	**401,361**

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 is comprised for over 80% of EIB loans (of which over 60% with maturity beyond 5 years and approx. 6% due in the next 12 months); the residual amounts refer to medium-term loans maturing in the first half of 2015.

The table below shows the reconciliation between the finance lease payables and the future lease instalments at December 31, 2014.

(in thousands of Euro)	**At December 31, 2014**
Future lease instalments until contract maturity	1,526
Implied interest	(157)
Present value of instalments until contract maturity	**1,368**
Amounts for unpaid invoices	256
Total payables for leasing (current and non-current)	**1,625**

For further information on loans received in 2013, the principal features of these loans and Group repayment schedules, reference should be made to *Note* 4.2.

The breakdown of the Group net financial debt at December 31, 2014 and December 31, 2013, in accordance with CONSOB Communication of July 28, 2006 and ESMA/2011/81 recommendations is reported below.

SEA Group net financial debt

(in thousands of Euro)	December 31, 2014	December 31, 2013	Change
A. Cash	(30,586)	(60,720)	30,134
B. Other Liquidity			
C. Held-for-trading securities			
D. Liquidity (A)+(B)+ (C)	**(30,586)**	**(60,720)**	**30,134**
E. Financial receivables			
F. Current financial payables	8,859	76,959	(68,100)
G. Current portion of medium/long-term bank loans	63,845	69,112	(5,267)
H. Other current financial payables	1,215	1,028	187
I. Payables and other current financial liabilities (F) + (G) + (H)	**73,919**	**147,099**	**(73,180)**
J. Net current financial debt (D) + (E) + (I)	**43,333**	**86,379**	**(43,046)**
K. Non-current portion of medium/long-term bank loans	216,994	389,783	(172,789)
L. Bonds issued	297,159	0	297,159
M. Other non-current financial payables	13,703	11,578	2,125
N. Payables & other non-current financial liabilities (K) + (L) + (M)	**527,856**	**401,361**	**126,495**
O. Net Debt (J) + (N)	**571,189**	**487,740**	**83,449**

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

a) the issue of a Bond for Euro 300 million which permitted:
   i. advance repayment of loans of Euro 150 million with maturity in the two-year period 2014/2015 (average interest rate of 4.84%);
   ii. termination of the short-term uncommitted credit lines of Euro 72,705 thousand, utilised for financing needs at the end of 2013 and providing significant flexibility in view of the issue of the Bond;
b) the continuation of the repayment of part of the EIB loans (principal repaid in the year totalling Euro 15,929 thousand) and the SEA Energia loans (repayments of Euro 13,808 thousand);
c) the fair value change of the derivatives of Euro 2,207 thousand, impacted by the further decrease in the expected interest rate curve, as well as accruals on financial debt, impacted by the change in the configuration of the Group debt following the debt restructuring programme;
d) the reduction in Group liquidity to Euro 30,134 thousand (Euro 60,720 thousand at end of 2013), related to the change in the consolidation scope at the end of 2014. The liquidity is mainly invested in treasury current accounts which guarantee significant returns.

The redefinition of the SEA Group financial structure in 2014 resulted in the issue of a Bond, the subscription to a new RCF line and new EIB credit lines.

Bond

The Bond Loan issued by SEA on April 17, 2014 – called SEA 3 $^1/_8$ 2014-2021 – of a value of Euro 300 million – features the following principal elements:

a) type of bonds: senior, unsecured, non-convertible, in minimum denominations of Euro 100 thousand and exclusively targeting qualified and institutional investors;
b) issue price: at par;
c) interest rate: fixed, 3.125% per year, with annual coupon;
d) listed: regulated market managed by the Irish Stock Exchange;
e) duration: 7 years, with single repayment on maturity, except for certain advanced repayment possibilities established under the Loan regulation and in line with market practices;
f) covenants: in line with market practice, including the following: the Limitation of Indebtedness or rather the requirement by the Company to maintain a Net Financial Position/EBITDA maximum of 3.8, a fully investment grade level. This covenant will not be utilisable where the Company receives an official investment grade rating. The covenant has been complied with to date.

RCF line

The initial Euro 260 million RCF line subscribed on April 9, 2014 – called the revolving Mediobanca/BNP Paribas 2014-2019 line – may be utilised to cover the ordinary financial needs of the SEA Group and to re-finance the other loans in place. This line was partially reduced, as per the contractual conditions of the new EIB funding, amounting to Euro 120 million at the end of 2014. The line is subject to market covenants, including the maintenance of a Net Financial Position/EBITDA ratio at the levels required for the SEA 3 $^1/_8$ 2014-2021 Bond issue. The covenant has been complied with to date.

New EIB loan

In order to further strengthen the financial flexibility of the SEA Group, diversifying funding sources and significantly lengthening the maturity period of the debt, on December 11, 2014, the SEA Group agreed two new credit lines from EIB funding, brokered by Italian credit institutions, for a total amount of Euro 70 million each, amortising and 20-year maximum duration (grace period of 4 years and possibility of utilisation in the next 3 years, with options between variable and fixed rates).

These lines are subject to market covenants, including the maintenance of Net Financial Position/EBITDA ratio at the levels required for the SEA 3 $^1/_8$ 2014-2021 Bond issue. The covenant has been complied with to date.

6.17 Trade payables

The breakdown of trade payables is follows.

Trade payables

(in thousands of Euro)	At December 31 2014	2013
Supplier payables	157,137	159,978
Advances	11,018	2,937
Payables to associated companies	2,556	2,952
Total trade payables	**170,711**	**165,867**

Trade payables (which includes invoices to be received of Euro 90,967 thousand at December 31, 2014 and Euro 83,181 thousand at December 31, 2013) refers to the purchase of goods and services relating to operations and Group investments.

The payables for advances at December 31, 2014, amounting to Euro 11,018 thousand, recorded a significant reduction (Euro 8,081 thousand) compared to the previous year, due to: a) the payments received 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; b) the 50% advance received on the grant from the European Union for the construction of the railway station at Malpensa Terminal 2.

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 59,529 thousand at December 31, 2014 (Euro 57,707 thousand at December 31, 2013), mainly relate to additional landing rights charges created by Laws No. 166/2008, No. 350/2003, No. 43/2005 and No. 296/2006 for Euro 48,120 thousand (Euro 47,146 thousand at December 31, 2013), employee and consultant's withholding taxes for Euro 4,227 thousand (Euro 6,110 thousand at December 31, 2013), VAT payables for Euro 283 thousand (Euro 2.096 thousand at December 31, 2013), IRES incomes taxes for Euro 5,714 thousand (Euro 1,254 thousand at December 31, 2013), IRAP regional tax for Euro 1,104 thousand (Euro 693 thousand at December 31, 2013) and other taxes for Euro 81 thousand (Euro 408 thousand at December 31, 2013). For the year 2014 SEA was involved in the National Tax Consolidation with the subsidiary SEA Handling in liquidation.

6.19 Other current payables

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

Other current payables

(in thousands of Euro)	At December 31 2014	2013
Payables to social security institutions	11,602	18,172
Other payables	87,151	93,110
Total other current payables	**98,753**	**111,282**

The breakdown of "other payables" is as follows:

Other payables

(in thousands of Euro)	At December 31 2014	2013
Airport fire protection service	40,552	34,374
Other payables	15,245	20,144
Payables due to employees for amounts accrued	12,390	15,653
Payables due to the State for concession charges	11,311	10,938
Payables due to employees for untaken holidays	3,822	7,771
Payables due to third parties for ticket collection	1,188	147
Payables to A2A for green certificates	878	1,050
Payables for third party guarantees	789	1,296
Other payables related to employee contributions	306	588
Payables for CO_2 contributions	277	493
Payables to Directors and Statutory Auditors	268	500
Payables due to the State for security concession services	69	69
Payables due to shareholders for dividends	56	87
Total other payables	**87,151**	**93,110**

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.
The account "Other payables", amounting to Euro 15,245 thousand at December 31, 2014 (Euro 20,144 thousand at December 31, 2013), mainly relates to deferred income from clients for future periods and other minor payables. The reduction of Euro 4,899 thousand is mainly due to the review of invoicing period timing.

The payables to A2A for green certificates amounting to Euro 878 thousand refer to the estimate of the value of the green certificates matured in 2014 at the Linate plant.

7. Income Statement

7.1 Operating revenues

The table below shows the breakdown of operating revenues for the years 2014 and 2013.

Operating revenues

(in thousands of Euro)	2014	2013 restated	2013 approved
Aviation	393,736	364,305	359,708
Non Aviation	211,102	193,132	180,588
Handling	1,974		95,677
Energy	14,822	21,102	21,107
Totale operating revenues	**621,634**	**578,539**	**657,080**

The breakdown of Aviation operating revenues is reported below.

Aviation operating renevues

(in thousands of Euro)	2014	2013 restated	2013 approved
Centralised infrastructure and rights	318,825	296,194	296,194
Operating revenues from security controls	49,207	46,160	46,161
Use of regulated spaces	18,225	17,151	12,553
Free asset transfer	7,479	4,800	4,800
Total Aviation operating revenues	**393,736**	**364,305**	**359,708**

For a better presentation of the figures in the Financial Statements, the breakdown of revenues was reviewed in the "restated" column and, for comparison of the Financial Statements, some accounts of the 2013 Financial Statements were reclassified.
In 2013, the account "Free asset transfer" related to the free transfer to the Company of a building and relative annexes at the Milan Malpensa Airport following an agreement signed with Air Europe, subsequently sub-entered by the company Volare SpA, currently in Extraordinary Administration. The free transfer in 2014 concerns the buildings and relative annexes constructed by the Company De Montis SpA in the period 1997-1998, within Milan Malpensa Airport, and transferred without consideration to the Company on the basis of 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 is reported below.

Non Aviation operating revenues

(in thousands of Euro)	2014	2013 restated	2013 approved
Retail	75.636	73.590	73.590
Parking	56.836	52.704	52.424
Cargo spaces	11.067	11.132	11.120
Advertising	9.652	9.726	9.726
Services and other revenues	57.911	45.980	33.728
Total Non Aviation operating revenues	**211.102**	**193.132**	**180.588**

"Services and other revenues" mainly relate to income from the premium services (access to VIP lounges and hospitality services), design services, ticketing services and service activities and other income.

The breakdown of retail revenues is reported below.

Retail Revenues

(in thousands of Euro)	2014	2013 restated	2013 approved
Shops	37,899	37,039	37,039
Food & Beverage	15,667	16,174	16,174
Car Rental	13,977	12,491	12,491
Bank services	8,093	7,886	7,886
Total Retail	**75,636**	**73,590**	**73,590**

The breakdown of energy operating revenues is reported below.

Energy operating revenues

(in thousands of Euro)	2014	2013 restated	2013 approved
Electric energy sales	9,687	14,730	14,730
Thermal energy sales	2,047	2,343	2,343
Services and other revenues	3,088	4,029	4,035
Total Energy operating revenues	**14,822**	**21,102**	**21,107**

In October 2014, SEA Energia SpA's agreement was renewed and the expiry date fixed at May 4, 2041.
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 67,000 thousand in 2013 to Euro 63,466 thousand in 2014.
These revenues, as per IFRIC 12, refer to construction work on assets under concession increased by a mark-up of 6% representing 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. The investments principally refer to the expansion of the Malpensa third satellite concourse.
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

(in thousands of Euro)	2014	2013 restated	2013 approved
Wages and salaries	143,817	140,842	226,563
Employee Leaving Indemnity	6,850	7,186	12,347
Other personnel costs	10,834	7,329	11,434
Total	**161,501**	**155,357**	**250,344**

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

Average head equivalent (HDE)

	At Dicember 31, 2014	%	At Dicember 31, 2013 restated	%
Senior Managers	56	2%	55	2%
Managers	263	10%	267	10%
White-collar	1,641	61%	1,670	62%
Blue-collar	718	27%	693	26%
Total employees	**2,678**	**100%**	**2,685**	**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 costs

(in thousands of Euro)	2014	2013 restated	2013 approved
Raw materials, consumables and supplies	46,320	47,628	47,628
Changes in inventories	923	1,158	1,158
Total	**47,243**	**48,786**	**48,786**

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)	2014	2013 restated	2013 approved
Ordinary maintenance costs	24,973	28,185	28,306
Cleaning & outsourcing	12,221	12,231	17,163
Insurance	2,710	2,418	2,953
Rental of equipment and vehicles	3,773	3,014	3,363
Utilities & security	6,185	6,327	6,362
Disabled assistance service	794	992	992
Losses on assets	3,231	851	851
Public bodies	28,972	27,744	27,744
Hardware & software charges & rent	4,787	5,389	5,382
Professional services	9,920	8,359	8,524
Tax charges	7,761	5,934	5,968
Board of Statutory Auditors & BoD fees	1,171	1,149	1,319
Commercial costs	43,101	40,694	41,145
Use of car parking spaces Bergamo	7,669	-	-
Handling service costs	22,997	18,741	-
Misc, operating costs	12,673	10,924	11,296
Total other operating costs	**192,938**	**172,952**	**161,366**

Reference should be made to the Directors' Report for comments on these changes.
The Public charges include: i) concession fees to the state for Euro 21,764 thousand (Euro 20,630 thousand in 2013); ii) costs for fire-fighting services at the airports for Euro 6,178 thousand (Euro 6,125 thousand in 2013); iii) concession fees to the tax authorities for security services of Euro 925 thousand (Euro 885 thousand in 2013); other fees to various entities for Euro 105 thousand (Euro 104 thousand in 2013).

7.6 Provisions and write-downs

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

Provisions and write-downs

(in thousands of Euro)	2014	2013 restated	2013 approved
Write-downs of current assets and cash and cash equiv.	14,589	6,925	9,752
Provision for restoration and replacement	1,534	8,156	21,543
Fixed assets write-downs	1,872	8,200	8,200
Total provisions and write-downs	**17,995**	**23,281**	**39,495**

For a description of the principal provisions and write-downs in 2014 compared to 2013, 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 62,311 thousand in 2013 to Euro 59,540 thousand in 2014. 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 and concern the Aviation business unit.

7.8 Restoration and replacement provision

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

Restoration & replacement provision

(in thousands of Euro)	2014	2013 restated	2013 approved
Restoration & replacement provision	18.000	26.294	26.294

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 Euro 8,294 in 2014, from Euro 26,294 in 2013 to Euro 18,000 in 2014, following the updating of the long-term scheduled replacement and maintenance plan of the assets within the so-called "Concession Right".

7.9 Amortisation and depreciation

The account "Amortisation & depreciation" is comprised of:

Amortisation and depreciation

(in thousands of Euro)	2014	2013 restated	2013 approved
Amortisation of intangible assets	40,313	32,050	32,050
Depreciation of property, plant & equip. & property invest.	17,873	16,977	17,869
Total amortisation and depreciation	**58,186**	**49,027**	**49,919**

The depreciation of tangible fixed assets reflects the estimated useful life made by the company while, for the intangible assets within the "Concession Right", consideration is taken of the concession duration.

7.10 Investment income and charges

The breakdown of investment income and charges is as follows:

Investment income / (charges)

(in thousands of Euro)	2014	2013 restated	2013 approved
SACBO SpA	41	697	697
Dufrital SpA	2,122	(784)	(784)
Disma SpA	304	247	247
Malpensa Logistica Europa SpA	276	240	240
SEA Services Srl	244	93	93
Investments measured at equity	**2,987**	**493**	**493**
Dividends from Roma Airport SpA	9	14	14
Other investment income	**9**	**14**	**14**
Other	(969)		
Total investment income/(charges)	**2,027**	**507**	**507**

The account Other write-downs refers 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)	2014	2013 restated	2013 approved
Currency gains	1	7	7
Other financial income	1,429	994	1,024
Total financial income	**1,430**	**1,001**	**1,031**
Interest expense on medium/long-term loans	(14,760)	(12,166)	(12,166)
Loan commissions	(5,850)	(3,469)	(3,469)
Currency losses	(14)	(10)	(10)
Other interest expenses:	**(3,925)**	**(6,513)**	**(6,506)**
- financial charges on leaving indemnity	(1,195)	(1,479)	(1,479)
- financial charges on leasing	(283)	(391)	(391)
- financial charges on derivatives	(2,830)	(3,011)	(3,011)
Other	383	(1,632)	(1,625)
Total financial charges	**(24,549)**	**(22,158)**	**(22,151)**
Total financial income/(charges)	**(23,119)**	**(21,157)**	**(21,120)**

Net financial charges in 2014 totalled Euro 23,119 thousand, increasing Euro 1,962 thousand on the previous year.
The increase stemmed from the higher Gross group debt and a number of additional costs related to the financial re-structuring in 2014, partially offset by a reduction in the average cost of the Group debt following the improved lending conditions obtained

in 2014: the increase in the interest expense on medium/long-term loans was Euro 2,594 thousand and commissions on loans increased Euro 2,381 thousand.

7.12 Income taxes

The breakdown of the account is as follows:

Income taxes

(in thousands of Euro)	2014	2013 restated	2013 approved
Current income taxes	46,723	35,137	34,623
Deferred income taxes	(14,269)	(3,381)	(3,381)
Total	**32,454**	**31,756**	**31,242**

7.13 Discontinued Operations profit/(loss)

The discontinued operations loss amounted to Euro 21,304 thousand.

The account includes the result of the company SEA Handling Spa in liquidation, following its classification as a discontinued operation during 2014, and the release of the future charges provision on investments, amounting to Euro 10,305 thousand provisioned in 2013 and relating to SEA Handling SpA in liquidation . For further information, reference should be made to paragraph 5.2.

7.14 Earnings per share

The basic earnings per share is 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 in 2014 was Euro 0.22 (net profit for the year of Euro 54,858 thousand/number of shares in circulation 250,000,000).

The basic earnings per share in 2013 was Euro 0.13 (net profit for the year of Euro 33,707 thousand/number of shares in circulation 250,000,000)

8. Transactions with Related Parties

The following tables show the balances with related parties at December 31, 2014 and 2013 and the Income Statement amounts for the years 2014 and 2013, with indication of the percentage of the relative account.

Transactions with Related Parties

	At December 31, 2014			
(in thousands of Euro)	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%**

Transactions with Related Parties

(in thousands of Euro)	At December 31, 2013 Trade receivables	Trade payables	Operating revenues	Operating costs (excluding costs for works on assets under concession)
Investments in associated companies				
SACBO	685		1,157	
Dufrital	2,041	442	25,204	2
Malpensa Logistica Europa	2,019	1,323	4,087	-
SEA Services	1,334	1,088	1,951	1,867
Disma	134	98	256	-
Total Related Parties	**6,212**	**2,952**	**32,654**	**1,878**
Total Financial Statements	118,095	165,867	657,080	499,991
% of total financial statements	**5.3%**	**1.8%**	**5.0%**	**0.4%**

The table below shows the cash flows from the transactions of the Group with related parties for the years ended December 31, 2014 and December 31, 2013, with indication of the percentage of the relative account:

Cash flows from transactions with Related Parties

(in thousands of Euro)	December 31, 2014 Investments in associated companies	Investments in other companies	Total transactions with related parties	Consolidated balance	%
A) Cash flow from operating activities	(3,705)		(3,705)	78,801	-4,7%
B) Cash flow from investing activities	1,706		1,706	(105,080)	-1,6%
C) Cash flow from financing activities				(2,928)	0,0%

Cash flows from transactions with Related Parties

(in thousands of Euro)	December 31, 2013 Investments in associated companies	Investments in other companies	Total transactions with related parties	Consolidated balance	%
A) Cash flow from operating activities	(234)		(234)	128,257	-0,2%
B) Cash flow from investing activities	1,717		1.717	(101,220)	-1,7%
C) Cash flow from financing activities				(20,657)	0,0%

The transactions between the Group and related parties for the year ended December 31, 2014 mainly related to:

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

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

Other transactions with related parties

SACBO

In 2014, SACBO distributed dividends to SEA for Euro 1,361 thousand.

Disma

In 2014, Disma distributed dividends to SEA for Euro 336 thousand.

9. Directors' fees

In 2014, the remuneration for the Board of Directors, including welfare and accessory charges, amounted to Euro 885 thousand (Euro 841 thousand in 2013).

10. Board of Statutory Auditors' fees

In 2014, the remuneration for the Board of Statutory Auditors, including welfare and accessory charges, amounted to Euro 286 thousand (Euro 308 thousand in 2013).

11. Independent Audit Firm fees

The audit fees recognised for audit and accessory services (sector research, unbundling) to the audit firm Deloitte & Touche SpA, for the year 2014 amounted to Euro 292 thousand.

12. Commitments and guarantees

12.1 Investment commitments

The Group has investment contract commitments of Euro 56,622 thousand at December 31, 2014 (Euro 64,114 thousand at December 31, 2013), which are reported net of the works already realized and invoiced to the Group, as follows:

Breakdown of commitments by project

(in thousands of Euro)	At December 31, 2014	At December 31, 2013
R.T.I. ITINERA SpA parent company	25,161	
R.T.I. TADDEI / GEMMO/MONTAGNA	12,008	33,527
R.T.I. CODELFA SpA / COIVER CONTRACT	9,210	18,034
R.T.I. GEMMO SPA/ELETTROMECCANIC	2,764	5,228
R.T.I. CEFLA SOC.COOP. / GRUPPO P.S.	1,941	3,686
COVER CONTRACT Srl	1,864	
ITINERA SpA	1,713	
R.T.I. CONSORZIO COSTRUZION INFRASTRUTTURE	248	
SIEMENS POSTAL, PARCEL & AIRPORT LOGISTIC		3,639
Restyling general aviation terminal	1,501	
Restructuring Lambro river works	164	
General aviation website and image	48	
Total	**56,622**	**64,114**

12.2 Commitments for rental contracts

At December 31, 2014, the SEA Group has commitments on rental contracts totalling Euro 4,108 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, 2014 is as follows:

(in thousands of Euro)	At December 31, 2014
Within 12 months	1,529
Between 1 & 5 years	2,579
Total	**4,108**

12.3 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. Significant non-recurring events and operations

Pursuant to CONSOB Communication of July 28, 2006, in the view of Directors, in 2014, the Group undertook the following non-recurring significant operations:

- free asset transfer of Euro 7,479 thousand, consequent of a commercial agreement, of a building located within the airport area of Malpensa. This building was reclassified under assets in the account "Assets under concession";
- temporary transfer of traffic from Orio al Serio to Malpensa due to the resurfacing of the runway at Bergamo, with positive effect on the "Operating Result". For further information, reference should be made to the Directors' Report;
- recording of an indemnity of Euro 5,631 thousand following Judgement No. 12778/2013 of the Milan Court against the Customs Agency in relation to the dispute over the occupation of premises within the Linate and Malpensa airports. While awaiting the definitive verdict on the dispute, the company prudently recognised this receipt as payments on account under "Trade payables";
- recording of the receipt of Euro 2,079 thousand following the restitution of that paid in 2009 to Quintavalle – Cascina Tre Pini, following the positive conclusion of the dispute. For further information, reference should be made to the *Note* 7.6.; this income was recognised as a reversal in the account "Provisions and write-downs";
- release of the future charges provision on investments for Euro 10,305 thousand concerning SEA Handling SpA in liquidation (see *Note* 7.13).

15. Other information

On May 7, 2014, the Shareholders' Meeting of the Parent Company SEA approved the distribution of dividends of Euro 26,450 thousand, which were distributed in 2014.

16. Subsequent events

Reference should be made to the Directors' Report.

The Chairman of the Board of Directors
Pietro Modiano

BOARD OF STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE SEA GROUP AT DECEMBER 31, 2014

Dear Shareholders,

We report to you on our supervision activities undertaken on SEA - Società Esercizi Aeroportuali SpA, as a company required to prepare the Group consolidated Financial Statements of SEA SpA in accordance with law.

We have examined the Consolidated Financial Statements of your Company at December 31, 2014 that the Directors prepared in accordance with law and sent to the Board of Statutory Auditors together with the notes, attachments and Directors' Report.

The 2014 Consolidated Financial Statements of the SEA Group were prepared in accordance with IFRS.

The Balance Sheet reports a Consolidated Group Net Profit of Euro 54,858 thousand, compared to a Net Profit of Euro 33,707 thousand in the previous year, based on (in thousands of Euro):

CONSOLIDATED ASSETS

Non-current assets	Euro	1,287,120
Current assets	Euro	157,367
Cash and cash equivalents	Euro	30,586
Assets held-for-sale	Euro	16,010
Elimination receiv. & payables from discontinued op.	Euro	(13,704)
Total assets	**Euro**	**1,477,379**

CONSOLIDATED LIABILITIES

Group shareholders' equity	Euro	254,342
Net Profit	Euro	54,858
Minority interest equity	Euro	600
Provisions for risks and charges	Euro	174,567
Employee provisions	Euro	50,505
Non-current financial liabilities	Euro	527,856
Current liabilities	Euro	402,912
Liabilities related to assets held-for-sale	Euro	25,443
Elimination receiv. & payables from discontinued op.	Euro	(13,704)
Total Liabilities & Shareholders' Equity	**Euro**	**1,477,379**

The Group result is based on the following Consolidated Income Statement accounts (in thousands of Euro):

INCOME STATEMENT

Operating revenues	Euro	685,100
Operating Costs	Euro	(479,217)
EBITDA	Euro	205,883
Provisions	Euro	(18,000)
Amortisation and Depreciation	Euro	(58,186)
EBIT	Euro	**129,697**
Financial income and charges	Euro	(23,119)
Investment income	Euro	2,027
Pre-tax profit	Euro	**108,605**
Income taxes	Euro	(32,454)
Continuing operations profit	Euro	**76,151**
Discontinued Operations profit / (loss)	Euro	**(21,304)**
Group and minority interest profit	Euro	**54,847**
Minority interest profit / (loss)	Euro	(11)
Group Net Profit for the year	Euro	**54,858**

The Group Consolidated Financial Statements includes the Financial Statements of SEA SpA (parent company) and the companies which the company directly or indirectly controls, from the date of acquisition and until the date the control terminates. The subsidiary companies consolidated using the line-by-line method were the following:

- SEA Energia SpA: 100%;
- SEA Handling SpA in liquidazione: 100%;
- Railink Srl in liquidazione: 100%;
- Airport Handling SpA: until 26.08.2014 100%, from 27.08.2014 0%;
- SEA Prime SpA (previously Ali Trasporti Aerei ATA SpA): 98.34%;
- Prime Aviation Services SpA (previously ATA Ali Servizi SpA): (98.34%), indirectly;
- Consorzio Malpensa Construction: 51%.

The following is reported in relation to the changes in the Group consolidation scope in 2014:

- the company SEA Handling SpA was placed in liquidation on July 1, 2014;
- on August 27, 2014, SEA SpA entirely transferred the full holding in Airport Handling SpA to the "Milan Airport Handling" Trust. Consequently, on the same date, Airport Handling SpA was excluded from the SEA Group consolidation scope as per IFRS 10.

The investments in associated companies, measured under the *equity method*, comply with IAS 28 and are reported as follows:

- Dufrital SpA: 40%;
- SACBO SpA: 30,979%;
- SEA Services Srl: 40%;
- Malpensa Logistica Europa SpA: 25%;
- Disma SpA: 19%.

Disma SpA, although the holding company SEA SpA has a holding of less than 20%, was valued under the equity method based on the significant influence exercised by SEA SpA.
On November 14, 2014, SEA, in order to consolidate its presence in the catering sector, in partnership with My Chef Ristorazione, acquired 10% in the company SEA Services Srl, already held 30%, increasing its shareholding therefore to 40%.
Finally the following investments available-for-sale, were measured at fair value:

- Consorzio Milano Sistema in liquidation;
- Romairport SpA;
- Aeropuertos Argentina 2000 SA.

Having reviewed the Consolidated Financial Statements of the SEA Group at December 31, 2014, we report the following:

- the Financial Statements of the companies included in the consolidation scope were prepared as at December 31, 2014 and were appropriately adjusted, where necessary, in line with parent company accounting principles;
- the consolidation principles adopted were indicated in the Explanatory notes and extensive disclosure was provided on the principal consolidated balance sheet and Income Statement accounts;
- the transactions with related parties could not be classified as atypical or unusual as of an ordinary and recurring nature and governed at market conditions.

The Independent Audit Firm Deloitte & Touche SpA, appointed to audit the 2014 Consolidated Financial Statements, in its Auditors' Report prepared as per Articles 14 and 16 of Legs. Decree 39/2010 of April 14, 2015, certified that the consolidated Financial Statements of the SEA Group at December 31, 2014 were in accordance with the IFRS adopted by the European Union; these were prepared with clarity and represented in a true manner the balance sheet, financial position and result for the period, the changes in shareholders' equity and the cash flows of the SEA Group for the year.
The Board of Statutory Auditors reports that the Independent Audit Firm in its Report on the 2014 Consolidated Financial Statements issued a favourable opinion on the Financial Statements, as well as drawing attention to the following information, which it considers significant:
"For an improved understanding of the consolidated Financial Statements, reference should be made to the Directors' Report and in particular the paragraph "SEA Group risk factors – Risk related to the European Commission Decision of 19.12.2012 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", in addition to Note *2.5 "Consolidation scope and changes in the year" of the notes for the considerations of the Directors (i) on the state of the judicial and non-judicial initiatives in progress with the European Commission in relation to the investigation by the European Commission concerning presumed state aid granted in favour of Sea Handling SpA, with particular reference to the placement into liquidation of the subsidiary and the developments following the decision of July 9, 2014 of the European Commission, made public on February 6, 2015 and* (ii) *on the effects of the decision to disengage from the commercial aviation handling business with consequent representation of the discontinued operations under IFRS 5 and* (iii) *on the reasons for which it is considered that, due to the assignment of the investment Airport Handling Srl to the Trust "Milan Airport Handling Trust", in line with the commitments undertaken to the European Commission within the above-mentioned judicial and non-judicial negotiations, loss of control occurred with the consequent exclusion of this company from the consolidation scope."*

The Board of Statutory Auditors also certifies the correspondence of the consolidated Financial Statements at December 31, 2014 to the facts and information made available through participation at the meetings of the Corporate Boards in the exercise of supervisory duties and under the powers of inspection and control afforded.

The Directors' Report provides exhaustive information on the operational activities and developmental activities, on the strategies and the inter-company transactions, in addition to a description of the principal risks and uncertainties to which the Group is exposed. The review confirmed the consistency of the figures and results of the consolidated Financial Statements at December 31, 2014, as was evident also in the Independent Auditors' Report of Deloitte & Touche SpA issued as per Articles 14 and 16 of Legs. Decree 39/2010.

Milan, April 14, 2015

THE BOARD OF STATUTORY AUDITORS

Rita Cicchiello	*(Chairman)*
Andrea Galli	*(Statutory Auditor)*
Paolo Giovanelli	*(Statutory Auditor)*
Antonio Passantino	*(Statutory Auditor)*
Ezio Simonelli	*(Statutory Auditor)*

CONSOLIDATED FINANCIAL STATEMENTS AUDITOR'S REPORT

Deloitte.

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

(Translation from the original issued in Italian)

**To the Shareholders of
SOCIETA' PER AZIONI ESERCIZI AEROPORTUALI – SEA S.p.A.**

1. We have audited the consolidated financial statements of Società per Azioni Esercizi Aeroportuali – SEA S.p.A. and subsidiaries (the "SEA Group"), which comprise the consolidated statement of financial position as of December 31, 2014, and the consolidated income statement, the consolidated comprehensive income statement, statement of changes in consolidated shareholders' equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These consolidated financial statements prepared 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 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   The consolidated financial statements present for comparative purposes prior year data and the financial position as of December 31, 2013, previously reported and audited by us, on which we issued auditors' reports dated April 15, 2014. As explained in the notes to the consolidated financial statements, the Directors *(i)* have restated the income statement under the two tables option, which are the income statement and the comprehensive income statement, *(ii)* have adjusted certain comparative data related to the prior year's consolidated financial statements with respect to the data previously reported - in compliance with IFRS 5 and as a consequence of the decision to discontinue the business *Handling* commercial aviation – and *(iii)* have reported for the first time operating sectors explanatory notes and data relating the earnings per share. We have audited the restatement adjustments and additional disclosures for the purpose of expressing our opinion on the consolidated financial statements as of December 31, 2014.

3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of SEA Group as of December 31, 2014, and of the results of its operations and its 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.

4. For a better understanding of the consolidated financial statements, reference should be made to the 2014 Directors' Report and in particular to paragraphs "SEA Group Risk Factors – Strategic risks - Risk related to the European Commission decision of 19.12.2012 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 to the note 2.5. "Consolidation scope and changes in the area" of the notes to the consolidated 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 with particular reference to the subsidiary liquidation procedure and to the future developments related to the decision of the European Commission of July 9, 2014, published on February 6, 2015 as well as *(ii)* as a consequence of the decision to discontinue the business *Handling* commercial aviation in compliance with IFRS 5 and*(iii)* on the conditions to consider that, after the attribution of the investment in Airport Handling S.r.l. to the Trust "Milan Airport Handling Trust", according to the legal and extra – judicial initiatives abovementioned, SEA Group has no longer control on the subsidiary, thus resulting in its exclusion from the consolidation scope.

5. The Directors of Società per Azioni Esercizi Aeroportuali – SEA S.p.A. are responsible for the preparation of the Directors' report in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Report on Operations is consistent with the consolidated financial statements of SEA Group as of December 31, 2014.

DELOITTE & TOUCHE S.p.A.

Ernesto Lanzillo
Partner

Milan, Italy
April 14, 2015

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

SEA SPA
SEPARATE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

Statement of Financial Position

(in Euro)	Note	At December 31, 2014 Total	At December 31, 2014 of which Related Parties	At December 31, 2013 Total	At December 31, 2013 of which Related Parties
Intangible assets	6.1	959,576,531		921,933,879	
Property, plant & equipment	6.2	139,347,112		136,034,438	
Property investments	6.3	3,413,710		3,415,906	
Investments in subsidiaries & associated companies	6.4	43,027,659		42,851,756	
Available-for-sale investment	6.5	26,184		26,139	
Deferred tax assets	6.6	45,881,425		31,113,567	
Other non-current financial assets	6.7	23,966,238		0	
Other non-current receivables	6.8	274,584		286,896	
Total non-current assets		**1,215,513,443**	**0**	**1,135,662,581**	**0**
Inventories	6.9	5,701,024		6,587,359	
Trade receivables	6.10	110,213,233	16,225,724	103,828,574	15,730,937
Current financial receivables	6.11	37,638,331	37,635,933	30,143,607	30,143,607
Tax receivables	6.12	14,266,634		13,384,150	
Other receivables	6.13	12,055,501		10,242,642	
Cash and cash equivalents	6.14	30,325,523		55,281,833	
Total current assets		**210,200,246**	**53,861,657**	**219,468,165**	**45,874,544**
Assets held-for-sale and Discontinued Operations		**0**	**0**	**0**	**0**
TOTAL ASSETS		**1,425,713,689**	**53,861,657**	**1,355,130,746**	**45,874,544**
Share capital	6.15	27,500,000		27,500,000	
Other reserves	6.15	187,801,688		168,021,203	
Net profit	6.15	56,382,402		52,182,470	
SHAREHOLDERS' EQUITY		**271,684,090**	**0**	**247,703,673**	**0**
Provision for risks & charges	6.16	180,927,011		166,093,430	
Employee provisions	6.17	49,030,774		46,499,559	
Non-current financial liabilities	6.18	527,766,552		428,357,724	27,468,177
Total non-current liabilities		**757,724,337**	**0**	**640,950,713**	**27,468,177**
Trade payables	6.19	167,855,559	12,952,990	174,803,321	27,457,533
Income tax payables	6.20	59,764,366	6,505,193	58,238,004	3,395,273
Other payables	6.21	93,278,973		93,054,608	
Current financial liabilities	6.18	75,406,364	2,305,812	140,380,427	8,540,016
Total current liabilities		**396,305,262**	**21,763,995**	**466,476,360**	**39,392,822**
Liabilities related to assets held-for-sale and Discontinued Operations		0	0	0	0
TOTAL LIABILITIES		**1,154,029,599**	**21,763,995**	**1,107,427,073**	**66,860,999**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**1,425,713,689**	**21,763,995**	**1,355,130,746**	**66,860,999**

Income Statement

		2014		2013	
(in Euro)	Note	Total	of which Relate Parties	Total	of which Relate Parties
Operating revenues	7.1	592,115,366	55,590,787	558,436,618	52,875,637
Revenues for works on assets under concession	7.2	63,466,181		67,000,061	
Total revenues		**655,581,547**	**55,590,787**	**625,436,679**	**52,875,637**
Personnel costs	7.3	(154,507,327)	1,330,796	(153,053,844)	263,886
Consumable materials	7.4	(10,111,723)		(12,164,741)	
Other operating costs	7.5	(215,793,813)	(56,469,787)	(202,122,459)	(56,640,258)
Costs for works on assets under concession	7.6	(59,539,726)		(62,310,750)	
Provisions & write-downs	7.7	(14,228,799)		(23,483,085)	
Total operating costs		**(454,181,388)**	**(55,138,991)**	**(453,134,879)**	**(56,376,372)**
Gross operating margin/EBITDA		**201,400,159**	**451,796**	**172,301,800**	**(3,500,735)**
Restoration & replacement provision	7.8	(18,000,000)		(26,293,709)	
Amortisation & Depreciation	7.9	(52,667,626)		(46,901,216)	
EBIT		**130,732,533**	**451,796**	**99,106,875**	**(3,500,735)**
Investment income/(charges)	7.10	(20,289,801)	(20,289,801)	1,662,258	1,662,258
Financial charges	7.11	(24,300,635)	(3,780)	(20,254,115)	
Financial income	7.11	2,417,017	1,007,394	1,930,983	937,908
Pre-tax profit		**88,559,114**	**(18,834,391)**	**82,446,001**	(900,569)
Income taxes	7.12	(32,176,712)	(5,521,179)	(30,263,531)	(2,502,912)
Continuing Operations profit		**56,382,402**	**(24,355,570)**	**52,182,470**	**(3,403,481)**
Discontinued Operations profit/(loss)		**0**	**0**	**0**	**0**
Net profit		**56,382,402**	**(24,355,570)**	**52,182,470**	**(3,403,481)**

Comprehensive Income Statement

(in Euro)	2014	2013
Net profit	**56,382,402**	**52,182,470**
Other comprehensive income items		
- *Items reclassifiable in future periods to the net result:*		
Fair value measurement of derivative financial instruments	(3,186,906)	5,000,186
Tax effect from fair value measurement of derivative financial instruments	876,399	(1,375,051)
Total items reclassifiable, net of tax effect	**(2,310,507)**	**3,625,135**
- *Items not reclassifiable in future periods to the net result:*		
Tax effect on actuarial profit/(loss) on Employee Leaving Indemnity	(5,022,729)	191,188
Actuarial profit/(loss) on Employment Leaving Indemnity	1,381,251	(52,577)
Total items not relcassifiable, net of tax effect	**(3,641,478)**	**138,611**
Total other comprehensive income items	**(5,951,985)**	**3,763,746**
Total comprehensive profit	**50,430,417**	**55,946,216**

Cash Flow Statement

(in Euro)	2014	2013
Pre-tax profit	88,559,114	82,446,001
Adjustments:		
Amortisation & depreciation of tangible & intangible assets	52,667,626	55,101,216
Net provisions (including employee provision)	15,824,752	13,473,359
Net financial charges	21,883,618	18,323,133
Investment income	20,289,801	(1,648,459)
Gains from free transfer of assets	(7,479,190)	(4,800,000)
Repayment Quintavalle dispute (excluding interest)	(2,083,489)	-
Other non-cash items	(838,733)	(4,481,377)
Cash flow generated from operating activities before work, cap, changes	**188,823,499**	**158,413,873**
Change in inventories	886,335	1,158,337
Change in trade receivables & other receivables	(16,973,994)	20,817,548
Change in trade payables & other payables	(19,102,621)	(13,245,017)
Cash flow generated from changes in working capital	**(35,190,280)**	**8,730,868**
Income taxes paid	(41,464,667)	(34,607,299)
Damages received from Customs Agency	5,630,722	-
Repayment Quintavalle dispute (including interest)	2,313,101	-
Cash flow generated from operating activities	**120,112,375**	**132,537,442**
Investments in fixed assets:		
- intangible *	(64,213,594)	(67,383,128)
- tangible	(17,409,715)	(11,312,254)
- financial	(180,045)	(25,260,000)
Other non-current investments	(24,950,000)	-
Divestments of fixed assets:		
- intangible	138,956	1,333,901
- financial	3,315	-
Dividends received	1,705,765	1,703,590
Capital contribution to SEA Handling in liquidation	(9,822,870)	-
Cash flow absorbed from investing activity	**(114,728,188)**	**(100,917,891)**
Change in gross financial debt		
- increases/(decreases) in short-term & medium/long-term debt	63,055,335	90,079,611
Net increases/(decreases) in other financial liabilities	(46,595,826)	(15,494,311)
Dividends distributed	(26,479,838)	(88,965,972)
Interest & commissions paid	(21,306,223)	(15,943,590)
Interest received	986,055	648,266
Cash flow absorbed from financing activity	**(30,340,497)**	**(29,675,996)**
Increase/(Decrease) in cash and cash equivalents	**(24,956,310)**	**1,943,555**
Cash and cash equivalents at beginning of year	55,281,833	53,338,278
Cash and cash equivalents at end of year	30,325,523	55,281,833

* *The investments in intangible assets are net of the utilisation of the restoration provision, which in 2014 amounted to Euro 7,331 thousand (Euro 17,528 thousand in 2013).*

Statement of changes in Shareholders' Equity

(in Euro)	Share Capital	Share premium reserve	First time app, IFRS reserve (excl, OCI)	AFS Reserve	Cash flow hedge reserve	Actuarial profit/ (losses) reserve	Extraordinary reserve	Legal reserve	Other reserve	Total other reserve	Net result	Total Shareholders' equity
Balance at January 1, 2013	**27,500,000**	**0**	**23,686,390**	**1**	**(10,296,972)**	**(2,894,039)**	**76,518,371**	**5,500,000**	**60,288,176**	**152,801,927**	**38,155,530**	**218,457,457**
Transactions with shareholders												
Allocation of 2012 net profit & dividends distributed							11,455,530			11,455,530	(38,155,530)	(26,700,000)
Other movements												
Other comprehensive items					3,625,135	138,611				3,763,746		3,763,746
Net profit											52,182,470	52,182,470
Balance at December 31, 2013	**27,500,000**	**0**	**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 2012 net profit & dividends distributed							25,732,470			25,732,470	(52,182,470)	(26,450,000)
Other movements												
Other comprehensive items					(2,310,507)	(3,641,478)				(5,951,985)		(5,951,985)
Net profit											56,382,402	56,382,402
Balance at December 31, 2014	**27,500,000**	**0**	**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**

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%
Varese Province	0.64%
Busto Arstizio Municipality	0.06%
Other public shareholders	0.11%
Total public shareholders	**55.62%**
F2i Aeroporti SpA	35.72%
F2i Sgr SpA	8.62%
Other private shareholder	0.04%
Total private shareholders	**44.38%**
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, 2014 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 standalone statutory financial statements included in the consolidated financial statements in accordance with IFRS. SEA decided to apply this option from the financial statements for the year ended December 31, 2011. For these 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. Decree 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 information on the IFRS and taking into account best practice; any further orientations and interpretative updates will be reflected in subsequent years, in accordance with the provisions of the accounting standards, 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 balance sheet while the classification by nature was utilised for the income statement and the indirect method for the cash flow statement.

The financial statement presentations utilised, as outlined above, are those which best represent the equity and financial position of the Company.

For a better presentation of the financial statements, the income statement was presented in two separate statements: a) the income statement and b) the comprehensive income statement. The 2013 figures were restated for comparative purposes.

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.

The Company, following the "SEA 3 $^{1}/_{8}$ 2014-2021" bond issue on the market, adopted for the first time, from the present financial statements, the accounting standards IFRS 8 "Operating Segments" and IAS 33 "Earnings per share". The related disclosure is reported in the Consolidated Financial Statements at *Notes* 5.3 and 7.14.

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, 2014

The International Accounting Standards and amendments which must be obligatory applied from January 1, 2014, following completion of the relative approval process by the relevant authorities, are illustrated below. The adoption of these amendments and interpretations, where applicable, has not had any impact on the balance sheet or on the result of the Company.

Description	Date approved	Pubblication in the Official Gazette	Effective date as per the standard	Effective date applied by SEA
IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements	11 Dec '12	29 Dec '12	Periods which begin from 01 Jan '14	1 Jan '14
IFRS 11 Joint arrangements	11 Dec '12	29 Dec '12	Periods which begin from 01 Jan '14	1 Jan '14
IFRS 12 Disclosure of Interests in Other Entities	11 Dec '12	29 Dec '12	Periods which begin from 01 Jan '14	1 Jan '14
IAS 28 Investments in Associates and Joint Ventures	11 Dec '12	29 Dec '12	Periods which begin from 01 Jan '14	1 Jan '14
Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	13 Dec '12	29 Dec '12	Periods which begin from 01 Jan '14	1 Jan '14
Amendments to IAS 36 Impairment of assets	19 Dec '13	20 Dec '13	Periods which begin from 01 Jan '14	1 Jan '14
Amendment to IAS 39 Financial instruments: Recognition and measurement,on novation of derivatives and hedge accounting	19 Dec '13	20 Dec '13	Periods which begin from 01 Jan '14	1 Jan '14
IFRIC 21 Levies	13 June '14	14 June '14	Periods which begin from 01 Jan '14	1 Jan '14

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 at the approval date of the present document 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
Amendment to IAS 19 regarding defined benefit plans	NO	Periods which begin from 01 July 2014
Annual improvements cycles 2010-2012 and 2011-2013	NO	Periods which begin from 01July 2014
Amendment to IAS 16 Property, plant and equipment and IAS 38 Intangible assets	NO	Periods which begin from 01 Jan 2016
Amendment to IFRS 11 Joint arrangements on acquisition of an interest in a joint operation	NO	Periods which begin from 01 Jan 2016
Amendment to IAS 27 Separate financial statements on the equity method	NO	Periods which begin from 01 Jan 2016
IFRS 15 Revenue from contracts with customers	NO	Periods which begin from 01 Jan 2017
IFRS 9 Financial instruments	NO	Periods which begin from 01 Jan 2018

No accounting standards and/or interpretations were applied in advanced, whose application is obligatory for periods commencing after December 31, 2014.
The Company is assessing the impact of the application of these standards.

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

c) 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.

Property
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, 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 and associates
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 and 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 and loss

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

b) Loans and receivables

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

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

c) AFS financial assets

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

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

Derivative financial instruments

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 against charges; 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 and cash equivalents

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

Provisions for risks and charges

The provisions for risks and charges are recorded to cover known or likely losses or liabilities, the timing and extent of which are not known with certainty at the balance sheet date. They are recorded only when there exists a current obligation (legal or implicit) for a future payment resulting from past events and it is probable that the obligation will be settled. This amount represents the best estimate less the expenses required to settle the obligation.
Possible risks that may result in a liability are disclosed in the notes under the section on commitments and risks, without any provision.

Restoration and replacement provision of assets under concession

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

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

Revenue recognition
Revenues are recognised at fair value of the amount received for the services from the ordinary activities. They are calculated following the deduction of VAT and discounts.
The revenues, principally relating to the provision of services, are recognised in the accounting period in which they are provided.
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.

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

Costs recognition

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 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".

In 2013, SEA renewed the involvement in the national tax consolidation of the subsidiary SEA Handling in liquidation, for the three-year period 2013-2015.

Each company transfers to the consolidating company the tax income or loss; 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 balance sheet, the income statement and the cash flow statement, and on the disclosures in the notes to the accounts. The accounting principles which, relating to the Company, require greater subjectivity by the Directors in the preparation of the estimates and for which a change in the underlying conditions or the assumptions may have a significant impact on the financial statements are briefly described below:

a) Impairments

The tangible and intangible assets and investments in subsidiaries and associated companies and property investments 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 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 & depreciation

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

c) Provisions for risks and charges

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.

Therefore, Management, having consulted with its legal and tax advisers, recognises a liability against these disputes when a financial payment is considered probable and the amount of the losses arising may be reasonably estimated. In the case in which a payment is considered possible, but is not yet determinable, such is reported in the financial statements.

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 financial 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, against overdue receivables, receivables in dispute, or for which there is a legal or administrative procedure, utilises the same write-down percentages.

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

(in thousands of Euro)	At December 31, 2014	At December 31, 2013
Customer receivables	182,036	165,729
- of which overdue	107,380	101,356
Doubtful debt provision	(88,051)	(77,633)
Total net trade receivables	**93,985**	**88,096**

The increase in trade receivables at December 31, 2014 compared to the previous year is related to the increase in the turnover of the Company and factoring operations undertaken in 2013. For further information, reference should be made to *Note* 6.10.
The breakdown of overdue receivables at December 31, 2014 is shown below:

Trade receivables

(in thousands of Euro)	At December 31, 2014	At December 31, 2013
Customer receivables	182,036	165,729
of which overdue	107,380	101,356
- overdue less than 180 days	33,351	25,399
- overdue more than 180 days	74,029	75,957
% of overdue receivables	59.0%	61.2%
% of receivables overdue less than 180 days	18.3%	15.3%
% of receivables overdue more than 180 days	40.7%	45.8%

The table below illustrates the gross trade receivables at December 31, 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, 2014	At December 31, 2013
Customer receivables	182,036	165,729
(i) receivables from parties in administration	43,441	43,752
(ii) disputed receivables	22,822	23,634
Total trade receivables net of receivables es at (i) and (ii)	**115,773**	**98,344**
Receivables due other than receivables at (i) and (ii)	41,117	33,970
Sureties and guarantee deposits	52,600	53,696
Percentage of receivables guaranteed by sureties and guarantee deposits compared to the total trade receivables net of receivables at (i) and (ii)	45.4%	54.6%

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 2014, the market risks to which SEA were subject were:

a) interest rate risk;
b) currency risk;
c) price risk of commodities.

a) Interest rate risk

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

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

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

At December 31, 2014 the gross financial debt of 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 and short-term loans). The medium/long term debt is reported in the following table, which shows each loan at the nominal value (which includes a spread of between 0.20% and 2.20%, not considering the hedging operations):

Medium/long-term loans at December 31, 2014 and 2013

Loans	Type of rate	Issue date	Maturity date	December 31, 2014 In thousands of Euro	December 31, 2014 Rate	December 31, 2013 In thousands of Euro	December 31, 2013 Rate
SEA SpA							
BIIS (ex Comit) - EIB 1st drawdown	F	26-Aug-1999	15-Mar-2014	-	-	1,000	3.14%
BIIS (ex Comit) - EIB 2nd drawdown	V	30-Nov-2000	15-Sep-2015	1,000	0.44%	2,000	0.52%
BIIS (ex Comit) - EIB 3rd drawdown	V	17-Mar-2003	15-Sep-2017	6,947	0.44%	9,263	0.59%
Total EIB/Comit				**7,947**	**0.44%**	**12,263**	**0.79%**
BNL-EIB 1st drawdown	V	22-Nov-1999	15-Sep-2014	-	-	2,000	0.52%
BNL-EIB 2nd drawdown	V	11-Aug-2000	15-Mar-2015	500	0.39%	1,500	0.52%
BNL-EIB 4th drawdown	V	8-May-2003	15-Mar-2018	4,076	0.39%	5,240	0.52%
BNL-EIB 13.06.2006 1st drawdown	V	4-Sep-2006	4-Sep-2026	9,103	0.44%	9,862	0.57%
BNL-EIB 13.06.2006 2nd drawdown	V	4-Sep-2006	4-Sep-2026	9,103	0.44%	9,862	0.57%
BNL-EIB 13.06.2006 3rd drawdown *	V	4-Sep-2006	4-Sep-2026	9,103	0.44%	9,862	0.57%
BNL-EIB 13.06.2006 4th drawdown *	V	4-Sep-2006	4-Sep-2026	9,931	0.44%	10,759	0.57%
BNL-EIB 13.06.2006 5th drawdown *	V	4-Sep-2006	4-Sep-2026	9,931	0.44%	10,759	0.57%
BNL-EIB 2007 1st drawdown *	V	7-Mar-2007	7-Mar-2027	9,429	0.44%	10,214	0.57%
BNL-EIB 2007 2nd drawdown *	V	7-Mar-2007	7-Mar-2027	9,429	0.44%	10,214	0.57%
BNL-EIB 2013	F	15-Mar-2013	15-Mar-2023	30,000	3.83%	30,000	3.83%
Total EIB/BNL				**100,605**	**1.45%**	**110,272**	**1.45%**
UniCredit EIB 1st drawdown *	V	8-Sep-2007	8-Sep-2027	8,929	0.44%	9,643	0.59%
UniCredit EIB 2nd drawdown *	V	8-Sep-2007	8-Sep-2027	8,929	0.44%	9,643	0.59%
UniCredit EIB 3rd drawdown *	V	16-Feb-2009	15-Sep-2028	14,483	0.67%	15,000	0.82%
Total EIB / UniCredit				**32,341**	**0.54%**	**34,286**	**0.69%**
BIIS-EIB 1st drawdown *	V	25-Feb-2011	15-Sep-2030	10,000	0.81%	10,000	0.96%
BIIS-EIB 2nd drawdown *	V	25-Feb-2011	15-Sep-2030	5,000	0.81%	5,000	0.96%
BIIS-EIB 3rd drawdown	V	23-Jun-2011	15-Mar-2031	10,000	0.87%	10,000	1.02%
BIIS-EIB 4th drawdown	V	23-Jun-2011	15-Mar-2031	5,000	0.87%	5,000	1.02%
Total EIB/BIIS				**30,000**	**0.84%**	**30,000**	**0.99%**
CDP-EIB 2012 1st drawdown	F	27-Apr-2012	15-Mar-2027	10,000	4.05%	10,000	4.05%
CDP-EIB 2012 2nd drawdown	F	27-Apr-2012	15-Mar-2027	5,000	4.05%	5,000	4.05%
CDP-EIB 2012 3rd drawdown	F	29-Jun-2012	15-Mar-2027	10,000	3.88%	10,000	3.88%
CDP-EIB 2012 4th drawdown	F	29-Jun-2012	15-Mar-2027	5,000	3.88%	5,000	3.88%
CDP-EIB 2013 1st drawdown	V	30-Sep-2013	15-Sep-2028	10,000	2.61%	10,000	2.75%
CDP-EIB 2013 2nd drawdown	V	30-Sep-2013	15-Sep-2028	10,000	2.61%	10,000	2.75%
CDP-EIB 2013 3rd drawdown	V	30-Sep-2013	15-Sep-2028	10,000	2.61%	10,000	2.75%
Total EIB /CDP				**60,000**	**3.28%**	**60,000**	**3.36%**
UniCredit Mediobanca 2011 Tranche A 1st dd.	V	31-Jul-2012	6-May-2014	-	-	13,271	5.79%
UniCredit Mediobanca 2011 Tranche A 2nd dd.	V	13-Dec-2012	6-May-2014	-	-	80,000	4.54%
UniCredit Mediobanca 2012 Tranche A	V	21-Nov-2012	6-May-2014	-	-	21,729	5.79%
Mediobanca 2012	V	20-Dec-2012	6-May-2014	-	-	35,000	4.34%
Mediobanca 2013	V	10-Dec-2013	29-May-2015	50,000	2.39%	50,000	2.46%
Total loans excluding EIB				**50,000**	**2.39%**	**200,000**	**4.20%**
Bond SEA 3 $^{1}/_{8}$ 2014 -2021	F	17-Apr-2014	17-Apr-2021	**300,000**	**3.13%**	**-**	**-**
TOTAL SEA SpA				**580,893**	**2.49%**	**446,821**	**2.83%**
		total tranches swapped		95,163	16.4%	101,094	22.6%
		portion debt at fixed rate		360,000	62.0%	61,000	13.7%
		portion of debt not hedged		125,730	21.6%	284,728	63.7%

* *Tranches subject to swap.*

Following the debt restructuring operation the total medium/long-term debt at December 31, 2014 amounted to Euro 580,893 thousand, an increase of Euro 134,072 thousand compared to December 31, 2013, with the average cost reducing 34 basis points to 2.49% at the balance sheet date.

For further information on the financial debt, reference should be made to *Note* 6.18.

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, 2014 was approx. 21.6% of total debt. There was therefore no excess coverage on future cash flows subject to hedging ("overhedging").
The interest rate risk hedging operations seek to fix the cost of variable rate long-term loans subject to hedging through the signing of related derivative contracts which provide for the receipt of the variable interest rate against the payment of a fixed rate.
The average cost of the medium/long term gross financial debt of SEA, following the hedging of the interest risk, at the end of 2014 was 3.00%, compared to 3.48% at December 31, 2013 (reduction of 48 basis points).

The fair value of the SEA bank and bond medium/long-term debt at December 31, 2014 amounted to Euro 602,023 thousand (Euro 479,020 thousand at December 31, 2013) and 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, the market value refers to December 31, 2014;
- 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

	Notional on signing	Residual debt at 31/12/2014	Signing date	Start date	Maturity	Fair value at 31/12/2014	Fair value at 31/12/2013
IRS	10,000	10,000	18/5/2011	15/9/2012	15/9/2021	(1,741.0)	(1,274.8)
	5,000	5,000	18/5/2011	15/9/2012	15/9/2021	(870,5)	(637.4)
	15,000	14,483	18/5/2011	15/9/2012	15/9/2021	(2,358.4)	(1,784.9)
	11,000	9,483	18/5/2011	15/9/2011	15/9/2016	(498,0)	(649.7)
	10,000	8,929	6/6/2011	15/9/2012	15/9/2021	(1,351.8)	(1,027.7)
	11,000	9,483	6/6/2011	15/9/2012	15/9/2021	(1,433.2)	(1,090.6)
	12,000	9,931	6/6/2011	15/9/2012	15/9/2021	(1,475.5)	(1,129.7)
	12,000	9,931	6/6/2011	15/9/2012	15/9/2021	(1,475.5)	(1,129.7)
Collar	10,000	8,929	6/6/2011	15/9/2011	15/9/2021	(1,047.9)	(741,7)
	11,000	9,103	6/6/2011	15/9/2011	15/9/2021	(1,041.3)	(743,6)
Total		**95,272**				**(13,293.1)**	**(10,209.8)**

"-" *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, 2014 and at December 31, 2013 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 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 2014, SEA did not undertake hedging activities of this risk which are currently being analysed and assessed for future periods. It is also highlighted that SEA, through the subsidiary SEA Energia, during the year signed bilateral contracts for the supply of electricity and heat to third parties which ties the sales price to the cost of methane, thereby implementing an implicit hedge of the commodity risk. 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), which covers the financial commitments in the coming 12 months deriving from the investment plan and debt repayments;
- monitors the liquidity position, in relation to the business planning.

At the end of 2014, SEA had irrevocable unutilised credit lines of Euro 260 million, of which Euro 120 million relating to a revolving line available until April 2019 ("RCF Line") and Euro 140 million relating to a new EIB loan ("New EBI Loan") of which utilisation is expected by December 2017, for a total duration between 15 and 20 years. At December 31, 2014, SEA also had an available a further Euro 139,317 thousand of uncommitted credit lines available for immediate cash requirements.

The debt restructuring operation has guaranteed SEA the availability of committed credit lines which strengthen the coverage of financial requirements in the coming years, permitting a significant lengthening of the average maturity of the debt and minimising debt sourcing costs (over 76% of the Company medium/long-term debt matures beyond 5 years).

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

Finally, the availability of the above-mentioned credit lines, taking account of the investment plans and working capital needs and considering the capacity to generate cash flows from operations, provide the basis for compliance with the irrevocable obligations on behalf of SEA Handling in liquidation in relation to the termination of their activities, which the company has guaranteed in full as described in further detail in *Note* 6.4.

The following table reports the breakdown and maturity (up to expiry date) of the financial debt of SEA for the years 2014 and 2013, which in addition to principal includes medium/long-term debt, financial charges on derivative instruments and leasing, financial charges from subsidiaries, which, in accordance with the contractual terms, are repayable on demand:

(millions of Euro)	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years	Total
Liabilities at December 31, 2014					
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.

(millions of Euro)	< 1 year	> 1 year < 3 years	> 3 years < 5 years	> 5 years	Total
Liabilities at December 31, 2013					
Gross debt	172.9	211.5	52.6	192.7	629.7
Trade payables	174.8				174.8
Total debt	**347.7**	**211.5**	**52.6**	**192.7**	**804.5**

The table does not include the short-term Group cash pooling debt, amounting to Euro 8.5 million at the end of 2013, against which a receivable of a similar nature existed of Euro 30.1 million.

The debt restructuring operation of SEA resulted in a significant lengthening of the duration of the debt, in particular on the maturities between 1 and 3 years and those beyond 5 years. Loans with maturity of less than 1 year for Euro 50 million concern the 2013 Mediobanca loan, with maturity in May 2015.

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) **Assumptions**: the effect was analysed on the SEA income statement for the years 2014 and 2013 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, 2014		December 31, 2013	
(in thousands of Euro)	-50 bp	+50 bp	-50 bp	+50 bp
Current account (interest income)	-422.69	486.14	-180.20	180.26
Cash pooling positive balance (interest income)	-166.44	178.08	-136.99	136.99
Financial receivables from subsidiaries	0.00	0.00	0.00	0.00
Loans (interest expense) [1]	-1.545.21	1.545.21	1.662.17	-1.662.17
Cash pooling negative balance (interest expense) [1]	6.90	-103.36	0.00	-88.31
Fin. debt to subsidiaries (interest expense) [1]	-1.70	142.45	23.34	-137.32
Derivative hedging instruments (cash flow) [2]	-504.86	504.86	-530.96	530.96
Derivative hedging instruments (fair value)	-2.180.77	2.193.52	-2.521.45	2.427.93

1 *+ = lower interest expense; - = higher interest expense.*

2 *+ = hedging income; - = hedging cost.*

It should be noted that the results of the sensitivity analysis undertaken on some accounts of the previous tables are impacted by the low level of the market interest rates, which in the case of a change of -50 basis points would result as negative, and therefore are recorded as equal to zero.

Some loans include covenant conditions, relating to the capacity of SEA to meet annual and/or half year financial commitments (net of financial resources available and receivables from the State) from operating activities. Finally, 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. Financial instruments classification

The following table provides a breakdown of the financial assets and liabilities by category at December 31, 2014 and at December 31, 2013:

	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			275			275
Trade receivables			110,213			110,213
Current financial receivables			37,638			37,638
Tax receivables			14,267			14,267
Other current receivables			12,056			12,056
Cash and cash equivalents			30,325			30,325
Total	**-**	**-**	**228,740**	**26**	**-**	**228,766**
Non-current financial liabilities excl. leasing	13,293				514,154	527,447
Non-current financial liabilities for leasing					320	320
Trade payables					167,856	167,856
Tax payables					59,764	59,764
Other current & non-current payables					93,279	93,279
Current financial liabilities excl. leasing					74,274	74,274
Current financial liabilities for leasing					1,132	1,132
Total	**13,293**	**-**	**-**	**-**	**910,779**	**924,072**

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

(in thousands of Euro)	At December 31, 2013 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 receivables			287			287
Trade receivables			103,829			103,829
Current financial receivables			30,144			30,144
Tax receivables			13,384			13,384
Other current receivables			10,243			10,243
Cash and cash equivalents			55,282			55,282
Total	**-**	**-**	**213,169**	**26**	**-**	**213,195**
Non-current financial liabilities excl. leasing	10,210				416,953	427,163
Non-current financial liabilities for leasing					1,195	1,195
Trade payables					174,803	174,803
Tax payables					58,238	58,238
Other current & non-current payables					93,055	93,055
Current financial liabilities excl. leasing					139,451	139,451
Current financial liabilities for leasing					929	929
Total	**10,210**	**-**	**-**	**-**	**884,624**	**894,834**

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, 2014 and at December 31, 2013:

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

(in thousands of Euro)	Level 1	At December 31, 2013 Level 2	Level 3
Available-for-sale investments			26
Derivative financial instruments		10,210	
Total		**10,210**	**26**

6. Notes to the Balance Sheet

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, 2013	Increases in the year	Reclass. / transfers	Destruction / obsolete / sale	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 advance	7,914	5,520	(12,342)			1,092
Intangible Assets (Net value)	**921,934**	**79,332**	**-**	**(2,350)**	**(39,339)**	**959,577**

As per IFRIC 12, assets under concession amount to Euro 898,972 thousand at December 31, 2014 and Euro 866,129 thousand at December 31, 2013. These assets are amortised on a straight-line basis over the duration of the concession from the State.

The amortisation for the year 2014 amounts to Euro 32,777 thousand. The increases in the year derive for Euro 57,303 thousand from the entry into service of investments made in previous years and recorded under "Assets under concession in progress and advances", in addition to investments in the year of Euro 10,667 thousand which include the free assets received of Euro 7,479 thousand of buildings and annexes constructed by De Montis S.p.A. in 1997-1998, within the Milano Malpensa airport or catering services; this agreement, in which LSG Sky Chef SpA sub-entered, provides for the free transfer of the building to SEA.

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 46,529 thousand, refers to the work in progress on concession assets, not yet completed at December 31, 2014. The principal works concern the restyling of Malpensa Terminal 1, upgrading of the cargo warehouse at Malpensa Terminal 2, structural extension work of Malpensa third satellite, internal plant structures (lifts, escalators) and baggage reclamation plant; the completion of Malpensa third satellite is expected in the first half of 2015. 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.

The industrial patents and intellectual property rights and other intangible assets, amounting to Euro 12,984 thousand at December 31, 2014 (Euro 7,204 thousand at December 31, 2013), 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 Euro 12,342 thousand relating to previous years and recorded in the account "Fixed assets in progress and payments on

account" which at December 31, 2014 record a total residual amount of Euro 1,092 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, 2014 the Company did not identify any impairment indicators. In particular, the entry into force of the Lupi Decree, although prompting a reduction in transiting passengers at Malpensa, will not reduce traffic below the thresholds of the Regulatory Agreement, which consider traffic in line with the return on investments.
The changes in intangible assets during 2013 were as follows:

Intangible assets

(in thousands of Euro)	At December 31, 2012	Increases in the year	Reclass. / transfers	Destruction / obsolete / sale	Amortisation	At December 31, 2013
Gross value						
Assets under concession	1,151,275	5,475	85,879	(1,295)		1,241,334
Assets under concession in progress & advances	60,828	65,738	(85,879)			40,687
Industrial patents and intellectual property rights	36,370		4,337			40,707
Assets in progress and advances	5,243	6,733	(4,062)			7,914
Gross value	**1,253,716**	**77,945**	**275**	**(1,295)**	**-**	**1,330,642**
Accumulated amortisation						
Assets under concession	(345,994)			460	(29,671)	(375,205)
Assets under concession in progress & advances						
Industrial patents and intellectual property rights	(28,906)		(275)		(4,322)	(33,503)
Assets in progress and advances						
Accumulated amortisation	**(374,900)**	**-**	**(275)**	**460**	**(33,992)**	**(408,708)**
Net value						
Assets under concession	805,281	5,475	85,879	(835)	(29,671)	866,129
Assets under concession in progress & advances	60,828	65,738	(85,879)			40,687
Industrial patents and intellectual property rights	7,464		4,062		(4,322)	7,204
Assets in progress and advances	5,243	6,733	(4,062)			7,914
Intangible Assets (Net value)	**878,816**	**77,945**	**0**	**(835)**	**(33,992)**	**921,934**

6.2 Property, plant and equipment

The table below reports the changes in the year in tangible fixed assets:

Tangible assets

(in thousands of Euro)	At December 31, 2013	Increases in the year	Reclass. / transfers	Destruction/ obsolete / sale	Depreciation / write-downs	At December 31, 2014
Gross value						
Property	189,994		5,573	(13,247)		182,320
Plant and machinery	7,075	640		(229)		7,486
Industrial and commercial equip.	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
Total Gross values	**333,277**	**17,516**	**-**	**(14,288)**	**-**	**336,505**
Accumulated depreciation & write-down						
Property	(79,779)			12,371	(5,834)	(73,242)
Plant and machinery	(6,063)			229	(185)	(6,019)
Industrial and commercial equip.	(31,318)			4	(2,052)	(33,366)
Other assets	(80,083)			808	(5,256)	(84,531)
Assets in progress and advances						
Total Accumulated depreciation & write-down	**(197,243)**	**-**	**-**	**13,412**	**(13,327)**	**(197,158)**
Net values						
Property	110,215		5,573	(876)	(5,834)	109,078
Plant and machinery	1,012	640			(185)	1,467
Industrial and commercial equip.	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
Total Net values	**136,034**	**17,516**	**-**	**(876)**	**(13,327)**	**139,347**

The investments related to the development of the Aviation sector (which, as already reported, in accordance with IFRIC 12 are classified as assets under concession and current airport concessions) and in the Non Aviation sector principally related to the advancement of the completion of Malpensa third satellite and the new employee car park in the Cargo City area of Malpensa.

The increases in "Property, plant and equipment" also includes the acquisition of new runway equipment and access control systems and vehicles at Malpensa.

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, 2014 the Company did not identify any impairment indicators. In particular, the entry into force of the Lupi Decree, although prompting a reduction in transiting passengers at Malpensa, will not reduce traffic below the thresholds of the Regulatory Agreement, which consider traffic in line with the return on investments.

All the fixed assets, including those under the scope of IFRIC 12, are reported net of State and EU grants, amounting at December 31, 2014 to Euro 495,654 thousand and Euro 1,831 thousand respectively.

The changes in tangible fixed assets during 2013 were as follows:

Tangible assets

(in thousands of Euro)	At December 31, 2012	Increases in the year	Reclass. / transfers	Destruction/ obsolete / sale	Depreciation / write-downs	At December 31, 2013
Gross value						
Property	186.226		4,580	(812)		189,994
Plant and machinery	7,946	19		(890)		7,075
Industrial and commercial equip.	33,971	539		(95)		34,415
Other assets	90,521	3,471	2,207	(526)		95,673
Assets in progress and advances	5,471	7,436	(6,787)			6,120
Total Gross values	**324,135**	**11,465**	**-**	**(2,323)**	**-**	**333,277**
Accumulated depreciation & write-down						
Property	(65,691)			108	(14,196)	(79,779)
Plant and machinery	(6,789)			890	(164)	(6,063)
Industrial and commercial equip.	(29,422)			94	(1,990)	(31,318)
Other assets	(75,850)			524	(4,757)	(80,083)
Assets in progress and advances						
Total Accumulated depreciation & write-down	**(177,752)**	**-**	**-**	**1,616**	**(21,107)**	**(197,243)**
Net values						
Property	120,535		4,580	(704)	(14,196)	110,215
Plant and machinery	1,157	19			(164)	1,012
Industrial and commercial equip.	4,549	539		(1)	(1,990)	3,097
Other assets	14,671	3,471	2,207	(2)	(4,757)	15,590
Assets in progress and advances	5,471	7,436	(6,787)			6,120
Total Net values	**146,383**	**11,465**	**-**	**(707)**	**(21,107)**	**136,034**

6.3 Investment property

The breakdown of investment property at December 31, 2014 is shown below:

Investment property

(in thousands of Euro)	At December 31, 2014	At December 31, 2013
Gross values	4,148	4,149
Accumulated depreciation	(734)	(733)
Total net investment property	**3,414**	**3,416**

The changes in the accumulated depreciation provision of the property investments in 2014 is shown below:

Movements in Accumulated Depreciation

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

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, 2014.

6.4 Investments in subsidiaries and associates

The breakdown of the account "Investments in subsidiaries and associates" at December 31, 2014 and at December 31, 2013 are shown below:

Investments in subsidiaries and associates

(in thousands of Euro)	At December 31, 2014	At December 31, 2013
SEA Handling in liquidation SpA	0	0
SEA Energia SpA	7,026	7,026
SEA Prime SpA	25,200	25,200
Consorzio Malpensa Contruction	22	22
Railink Srl (in liquidation)	1	5
Airport Handling SpA	-	0
Investments in subsidiaries	**32,249**	**32,253**
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	120
Investments in associates	**10,779**	**10,599**
Investments in subsidiaries and associates	**43,028**	**42,852**

The increase in investments in subsidiaries and associates is mainly due to the acquisition on November 14, 2014 of 10% of the share capital of SEA Services Srl, against consideration of Euro 180 thousand; the holding in the investment by the Company post acquisition is therefore 40%.
The higher carrying value of the investment compared to the share of equity is based on the forecasted future profitability.
On March 2, 2015, the Extraordinary Shareholders' Meeting of the subsidiary ATA Ali Trasporti Aerei ATA SpA approved the change in the name of the company to SEA Prime SpA.
Finally, the assignment of the investment Airport Handling Srl to the Trust resulted, in the opinion of the Directors and supported by an expert's opinion, in the loss of control of the above-mentioned entity as per IFRS 10. In particular, in view of the conditions defined by IFRS 10 for a position of control which must simultaneously apply – therefore (a) the exercise of power over the entity; (b) exposure, or rights, to variable returns deriving from involvement with the same; and (c) the capacity to utilise the power to influence the amount of these variable returns – the Directors consider that the concentration of the decision-making power and governance of Airport Handling Srl in its Board of Directors, appointed independently by the Trust and over which SEA has no control pursuant to Article 2359 of the Civil Code, means that SEA may not exercise power over the entity and influence the amount of the variable returns produced; therefore, as two of the three conditions for the control of the company in accordance with IFRS 10 are not present, the controlling investment is considered to have been ceded at December 31, 2014.

Risk related to the European Commission Decision of 19.12.2012 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 in an advanced state of negotiation, as the written procedure phase has concluded some months ago;

a ruling by the Court is therefore expected by the end of the year.
In the meantime, although fully committed that the appeals were founded and consequently that 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 execute the decision;

(ii) identify an agreed upon path to guarantee the definitive exit from the market of SEA Handling, in order that the Commission indirectly obtains the same result that would have been achieved through the execution of the decision, in accordance with alternative methods to the monetary restitution of the presumed 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 in full economic discontinuation with SEA Handling; the "economic discontinuation" represents in fact, in accordance with community law, the essential condition in order that the restitution obligation of State Aid is not 'transferred' to the newly incorporated company.

During negotiations, this scenario was integrated by a series of further commitments undertaken by the Italian Authorities, in order to reassure the Commission of the inexistence of any economic continuation between SEA Handling and the new operator; among these, the commitment of SEA to transfer its entire shareholding of the new handling operator into a trust, as guarantee of the full management and operational segregation of the new company compared to SEA and/or SEA Handling, as well as the commitment of SEA to open the shareholding of the new company of the handling division to a significant minority shareholder (and, in a second phase, also majority shareholder).
In line with the plan proposed to the Commission,

(i) on June 9, 2014, the Shareholders' Extraordinary 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;

(ii) in the meantime, SEA incorporated Airport Handling and, in accordance with the commitments undertaken with the Commission, on August 27, 2014 transferred 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 Sevices It srl" was appointed Trustee of the Trust, 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 termination 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 for a correct accounting treatment, as better described in *Note* 6.7, this was classified in the account "Other non-current financial assets".

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 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 in the capitalisation, by SEA, of the new company.

In the belief that the decision to commence the investigation recently adopted by the Commission is illegitimate, SEA – and at the same time, independently, the presumed beneficiary Airport Handling and the Italian State – presented an appeal before the EU Court, requesting cancellation of the commencement of the investigation.

While awaiting this appeal, SEA chose to participate at the preliminary phase instigated by the 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 present observations in relation to the decision on Airport Handling. In this context, SEA wishes to present to the Commission all the reasons for which it considers that *(i)* there was no economic continuation between SEA Handling and Airport Handling, with consequent non-admission of any 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:

- it should firstly be recalled the creation of the Trust and the assignment of the entire shareholding of SEA to Airport Handling, a circumstance which, in accordance with community best practice, ensures full economic and operational discontinuation: the Trust in fact, as illustrated above, 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;
- secondly, it is recalled 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 compliant with the requirements of European practice in similar cases, as there was no automatic transfer of goods and judicial 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 and concluded at market prices, is not considered – in view of similar precedents – as an indicator of economic continuation and consequently also from this viewpoint the utilisation of the leased equipment may not be taken by the European Commission as an indicator of economic continuation.

In relation to the non-consideration of the initial capitalisation of Airport Handling as State Aid, the considerations of SEA are summarised below:

- firstly, the capitalisation of Airport Handling does not appear in any manner related to the wishes of the Public Authorities, being an independent commercial choice of SEA. It is therefore not possible to conceive how the investigation could reach the conclusion of a state origin (an essential condition for the qualification of State Aid) as the issues raised in the commencement decision were not sufficient under past jurisprudence, or rather were based on declarations by politicians – the Transport Minister and the Mayor of Milan – and in any case were out of context and not relating to the capitalisation of Airport Handling. On this point, therefore and in the absence of further evidence, it is considered that the Commission must review its position; it should also be noted that the subscription of the equity financial instruments was undertaken in view of the minimum capital requirements as per Article 13 Legislative Decree 18/1999 for the operational activities of the company.
- 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 will prove to the Commission 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 so as not to impact the capital contributions made, including through subscription of share capital increases and equity financial instruments; the performance in the first months of the company is in line with the forecast of the industrial plan for losses decisively more contained than those of SEA Handling.

Based on that outlined above, restating the belief that the appeals presented by the Italian State, SEA Handling and the Municipality of Milan to the European Court 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, and establish therefore the full economic discontinuity between the two companies. Therefore it is considered that

on the completion of its investigation which commenced on July 9, the European Commission may only find its doubts concerning economic continuation and the existence of new aid as unfounded and consider the decision of 2012 correctly implemented.
For these reasons, it is considered correct to confirm the criteria adopted in the previous annual report and interim financial reports to not recognise any accrual 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 in the participation in future profits of the company (for the residual holding) and which are considered realisable and not affected by the decision of the European Commission.

Risks relating to the A474 procedure before the Competition Authority (AGCM)
The Procedure commenced on December 20, 2013 following the complaint by Cedicor Sociedad Anonima ("CEDICOR").
The conduct contested against SEA is the abuse of its dominant position in violation of Article 102 of the Treaty of the Functioning of the European Union ("TFEU") within the administration procedure of Società dell'Acqua Pia Antica Marcia S.p.A. in liquidation ("SAPAM"). In particular SEA, within the administration procedure of SAPAM, 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 (ATA is owned by SAPAM), 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:

- that the conduct contested against SEA does not constitute any violation of Article 102 of the Finance Act as there were no plausible mechanisms to harm the competitive process and there was no damage to consumers;
- that SEA was not present in the markets subject to the Procedure until December 18, 2013 when the investment in ATA was acquired;
- that, in any case, as the tender prepared by SAPAM for the disposal of ATA was not appropriate to sell the investment and, in any case, the offer of CEDICOR was never in accordance with the tender procedure and would never have concluded successfully, the outcome of the tender was not "overturned" by SEA;
- that SEA only exercised its rights and, therefore, the conduct of SEA was legitimate, economically rational, both in relation to its merits and manner of application;
- that even in the event of admitting that the tender was "overturned", no damage arose to competitors and consumers. Only in the case of the clear inefficiency of SEA, which nobody implies, with respect to CEDICOR, and at parity of investments, in fact would there be damage to consumers;
- that benefits to consumers cannot be excluded in this case as a unitary management could reduce costs (also through higher leverage on the buyer power for the purchase of goods or services) or lead to the integration of the safety and security processes, reducing risk margins (given the sharing of some airport assets such as runways);
- that certainly SEA appears the most motivated agent with regard to the investments, also given the pressure of ENAC.

The legal advisors of the Company therefore concluded that it is reasonable to consider that the conduct of SEA, although it may have impacted upon competitors – as AGCM wishes to demonstrate – did not have any negative impact on consumers who, on the contrary, benefitted and could benefit from the sale of ATA to SEA.

The Procedure is now in the conclusive phase and the decision of the Authority is expected by March 30, 2015. A number of days may pass before formal notification.

The investigation and formal conclusion by the competent offices in the communication of the investigation results of December 3, 2014 by the Authority AGCM agreed with the reconstruction offered by the plaintive CEDICOR, which would indicate that a negative judgement by AGCM may not be excluded, with the communication of a sanction, not yet determinable – against which in any case SEA could appeal at the Lazio Regional Administrative Court and, at second level, before the Council of State.
In view of the above circumstances and, in particular, of the possibility to overturn any negative outcome in subsequent judicial phases, it is considered that the risk of the definitive communication of the sanction is "possible" and therefore,

in the financial statements of SEA no specific accruals were recorded in the provision for risks and charges.

The key financial highlights at December 31, 2014 and for the previous year of the subsidiaries and associated companies prepared in accordance with Italian GAAP are shown below.

As at December 31, 2014 and for the year ended December 31, 2014

(in thousands of Euro)	Assets	Liabilities	Revenues	Profit/ (loss)	Net Equity	Pro-quota net equity	% holding
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%

As at December 31, 2013 and for the year ended December 31, 2013

(in thousands of Euro)	Assets	Liabilities	Revenues	Profit/ (loss)	Net Equity	Pro-quota net equity	% holding
Subsidiaries							
SEA Handling in lliquidation SpA	78,992	68,687	126,221	(11,110)	10,305	10,305	100.00%
SEA Energia SpA	75,143	57,691	59,325	2,065	17,452	17,452	100.00%
SEA Prime SpA	18,785	12,930	16,126	(2,219)	5,855	5,758	98.34%
Consorzio Malpensa Construction	664	485	426	5	179	92	51.00%
Railink Srl (in liquidation)	5	0	-	(5)	5	5	100.00%
Airport Handling Srl	64	79	-	(65)	(15)	(15)	100,00%
Associates							
Dufrital SpA	55,866	39,776	129,099	(372)	16,090	6,436	40.00%
SACBO SpA	201,545	86,880	106,292	14,647	114,664	35,522	30.979%
SEA Services Srl	5,030	3,401	8,625	289	1,629	489	30.00%
Malpensa Logistica Europa SpA	17,366	10,420	27,781	1,021	6,946	1,736	25.00%
Disma SpA	18,046	9,454	6,565	1,064	8,592	1,611	18.75%

6.5 AFS Investments

The breakdown of the "AFS investments" at December 31, 2014 and at December 31, 2013 are shown below:

Company	% held at December 31, 2014	% held at December 31, 2013
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 Telecom. Aeronautiques (Belgian company)	10 shares	1 share

The following table reports the changes for the years 2014 and 2013 of the AFS investments:

Available-for-sale investments

(in thousands of Euro)	At December 31, 2014	At December 31, 2013
Aeropuertos Argentina 2000 SA	0	0
Consorzio Milano Sistema in liquidation	25	25
Romairport SpA	1	1
Sita Soc. Intern. De Telecom. Aeronautiques		
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 all the investment held by SEA in the share capital of AA2000, equal to 21,973,747 ordinary Class A shares with 1 vote for each share.

The consideration paid was Euro 14,000,000 entirely received in 2011.

The transfer of the shares will only be completed with authorisation by the ORSNA regulator (Organismo Regulador del Sistema Nacional de Aeropuertos). In the event that ORSNA does not authorise the sale of the investment, the parties are committed for 5 years from the contract date to find a third party which ORSNA authorises 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 December 31, 2014, ORSNA had not yet formalised the authorisation of the sale of the investment in favour of Cedicor and, therefore, still holds 8.5% of the share capital of AA2000; therefore the investment of 1 Euro was maintained in the 2014 financial statements.

6.6 Deferred tax assets

The changes in the net deferred tax assets for the year 2014 are shown below:

Net deferred tax assets

(in thousands of Euro)	At December 31, 2013	Release/ recognition to P&L	Release/ recognition to equity	At December 31, 2014
Restoration provision as per IFRIC 12	29,902	6,265		36,167
Impairment test	18,081	(2,599)		15,482
Provision for risks & charges	8,432	751		9,183
Non-deductible doubtful debt provision	9,128	2,891		12,019
Labour disputes	3,849	(1,542)		2,307
Fair value measurement of derivatives	2,531		876	3,407
Discounting Employee Leaving Indemnity (IAS 19)	1,410	696	1,381	3,487
Normal maintenance on assets under concession		1,248		1,248
Expected tax losses of SEA Handling in liquidation net of benefit		1,329		1,329
Others	223	58		281
Total deferred tax assets	**73,556**	**9,097**	**2,257**	**84,910**
Accelerated deprec. & lower deprec. from first time application of IFRS	40,326	(3,221)		37,105
Discounting Employee Leaving Indemnity (IAS 19)	1,781			1,781
Finance lease	249	(125)		124
Others	86	(67)		19
Total deferred tax liabilities	**42,442**	**(3,413)**	**0**	**39,029**
Total net deferred tax assets	**31,114**	**12,510**	**2,257**	**45,881**

6.7 Other non-current financial assets

The breakdown of the account "Other non-current financial assets" is shown below:

Other non-current financial assets

(in thousands of Euro)	At December 31, 2014	At December 31, 2013
Other non-current financial assets	23,966	-
Total other non-current financial assets	**23,966**	**-**

The account "Other 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 (incorporated on September 9, 2013) 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 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.
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, SEA executed the payment of Euro 20,000 thousand.

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, 2014	At December 31, 2013
Other non-current receivables	275	287
Total non-current receivables	**275**	**287**

The account principally refers 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, 2014	At December 31, 2013
Raw materials, consumables and supplies	5,701	6,587
Total Inventories	**5,701**	**6-587**

The account includes consumable materials for airport activities; no goods held in inventories comprised guarantees on loans or concerning other commitments.
The comparison of inventories with the realisable value or replacement does not necessitate an obsolescence inventory provision.

6.10 Trade receivables

The breakdown of "Trade receivables" at December 31, 2014 and for the previous year are shown below:

Trade receivables

(in thousands of Euro)	At December 31, 2014	At December 31, 2013
Customer receivables	93,986	88,096
Trade receivables from subsidiaries	7,457	10,351
Trade receivables from associated companies	8,770	5,382
Total trade receivables	**110,213**	**103,829**

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, 2014	At December 31, 2013
Opening provision	77,633	70,915
Increases	13,230	6,938
Utilisations/reversals	(2,812)	(220)
Closing doubtful debt provision	**88,051**	**77,633**

The provision in the year amounted to Euro 13,230 thousand (Euro 6,938 thousand in 2013) 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 2014, amounting to Euro 2,812 thousand, refer to the closure during the year of disputes in which the provisions were accrued to cover such risks in previous years.
In August 2014, a settlement was agreed between Alitalia – Compagnia Aerea Italiana S.p.A., with the closure of all disputes.
The increase in trade receivables at December 31, 2014 compared to the previous year is due to the increase in turnover, for which reference should be made to *Note* 7.1.
For details on the aging of the receivables reference should be made to *Note* 4.1.
For receivables from subsidiaries and associated companies reference should be made to *Note* 8, relating to transactions with related parties.

6.11 Current financial receivables

The account "Current financial receivables" amounts to Euro 37,638 thousand at December 31, 2014 (Euro 30,144 thousand at December 31, 2013) and relates entirely to financial receivables from subsidiaries. In particular the balance at December 31, 2014 is comprised of Euro 37,636 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 14,267 thousand at December 31, 2014 (Euro 13,384 thousand at December 31, 2013) 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, 2013), for Euro 1,970 thousand the IRES credit deriving from the higher payments on account paid in June and December compared to the 2014 charge and Euro 1,438 thousand to the VAT receivable deriving from the payment in 2014.

In 2014, the Company received the following tax reimbursements: *(i)* Euro 2,201 thousand relating to the reimbursement requests for higher IRES paid against the non-deductibility of IRAP regional tax for the years 2004-2007 (receivable recorded in the 2013 accounts for Euro 2,233); *(ii)* Euro 436 thousand relating to the reimbursement request for higher IRES paid in 2007 (receivable recorded in the 2013 accounts of Euro 473 thousand).

6.13 Other receivables

The breakdown of the "Other receivables" is shown below:

Other receivables

(in thousands of Euro)	At December 31, 2014	At December 31, 2013
Receivables from the State for grants under Law 449/85	1,321	1,360
Receivables from the State under SEA/ Min. Infras. & Transp. case	3,889	3,716
Other receivables	7,887	6,077
Receivables from employees and social security institutions	1,111	1,017
Receivables from the Ministry for Communications for radio bridge	3	55
Doubtful debt provision	(2,155)	(1,982)
Total other receivables	**12,056**	**10,243**

The account "Other receivables" amounts to Euro 12,056 thousand at December 31, 2014 (Euro 10,243 thousand at December 31, 2013) and is comprised of the accounts outlined below.

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.

Receivables from the State under SEA/Ministry Infrastructure and Transport case, following the sentence of the Cassation Court, which recognised to the Company the non-compliance of handling tariffs for the period 1974-1981, in addition to interest and expenses incurred by the Company, for Euro 3,889 thousand at December 31, 2014 (Euro 3,716 thousand at December 31, 2013) relating to the residual amount not yet received from the Infrastructure and Transport Ministry, in addition to interest matured up to December 31, 2014. These receivables are considered recoverable.

Other receivables refer to miscellaneous receivables (reimbursements, supplier advances, insurance company receivables, arbitration with sub-contractions and other minor positions).

Employee and social security receivables mainly refer to the receivable from INPS and the "Solidarity Contract Aviation Fund" paid to employees on behalf of the institution and receivables from INAIL.

The receivable from the Ministry for Communications relates to higher provisional payments made in previous years for fees related to the radio bridges and will be offset by future fees to be paid.

The doubtful debt provision is made against the realisation risk of receivables and in 2014 the provision amounted to Euro 173 thousand.

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, 2014	At December 31, 2013
Bank and postal deposits	30,212	55,208
Cash in hand and at bank	113	74
Total	**30,325**	**55,282**

The available liquidity at December 31, 2014 is comprised of the following assets: bank and postal deposits on demand for Euro 28,439 thousand (Euro 45,090 thousand at December 31, 2013), restricted bank deposits, which cover the quota of European Investment Bank loans due in the coming 12 months, for Euro 1,773 thousand (Euro 1,864 thousand at December 31, 2013) and cash amounts for Euro 113 thousand (Euro 74 thousand at December 31, 2013). Following the favourable judgement of the Cassation Court, the deposit which was restricted to the executive action on behalf of third parties for Euro 8,254 thousand is now fully available.

6.15 Shareholders' Equity

Share capital

At December 31, 2014, 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, 2014 the legal reserve of SEA amounts to Euro 5.500 thousand while the extraordinary reserve amounts to Euro 113,706 thousand (Euro 87,974 thousand at December 31, 2013), with the increase of Euro 25,732 thousand following the allocation of the profit for the year 2013.

AFS reserve (Available for sale)

The AFS reserve at December 31, 2014, 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, 2014, amounting to Euro -8,982 thousand (Euro -6,672 at December 31, 2013), relates to the change in the fair value of the effective part of the derivative hedge contracts listed at *Note* 4.2.

Actuarial gain/loss reserve

The balance of the reserve at December 31, 2014, equal to Euro -6,397 thousand (Euro -2,755 thousand at December 31, 2013), 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, 2014, refer entirely to the reserves recorded in accordance with the revaluation laws 576/75, 72/83 and 413/91.

Distribution of dividends

On May 7, 2014, the Shareholders' Meeting approved the distribution of dividends of Euro 26,450 thousand and the carrying forward to reserves of Euro 25,732 thousand, relating to the allocation of the 2013 net profit, amounting to Euro 52,182 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)

Nature/Description	At December 31, 2014	Possibility for utilisation *	Portion available	Utilisations in last three years
Share capital	27,500			
Share premium reserve		A,B,C		
Legal reserve	5,500	B		
Extraordinary reserve	113,706	A,B,C	113,706	
First time application of IFRS reserve	23,686 [1]	A,B,C	13,923	
AFS reserve	0			
Cash flow hedge reserve	(8,982)			
Actuarial profit/loss reserve	(6,397)			
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	**215,301**		**187,917**	
Total non-distributable portion		**27,384**		

Key

* *A: for share capital increase B: to cover losses C: for distribution to shareholders.*

1 *In consideration of Article 7 of Legislative Decree 38/2005, the reserve is utilisable for 13,923 (A,B,C). The difference of 9,763 is entirely unavailable.*

2 *Reserves for suspension of taxes.*

6.16 Provisions for risks and charges

The changes in the "Provisions for risks and charges" in the year are reported below.

Provisions for risks and charges

(in thousands of Euro)	At December 31, 2013	Provisions/ increases	Utilisation	Releases	At December 31, 2014
Provision for restoration and replacement	123,467	18,000	(7,331)		134,136
Provision for future charges	42,626	16,208	(7,895)	(4,148)	46,791
Total Provision for risks and charges	**166,093**	**34,208**	**(15,226)**	**(4,148)**	**180,927**

The restoration and replacement provision on assets under concession, created in accordance with IFRIC 12, amounting to Euro 134,136 thousand at December 31, 2014 (Euro 123,467 thousand at December 31, 2013), 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, 2013	Provisions/ increases	Utilisation	Releases	At December 31, 2014
Employment provisions	13,998	1,838	(7,444)		8,392
Disputes with contractors	600			(50)	550
Tax risks	2,754			(1,754)	1,000
Other provisions	25,274	14,370	(451)	(2,344)	36,849
Total provisions for future charges	**42,626**	**16,208**	**(7,895)**	**(4,148)**	**46,791**

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 reversal of the provision relating to the sub-contractors disputes of Euro 50 thousand concerns the resolution of the dispute, without any payment by the Company.
The reversal of the provision for tax disputes, amounting to Euro 1,754 thousand, is due to the conclusion of the tax dispute with the Tax Authorities following the Cassation Court sentence, without payment for the Company.
The account "other provisions" for Euro 36,849 thousand at December 31, 2014 (Euro 25,274 thousand at December 31, 2013) is mainly composed of the following items:

- Euro 13,316 thousand for legal disputes related to the operational management of the Milan Airports;
- Euro 9,155 thousand for the equity deficit of the subsidiary SEA Handling in liquidation from the charges for the liquidation, recorded under "Investment income and charges" in the income statement; this deficit was entirely covered by the payments made in February and March 2015;
- 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 5,497 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.

6.17 Employee provisions

The changes in the employee provisions in 2014 are shown below:

Employee provisions

(in thousands of Euro)	At December 31, 2014
Opening provision	46,500
Financial income/(charges)	1,195
Transfer personnel from SEA Handling	39
Utilisations	(3,726)
Actuarial profit/(losses)	5,023
Total Employee provisions	**49,031**

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

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

Principal actuarial assumptions

	At December 31, 2014
Annual discount rate	1.49%
Annual inflation rate	0.60%
Annual post-employment benefit increase	1.95%

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

The sensitivity analysis for each of the significant assumptions at December 31, 2014 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, 2014
+ 1 % on turnover	48,755
- 1 % on turnover	49,340
+ 1/4 % on the annual inflation rate	49,713
- 1/4 % on the annual inflation rate	48,361
+ 1/4 % on the annual discount rate	47,959
- 1/4 % on the annual discount rate	50,142

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, 2014
Duration of the plan	10.0

Scheduled disbursements

(in thousands of Euro)	At December 31, 2014
Year 1	3,589
Year 2	3,244
Year 3	3,109
Year 4	3,009
Year 5	2,773

6.18 Current and non-current financial liabilities

The breakdown of current and non-current financial liabilities at December 31, 2014 and at the end of the previous year is reported below:

	At December 31, 2014		At December 31, 2013	
(in thousands of Euro)	Current portion	Non-current portion	Current portion	Non-current portion
Bank payables	65,342	230,287	130,911	399,695
Payables to other lenders	10,064	297,479	9,469	28,663
Total financial liabilities	**75,406**	**527,766**	**140,380**	**428,358**

The breakdown of the accounts is shown below:

	At December 31, 2014		At December 31, 2013	
(in thousands of Euro)	**Current portion**	**Non-current portion**	**Current portion**	**Non-current portion**
Long-term loans	63,845	216,994	55,304	389,485
Loan charges payables	1,497		2,904	
Short-term loans			69,780	
Ord, current account overdrafts			2,923	
Advances on State grants				
Fair value derivatives		13,293		10,210
Bank payables	**65,342**	**230,287**	**130,911**	**399,695**
Bond payables		297,159		
Bond charge payables	6,626			
Financial payables to subsidiaries	2,306		8,540	27,468
With recourse factoring payables				
Leasing payables	1,132	320	929	1,195
Payables to other lenders	**10,064**	**297,479**	**9,469**	**28,663**
Total current and non-current liabilities	**75,406**	**527,766**	**140,380**	**428,358**

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:

- type of bond: 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: fixed annual coupon of 3.125%;
- 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;
- covenant: 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, 2014:

(in thousands of Euro)	**At December 31, 2014**
Future lease instalments until contract maturity	1,342
Implied interest	(148)
Present value of instalments until contract maturity	**1,195**
Amounts for unpaid invoices	257
Total payables for leasing (current and non-current)	**1,452**

For further information on loans received in 2014, 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, 2013, in accordance with CONSOB Communication of July 28, 2006 and ESMA/2011/81 recommendations are reported below:

(in thousands of Euro)	At December 31, 2014	At December 31, 2013
A. Cash	(30,325)	(55,282)
B. Other Liquidity	-	-
C. Held-for-trading securities	-	-
D. Liquidity (A) + (B) + (C)	**(30,325)**	**(55,282)**
E. Financial receivables	**(38,959)**	**(31,503)**
F. Current financial payables	2,306	8,540
G. Current portion of medium/long-term bank loans	63,845	55,304
H. Other current financial payables	9,255	76,536
I. Payables and other current financial liabilities (F) + (G) + (H)	**75,406**	**140,380**
J. Net current financial debt (D) + (E) + (I)	**6,122**	**53,595**
K. Non-current portion of medium/long-term bank loans	216,994	389,485
L. Bonds issued	297,159	-
M. Other non-current financial payables	13,613	38,873
N. Payables & other non-current financial liabilities (K) + (L) + (M)	**527,766**	**428,358**
O. Net Debt (J) + (N)	**533,888**	**481,953**

At the end of December 2014, the net financial position amounted to Euro 533,888 thousand, increasing by Euro 51,935 thousand compared to the end of 2013 (Euro 481,953 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 120,112 thousand was not sufficient to offset the cash flow absorbed by investing activity (Euro 114,728 thousand) and that absorbed from financing activity for the payment of dividends and interest and commissions (respectively of Euro 26,480 thousand and Euro 21,306 thousand), in addition to the reduction of the financial assets and liabilities for a further Euro 46,596 thousand, of which Euro 27,468 thousand relates to the debt of SEA Handling in liquidation; in this context, with the reduction of cash and cash equivalents by Euro 24,956 thousand (Euro 30,326 thousand at the end of 2014 and Euro 55,282 thousand at the end of 2013), the Company restructured its debt through the following operations: i) issue of a bond of Euro 300 million; ii) advance repayment of Euro 150 million of loans due in 2014/2015; ii) repayment of the short-term credit lines comprising hot money and bank overdrafts, received in the previous year, which totalled Euro 72,704 thousand; the continuation of the repayment of loans in place amounted to Euro 15,900 thousand.

6.19 Trade payables

The breakdown of the "Trade payables" is shown below:

Trade payables

(in thousands of Euro)	At December 31, 2014	At December 31, 2013
Supplier payables	143,789	144,515
Advances	11,114	2,830
Payables to subsidiaries	10,398	26,639
Payables to associated companies	2,555	819
Total trade payables	**167,856**	**174,803**

Trade payables of Euro 167,856 thousand at December 31, 2014 refers 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, 2014 include sums ceded under indirect factoring contracts for Euro 17,375 thousand (Euro 25,572 at December 31, 2013).
The payables for advances at December 31, 2014, amounting to Euro 11,114 thousand, recorded a significant reduction (Euro 8,284 thousand), compared to the previous year due to: a) the payments received following judgement No. 12778/2013 declared by the Milan Court concerning the case taken by SEA against the Customs Agency and the payment of Euro 5,631 thousand for the undue occupation of spaces at the airports of Linate and Malpensa; b) the 50% advance received on the grant from the European Union for the construction of the railway station at Malpensa Terminal 2.
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 59,764 thousand at December 31, 2014 (Euro 58,238 thousand at December 31, 2013), mainly relate to additional landing rights created by Law No. 166/2008, No. 350/2003, No. 43/2005, No. 296/2006 and No. 92/2012 for Euro 48,119 thousand (Euro 47,146 thousand at December 31, 2013), IRES and IRAP income tax payables of Euro 1,049 thousand (Euro 1,485 thousand at December 31, 2013 including IRES payable), payables relating to higher IRES income tax paid by the Subsidiaries (within the Tax Consolidation) and requests for reimbursement in March 2013 through the consolidating company, against the non-deductibility from IRES of the IRAP regional tax on personnel costs relating to the years 2007/2011, for Euro 1,069 thousand (Euro 1,069 thousand at December 31, 2013), tax consolidation payable of Euro 5,436 thousand (Euro 2.326 thousand at December 31, 2013), employee and consultant's withholding taxes of Euro 4,091 thousand (Euro 3,892 thousand at December 31, 2013); the payable at December 31, 2013 included VAT payables of Euro 2,095 thousand.
For the year 2013, SEA adhered to the national tax consolidation with the subsidiary SEA Handling in liquidation; the national tax consolidation has duration of three years (until the year 2015) and was communicated to the Tax Administration on June 10, 2013.

6.21 Other current and non-current payables

The breakdown of the account "Other current and non-current payables" at December 31, 2014 is shown below:

Other current payables

(in thousands of Euro)	At December 31, 2014	At December 31, 2013
Payable to social security institutions	11,330	11,489
Other payables	81,900	81,485
Payables to shareholders for dividends	49	81
Total Other current payables	**93,279**	**93,055**

The breakdown of "Other payables" is as follows:

Other payables

(in thousands of Euro)	At December 31, 2014	At December 31, 2013
Payables due to employees for amounts accrued	11,987	10,022
Payables due to employees for untaken holidays	3,597	5,123
Airport fire protection service	40,552	34,374
Payables due to the State for concession charges	11,311	10,937
Payables due to the State for security concession services	69	69
Payables due to third parties for ticket collection	1,188	1,360
Payables for third party guarantees	515	746
Payabes to Directors and Statutory Auditors	187	270
Other	12,494	18,584
Total other payables	**81,900**	**81,485**

The account current "Other payables" is substantially in line with the previous year, due to the offsetting of the following items: *(i)* higher charges of Euro 6,178 thousand for the contribution of the Company to the airport fire protection service under Law No. 296 of December 27, 2006; *(ii)* higher employee payables for services matured, for Euro 1,965 thousand, mainly due to the leaving incentive agreement signed; *(iii)* lower payables to employees for vacation not taken for Euro 1,526 thousand against the reduction in the amount of vacation not taken in 2014; *(iv)* reduction in the account "Others" for Euro 6,090 thousand. The account "others", amounting to Euro 12,494 thousand at December 31, 2014 (Euro 18,584 thousand at December 31, 2013), mainly relates to deferred income from clients for future periods and other minor payables. The reduction of Euro 6,090 thousand is mainly due to the review of the advanced invoicing periods.
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, 2014, 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 142,642 thousand relates to the repayment of principal on medium/long-term loans at December 31, 2014 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)	2014	2013
Aviation	386,535	364,306
Non Aviation	205,580	194,131
Total operating revenues	**592,115**	**558,437**

The breakdown of aviation operating revenues is reported below.

Aviation operating revenues

(in thousands of Euro)	2014	2013
Centralised infrastructure and right	315,218	296,194
Operating revenues from security controls	49,207	46,161
Use of regulated spaces	14,631	17,151
Free asset transfer	7,479	4,800
Total Aviation operating revenues	**386,535**	**364,306**

For a better presentation of the figures in the financial statements, the breakdown of revenues was reviewed and, for comparison of the financial statements, some accounts of the 2013 financial statements were reclassified.

Aviation revenue in 2014 increased Euro 22,229 thousand compared to the previous year, from Euro 364,306 thousand in 2013 to Euro 386,535 thousand in 2014. This growth was supported by the increase in passenger and cargo traffic, thanks to: *(i)* new flight connections; *(ii)* the strong growth of intercontinental routes, *(iii)* the attraction of new carriers and, *(iv)* the temporary transfer of Orio al Serio traffic to Malpensa, due to the resurfacing work on the runway at Bergamo.

In 2013, the account "Free asset transfer" related to the free transfer to the Company of a building and relative annexes at the Milan Malpensa Airport following an agreement signed with Air Europe subsequently sub-entered by the company Volare S.p.A., currently in Extraordinary Administration. The free transfer in 2014 concerns the buildings and relative annexes constructed by the Company De Montis Spa in the period 1997-1998, within the Milan Malpensa Airport, and transferable free 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 is reported below.

Non Aviation operating revenues

(in thousands of Euro)	2014	2013
Retail	76,693	74,291
Parking	56,669	52,704
Cargo spaces	11,067	11,132
Advertising	9,653	9,727
Services and other revenues	51,498	46,277
Total Non Aviation operating revenues	**205,580**	**194,131**

The breakdown of retail revenues is reported below.

Retail revenues

(in thousands of Euro)	2014	2013
Shops	37,899	37,039
Food & Beverage	15,667	16,174
Car Rental	13,977	12,491
Other	9,150	8,587
Total Retail	**76,693**	**74,291**

Non Aviation revenues increased Euro 11,449 thousand mainly due to the strong performances of: *(i)* Retail revenues, with growth of Euro 2,402 thousand following the higher royalties matured on vehicle rental contracts and on the concessions for shops. These revenues were positively impacted by the increase in passenger traffic and the opening in May 2014 of the "Piazza del Lusso" at Terminal 1 of Malpensa where a range of renowned brand shops are concentrated; *(ii)* Parking revenues, with growth of Euro 3,965 thousand due to the focused commercial policy, based on strong communication activity and differentiated pricing according to the needs of the clientele and the sales channel and the parking management contract at Orio al Serio, whose activities were not undertaken in the previous year; *(iii)* Services and other revenues increased Euro 5,221 thousand mainly due to higher income deriving from project design activities undertaken on behalf of third parties and the increase in premium revenues, including access to the VIP lounges.

"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 67,000 thousand in 2013 to Euro 63,466 thousand in 2014.

These revenues, as per IFRIC 12, refer to construction work on assets under concession increased by a mark-up of 6%, representing 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. The investments principally refer to the expansion of the Malpensa third satellite concourse.

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)	2014	2013
Wages and Salaries	107,393	108,891
Social security charges	32,330	32,189
Employee Leaving Indemnity	6,543	7,075
Other personnel costs	8,241	4,899
Total	**154,507**	**153,054**

Personnel costs increased by Euro 1,453 thousand (+1%), from Euro 153,054 thousand in 2013 to Euro 154,507 thousand in 2014.
This increase is related to the combined effect of the following items: *(i)* reduction in the workforce as illustrated in the table on the average workforce numbers; *(ii)* renewal of the National Collective Labour Contract signed in the second half of 2014; *(iii)* leaving incentives; and *(iv)* reduction in recourse to social security schemes, from Euro 8,052 thousand in 2013 to Euro 3,525 thousand in 2014.

The average number of employees by category compared to the previous year (Head-count and Head-equivalent) is reported below:

Average Head Equivalent (HDE)

	HDE		HDC	
	2014	2013	2014	2013
Senior Managers	55	54	56	54
Managers	260	268	256	262
White-collar	1,592	1,648	1,589	1,649
Blue-collar	661	687	673	684
Total employees	**2,568**	**2,657**	**2,574**	**2,649**

7.4 Consumable materials

The breakdown of "Consumable materials" is as follows:

Consumable materials costs

(in thousands of Euro)	2014	2013
Raw materials, consumables and supplies	9,226	11,007
Changes in inventories	886	1,158
Total	**10,112**	**12,165**

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 decrease of Euro 2,053 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 the case of snow and/or ice and parts for runway lighting.

7.5 Other operating costs

The table below reports the breakdown of the account "Other operating costs":

Other operating costs

(in thousands of Euro)	2014	2013
Commercial costs	43,090	40,691
Utilities and security	35,849	40,687
Public bodies	28,966	27,744
Handling services costs	22,997	18,741
Ordinary maintenance costs	22,752	25,398
Cleaning	12,045	12,161
Use of car parking spaces	10,260	1,931
Professional services	8,950	7,902
Tax charges	6,903	5,539
Hardware & software charges & rent	4,515	5,190
Rental of equipment and vehicle	3,524	2,964
Losses on assets	3,226	851
Insurance	1,997	2,153
Board of Statutory Auditors & BoD fees	871	905
Disabled assistance service	794	992
Premises rental	183	162
Other costs	8,872	8,111
Total other operating costs	**215,794**	**202,122**

In 2014, the account "Other operating costs" increased by Euro 13,672 thousand compared to the previous year. This increase was principally due to the following factors:

- higher commercial costs of Euro 2,399 thousand related principally to the increase in leaving incentive charges;
- lower utility costs due to lower consumption of heating and air-conditioning for Euro 3,518 thousand and reduction in electricity costs of Euro 613 thousand. This decrease is strictly correlated to the price of the raw materials and the favourable weather conditions in 2014 compared to the previous year;
- increase in concession fees to Public Entities for Euro 1,222 thousand following the higher concession fee which SEA must pay for the year 2014 to ENAC. This increase is strictly correlated to the traffic numbers;
- higher costs for services provided by handling companies for Euro 4,256 thousand following the review of the contracts and increase of the activities requested, among which we highlight the management of porter services at Malpensa;
- lower ordinary maintenance costs of Euro 2,646 thousand, in particular programmed maintenance on property, plant and equipment;
- higher costs for parking management of Euro 8,329 thousand mainly due to the operational activities of the parking at Orio al Serio;
- higher costs for professional legal, administrative and strategic services of Euro 1,048 thousand;
- higher tax charges of Euro 1,364 thousand, mainly related to higher Property and Advertising charges;
- lower lease charges for software and hardware licenses of Euro 675 thousand;
- higher equipment and vehicle rental totalling Euro 560 thousand following the increase in the level of equipment rented for baggage screening at Malpensa and the rental

of new runway buses for the transfer of flights from Orio al Serio to Malpensa;
- higher losses compared to the previous year, for Euro 2,375 thousand related to the disposals during the year of plant and equipment.

The residual account "Other costs" includes, principally, catering costs for the VIP lounge of Euro 2,259 thousand (Euro 1,871 thousand in 2013), commission and brokerage costs of Euro 1,276 thousand (Euro 1,163 thousand in 2013), other industrial costs (certification and authorisation charges, reception and welcoming passengers etc.) of Euro 1,273 thousand (Euro 1,317 thousand in 2013), landside transportation services of Euro 873 thousand (Euro 868 thousand in 2013), association contributions paid by the Company of Euro 782 thousand (Euro 868 thousand in 2013), purchase and subscription of newspapers and magazines of Euro 477 thousand (Euro 494 thousand in 2013) and office running expenses.

7.6 Costs for works on assets under concession

Costs for works on assets under concession decreased from Euro 62,311 thousand in 2013 to Euro 59,540 thousand in 2014. 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)	2014	2013
Write-downs of current assets and cash and cash equiv.	13,403	7,111
Fixed assets write-downs		8,200
Provisions for future charges	826	8,172
Total provisions and write-downs	**14,229**	**23,483**

In 2014, provisions and write-downs decreased by Euro 9,254 thousand compared to the previous year, from Euro 23,483 thousand in 2013 to Euro 14,229 thousand in 2014. The previous year was impacted by write-downs of Euro 8,200 thousand, relating to buildings.
The doubtful debt provision in the year 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 net provisions for future risks and charges, amounting to Euro 826 thousand (Euro 8,172 thousand in 2013), refers principally to adjustments on valuations related to legal disputes concerning the operational management of the Milan Airports. This account is impacted by the positive outcome of the dispute with Quintavalle – Cascina Tre Pini following the judgement of the Cassation Court of June 13, 2014, with acquittal of the Company of all responsibility for damages requested and the restitution of Euro 2,079 thousand, sum paid to the counterparty in 2009 following the partial execution of the judgement at first level.

7.8 Restoration and replacement provision

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

Restoration & replacement provision

(in thousands of Euro)	2014	2013
Restoration & replacement provision	18,000	26,294
Total restoration & replacement provision	**18,000**	**26,294**

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 Euro 8,294 in 2014, from Euro 26,294 in 2013 to Euro 18,000 in 2014, following the updating of the long-term scheduled replacement and maintenance plan of the assets within the so-called "Concession Right".

7.9 Amortisation and depreciation

The account "amortisation & depreciation" is comprised of:

Amortisation and depreciation

(in thousands of Euro)	2014	2013
Amortisation of intangible assets	39,339	33,992
Depreciation of property, plant & equipment	13,327	12,907
Depreciation of property investments	2	2
Total amortisation and depreciation	**52,668**	**46,901**

The depreciation of tangible fixed assets reflects the estimated useful life made by the company while, for the intangible assets within the "Concession Right", consideration is taken of the concession duration.

7.10 Investment income and charges

The breakdown of investment income and charges is as follows:

Investment income/(charges)

(in thousands of Euro)	2014	2013
Sea Handling in liquidation SpA write-down	(21,026)	
Airport Handling SpA write-down	(969)	(50)
Railink Srl write-down	(1)	(5)
Dividends from SACBO SpA	1,361	1,394
Dividends from Disma SpA	336	309
Other	9	14
Total investment income/(charges)	**(20,290)**	**1,662**

Investment income reduced by Euro 11 thousand compared to the previous year, decreasing from Euro 1,717 thousand in 2013 to Euro 1,706 thousand in 2014. These amounts concern dividends received from investees.
Investment charges increased by Euro 21,941 thousand, from Euro 55 thousand in 2013 to Euro 21,996 thousand in 2014. This increase is principally due to the share capital contributions made in favour of SEA Handling in liquidation against the obligations deriving from the debt-free 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)	2014	2013
Currency gains	1	1
Other financial income	2,416	1,930
Total financial income	**2,417**	**1,931**
Interest expense on medium/long-term loans	14,652	11,974
Currency losses	2	4
Other interest expenses	9,647	8,276
Total financial charges	**24,301**	**20,254**
Total financial income/(charges)	**(21,884)**	**(18,323)**

Net financial charges increased by Euro 3,561 thousand (+19.4%), from Euro 18,323 thousand in 2013 to Euro 21,884 thousand in 2014. The increase principally stemmed from the financial restructuring of the Company concluded in the first half of 2014 which, although reducing the average debt cost, produced increased interest charges, amounted to Euro 2,678 thousand, following the increase in the gross debt. In addition, this operation represents the principal effect of the increase of Euro 2,402 thousand of the commissions on loans, recorded under the account "Other interest expense" consequent of: *(i)* the advance closure of a large part of the loans maturing in 2015 which resulted in the full accounting of the residual issue costs, previously expensed over the contract duration; *(ii)* the issue of new funding principally related to the bond issued on April 17, 2014, *SEA 3 $^{1}/_{8}$ 2014-2021*.

For further information on the change in the financial liabilities, reference should be made to *Note* 6.18.

The decrease in "Other interest expenses" is due to the reduction in interest related to the post-employment benefits of Euro 284 thousand and the decrease in interest on finance leases of Euro 118 thousand.

Financial income increased Euro 487 thousand following the increased availability of cash from the bond issue and despite the significant reduction in yields compared to the previous year.

7.12 Income taxes

The breakdown of the account "income taxes" is shown below:

Income taxes

(in thousands of Euro)	2014	2013
Current income taxes	44,687	33,972
Deferred income taxes	(12,510)	(3,708)
Total	**32,177**	**30,264**

The reconciliation between the ordinary and effective IRES tax rate for 2014 is shown below:

Description (in thousands of Euro)	2014	%
Pre-tax profit	**88,559**	
Theoretical income taxes	24,354	27.5%
Tax effect of permanent differences	3,750	4.2%
IRAP	11,592	13.1%
Other	(7,519)	-8.5%
Total	**32,177**	**36.3%**

The "Other" account is composed for Euro 5,436 thousand of the benefit deriving from the utilisation of the tax losses of the subsidiary SEA Handling in liquidation, for Euro 4,459 thousand to the adjustments on deferred tax assets, principally relating to the tax treatment of the restoration provision and maintenance expenses on concessions re-determined on the presentation of the 2014 tax declaration and for Euro 2,375 thousand to the adjustments on taxes paid in previous years.

8. Transactions with Related Parties

The table below shows the balances and transactions of the company with Related Parties for the years 2014 and 2013 and an indication of the percentage of the relative account:

Transactions with Related Parties

	At December 31, 2014					
(in thousands of Euro)	Trade receivables	Current financial receiv.	Income tax receivables	Trade payables	Current & non-current fin. liabilities	Income tax payables
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	662			81	1,533	
Prime AviationServices SpA	43				773	
Associates						
SACBO SpA	203			512		
Dufrital SpA	6,829			324		
Malpensa Logistica Europa SpA	942			858		
SEA Services Srl	771			763		
Disma SpA	23			99		
Total Related Parties	**16,226**	**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	**14.72%**	**99.99%**	**0.00%**	**7.72%**	**0.38%**	**10.88%**

Transactions with Related Parties

	Year ended at December 31, 2014					
(in thousands of Euro)	Operating revenues	Other operating costs	Personnel costs	Net financial income/ (charges)	Investment income/ (charges)	Income taxes
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	8,979	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	**55,591**	**56,470**	**(1,331)**	**1,003**	**(20,290)**	**5,521**
Total financial statements	592,115	394,642	154,507	(21,884)	(20,290)	32,177
% of total financial statements	**9.39%**	**14.31%**	**-0.86%**	**-4.58%**	**100.00%**	**17.16%**

* *Transactions of the Company with the related party until August 26, 2014.*

Transactions with Related Parties

	At December 31, 2013					
(in thousands of Euro)	Trade receivables	Current financial receiv.	Income tax receivables	Trade payables	Current & non-current fin. liabilities	Income tax payables
Subsidiaries						
SEA Handling in liquidation SpA	8,382			16,859	36,008	3,354
SEA Energia SpA	787	30,144		9,541		41
Consorzio Malpensa Construction	270			192		
Airport Handling SpA	66					
SEA Prime SpA	803			46		
Prime AviationServices SpA	42					
Associates						
SACBO SpA	5					
Dufrital SpA	2,041			10		
Malpensa Logistica Europa SpA	1,870					
SEA Services Srl	1,331			809		
Disma SpA	134					
Total Related Parties	**15,731**	**30,144**	**-**	**27,457**	**36,008**	**3,395**
Total financial statements	103,829	30,144	13,384	174,803	568,738	58,238
% of total financial statements	**15.15%**	**100.00%**	**0.00%**	**15.71%**	**6.33%**	**5.83%**

Transactions with Related Parties

	Year ended at December 31, 2013					
(in thousands of Euro)	Operating revenues	Other operating costs	Personnel costs	Net financial income/ (charges)	Investment income/ (charges)	Income taxes
Subsidiaries						
SEA Handling in liquidation SpA	17,144	18,940	(85)			2,503
SEA Energia SpA	693	34,852	(100)	938		
Consorzio Malpensa Construction	316	624				
Railink Srl					(5)	
Airport Handling SpA			(51)		(50)	
SEA Prime SpA	3,221	295				
Prime AviationServices SpA	63					
Associates						
SACBO SpA			(4)		1,394	
Dufrital SpA	25,216	35				
Malpensa Logistica Europa SpA	4,013	8	(24)			
SEA Services Srl	1,954	1,886				
Disma SpA	256				309	
Romairport SpA					14	
Total Related Parties	**52,876**	**56,640**	**(264)**	**938**	**1,662**	**2,503**
Total financial statements	558,437	390,824	153,054	(18,323)	1,662	30,264
% of total financial statements	**9.47%**	**14.49%**	**-0.17%**	**-5.12%**	**100.00%**	**8.27%**

Transactions with subsidiary companies
Commercial transactions between SEA and subsidiary companies are as follows:

(i) the transactions between SEA and SEA Handling in liquidation, among others, (a) SEA Handling in liquidation, for the period from January to August 2014, provided on behalf of the Company some operating services at the Milan Airports, among which de-icing services (de-icing of airplanes), snow clearing, baggage handling for all airlines at the airports (BHS), state military and humanitarian flight assistance and Fast-track service assistance; (b) the Company provides to the subsidiary SEA Handling in liquidation some administrative services (among which legal, administrative, auditing and customer care) and operating services for the period from January to August 2014 (among which airplane movement and passenger and flight crew transport from the terminal to the airplanes and vice versa), and allows, against a contractually agreed fee, the utilisation of its automated baggage handling system and premises at the Milan Airports for the undertaking of the services at (a) above on behalf of SEA;

(ii) the transactions between SEA Energia and SEA concern the supply by SEA Energia, at the Milan Airports, of electric and thermal energy produced by the co-generation plants, located at the afore-mentioned airports, for its 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 below:

- 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 2014, SACBO distributed dividends to SEA for Euro 1,361 thousand.

Disma
In 2014, Disma distributed dividends to SEA for Euro 336 thousand.

9. Directors' fees
In 2014, the remuneration for the Board of Directors, including social security contributions and accessory charges, amounted to Euro 680 thousand (Euro 637 thousand in 2013).

10. Statutory auditors' fees
In 2014, the remuneration of the Board of Statutory Auditors, including social security contributions and accessory charges, amounted to Euro 191 thousand (Euro 268 thousand in 2013).

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 2014 amounted to Euro 102 thousand and Euro 83 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, 2014	At December 31, 2013
R.T.I. Itinera SpA Parent Company	25,161	
R.T.I. Taddei SpA / Gemmo Sp A / Costruzioni Giuseppe Montagna Srl / Gencantieri SpA / CPL Concordia Soc Coop / One Works SpA / Manens-Tifs SpA / Editecna Srl	12,008	33,527
R.T.I. Codelfa SpA / Coiver Contract Srl / Omeras GmbH	9,210	18,034
R.T.I. Gemmo SpA / Elettromeccanica Bustese Srl	2,764	5,228
R.T.I. Cefla Soc Coop / Gruppo PSC SpA / Siemens SpA	1,941	3,686
Coiver Contract Srl	1,864	
Itinera SpA	1,713	
R.T.I. Consorzio Costruzioni Infrastrutture	248	
Siemens Postal, Parcel & Airport Logistic		3,639
Total	**54,909**	**64,114**

12.2 Commitments for rental contracts

At December 31, 2014, SEA has commitments on rental contracts totalling Euro 4,024 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, 2014 is as follows:

(in thousands of Euro)	At December 31, 2014
Within 12 months	1,494
Between 1 & 5 years	2,530
Total	**4,024**

12.3. Guarantees

The secured guarantees, amounting to Euro 2,033 thousand at December 31, 2014, relate to the lien on receivables against loans provided by credit institutions on European Investment Bank funds.

At December 31, 2014, the sureties in favour of third parties were as follows:

- surety of Euro 25,000 thousand to Banca Popolare di Milano S.c.a.r.l. to guarantee credit lines received from companies within the centralised treasury system;
- surety of Euro 20,900 thousand in favour of ENAC, as guarantee of the concession fee;
- surety 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 which 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;
- sureties of Euro 2,000 thousand in favour of SACBO in guarantee of the parking management at Bergamo airport;
- surety of Euro 342 thousand in favour of the supplier Contract GmbH for the rental of airport buses;
- Euro 402 thousand for other minor sureties.

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* 6.11) and operating risks (*Note* 6.16).

14. Transactions relating to atypical or unusual operations

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

15. Significant non-recurring events and operations

Pursuant to CONSOB Communication of July 28, 2006, in the view of Directors, in 2014 SEA undertook the following non-recurring significant operations:

- free asset transfer of Euro 7,479 thousand, consequent of a commercial agreement, of a building located within the airport area of Malpensa. This building was reclassified under assets in the account *"Assets under concession"*;
- temporary transfer of traffic from Orio al Serio to Malpensa due to the resurfacing of the runway at Bergamo, with positive effect on the *"Operating result"*. For further information, reference should be made to the Directors' Report;
- recording of an indemnity of Euro 5,631 thousand following Judgement No. 12778/2013 of the Milan Court against the Customs Agency in relation to the dispute over the occupation of premises within the Linate and Malpensa airports. While awaiting the definitive verdict on the dispute, the company prudently recognised this receipt as *payments on account* under *"Trade payables"*;
- recording of the receipt of Euro 2,079 thousand following the restitution of that paid in 2009 to Quintavalle – Cascina Tre Pini, following the positive conclusion of the dispute. For further information, reference should be made to the *Note* 7.7; this income was recognised as a reversal in the account *"Provisions and write-downs"*.

16. Subsequent events

Reference should be made to the Directors' Report.

The Chairman of the Board of Directors
Pietro Modiano

BOARD OF STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' MEETING ON THE ACTIVITIES UNDERTAKEN FOR THE YEAR ENDED DECEMBER 31, 2014 SEA – SOCIETÀ ESERCIZI AEROPORTUALI SPA.

as per article 2429, second paragraph, of the Civil Code

Dear Shareholders,

in accordance with Article 2429, second paragraph, of the Civil Code, the Board of Statutory Auditors reports to the Shareholders' Meeting on the supervision activities undertaken for the year ended December 31, 2014 relating to its obligations in accordance with Law, on compliance with the Company By-laws, on compliance with the principles of correct administration, on the adequacy and functioning of the organisational structure within our remit, on the adequacy and functioning of the internal control system, on the adequacy and functioning of the administration/accounting system, as well as on the reliability of this latter to correctly represent the operational events and on the implementation of the Corporate Governance Regulations.
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.

Similarly it is stated that, in relation to the appointment for the auditing of accounts, with Ordinary Shareholders' Meeting motion of June 24, 2013, such was awarded to the Independent Audit Firm Deloitte & Touche S.p.A., in accordance with Article 37 of Legislative Decree No. 39 of 27.01.2010 for the 2013-2015 three-year period.
In relation to the audit of the financial statements, reference should be made to the Auditors' Report issued on April 14, 2015.

1. Activities

Our activities during the year were performed in accordance with the requirements of Law and the Conduct Principles for the Boards of Statutory Auditors recommended by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili).
During the year 2014, the Board of Statutory Auditors, within its mandate, attended the meetings of the Board of Directors and the Shareholders' Meeting and observed compliance with law and the company By-Laws, including the correct exercise of the powers conferred to the Directors.
The Board of Directors met 17 times during the year to report on the activities undertaken and to approve motions; the Shareholders' Meeting met once during the year on May 7, 2014, in both ordinary session and extraordinary session.
The Board of Statutory Auditors attended all Board of Directors' meetings and in particular, during the meetings, the Board of Directors were informed by the Executive Bodies periodically and in a timely manner on the management activities and on the principal ordinary and extraordinary matters, also in relation to the subsidiary companies, which permitted us to verify that the management was undertaken in accordance with the corporate objects; in particular the formulation of the decision making process adopted by the Board of Directors appears to us to ensure the provision of adequate disclosure. Such commitment to exhaustive disclosure, also through the appraisal of the documentation concerning previous Board of Directors' and Board of Statutory Auditors' meetings, appears to have been widely incorporated into company processes and ensures full transparency on matters of significant operational importance.
The Board of Statutory Auditors met on eight occasions during the year to carry out the periodic verifications; the verifications carried out by the current Board included periodic exchanges of information between the managers of the various departments and the Independent Audit Firm; it is additionally stated that through the meetings carried out in the course of the mandate no significant issues emerged concerning the operational management or aspects concerning conflicts of interests.
We have maintained constant and adequate liaison with the Internal Audit Department and we have verified that this department has the required capacity, autonomy and independence; we have also verified that adequate collaboration and exchange of information took place between bodies and departments undertaking control functions.

Reciprocal exchanges of information also took place with the Board of Statutory Auditors of the principal subsidiaries and associated companies subject to line-by-line consolidation.
Specifically:

- we have verified compliance with law and the company By-Laws and with the principles of correct administration;
- the Board of Statutory Auditors attended the Shareholders' Meeting and the Board of Directors' Meetings and verified that they were carried out in compliance with the applicable By-Laws, Regulations and Legislation; we can also reasonably assure that the Resolutions undertaken were in accordance with law and the Company By-Laws;
- we verified that the activities of the Board of Directors were not imprudent or reckless, or in potential conflict of interest or such as to compromise the integrity of the Company's assets;
- we have received from the Directors, during the meetings held, information on the general performance of the business and on the outlook, as well as the most significant operations, for their size or characteristics, made by the company and its subsidiaries and we can reasonably assert, on the basis on the controls performed, that the operations undertaken by the Company are in conformity with law and the Company By-Laws and there have been no cases of imprudence, excessive risks, potential conflict of interest or contrary to the resolutions of the Shareholders' Meetings or that would compromise the integrity of the company assets;
- the Company has not undertaken, as far as we are aware, atypical or unusual transactions with companies of the Group, related parties or third parties; the transactions with companies of the SEA Group are of a commercial or financial nature, made in accordance with the procedures adopted by the Board of Directors which have verified their appropriateness and effective interest for the Company;
- we obtained information and reviewed, in relation to our remit, the adequacy of the organisational structure of the Company, also through the information received from departmental managers and in relation to this there are no matters to report upon;
- we reviewed the adequacy and functioning of the internal control system, which refers to the overall system which verifies compliance with internal procedures, both operating and administrative, adopted in order to safeguard the company's assets, the correct and efficient management, as well as the identification, prevention and management of risks of a financial and operating nature and business risks, through constant monitoring of the risks and their management; this activity is also undertaken in collaboration with the Independent Auditors;
- we analysed and reviewed the adequacy of the administrative/accounting system of the Company, as well as the reliability of this latter to provide a true and fair representation in the financial statements of the operating events; in this context, we requested and obtained all necessary information from Managers of the respective Departments, undertaking all verifications considered necessary through the direct examination of company documents. We periodically reviewed the correct functioning of the system through meetings with the Group CFRO and directly with individual Directors of the Administration, Fiscal and Credit Management areas: Finance Risk Management and Investor Relations: Planning and Control, and in relation to this there are no matters to report upon.
- we maintained a constant exchange of information with the Independent Audit Firm Deloitte & Touche SpA, appointed as the Company's Auditors, and no significant matters arose requiring disclosure in the present report;
- the Board of Statutory Auditors attended the meetings of the SEA Group Risk and Control Committee, of the Ethics Committee and of the Remuneration Committee during the year;
- the Board of Statutory Auditors reviewed the quarterly and 2014 annual reports and the 2014 audit plan, prepared by the Internal Audit Department, with which the Board of Statutory Auditors maintained constant exchanges of information;
- we report that during 2014 no complaints were presented to the Board of Statutory Auditors pursuant to Article 2408 of Civil Code and that during our supervision activities, as described above, no omissions emerged or significant facts that should be mentioned in the present report.

The separate financial statements for the year ended December 31, 2014 were audited by Deloitte & Touche S.p.A., which issued its Auditors' Report on April 14, 2015, in accordance with Articles 14 and 16 of Legs. Decree No. 39 of January 27, 2010, which expressed a favourable opinion and also drew the attention of the reader to the following matter which we consider significant:
"For an improved understanding of the separate financial statements, reference should be made to the Directors' Report and in particular the paragraph "SEA Group risk factors – Risk related to the European Commission Decision of 19.12.2012 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", in addition to Note 6.4 "Investments in subsidiaries and associates" of the notes for the considerations of the Directors (i) on the state of the judicial and non-judicial initiatives in progress with the European Commission in relation to the investigation by the European Commission concerning presumed state aid granted in favour of Sea Handling S.p.A., with particular reference to the placement into liquidation of the investment and the developments following the decision of July 9, 2014 of the European Commission, made public on February 6, 2015 and (ii) on the reasons for which it is considered that, due to the assignment of the investment Airport Handling S.r.l. to the Trust "Milan Airport Handling Trust", control by the company over this entity is no longer present, in line with the commitments undertaken to the European Commission within the above-mentioned judicial and non-judicial negotiations.

In relation to the accounting principles utilised for the preparation of the financial statements, reference should be made to the Independent Auditors' Report.
The Explanatory Notes report the assignments conferred to the independent audit firm; for the year 2014 the fees for the audit of the Statutory Financial Statements of SEA SpA and of the SEA Group Consolidated Financial Statements amounted to Euro 292 thousand. From the information obtained no other assignments were conferred to the independent audit firm or its network other than the audit of the financial statements of the Company and of its subsidiaries.
No matters arose on the evaluation by the Board of Statutory Auditors of the independence of the audit firm.

Significant operations

The Board of Directors, in the Directors' Report, provided detailed information on the most significant operations in the year 2014 which we summarise below:

- SEA Handling – Advance winding up and appointment of a liquidator

  The Extraordinary Shareholders' Meeting of the subsidiary SEA Handling 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);
  - entrusted the liquidation to a sole liquidator in the person of Mr. Marco Reboa.
- SEA – Incorporation of Milan Airport Handling Trust – Trust Deed

  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, which will be conferred 100% of the shares of Airport Handling.
  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 over Airport Handling and continuity between SEA Handling and Airport Handling.
  "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 purpose of the Trust is the implementation of procedures which will ensure economic discontinuity, as well as permit the entry of third parties, private and independent, to comprise not less than 30% of the share capital.
  On August 27, 2014, the Shareholders' Meeting of Airport Handling resolved:
  - the share capital increase to Euro 5 million, in cash, with subscription by the sole shareholder SEA;
  - the consequent amendment of the By-Laws.

  On the same date of August 27, 2014, in application of the incorporating deeds of the Trust, SEA, as sole shareholder of Airport Handling, with the signing of the Trust Deed, transferred the entire shareholding to the special purpose "Milan Airport Handling Trust".
  Also on August 27, 2014, a second Shareholders' Meeting resolved:
  - the conversion of the company from an "Srl to an "SpA", as well as the adoption of the new By-Laws;
  - the renewal of the corporate officers of the company, who will remain in office for three years – until the approval of the 2016 Annual Accounts;
  - the issue of 20,000 EFI (Equity Financial Instruments), to be entirely subscribed by SEA, of a value of Euro 1,000 each, undertaken 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, SEA executed the payment of Euro 20 million.

- **Restructuring of Group funding facilities**
  During 2014 the SEA Group restructured its funding facilities through *(i)* the issue of a Bond for Euro 300 million, listed on the official Irish Stock Market, *(ii)* the subscription of irrevocable credit lines of Euro 260 million, of which a) Euro 120 million revolving line available until April 2019 ("RCF Line") and b) Euro 140 million new EIB loan ("New EBI Loan") to be drawn down in tranches by December 2017, for a total duration of between 15 and 20 years.
  The new funding structure will achieve the following objectives:
  - guarantee the SEA Group the availability of credit lines to improve the coverage of financial needs in the coming years;
  - lengthen the debt maturity, minimising the relative cost of debt;
  - ensure the meeting of the particularly extensive financial commitments of the SEA Group for 2014-2015. In this two-year period, according to the previous financial debt structure, medium-term loans of over Euro 213 million were due to mature, in addition to the refinancing of nearly Euro 73 million of short-term lines (open until the end of 2013) and a further Euro 100 million of unutilised committed lines maturing by 2016;
  - enable a high level of financial flexibility for the SEA Group in terms of the accessing of lines under best European market practices and at a particularly low cost in relation to the duration of the corresponding debt.

  At December 31, 2014, following the bond operation, approx. 70% of loans maturing in 2014/2015 (Euro 150 million) had been repaid, in addition to uncommitted lines utilised by the end of 2013 (over Euro 52 million); furthermore, the newly maturing committed credit lines were cancelled, replaced by the RCF line undertaken in April and the new EIB loan undertaken in December.
  The bond issued by SEA on April 17, 2014 called "SEA 3 $^{1}/_{8}$ 2014-2021" has been one of the most successful by an officially non-rated Italian issuer, guaranteeing the Group a 7 year loan at a fixed annual cost of 3.125% (+183.5 basis points on the period mid swap), with a highly successful uptake and subscriber demand over four times greater than availability.
  Since its issue, the value of the bond has continually risen, reaching by the end of December 2014 a price of 102.51, corresponding to an effective yield of 2.68%

- **Malpensa Terminal 1/Terminal 2 rail link**

In September 2014, works began on the construction of the rail link between the two Malpensa Terminals, which will provide direct access also to Malpensa Terminal 2 from Milan. The construction of the rail link is managed by the Ferrovie Nord Milano Group, which also acts as the overall coordinator. The works at the Terminal rail station are managed by SEA.
The length of the rail link, which currently connects Milan to Terminal 1, will be a total of 3.6 kilometres to Terminal 2, including the new rail station, multi-storey car parking and a pedestrian walkway.
Terminal 2 will therefore join an inter-modal air/rail network, ensuring a high level of service for accessibility also to the "low cost" flight sector. The Terminal 1 – Terminal 2 link in fact is an initial and indispensable phase of the comprehensive "Northern access to Malpensa" project, which will further extend the catchment area of the airport.
In relation to the co-financing approved in 2013 by the European Union for the project, in June 2014 the SEA Group received the first tranche of the grant (Euro 3.7 million).

- Ministerial Decree of October 1, 2014 (so-called "Lupi" Decree): The Decree of the Ministry for Infrastructure and Transport of 1.10.2014 was published in Official Gazette No. 237 of 11.10.2014, concerning the breakdown of air traffic within the Milan airport system, which introduces a number of amendments to the previous governing regulation to improve access to Milan for the 2015 EXPO: EU airlines may introduce "point to point" flights employing narrow body aircraft between Linate and other European cities (not only capital cities), within the capacity limits of Linate airport (unchanged at 18 movements/hour). The Decree applies from the 2014-2015 winter season.

- In terms of human resources, we highlight that in 2014, as stated in the previous Board of Statutory Auditors' Report, the Solidarity Contract was introduced and applied in a targeted manner by company departments and staff, with the Solidarity hours managed in line with workloads. For these social security schemes, total hours amounted to approx. 121 thousand.

Management and direction

The Company is not subjected to the direction and coordination by the Shareholder Municipality of Milan, pursuant to Article 2497 of the Civil Code and thereafter, while it exercises direction and coordination, also in accordance with Article 2497 of the Civil Code and thereafter, on the 100% subsidiaries SEA Handling in liquidazione SpA and SEA Energia S.p.A., and also on SEA Prime SpA (previously Ali Trasporti Aerei ATA SpA), held 98.34% and on the wholly-owned subsidiary Prime AviationServices SpA (previously ATA Ali Servizi SpA).
During 2014, the Board of Directors were not attributed remuneration above that contained in Article 1, paragraphs 725 and thereafter, of Law No. 296/2006, both for publicly appointed directors and privately appointed directors.
During the year the Board of Statutory Auditors did not receive requests for the issue of opinions and was not required to issue opinions in relation to specific regulations.
We noted that the Company during 2014:

- maintained the Corporate Governance system introduced in 2003, based on the recommendations of the Self-Governance Code of Listed Companies, although not obligatory, and creating the Group Risk and Control Committee, the Ethics Committee and the Remuneration Committee. In relation to the individual Committees established to analyse the possible optimisation of procedures and which the Board of Statutory Auditors periodically attended through its members, of particular interest within the Control and Risks Committee of the Group, we highlight the drawing up of a "Procedure for Transactions with Related Parties", previously outlined in its entirety in the previous year's Board of Statutory Auditors' Report, which was submitted to and approved by the Board of Directors' meetings of 18.12.2014 and 29.01.2015;
- maintained the adoption of an Ethics Code which defines the ethical and moral values of the Company, indicating the conduct to be undertaken by personnel and members of the Corporate Boards in Corporate Business and External Affairs; the Code also underlines that, in the undertaking of its activities, the Company bases its actions on the criteria of transparency and correctness, in compliance with Law and in the interest of the community. The Ethics Code, approved in its second edition by the Board of Directors on August 23, 2011, was updated in 2012 in line with "best practise", while on September 25, 2014 SEA approved the third edition (in force), updated particularly in line with Law 190/2012 in relation to the prevention of corruption with reporting to the Ethics Committee (even anonymously);
- the Company also appointed an "Ethics Committee" to promote the circulation and supervision of compliance with the Ethics Code, comprising a SEA Director and the heads of the "Human Resources and Organisation", "Legal and Corporate Affairs" and "Auditing" departments;
- the Company identified, with effect from January 31, 2014, its Anti-Corruption contact person, also a member of the Ethics Committee, in accordance with Law No. 190 of November 6, 2012;
- in terms of Environmental management, all of the scheduled actions were completed and with the ISO14001 certification obtained in 2006 and the ISO50001 certification in 2013, the system is gradually being consolidated. One of the results of the analysis and intervention operations implemented was also, as outlined in the Annual Accounts, the achievement of a significant number of energy efficiency certificates;
- maintained and updated in accordance with Legislative Decree No. 231/2001 the Organisation and Management model, approved by the Board of Directors on December 18, 2003 and subsequently updated, in line with the offences cited in the Decree, including that concerning the "*Grooming of minors*", as per Article 25 *quinquies* of Legs. Decree 231/01 and the amendment to Article 416 *ter* of the Criminal Code "*Mafia political vote deals*" in Article 24 *ter* of Legs. Decree 231/01. The Model therefore updated to include all offenses introduced until December 31, 2014 was approved by the Board of Directors on May 29, 2014 (VIII edition). In terms of the offense at Article 648-ter1. of the Criminal Code (Anti money-laundering) introduced by Law No. 186 of December 15, 2014, in force from January 1, 2015, the Company further updated the model in the initial months of 2015. It is also recalled that control over the effectiveness and adequacy of the Organisation and Management model is undertaken by the Supervisory Board, set up in accordance with Legislative Decree No. 231/2001 and that during the meetings between the Board and the Supervisory Board no violations of the "Organisation and Management Model" were reported.

During the verifications, as described above, there were no more significant facts meriting mention in this report.
We reviewed the financial statements as at 31/12/2014, in relation to which we report upon below.

2. Financial Statements at 31/12/2014

The financial statements of your Company for the year 2014 report a net profit of Euro 56,382,402 compared to a net profit of Euro 52,182,470 in the previous year, prepared in accordance with international accounting standards.

As we were not required to perform analytical control of the financial statements, we verified the general preparation of the data, the general conformity to law in relation to the formation and structure – upon which there are no particular matters to report upon.

The Directors' Report on the operational performance for the year ended December 31, 2014 is exhaustive and complete in accordance with law: the principal events in the year are reported; the report is exhaustive in terms of information relating to the operating activities and developments of the Company, strategies, as well as the description of the principle risks and uncertainties to which the Company is exposed and provides information on factors which can impact the outlook of the business activities.

The Directors' Report was also consistent with the data in the financial statements, as also reported in the Independent Auditors' Report of Deloitte & Touche S.p.A..

The Company implemented the option, permitted by Legislative Decree No. 38 of February 28, 2005, to apply IFRS Standards for the preparation of the standalone financial statements included in the consolidated financial statements prepared in accordance with IFRS, from the financial statements for the year ended 31/12/2011.

In relation to the wholly-owned subsidiary SEA Handling in liquidazione SpA, for which in 2012 it is recalled that a full write-down of Euro 23,544 thousand was carried out following an impairment test executed as per IAS 36, during the year investment charges, as outlined in Note *7.10 Investment income and charges* in the Explanatory Notes to the Separate Financial Statements, principally concerned Euro 21,026 thousand from capital payments made in favour of SEA Handling in liquidation SpA against the obligations required in terms of the solvent liquidation of the subsidiary.

In relation to the events, extensively reported upon, impacting the financial statements of the subsidiary SEA Handling in liquidazione S.p.A., the current Board of Statutory Auditors refers you to the complete, exhaustive and extensive disclosure provided in Note 6.4 "*Investments in subsidiaries and associates"* of the Notes to the Separate Financial Statements currently being approved and therefore to the other numerous disclosures contained therein.

In any case, and given both the extent and the significance from a company, group and - not least - social viewpoint of the possible outcome and the possible decisions concerning the investigation by the European Commission and the decision of December 19, 2012 concerning presumed "State Aid" "in favour of SEA Handling SpA, for a better understanding of the Financial Statements and although the current representation at the reporting date appears adequate and correct, as agreed also with the independent audit firm, the Board of Statutory Auditors refers the reader to the developments re-produced below concerning note *6.7 Other non-current financial assets* in particular, and also in relation to the reported interpretation of IRFS 10 concerning the deconsolidation of Airport Handling Srl which, for this reason and in the Separate Financial Statements of SEA SpA, fully includes the capital payments made in favour of Airport Handling Srl:

"The account "Other 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. 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 (incorporated on September 9, 2013) 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 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.
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."
Considering that stated above, the Board of Statutory Auditors, agreeing with the technical assessment included in the Financial Statements at December 31, 2014, concurs with the Directors commitment to pursue dialogue with the European Commission in order to identify alternative measures than the monetary recovery of the aid to comply with the decision.
The Board of Statutory Auditors also expresses their appreciation to the Directors for their continued and extensive monitoring of the situation and agrees, specifically in relation to these activities, with the timely implementation, where necessary, of all necessary actions.
The Board of Directors has adequately illustrated the individual accounts of the financial statements, the changes compared to the previous year and the reasons behind such, as well as the accounting principles adopted, which are in accordance with the International Financial Reporting Standards adopted by the European Union.
The Board complied with the provisions of Article 10, first paragraph, of Law No. 71 of March 19, 1983 and also indicated the composition of the reserves and the provisions recorded in the financial statements.
To our knowledge and as outlined, the Directors, in the preparation of the Financial Statements, did not make recourse to any exceptions as permitted by Article 2423, paragraph 4 of the Civil Code.
We have verified that the financial statements correspond to the facts and the information which we have acquired during our work and we have no matters to report.

3. Conclusions

Based on the controls carried out directly, on the information exchanged with the Independent Audit Firm and the Auditors' Report issued on April 14, 2015 – which expresses a favourable opinion on the financial statements and on the consistency of the Directors' Report, although calling the reader's attention to an issue – drawn up as per Articles 14 and 16 of Legislative Decree 39/2010 and attached to the financial statements, the Board of Statutory Auditors has no objections in approving the financial statements at December 31, 2014, as prepared by the Directors.

Milan, April 14, 2015

THE BOARD OF STATUTORY AUDITORS

Rita Cicchiello	*(Chairperson)*
Andrea Galli	*(Statutory Auditor)*
Paolo Giovanelli	*(Statutory Auditor)*
Antonio Passantino	*(Statutory Auditor)*
Ezio Simonelli	*(Statutory Auditor)*

SEPARATE FINANCIAL STATEMENTS AUDITOR'S REPORT

Deloitte.

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

(Translation from the original issued in Italian)

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

1. We have audited the financial statements of Società per Azioni Esercizi Aeroportuali - SEA S.p.A., which comprise the statement of financial position as of December 31, 2014, and the income statement, the comprehensive income statement, statement of changes in shareholders' equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements prepared 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 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   The financial statements present for comparative purposes prior year data and the financial position as of December 31, 2013, previously reported and audited by us, on which we issued auditors' reports dated April 15, 2014. As explained in the notes to the financial statements, the Directors have restated the income statement under the two tables option, which are the income statement and the comprehensive income statement. We have audited the restatement adjustments and additional disclosures for the purpose of expressing our opinion on the financial statements as of December 31, 2014.

3. In our opinion, the financial statements give a true and fair view of the financial position of Società per Azioni Esercizi Aeroportuali - SEA S.p.A. as of December 31, 2014, and of the results of its operations and its 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.

4. For a better understanding of the financial statements, reference should be made to the 2014 Directors' Report and in particular to paragraphs "SEA Group Risk Factors – Strategic risks - Risk related to the European Commission decision of 19.12.2012 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 to the note 6.4. "Investments in subsidiaries and associates" of the notes to the 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 with particular reference to the subsidiary liquidation procedure and to the future developments related to the decision of the European Commission of July 9, 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.r.l., after the attribution of the investment in Airport Handling S.r.l. 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.

5. The Directors of Società per Azioni Esercizi Aeroportuali - SEA S.p.A. are responsible for the preparation of the Directors' report in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Report on Operations is consistent with the financial statements of Società per Azioni Esercizi Aeroportuali - SEA S.p.A as of December 31, 2014.

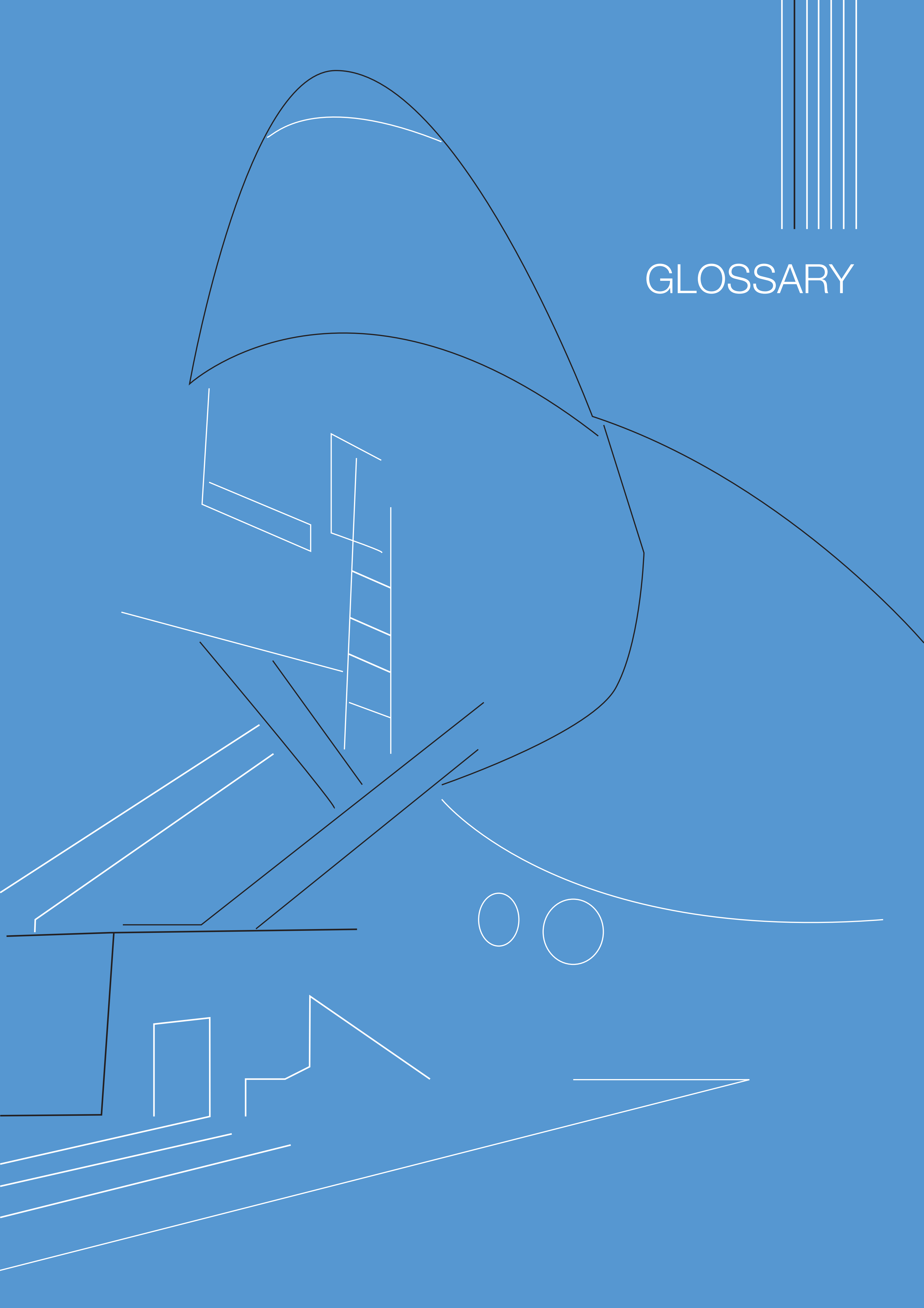
DELOITTE & TOUCHE S.p.A.

Signed by
Ernesto Lanzillo
Partner

Milan, Italy
April 14, 2015

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

GLOSSARY

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GLOSSARY

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.

A-SMGCS
Advanced Surface Movement Guidance and Control System: the system of ground guiding lights which automatically bring aircraft from a pre-established point of entry to an expected point for take-off.

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.

DUAL TILL
Tariff principle according to which fees are calculated, taking account only of Aviation activities, without therefore considering Non-Aviation activities.

EBITDA
Earnings Before Interest, 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, 2014, 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.

SEA - Società per Azioni Esercizi Aeroportuali
Milan Linate Airport – 20090 Segrate, Milan
Tax Code and Milan Companies Registration Office No: 00826040156
Milan REA no.: 472807 – Share Capital: Euro 27,500,000 fully paid-in
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