

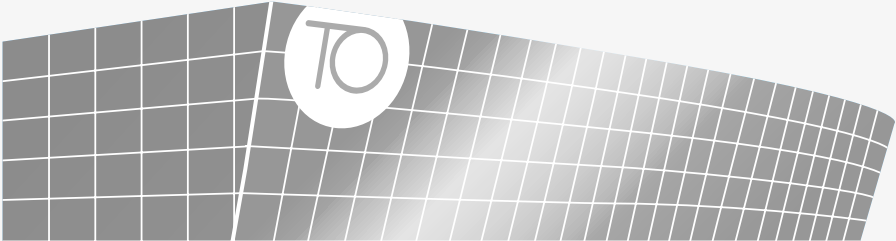
# DIRECTORS' REPORT AND FINANCIAL STATEMENTS

2019

TORINO  
AIRPORT



SAGAT



TORINO  
AIRPORT







## DIRECTORS' REPORT AND FINANCIAL STATEMENTS SAGAT AS AT 31 DECEMBER 2019

### 1. MEETING OF SHAREHOLDERS

FIRST CALL 11/05/2020  
SECOND CALL 15/05/2020

### 2. AGENDA

FINANCIAL STATEMENTS AS AT 31/12/2019

#### SAGAT S.p.A.

Società Azionaria Gestione Aeroporto Torino  
Strada San Maurizio, 12  
10072 Caselle Torinese (TO)  
[www.torinoairport.com](http://www.torinoairport.com)

Share capital € 12,911,481 fully paid in  
Company subject to the management and coordination of the company 2i Aeroporti S.p.A.  
Economic Administrative Register (R.E.A.) no. 270127  
Register of Companies of Turin, Tax ID and VAT no. 00505180018

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## Shareholding Structure as at 31/12/2019

Zi Aeroporti S.p.A.	90.28%
Tecno Holding S.p.A.	6.76%
Own shares	2.96%
<b>TOTAL</b>	<b>100%</b>

## Governance Bodies as at 31/12/2019

### BOARD OF DIRECTORS

<b>Elisabetta OLIVERI</b>	Chairwoman
<b>Andrea ANDORNO</b>	Chief Executive Officer
<b>Rita CICCONE</b>	Director
<b>Jean Jacques DAYRIES</b>	Director
<b>Antonio LUBRANO LAVADERA</b>	Director
<b>Paolo MIGNONE</b>	Director
<b>Laura PASCOTTO</b>	Director
<b>Daniele RIZZOLINI</b>	Director

### BOARD OF AUDITORS AL 31/12/2019

<b>Roberto NICOLÒ</b>	Chairman of the Board of Auditors
<b>Piera BRAJA</b>	Standing Auditor
<b>Ernesto CARRERA</b>	Standing Auditor
<b>Lorenzo GINISIO</b>	Standing Auditor
<b>Egidio RANGONE</b>	Standing Auditor
<b>Edoardo ASCHIERI</b>	Alternate Auditor
<b>Maddalena COSTA</b>	Alternate Auditor

### SECRETARY

**Pietro Paolo PPALE**

# 1 Directors' report for the company

as at 31/12/2019





# SAGAT S.p.A. Highlights 2019

## TRAFFIC

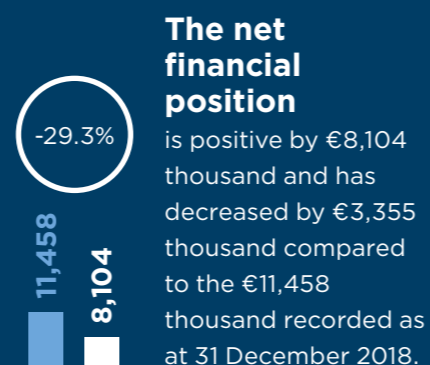
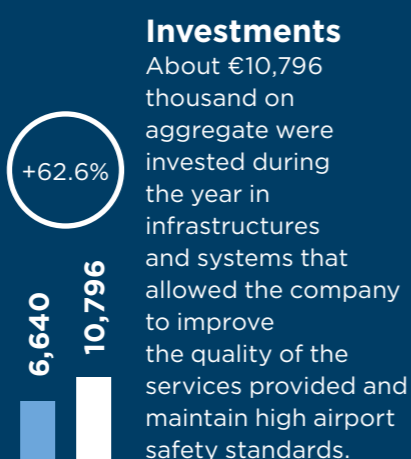
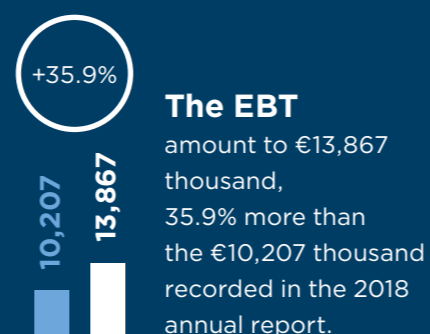
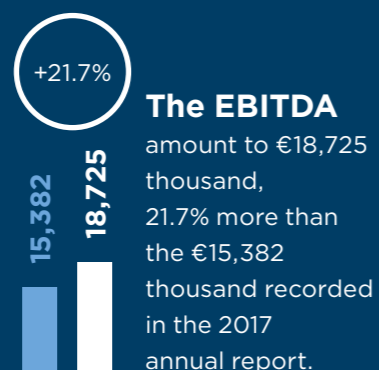
In 2019 the Turin Airport served 3,952,158 passengers, with a traffic reduction by 132,765 passengers, 3.3% less than in 2018.



**3,952,158**  
PASSENGERS IN 2019

## MAIN INCOME AND FINANCIAL INFORMATION

The most relevant income components for the year 2019 are shown below, compared with the figures from the preceding year.



■ 2018 ■ 2019 Euro thousand

## SIGNIFICANT EVENTS OCCURRED AFTER 31 DECEMBER 2019

On 30 January 2020 the Transport Authority validated the rates for the period 2020-2023.

The new rates became effective on a temporary basis from 1 January 2020, and have become final with the enforcement of the corrections provided for in Resolution 20/2020, effective from 29 March 2020.

As of the closing date of this annual report there is a major health emergency under way, due to the spread of the Covid-19 pandemic, as a consequence of which many competent authorities worldwide have imposed specific and strict limitations to passenger flights.

The Italian authorities in particular have issued a number of rules imposing, inter alia, strong limitations to people circulation and ultimately banned prohibited the continuation of business activities until April 13.

The Turin Airport was asked to continue to provide its operative services under the Decree issued by the Ministry of Infrastructures and Transport on 12 March 2020.



**INCREASED  
EFFICIENCY**



**REDUNDANCY  
FUND**



**INVESTMENTS  
POSTPONEMENT**



**ACTIVATION  
OF CREDIT LINES**

## PREDICTABLE DEVELOPMENTS

Notwithstanding a generally uncertain scenario, the development, impact and duration of which cannot be predicted, SAGAT will continue to implement its intervention plan, aimed, on one hand, at protecting the health of its employees and passengers and the entire airport community, abiding by the rules imposed by the competent authorities and, on the other hand, at coping with the heavy drop in corporate earnings. In the awareness that the potential economic and financial effects of the COVID-19 emergency cannot be estimated for the time being, the Company will focus on monitoring the progress of the phenomenon in order to guarantee economic stability and preservation of occupational levels, by implementing all the actions needed to secure business continuity and the return to previous profitability levels if and when the air transportation demand recovers.

# 1.1

## Events of note in the year 2019

Dear Sirs,

In 2019, the Turin Airport serviced 3,952,158 passengers, recording decreased traffic of 132,765 passengers, equal to 3.3% of the results for 2018. The drop can be ascribed to the sharp reduction in the network operated by the carrier Blue Air. Starting in the early months of 2019, the airline downsized its investments in its Turin base as well, resulting in an internal reorganisation and a restructuring of the network, with a subsequent decrease of -251,668 passenger at our airport. Along with the negative performance of the Romanian carrier, other disappointing results were turned in by Alitalia, whose situation is still extremely uncertain, Blue Express and Air Italy: taken together, the 4 carriers have generated a decrease of -426,000 passengers compared to 2018.

Despite this sharp drop, steps were taken for other carriers to replace numerous destinations no longer serviced by Blue Air and to open new routes, in this way limiting the negative impact of the above decrease in passengers, making for an overall recovery in volume of 293,000 passengers, thanks primarily to the growth of the companies EasyJet, Volotea, Wizz and Iberia.

Along with growth in traffic, SAGAT S.p.A. has focussed its efforts on infrastructure and the customer experience, upgrading a series of landside spaces: the Arrivals Level has been completely renewed, under a project involving 4,455 square metres of space and 180 days of work, after which the hall was much better lit and more welcoming, with increased retail offerings

and the added feature of a tourist information point. The Upper Arrivals Level was also upgraded, through a project that fully improved 2,100 square metres and introduced new food units.

The year 2019 also saw significant efforts in the area of digitalisation, thanks the launch of an innovative mobile phone App and a new e-commerce portal that resulted in an increase in on-line sales. At the same time, official Instagram and Facebook profiles were launched, reinforcing the social media customer-care service. Digitally, an integrated system of digital signage was installed, now distinctive evidence of the upgrading work done on the Arrivals and Departures levels.

In addition to these initiatives, new e-gates were installed in the Boarding Area and the extra-Schengen Arrivals Area, to increase the efficiency of passport control procedures.

This series of efforts clearly demonstrates the key role of customer satisfaction in the operations of the Turin Airport. In terms of quality, the final rating for overall quality in 2019, arrived at by distributing questionnaires that the passengers filled out on their own, was 3.96 on a scale of 1 to 5, an improvement of +2.59% over the result for 2018, confirming the positive trend already recorded in earlier years.

With regard to the environment, in 2019 SAGAT S.p.A. renewed its Level 1 "Mapping" accreditation under Airport Carbon Accreditation (ACA) protocol, having achieved a sharp reduction

in emissions, compared to the benchmark year. In 2019 certification of the System for the Management of Health, Safety and the Environment was once again confirmed, while a policy for sustainable management of environmental matrixes (soil, water, air) was implemented and ongoing efforts were made to heighten the awareness of airport operators. In 2019, SAGAT S.p.A. also endorsed the NetZero 2050 resolution promoted by ACI Europe, undertaking to reach zero emissions within the next 30 years.

Despite the decrease in traffic, the Company has still managed to pursue its growth objectives, registering total revenues of 66.212 million euro, for an increase of 13%.

The year 2019 closed with net consolidated growth of 9.552 million euro, as compared to 7.47 million euro in 2018, for growth of 27.9%.

Looking at the figures on equity and finance, financial debt was eliminated during 2019, making for a Net Financial Position of 8.104 million euro. In 2019, infrastructure and plant-engineering investments were financed for a total of 10.796 million euro, making it possible to improve the quality of the services provide while maintaining high levels of security at the Airport.

The present Management Report, which accompanies the Financial Statements closed on 31 December 2019, was drafted in accordance with the provisions of art. 2428 of the Italian Civil Code, and it contains the Directors' observations on the operating performance, plus the most

important events that occurred during the year 2019 and after the date of 31 December 2019.

The income result, the balance-sheet and the financial figures for year 2019 are compared with the closing balances as of 31 December 2018.

## The international and domestic scenario

### The international outlook

Global growth slowed considerably in 2019, with continued weakness in commerce and overall investment. This disappointing performance was widespread both in the advanced economies, and especially the euro area, and in emerging markets and developing economies. Various key indexes of economic activity have decreased in parallel, nearing their lowest levels since the world financial crisis. Global cargo trade, in particular, shrank to a considerable extent in 2019, while manufacturing activity slowed considerably during the year. To a lesser extent, growth of services was also modest. A good many economies recorded weak growth, as approximately 90% of the advanced economies and 60% of the emerging or developing economies having slowed down to varying degrees during the last year.

The bilateral negotiations carried out by the United States and China since the middle of 2019 have resulted in an agreement that includes a partial reduction of tariffs and lessening of trade tensions. This has occurred following an extended period of growing commercial disputes between the two countries, increasing political uncertainty even further while undermining international trade, confidence and investments. Due to the increased tariffs between the two countries over the last two years, a significantly higher portion of world trade has been subject to protectionist measures.

Outlooks on financial markets improved considerably towards the end of 2019, at the

same time as trade tensions decreased, though the situation remained fragile for much of the year. Concerns for growth prospect prompted a widespread relaxation of monetary policy by the major central banks. In a context of limited inflation, this pushed global yields downwards – in certain advanced economies, further into negative territory – for much of 2019. The reduced prospects have led to decreases in the prices of most raw materials.

In light of this international context, global growth for 2019 weakened by approximately 2.4%, recording the lowest rate of expansion since the worldwide financial crisis. With some recent figures pointing to the start of a stabilisation in economic conditions, global growth is forecast to reach 2.5% in 2020, a figure 0.2 percentage points below earlier forecasts, as investments and trade gradually rebound. The growth of global trade in particular – estimated to have brusquely slowed by 4% in 2018, to the figure of 1.4% for 2019, far and away the weakest growth since the worldwide financial crisis – should, according to projections for all of 2020, reach 1.9%, assuming that trade tensions do not escalate.

Short-term projections for global growth point to different picture for advanced economies, on the one hand, and for those of emerging and developing countries, on the other.

Growth in the advanced economies should reach 1.4% this year (below earlier projections, in part due to persistent weakness of production), while

the economies of the emerging or developing economies are forecast to grow by 4.1% in 2020 (0.5 percentage points below earlier forecasts).

In more general terms, an even deeper global recession could occur, should global trade tensions return, or if political uncertainty persists or activity in the main economies worsens. Other risks include financial stress in the major basins of development, heightened geopolitical tensions or a greater incidence of extreme meteorological events.

To revive growth in productivity, a global approach must be taken, including policies that: facilitate investments in human and physical capital, encourage the reallocation of resources to more productive sectors, reinvigorate technological advances and innovation on the part of businesses, while promoting macroeconomic and institutional growth favourable to overall growth. Under this approach, which advances on four fronts, the specific policy priorities will depend on national circumstances. Investments in green infrastructures may also be able to contribute to reaching growth objectives and improving resilience to climate change.

Taken from: World Bank, Global Economic Prospects, January 2020

### The Euro Area

Economic activity in the Euro area fell considerably in 2019. Last year, at a certain point, a number of economies were on the brink

of a recession, with particular weakness shown by the German industrial sector, which had to absorb falling demand in Asia and interruptions in automobile product. The uncertainty of Brexit also had a damping effect on growth.

The ECB provided monetary stimulus, pushing interest rates into negative territory while loosening its approach to the quantity of money in circulation and providing economic credit to banks. Growth should slow to 1% in 2020, 0.4 percentage points less than earlier projections, due to results that are worse than expected, especially in industrial production. A modest resumption of growth is forecast for 2021-2022, at an average of 1.3%, assuming that the Brexit process follows a linear course and there are no further escalations in trade restrictions.

Source World Bank, Global Economic Prospects, January 2019

## The situation in Italy

The most recent information available make it seem as if economic activity in Italy, which grew slightly in the third quarter of last year, would remain practically stationary in the fourth, continuing to suffer, first and foremost, from a weak manufacturing sector. In surveys taken by the Istat statistics authority and the Bank of Italy, businesses provided only slightly more favourable assessments of orders and foreign demand, but continued to see uncertainty and trade tensions as factors detrimental to their activities.

Over the last three months, purchases of Italian public securities by foreign investors have been massive (90 billion euro between January and November of last year). The debit balance of the Bank of Italy with respect to the European payments system has improved significantly, thanks in part to the net increase in foreign funds collected on the market by Italian banks. During 2019, the current account surplus remained considerable, with Italy's net foreign position close to balanced.

In the third quarter, the number of employed workers rose slightly, especially in the services sector; the available figures point to expansion in the last few months of the year as well. There was positive growth in compensation (0.7% over the previous year), though at a lower rate, reflecting the fact that significant sectors of the economy are still awaiting contract renewals.

Inflation is limited (0.5% in December). Services are the main driver behind price increases, while growth in the prices of industrial goods is still modest. Underlying inflation rose only slightly in the fall, to 0.7%.

From the middle of October on, the yields of state securities and Italian stock prices rose, reflecting a trend shown by other countries of the euro area, as well as the publication of certain economic figures for the area that were more favourable than expected. The yields on bonds issued by Italian banks and non-financial companies did not rise, but were lower by 70 base points than the average for the first six months of 2019.

The cost of credit fell, to a noteworthy extent for families, for whom the growth in loans remained solid, whereas the rate was negative for businesses, primarily reflecting – according to the surveys – the weakness of demand for financing.

The preliminary information available for 2019 points to a slight decrease in the net indebtedness of government entities with respect to the GDP, while the ratio between debt and product increased.

Growth is still exposed to noteworthy risks tied to increasing geopolitical uncertainty, trade conflicts that have only been partly resolved

and the weak rates of economic activity of our leading European trade partners; it could also prove lower than expected, should there be delays in the enactment of the noteworthy public investments planned, and included in the forecast outlook, or should tensions flare up again on financial markets

Source: the Bank of Italy, Economic Bulletin no. 1-2020

## The economy of Piedmont

Based on the entries in the Companies Registers of the Chambers of Commerce, 25,972 companies were born in Piedmont in 2019, compared to 24,156 new entries registered in 2018. After subtracting the 27,489 businesses that shut down (a figure that, without taking into account businesses forced to shut down, proved slightly higher than the 26,136 of 2018), the balance appears to be a negative 1,517 units. The total number of companies entered at the end of December 2019 in the Companies Register of the Piedmont Chambers of Commerce was 428,457 units, confirming Piedmont's 7th-place ranking among all Italian regions, with 7% of the country's companies. The balance between new entries and cancellations translates into a rate of -0.35%, a slight improvement over the figure for 2018 (-0.45%), still representing a contrast with the national average for 2019 (+0.44%) in 2019. There were no new developments in terms of the birth and death rates of companies by type of legal format. Continuing an established

trend, the balance of the business fabric remains positive almost solely on account of enterprises established as joint-stock companies, which registered a growth rate of +2.585 in 2019. Singles-person firms, on the other hand, continue their decline (-2.19%), as do individual companies (-0.56%), while the aggregate of all other types was stable (-0.04%).

Looking at annual rates to assess variations in the stock of registered companies by economic activity, services present the best performance level for 2019 (+1.44%), followed by the tourism sector (+0.51%). All the other sectors combined show a negative rate. The most significant reductions were shown by agriculture (-1.76%) and commercial activities (-1.6%). Industry, in the strict sense of the term, presented a variation of -1.19%, while the decrease in construction enterprise was lighter (-0.38%).

Focussing on the aggregate consisting of crafts enterprises, in 2019 these endeavours once again accounted for a significant portion of the regional and national production fabric. The more than 115 thousand crafts enterprises operating in the territory of Piedmont account for approximately 27% of the region's total companies.

The year just ended was once again a critical time for this portion of the local business system, which registered a growth rate of -0.51%, a slightly lower result than that for the business fabric as a whole, but an improvement



when compared with the performance of crafts enterprises in 2018 (-1.12%).

Source: Union of Piedmont Chambers of Commerce, "The Birth-Mortality Rate for Businesses: -1,517 Companies in 2019", January 2020.

The year 2019 has definitely not been positive for Piedmont's manufacturing industry, following 2018 results that already showed slower production rhythms in the second half of the year. The downward trend of the region's industrial system was confirmed in 2019.

In fact, all four of the quarters registered variations trending below zero, though not at elevated levels. The -0.4% of the first quarter was followed by decreases of -0.8% and -0.2%, respectively, in the 2nd and 3rd quarters. Finally, the 4th quarter of 2019 closed with a drop of 0.4% in regional industrial production. The average decrease in production for all of 2019 was equal to half a percentage point. Though not a particularly drastic drop, it is noteworthy for being the first negative annual figure since 2013.

Focusing on the last six months of 2019, the 4th quarter represented the sixth consecutive negative quarterly result, the outcome of a worrisome trend presented by the sectors of transportation equipment, metals, textiles and clothing, and by large-scale enterprises, in terms of dimensions, with northern Piedmont being the geographic area hit hardest.

Associated with the decrease in industrial production are results of opposite signs in

the domestic and foreign markets, for while domestic orders showed growth (+1.3%), those from abroad dropped by 0.6%. Though total turnover was stable (+0.2%), the foreign component fell sharply (-1.8%).

Looking at individual sectors, results varied within industrial production. The food industry, which had shown encouraging signs in the previous quarters, continues its growth phase (+3.1%). Positive results were also recorded for the mechanical sector (+4.1%) and for the electrical and electronics industries (+0.6%). Chemical/plastic production was stationary (+0.1%), as were the wood and furniture industries (-0.2%). In contrast, textile and clothing production dropped, (-2.5%), along with metal industries (-2.6%). Once again, the most significant decrease was recorded in the transportation equipment sector (-7%).

Focusing in this sector, the key factor in the decrease in regional manufacturing production, the negative performance of the 4th quarter of 2019 proves to be the result of a sustained decrease in the production of motor vehicles (-9.8%) and parts (-8.7%), while the aerospace sector was stable (+0.1%).

Breaking down the results for industrial production by category of staff, the 4th quarter of 2019 was characterised by essentially stationary results for micro (-0.1%) and small businesses (-0.3%), while the figures were less encouraging for medium-sized companies (50-

249 employees) and large ones (more than 250 employees), which registered respective declines of 0.9% and 2%.

The downward trend of 0.4% recorded as the average for the region during the 4th quarter of 2019, was the result of varying performance levels in different areas.

Northern Piedmont showed less encouraging signs, with Biella suffering a 4% drop in production, Novara 0.2%, Vercelli and Verbania 0.9% and 0.5% respectively. The regional seat of Turin ultimately presented a production variation of 0.7% compared to the same period of 2018.

Southern Piedmont presented stronger results, with production stable in Asti (-0.1%), but on the rise in Alessandria (+0.8%) and Cuneo (+1.7%).

Source: Union of Piedmont Chambers of Commerce, The Current Economic Outlook in Piedmont, March 2020



## The airport industry

### The global context

Based on the data collected by the Airports Council International (ACI) World, global passenger traffic had grown by + 4.9% as of December 2019, compared to December of 2018. While the figure presented a positive final result for 2019, after a difficult year for the air-transportation industry, the effects of the current COVID-19 epidemic are beginning to be felt in the traffic results for 2020.

The preliminary year-end figures for the cargo transportation industry stood at -2.5%, almost 6 percentage points below the +3.4% recorded in 2018. While a slow revival in cargo traffic had begun in the last three months of the year, any upward trend will be influenced by the current global healthcare emergency.

Trade tensions, along with growing geopolitical tensions in the Middle East, definitely present a challenge for air transport in 2019. Based on ACI World research, the situation currently developing could turn out to be not just a momentary shock, but rather have the potential to cause a significant change in the global economic growth trend for 2020.

#### Passenger traffic

Looking at passenger traffic, the international market continued to be the sector's main driving force throughout the year, recording a preliminary growth figure of +4.1%, while domestic passenger traffic stood at +2.8% for the same period.

North America and Asia-Pacific zone recorded respective annual figures of +6.4% and +6%, with both the domestic and international segments

presenting good results, at +3.4% and +3% respectively.

European performance was more measured as of December, with an annual gain of +2.8%, to close the year at +3.2%. The area's domestic market recorded -0.2% for all of 2019.

Among the emerging regional markets, Africa continued to perform particularly well, while the Middle East registered +3,3% and the Latin America - Caribbean area closed 2019 with growth of +3.7%.

#### Cargo traffic

As for the cargo segment, domestic transport recorded +1.3% in 2019, while the international component remained negative, at -4.1%.

The Asia-Pacific area registered -4.3%, while Europe recorded -2.4% at year's end; North America closed 2019 at -0.5%, with the support of its strong domestic market. Though the growth trend in this area has been unstable over the last six months, it has continued to be the primary market, with the best performance levels for 2019.

In the case of the emerging markets, the Middle East registered -2.8% for 2019 and Africa -0.2%, while Latin America and the Caribbean sustained a decrease of -3.5%.

Source: Aci.aero

### The european scenario

The passenger traffic recorded by the European airport network (46 countries) grew by +3.2% in 2019. The figure, provided by ACI Europe, is equal to slightly more than half the growth rate for 2018 (+6.1%), the weakest performance in 5 years, though it still allowed European airports to set a record of 2.43 billion passengers in 2019.

The slowdown was most significant in non-EU airports, and driven largely by a drop in domestic traffic (-1.1%), whereas international traffic continued to grow (+4.6%). The trend has also reflected the consolidation of the airlines and the limited expansion of capacity by the carriers, seeing that aircraft movements rose by only +1.1% during the year, even turning negative in the past quarter of 2019 (-1.2%). Meanwhile, cargo traffic fell by 1.9% in 2019, the worst performance since 2012.

EU airports recorded an increase of +3.3% in 2019 (compared to +5.4% in 2018), for an increase of 57.8 million additional passengers compared to the previous year. The EU market accounted for 76% of total passenger traffic growth in Europe in 2019.

The growth fell by half in the subsequent quarters of the year, due primarily to the exposure of EU airports to the bankruptcies of airlines, as well as the fact that the EU airlines themselves limited growth of their capacity and expansion of their networks on account of less favourable economic conditions and uncertainty over Brexit.

Of the largest airports in the European Union, the most growth in passenger traffic was recorded by Vienna (+17.1%), Milan Malpensa (+16.6%), Riga (+10.5%), Berlin Tegel (+10.1%), Luxemburg (+9.5%), Budapest (+8.8%), Tallinn (+8.6%), London Luton (+8.1%), Lisbon (+7.4%), Madrid (+6.6%), Bucharest (+6.4%) and Warsaw (+6.2%).

Looking at non-EU airports, passenger traffic registered growth of +3% in 2019, significantly below the figure for the previous year (+8.3% in 2018).

Noteworthy variations were recorded in passenger traffic performance within the various non-EU markets: major growth was recorded in Ukraine airports (+22.3%), while Iceland suffered from the repercussions of a major economic crisis (-26.1%); of the main markets, Russia grew above the non-EU average (+5.8%), while Turkish airports showed only marginal growth (+0.4%).

The best passenger-traffic figures for non-EU capitals and major airports were Kiev-Boryspil (+21.1%), Tirana (+13.3%), Antalya (+12.8%), Minsk (+12.5%), Yerevan (+12.3%), Moscow-Vnukovo (+11.7%), Pristina (+9.6%), Skopje and Sarajevo (+9.3%) and Belgrade (+9.2%).

As regards cargo traffic, the sector was negative or all of 2019, with the exception of December (+0.5%), the first positive monthly result since October 2018. The performance of EU airports fell by -3.2% in 2019, while the results of non-



EU airports remained positive, for the most part, recording an overall figure of +1.9%.

Source: ACI Europe

### The Italian scenario

The Italian airport system closed 2019 with 193.1 million passengers, 4% more than in 2018, and 1.6 million aircraft movements, for growth of +2.7%, again compared to the previous year. For cargo traffic, on the other hand, that downward trend that began in 2018 continued, with a decrease of 3.2% in 2019, the equivalent of 1.1 million tons of cargo transported.

Based on the data collected by Assaeroporti, passengers who moved through Italy's 39 airports in transit numbered 193,102,660, or 7.4 million more than in the previous year. The 4% increase is in line with the positive trend for recent years (2014-2019), though the levels of growth are less robust than those recorded in 2018 (+5.9%) and in 2017 (+6.4%).

International traffic continued to be the driving force, at more than 128 million passengers, for a 5.8% increase over 2018. Within this segment, growth of 4.5% was recorded for EU traffic and 9.9% for non-EU traffic. Growth of domestic flights, on the other hand, slowed significantly, winding up at +0.7%, as compared to +3.3% in 2018.

In terms of passenger traffic, Italy's 10 leading airports are: Rome Fiumicino, Milan Malpensa, Bergamo, Venice, Naples, Catania, Bologna,

Palermo, Milan Linate (closed in 2019 from the end of July to the end of October) and Rome Ciampino.

Also worthy of note are the positive results of airport systems and networks: the Rome system (Fiumicino and Ciampino) came close to recording 50 million passengers, with a final total of 49.4 million; the Milan system (Malpensa and Linate) reached 35.4 million; the airport pole of northeast Italy (Venice, Treviso, Verona and Brescia) reached 18.5 million; the system of the Campania region (Naples and Salerno) was at 10.9 million; the system of Eastern Sicily (Catania and Comiso) at 10.6 million; the Tuscany system (Pisa and Florence) at 8.3 million; the Apulia network (Bari, Brindisi, Foggia and Taranto) at 8.2 million, and the Calabria airport system (Lamezia Terme, Reggio Calabria and Crotona) at 3.5 million.

According to Assaeroporti, growth in air traffic, while continuing the positive trend that started in 2014, slowed in 2019, due to various factors tied to the economic crisis, geopolitical tensions and increasing competition from airports operating in the Mediterranean area, as well as a series of unforeseeable events, such as the suspension of the flight license of the 737MAX and the air-traffic controller strikes in France and Germany.

The significant reduction in cargo traffic, and the slowdown in the growth of passenger traffic, as revealed by the figures for 2019, make it necessary, during a period characterised

by strong completion on the air-transport market, to assess very closely the impact of legal, tax and regulatory measures affecting the sector, seeing that, unless all their possible repercussions are carefully considered, they risk compromising the solidity of the sector.

Source: Assaeroporti

### The airlines

The International Air Transport Association (IATA) found that passenger traffic grew in 2019, thanks to an increase of 4.2% in demand, as compared to all of the year 2018. Nevertheless, the result for 2019 represented slower growth than the +7.3% recorded in 2018. Capacity for the entire year of 2019 rose by 3.4%, while the average load factor increased by 0.7 percentage points, reaching the record level of 82.6%.

International passenger traffic increased by 4.1% in 2019, as compared to 2018, a lower annual growth rate than the 7.1% of the previous year. Capacity rose by 3%, and the load rate increased by 0.8 percentage points, reaching 82%.

Traffic for the Asia-Pacific airlines rose, for the year 2019 as a whole, by 4.5%, a sharp drop compared to the 8.5% growth of 2018, reflecting the impact of the US-China trade war, as well as the falling confidence on the part of businesses and economic operators. Capacity rose by 4.1%, while the load factor increased by 0.3 percentage points, to 80.9%.

European carriers recorded an increase of 4.4%

in traffic for 2019, down from annual growth of +7.5% in 2018. Capacity increased by +3.7%, and the load factor rose by 0.6 percentage points, to 85.6%. The modest results are attributable to the slowdown in overall economic activity and the loss of confidence of businesses, aggravated by industrial disputes (strikes) and uncertainty over Brexit, as well as the defaults of a number of airlines.

Passenger demand of the airlines of the Middle East rose by 2.6% last year, down from the 4.9% growth rate of 2018. Annual capacity increased by 0.1%, and the load rate rose by 1.8 percentage points, to 76.3%.

North American airlines registered growth of +3.9% in traffic over last year, down from the rate of 5% in 2018, due to a combination of weaker economic activity in the United States and less confidence on the part of the business community than in the previous year. Capacity rose by +2.2%, while the load factor grew by 1.3 percentage points, arriving at 84.0%.

The traffic of South American airlines rose by 3% in 2019, a significant slowdown compared to the annual growth rate of 7.5% in 2018. Capacity increased by 1.6%, and the load rate rose by 1.1 percentage points, reaching 82.9%. The year was marked by social disorder and economic difficulties in numerous countries of the area.

The airlines of Africa recorded the best performance of any continent in terms of growth, with an increase of 5% in demand, though this was lower than the growth rate of 6.3% recorded in 2018. Capacity rose by 4.5%, and the load factor increased by 0.3 percentage points, to 71.3%. The airlines of the

area benefitted from a generally favourable economic scenario in 2019, and from increases in air-transport connectivity.

Domestic air travel rose by 4.5% in 2019, though this represented a slowdown from the rate of +7.8% recorded in 2018. Annual growth was recorded for all markets, led by China and Russia. Capacity rose by 4.1%, and the load factor increased to 83.7%, 0.4 percentage points more than in 2018.

Chinese airlines saw their domestic passenger traffic expand by - 7.8% in 2019, the slowest rate since the worldwide financial crisis. Weakened

economic activity, due to the US-China trade war, aggravated by weak consumer spending and the unrest in Hong Kong, contributed to the slowdown. Looking to the start of 2020, any positive impact of the “Phase One” commercial agreement with the United States will probably be offset by the Covid-19 epidemic.

The four straight years of two-figure growth recorded by Indian airlines were interrupted in 2019, when a traffic increase of 5.1% was recorded, down from the 18.9% of 2018. The bankruptcy of Jet Airways and the weakened economic activity were the primary causes of the slowdown.

Source: IATA



## 1.2 The shareholding structure

With regard to the Company's shareholding structure, it should be noted that there are no changes compared to the year 2018.

As of 31 December 2019, therefore, it breaks down as follows:

SHAREHOLDER	ORDINARY SHARES	NOMINAL VALUE	%
2i Aeroporti S.p.A.	2,259,019	€ 11,656,538	90.28%
Tecno Holding S.p.A.	169,028	€ 872,184	6.76%
Own shares	74,178	€ 382,758	2.96%
<b>TOTAL</b>	<b>2,502,225</b>	<b>€ 12,911,481</b>	<b>100%</b>



## 1.3 The regulatory framework

### The operating agreement with the ENAC

On the date of 8 October 2015, following lengthy and wide-ranging negotiations, an operating agreement was signed by SAGAT S.p.A. and the ENAC (the Italian Civil Aviation Authority) to govern their relations with respect to the management and development of activities at the Turin Airport, including those involved in the planning, construction, assignment, maintenance and use of the plants and infrastructures utilised in the performance of such activities.

The signing of the operating agreement – already called for under Law no. 914/1965 on the privatisation of the Turin Airport, but never enacted – constituted the achievement of a historic objective for SAGAT S.p.A., establishing a tool that enhances the Company's value by providing unequivocal guidelines for the operating accord, together with stable underpinnings for management of the airport.

In fact, the operating agreement runs through 3 August 2035, the expiration date for the extension of the private management arrangement stipulated for the airport under Law no. 187 of 12 February 1992; however it also stipulates, under its premise no. 22, that “*should SAGAT – as the expiration of the current extension granted through 3 August 2035 under Special Law no. 187/1992 draws near, request a further twenty-year extension of the arrangement for the all-inclusive management of the Turin Airport, then the ENAC, following presentation of a plan of initiatives to be carried out by the concession-holder, and after having issued its approval upon*

*completion of all the necessary preliminary procedures, shall see to it that the all-inclusive management arrangement is extended for an additional twenty-year period*”.

### The procedure for setting fees

The procedure for revising the fees charged at the Turin Airport during the period 2020-2023 was concluded in the year 2019.

In accordance with the provisions of the rules and standards governing the sector, the Company, during the year, drew up the “Annual Information Document” to provide users with appropriate updates on the elements that contribute to the determination of airport charges, as well as further updates.

This document was made available to users through its publication, on the date of 16 September 2019, on the Airport's institutional website, and it was illustrated and shared with them on 16 October 2019, when the annual gathering of the users was convened.



## 1.4 Traffic

### Signing of the Planning Agreement

In order to initiate the procedure for the signing of the Planning Agreement for the period 2020-2023, the Company presented to the ENAC, on the date of 24 June 2019, the Four-Year Plan of Initiatives, Traffic Forecasts, the Economic-Financial Plan, the Quality Plan and the Plan of Environmental Defence, receiving a favourable technical opinion in the form of Memorandum no. 0091615P, dated 1 August 2019.

In order to procure the information and assessments needed from the interested parties, doing so in accordance with the measures governing proper procedure and transparency in administrative activities, and in application of Directive 12/2009/EC, as well as the fee guidelines updated and approved by the Transportation Regulation Authority, under Resolution 92/2017 of 6 July 2017, the Company, having first received a favourable technical opinion from the competent departments of the ENAC, submitted the following documentation for consultation:

- Traffic forecasts for the contractual period of reference;
- The Four-Year Plan of Initiatives, together with the related timeline, indicating, when present, works of particular importance to the development of the airport, regarding which a supplementary rate of remuneration (WACC) shall be applied;
- The Quality Plan;
- The Plan for Environmental Defence.

It should be noted that the Planning Agreement for the new regulatory period has not yet been

signed by the Parties, though SAGAT S.p.A. fully intends to arrive at a rapid determination and conclusion of the related process.

The problem being that the latest draft of the Planning Agreement, approved by ENAC under Resolution no. 20/2018 of 2 October 2018, contains, under art. 19, paragraph 1, a litigation waiver clause that the Company holds to be illegitimate, in that it undermines its right to judicial protection, as guaranteed under arts. 24 and 113 of the Constitution.

In light of the above, on the date of 8 August 2019, SAGAT S.p.A. presented an extraordinary petition to the President of Italy, as per art. 8 of Presidential Decree 1199/1971, requesting nullification of the portion of the aforementioned ENAC Resolution in which a draft of the article in question has been included, as well as nullification of the draft of the article itself.

Given that a ruling on the matter is still pending, SAGAT S.p.A. has requested of the Authority that it temporarily remove the disputed clause found under art. 19 from the draft, in order to proceed forthwith with the signing of the agreement.

### Traffic at the Turin Airport

In 2019 the Turin Airport serviced 3,952,158 passengers, recording a decrease in traffic of 132,765 passengers, or a result -3.3% lower than that of 2018.

PASSENGERS	2019	2018	VARIATION FROM PREVIOUS YEAR	%
Domestic (regularly scheduled)	1,900,013	1,989,838	(89,825)	-4.5%
International (regularly scheduled)	1,907,891	1,932,138	(24,247)	-1.3%
<b>TOTAL REGULARLY SCHEDULED</b>	<b>3,807,904</b>	<b>3,921,976</b>	<b>(114,072)</b>	<b>-2.9%</b>
Charter	126,185	150,636	(24,451)	-16.2%
General aviation	8,719	7,744	975	12.6%
Direct transits (**))	9,350	4,567	4,783	104.7%
<b>TOTAL</b>	<b>3,952,158</b>	<b>4,084,923</b>	<b>(132,765)</b>	<b>-3.3%</b>

(\*\*) Passengers who land and then depart again on a plane with the same flight number as the one they arrived on (source: Assaeroporti)

While total traffic dropped by -3.3%, regularly scheduled international traffic fell by -1.3%, for a decrease of -24,247 units compared to the previous year. Regularly scheduled domestic traffic, on the other hand, was -4.5% lower, for a decrease of -89,825 units. Charter traffic recorded a drop of -16.2% compared to the figures for 2018. The decrease for the year is traceable primarily in the sharp drop in traffic from the network operated by the carrier Blue Air. In the early months of 2019, the airline downsized its investments in its Turin base, due to an internal reorganisation and restructuring of its network, resulting in a decrease of -251,668 passenger using the Turin Airport.

In response to this marked reduction, steps have been taken to find other carriers to replace Blue Air for the numerous destinations no longer serviced, in addition to opening new routes and increasing the frequency of flights on destinations already serviced, so as to limit the negative impact of the above decree in the number of passengers. New destinations for 2019 include:

- Krakow, in Poland, serviced by Wizz Air;
- Kiev, in Ukraine, serviced by SkyUp.

Other developments include the introduction, starting from the winter of 2019/2020, of flights servicing the sky market:

- Goteborg, in Sweden, serviced by Norwegian;
- Copenhagen, serviced by SAS Scandinavian Airlines;
- Bristol, serviced by Ryanair;
- Bucharest, serviced by Tarom;

plus the annual flight to Kishinev, operated by Wizz Air.

Increases in flight frequency have specifically involved a number of routes serviced by the carriers Volotea, Wizz Air and Iberia, all of whom, together with easyJet, are constantly generating new traffic at the Turin Airport:

- Cagliari, Olbia and Palermo, serviced by Volotea;
- Bucharest, serviced by Wizz Air;
- Madrid, serviced by Iberia.

The drop in charter traffic (-16.2%) is traceable primarily to the replacement of this component of traffic with a regularly scheduled component to certain ski destinations, and to the lower demand for vacation packages in Great Britain due to uncertainty over the Brexit situation in that country.

 **3,952,158**  
PASSENGERS IN 2019



## Destinations

Below is a break-down of regularly scheduled traffic by route:

DESTINATIONS - REGULARLY SCHEDULED	PASSENGERS			
	2019	2018	Variation	% of total
Rome Fiumicino	485,391	513,367	-5.4%	12.7%
London Grouping	333,915	332,753	0.3%	8.8%
Catania	298,710	296,724	0.7%	7.8%
Palermo	275,475	272,640	1%	7.2%
Naples	267,622	262,166	2.1%	7%
Barcelona	204,380	187,983	8.7%	5.4%
Frankfurt	192,455	210,350	-8.5%	5.1%
Munich	192,113	178,149	7.8%	5%
Paris Charles De Gaulle	171,163	186,818	-8.4%	4.5%
Bari	168,904	195,922	-13.8%	4.4%
Madrid	113,206	119,868	-5.6%	3%
Amsterdam	110,767	112,418	-1.5%	2.9%
Lamezia Terme	107,945	107,716	0.2%	2.8%
Cagliari	91,307	85,139	7.2%	2.4%
<b>TOTAL 14 LEADING DESTINATIONS</b>	<b>3,013,353</b>	<b>3,062,013</b>	<b>-1.6%</b>	<b>79.1%</b>
Other destinations	794,551	859,963	-7.6%	20.9%
<b>TOTAL</b>	<b>3,807,904</b>	<b>3,921,976</b>	<b>-2.9%</b>	<b>100%</b>

Taken as a whole, regularly scheduled traffic recorded a decrease of -2.9% over the previous year.

Rome remains the leading destination serviced, with more than 485 thousand passengers transported, though the figure was down by -5.4% from the previous year, a continuation of the negative trend caused in recent years by the increasingly strong competition from high-speed trains, in terms of both price and travel time. Next comes London (connected with flights to and from the airports of Gatwick, Luton and Stansted), with 334 thousand passengers, for growth of +0.3%, despite the cancellation, in February of 2019, of the Luton flight operated by Blue Air.

The two main Sicilian destinations reinforced their volumes, recording moderate increases: Catania, with 299 thousand passengers (+0.7%) and Palermo, with 275 thousand passengers (+1%).

The destination of Naples showed growth again, after the decrease recorded in 2018, in the wake of the cancellation of the flight operated by Alitalia. The effects of the entry onto this route of the carriers Volotea and easyJet were felt in full in 2019, returning it to a positive growth figure (+2.1%).

The positive trend of traffic to Barcelona was confirmed, with growth of +8.7% compared to the previous year. The performance of Madrid, on the other hand, was negative, due to the cancellation of the flight operated by Blue

Air, even though the number of passengers transported on the route by Iberia increased.

Taken altogether, the flights operated by Lufthansa to its German hubs of Frankfurt and Munich recorded a slight decrease (-1%); a more significant decrease was registered to Paris (-7.8%), once again on account of a Blue Air cancellation.



The following table compares movements in 2019 for the primary destinations of regularly scheduled traffic with the figures for 2018, resulting in an overall decrease of -8.1%:

DESTINATIONS - REGULARLY SCHEDULED	MOVEMENTS			
	2019	2018	Variation	% of total
Rome Fiumicino	4,547	4,791	-5.1%	13.6%
Munich	2,981	2,931	1.7%	8.9%
Frankfurt	2,776	2,739	1.4%	8.3%
Paris Charles de Gaulle	2,444	2,767	-11.7%	7.3%
London Grouping	2,266	2,484	-8.8%	6.8%
Naples	2,213	2,509	-11.8%	6.6%
Catania	1,861	1,966	-5.3%	5.6%
Palermo	1,763	1,708	3.2%	5.3%
Amsterdam	1,442	1,451	-0.6%	4.3%
Madrid	1,276	1,492	-14.5%	3.8%
Barcelona	1,273	1,214	4.9%	3.8%
Bari	1,006	1,306	-23%	3%
Lamezia Terme	809	762	6.2%	2.4%
Cagliari	679	648	4.8%	2%
<b>TOTAL 14 LEADING DESTINATIONS</b>	<b>27,336</b>	<b>28,768</b>	<b>-5%</b>	<b>81.6%</b>
Other destinations	6,148	7,668	-19.8%	18.4%
<b>TOTAL</b>	<b>33,484</b>	<b>36,436</b>	<b>-8.1%</b>	<b>100%</b>



## The airlines

The main **regularly scheduled airlines** that operated at our airport in 2019, together with their respective passenger figures, are shown below:

PASSENGERS				
CARRIERS - REGULARLY SCHEDULED	2019	2018	Variation	% of total
Ryanair	1,004,525	984,297	2.1%	26.4%
Blue Air	569,185	817,693	-30.4%	14.9%
Alitalia	476,663	561,578	-15.1%	12.5%
Lufthansa/Air Dolomiti	384,568	388,385	-1%	10.1%
Volotea	256,803	182,968	40.4%	6.7%
easyJet	169,883	85,506	98.7%	4.5%
Air France	169,207	167,019	1.3%	4.4%
British Airways	153,738	136,475	12.6%	4%
Iberia	113,063	95,909	17.9%	3%
Klm	110,637	112,418	-1.6%	2.9%
<b>TOTAL 10 LEADING CARRIERS</b>	<b>3,408,272</b>	<b>3,532,248</b>	<b>-3.5%</b>	<b>89.5%</b>
Other carriers	399,632	389,728	2.5%	10.5%
<b>TOTAL</b>	<b>3,807,904</b>	<b>3,921,976</b>	<b>-2.9%</b>	<b>100%</b>

Ryanair remains the leading carrier at the Turin Airport, while Blue Air retains second place, despite the noteworthy rationalisation of its Turin operating base.

Worthy of particular attention are the positive performances registered by a number of carriers during the year:

- easyJet, which almost doubled its passenger traffic at the Turin Airport (+98.7%) on flights to Berlin SXF e Naples and with snow routes serviced in winter (Bristol, Manchester, London Luton and London Gatwick);
- Volotea, growth of +40.4% in terms of passengers and +41% as regards movements, thanks to the excellent performance of the domestic network;

- Iberia, whose passenger traffic rose by +17.9%.

In 2019, **low cost** traffic accounted for 59.5% of all regularly scheduled passenger traffic. In this sector, a part from the results of easyJet and Volotea, which have already been noted, the performance levels of Wizz Air (75,862 total passengers, +67.2% compared to 2018) and of Vueling (97,358 total passengers, +19.9% compared to 2018) are particularly impressive.

PASSENGERS				
CARRIERS - REGULARLY SCHEDULED LOW-COST	2019	2018	Variation	% of total
Ryanair	1,004,525	984,297	2.1%	44.3%
Blue Air	569,185	817,693	-30.4%	25.1%
Volotea	256,803	182,968	40.4%	11.3%
easyJet	169,883	85,506	98.7%	7.5%
Vueling	97,358	81,176	19.9%	4.3%
Wizz Air	75,862	45,368	67.2%	3.3%
Blu Express	56,006	73,092	-23.4%	2.5%
Jet2.com	30,815	28,299	8.9%	1.4%
SkyUp Airlines	856	0	new carrier	0%
<b>TOTAL 9 LEADING CARRIERS</b>	<b>2,261,293</b>	<b>2,298,399</b>	<b>-1.6%</b>	<b>99.8%</b>
Other carriers	4,525	348	1.200.3%	0.2%
<b>TOTAL</b>	<b>2,265,818</b>	<b>2,298,747</b>	<b>-1.4%</b>	<b>100%</b>

Finally, the figures for **regularly scheduled movements** are shown below for the individual carriers:

MOVEMENTS				
CARRIERS - REGULARLY SCHEDULED	2019	2018	Variation	% of total
Ryanair	5,884	5,715	3%	17.6%
Lufthansa / Air Dolomiti	5,760	5,670	1.6%	17.2%
Blue Air	4,581	7,600	-39.7%	13.7%
Alitalia	4,321	5,181	-16.6%	12.9%
Air France	2,400	2,525	-5%	7.2%
Volotea	2,093	1,484	41%	6.3%
Klm	1,442	1,453	-0.8%	4.3%
Iberia	1,275	1,236	3.2%	3.8%
easyJet	1,261	644	95.8%	3.8%
British Airways	1,114	1,104	0.9%	3.3%
<b>TOTAL 10 LEADING CARRIERS</b>	<b>30,131</b>	<b>32,612</b>	<b>-7.6%</b>	<b>90%</b>
Other carriers	3,353	3,824	-12.3%	10%
<b>TOTAL</b>	<b>33,484</b>	<b>36,436</b>	<b>-8.1%</b>	<b>100%</b>

Below is a summary of past trends and seasonal performance for the total number of **passengers** at our airport. Of particular note are the excellent results for the first two months of 2019, which represent the best January and the best February ever, having been recorded before Blue Air made the cuts in its routes in the months that followed:

PASSENGERS (including transit and general aviation)													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
2006	260,461	321,034	301,479	275,236	268,880	279,790	286,999	246,939	270,742	259,835	231,318	258,261	<b>3,260,974</b>
2007	280,182	283,146	314,788	294,648	291,032	301,010	322,412	286,258	308,790	297,291	257,152	272,544	<b>3,509,253</b>
2008	290,081	297,462	338,402	289,135	304,187	314,022	307,055	269,285	279,529	268,527	219,513	243,635	<b>3,420,833</b>
2009	257,144	264,156	302,360	276,737	266,173	266,112	297,407	271,464	272,958	262,865	220,185	269,697	<b>3,227,258</b>
2010	279,036	269,824	312,431	270,799	308,544	307,732	313,081	323,100	322,070	304,788	271,619	277,145	<b>3,560,169</b>
2011	300,575	278,985	312,781	301,429	317,306	333,399	312,366	318,216	338,719	316,164	282,739	297,806	<b>3,710,485</b>
2012	300,967	271,516	309,360	299,873	311,909	309,811	298,850	307,339	311,482	291,052	248,093	261,595	<b>3,521,847</b>
2013	256,862	251,752	283,835	255,685	260,621	271,987	285,113	269,502	273,759	261,745	238,387	251,039	<b>3,160,287</b>
2014	266,969	267,388	294,766	270,509	297,841	296,379	332,116	304,432	309,331	277,005	248,069	267,181	<b>3,431,986</b>
2015	273,531	282,862	309,705	308,141	305,091	335,412	350,572	324,484	327,808	300,326	268,149	280,343	<b>3,666,424</b>
2016	298,806	321,833	346,471	312,453	331,793	344,008	364,466	345,742	350,210	328,576	293,054	313,496	<b>3,950,908</b>
2017	327,356	335,644	376,805	350,588	349,838	363,002	388,502	367,396	371,427	347,842	288,536	309,620	<b>4,176,556</b>
2018	318,941	327,546	366,789	346,722	335,869	337,565	363,923	341,458	358,011	347,013	307,296	333,790	<b>4,084,923</b>
2019	339,432	337,770	374,578	319,456	313,028	332,445	344,751	320,271	341,058	319,984	289,788	319,597	<b>3,952,158</b>

Here, on the other hand, is a summary of past trends and seasonal performance in terms of the total number of **movements** at our airport:

MOVEMENTS (including transit and general aviation)													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
2006	4,612	6,210	5,460	4,738	5,263	5,340	5,044	4,071	5,062	5,378	5,076	4,584	<b>60,838</b>
2007	4,927	5,110	5,580	5,001	5,487	5,364	5,636	4,331	5,443	5,636	4,847	4,774	<b>62,136</b>
2008	4,972	4,922	5,242	5,198	5,079	5,053	5,212	3,997	4,827	4,975	4,385	4,286	<b>58,148</b>
2009	4,867	5,001	5,568	4,789	5,088	4,737	5,088	3,804	4,681	4,871	3,904	4,021	<b>56,419</b>
2010	4,180	4,254	4,850	4,318	4,927	4,978	4,714	3,938	4,952	4,976	4,527	4,226	<b>54,840</b>
2011	4,292	4,341	4,947	4,584	5,060	4,732	4,286	3,949	4,793	4,965	4,395	4,197	<b>54,541</b>
2012	4,297	4,204	4,695	4,220	4,784	4,726	4,266	3,654	4,565	4,526	3,972	3,864	<b>51,773</b>
2013	3,714	3,570	3,953	3,620	3,999	3,753	3,879	3,068	3,585	3,720	3,404	3,391	<b>43,656</b>
2014	3,770	3,367	3,642	3,294	3,685	3,713	3,931	3,269	3,808	3,533	3,259	3,191	<b>42,462</b>
2015	3,579	3,446	3,925	3,730	3,851	3,997	4,092	3,340	3,720	3,576	3,488	3,517	<b>44,261</b>
2016	3,650	3,737	3,990	3,656	3,966	4,092	4,279	3,536	4,121	4,049	3,832	3,589	<b>46,497</b>
2017	3,761	3,452	3,970	3,878	4,158	4,315	4,625	4,015	4,319	4,207	3,627	3,528	<b>47,855</b>
2018	3,695	3,562	3,958	3,816	3,768	4,010	4,090	3,533	3,914	3,929	3,521	3,715	<b>45,511</b>
2019	3,943	3,798	4,148	3,371	3,605	3,657	3,783	3,237	3,819	3,516	3,327	3,450	<b>43,654</b>

## Cargo

In 2019, cargo traffic at the Turin Airport totalled 3,333,970 kg, for a decrease of -29.5% compared to 2018, within a scenario of general retrenchment of the Italian market and a slowdown in industrial production in Piedmont, together with lower exports, all of which resulted in a phase of economic stasis in the region. Underlying the situation was the drop in the volumes of transport that the production zone serviced by the Turin Airport recorded, particularly on the part of the automobile industry.

What is more, the levels of distribution among an extremely limited number of airports typical of the air cargo sector worldwide are also highly relevant factors in the Italian market, and especially in northern Italy, where industrial basins show a general inclination to concentrate flows of merchandise at the cargo hub of the Milan Malpensa Airport, were the greatest volumes of merchandise being imported and exported are centralised.

Within this context, the air/truck cargo component has fallen by 27.9%, primarily on account of lost traffic from the Airport's three leading carriers: Lufthansa (-27.8%), Air France (-31%) and Alitalia (-35.6%), whose combined roadway transport activities account for 74% of the annual total.

At the same time, a decrease of -46.9% was observed in the air component, as compared to 2018, a year in which a number of special cargo flights were operated with Antonov aircraft for an exceptional transport of aerospace materials.

In terms of total traffic, both air and air/truck cargo, the leading companies at the Turin Airport were once again found to be: Lufthansa (1,039,181 kg), followed by Air France (839,056 kg), Alitalia (514,396 kg) and Klm (347,553 kg).

In terms of markets, the United States, China, Brazil and Mexico stand as the first four nations in terms of volumes of merchandise shipped, followed by other markets of note, such as India, Canada, Argentina, South Africa and Hong Kong. Also qualifying, among the leading medium and short-range markets, are Russia, Israel, the United Arab Emirates, Morocco and Turkey.



# 1.5

## Analysis of the income statement

The Income Statement 2019 closes at a net operating profit of €9,552 thousand, greater by 27.9% compared to the €7,470 thousand profit recorded in 2018.

The table below shows the main Income Statement components. A comparison with 2018 figures is also provided

	Euro thousand			
	2019	2018	Diff. €	Diff. %
Earnings (*)	66,212	58,596	7,616	13%
Payroll costs	13,802	13,159	643	4.9%
Operating costs	28,295	29,257	(962)	-3.3%
<b>GOM</b>	<b>24,114</b>	<b>16,179</b>	<b>7,935</b>	<b>49%</b>
<b>% GOM</b>	<b>36.4%</b>	<b>27.6%</b>		
Provisions and write-down	5,389	797	4,593	576.4%
<b>EBITDA</b>	<b>18,725</b>	<b>15,382</b>	<b>3,343</b>	<b>21.7%</b>
<b>EBITDA %</b>	<b>28.3%</b>	<b>26.3%</b>		
Amortization and depreciation	6,028	6,133	(105)	-1.7%
Grants	671	671	0	0%
<b>EBIT</b>	<b>13,368</b>	<b>9,921</b>	<b>3,448</b>	<b>34.8%</b>
<b>EBIT %</b>	<b>20.2%</b>	<b>16.9%</b>		
Balance of financial income and expense	499	286	213	74.4%
<b>EBT</b>	<b>13,867</b>	<b>10,207</b>	<b>3,660</b>	<b>35.9%</b>
Income taxes	4,315	2,736	1,579	57.7%
<b>Net profit (loss)</b>	<b>9,552</b>	<b>7,470</b>	<b>2,081</b>	<b>27.9%</b>

(\*) The amount is shown less the earnings from employees seconded to third parties and subtracted from payroll costs

## Income

The table below shows the main income items for the years 2019 and 2018:

	Euro thousand			
	2019	2018	Variazioni	Variazioni %
<b>Value of production</b>	<b>66,212</b>	<b>58,596</b>	<b>7,616</b>	<b>13%</b>
<b>Aviation (*)</b>	<b>39,781</b>	<b>40,909</b>	<b>(1,127)</b>	<b>-2.8%</b>
of which:				
Fees	25,777	26,561	(784)	-3%
Centralized infrastructures	1,455	1,648	(194)	-11.7%
Security	8,352	8,446	(94)	-1.1%
Aviation services	1,397	1,334	63	4.7%
Sublease of regulated spaces	2,800	2,920	(120)	-4.1%
<b>Handling</b>	<b>183</b>	<b>245</b>	<b>(63)</b>	<b>-25.5%</b>
<b>Non-aviation</b>	<b>15,126</b>	<b>15,335</b>	<b>(210)</b>	<b>-1.4%</b>
of which:				
Ticketing	497	455	42	9.1%
Food&Beverage	1,939	1,983	(45)	-2.3%
Beauty&Fashion	493	532	(40)	-7.5%
Vip Lounge & Fast Track	996	935	61	6.5%
Duty Free	1,084	1,088	(5)	-0.4%
Travel & Facilities	565	593	(28)	-4.7%
Financial Services	195	172	22	13%
Rent-a-Car	1,546	1,480	66	4.5%
Sublease of spaces	666	627	39	6.2%
Parking	6,136	6,311	(174)	-2.8%
Advertising	1,006	1,150	(144)	-12.5%
Other	4	8	(4)	-44.2%
<b>Other revenues</b>	<b>11,121</b>	<b>2,106</b>	<b>9,015</b>	<b>428%</b>

(\*) Aviation revenues also include the sublease of spaces at regulated rates, that in previous annual reports were classified as Sublease of spaces and Non-aviation activities. For comparative purposes, the figures from 2018 are shown again accordingly.

Aviation revenues in 2019 amount to €39,781 thousand and have decreased by €1,127 thousand (-2.8%). The reduction is basically due to lower traffic volumes.

Non-aviation revenues in 2019 have decreased by €210 thousand (-1.4%), from €15,335 thousand in 2018 to €15,126 thousand in 2019. The reduction is basically due to the lower traffic volumes affecting the revenue from shops, restaurants and parkings.

The most relevant factors affecting non-aviation revenue trends are described below:

- **Food&Beverage**

The revenues from this segment have decreased by €45 thousand in 2019 compared to 2018, reaching a total of €1,939 thousand, due to the net effect of the decrease in traffic volumes and the increase in retail offers.

- **Beauty&Fashion**

The revenues from this segment have decreased by €40 thousand compared to 2018 due to the closing of a number of shops and to the presence, for some time during the year, of works for the opening of new shops.

- **Vip Lounge & Fast Track**

The revenues from this segment have increased by €61 thousand thanks to the re-negotiation of the agreements and to the increase in accesses through multi-lounge circuits.

- **Rent-a-Car**

The revenues from this segment amount to €1,546 thousand and have increased by €66

thousand thanks to new rental points at the Arrivals floor and to the improved performance of car rental partners.

- **Parking lots**

The revenues from this segment amount to €6,136 thousand and have decreased by €174 thousand compared to the previous year, due to the decrease in traffic volumes.

- **Advertising**

The revenues from advertising amount to €1,006 thousand and have decreased by €144 thousand compared to 2018, due to the presence, for some time in the year, of works for the renovation of the Arrivals terminal and to less investments from historical investors.

The other revenues (€11,121 thousand) have increased significantly compared to the figure recorded in 2018 (€2,106 thousand), due to non-recurring earnings coming from the favourable Court awards in the controversies vs. the National Fire Department and vs. the Ministry of Infrastructures and Transport. For more details please refer to the corresponding section in the Notes.

### Payroll costs

The payroll costs for 2019, inclusive of outsourced staff, amount to €13,802 thousand, increasing by €643 thousand compared to the previous year.

The change is basically due to the effects of the one-off contractual compensation paid under the new collective bargaining agreement for air

transportation workers (airport administration sector) for the three-year period 2017-2019. For more details please refer to the corresponding sections in the Directors' Report and in the Notes.

### Operating costs

Operating costs amount to €28,295 thousand, decreasing by €962 thousand compared to the previous year. Such decrease is due to the following circumstances:

- lower expense on security and surveillance services (€289 thousand) due to the fewer passengers and actions to improve the cost-effectiveness of security costs;
- lower expense on commercial and travel promotion costs, that decreased on aggregate by €877 thousand;
- minor changes in other cost items that have increased on aggregate by €236 thousand.

### Gross operating margin

As a result of the variations in each of the income and expense components commented above, the GOM 2019 has reached €24,114 thousand, or 36.4% of total revenues (27.6% in 2018).

### Provisions and write-down

These include the write-down of trade receivables made to cover possible losses on certain non-recoverable creditor positions and an estimate of potential liabilities arising on refunds payable to third parties and from controversies in general, according to the

information received from our lawyers and legal counsels.

The provisions and write-down in 2019 amount in total to €5,389 thousand and have increased by €4,593 thousand compared to the previous year. Such notable change owes essentially to the posting of €3,080 thousand to the provision for risks to cover the controversy with the Ministry of Transport, due to the risk of being the losing party in the last instance trial before the Supreme Court.

### EBITDA

Due to the reasons explained above, the EBITDA 2019 amount to €18,725 thousand, or 28.3% of the value of production (26.3% in 2018).

### Amortization and depreciation

The amount of amortization and depreciation, totalling €6,028 thousand, has decreased by €105 thousand and is in line with the corresponding figure from the previous year;

### Grants

These were recorded in the amount of €671 thousand and have not changed from the previous year. For more details please refer to the corresponding section in the Notes.

### EBIT

The EBIT 2019 amount to €13,368 thousand, increasing by €3,448 thousand compared to the previous year and corresponds to 20.2% of the value of production (16.9% in 2018).

## Financial income (expense)

The balance of financial income and expense, positive by €499 thousand, has increased by €213 thousand compared to 2018 due to the greater dividend distributed by the company that manages the G. Marconi airport in Bologna.

## EBT

Therefore, the EBT amount to €13,867 thousand, increasing by €3,660 thousand compared to 2018.

## Taxes

The aggregate tax burden has increased by €1,579 thousand compared to the previous year. The total tax liability for the year amounts to €4,315 thousand.

The difference between the actual 2019 tax rate (31.1%) and the theoretical IRES/IRAP rate is described in detail in the dedicated section of the Notes.

## Profit

In the light of the above, the net profit earned in 2019 amounts to €9,552 thousand, increasing by €2,081 thousand compared to 2018 (+27.9%).

**+27.9%**  
NET PROFIT

# 1.6

## Analysis of the balance sheet

The table below shows the Balance Sheet components reclassified according to financial standards. A comparison between 2019 and 2018 figures is also provided.

	2019	2018	Difference
			Euro thousand
<b>A) Fixed assets</b>			
Intangible assets	9,791	5,679	4,111
Tangible assets	45,472	45,307	165
Financial assets	12,691	8,953	3,738
	<b>67,954</b>	<b>59,940</b>	<b>8,014</b>
<b>B) Working capi</b>			
Inventory	403	330	73
Trade receivables	13,670	12,897	773
Other assets	19,197	16,655	2,542
Trade payables	(18,484)	(16,991)	(1,493)
Provisions for liabilities and charges	(7,885)	(4,773)	(3,113)
Other liabilities	(33,955)	(33,577)	(378)
	<b>(27,055)</b>	<b>(25,459)</b>	<b>(1,596)</b>
<b>(A+B) C) Invested capital (less liabilities for the year)</b>	<b>40,899</b>	<b>34,481</b>	<b>6,418</b>
<b>D) Provision for staff severance pay</b>	<b>(2,188)</b>	<b>(2,284)</b>	<b>96</b>
<b>(C+D) E) Invested capital (less liabilities for the year and staff severance pay)</b>	<b>38,711</b>	<b>32,197</b>	<b>6,514</b>
funded with:			
<b>F) Own capital</b>			
Paid-in share capital	12,911	12,911	0
Reserves and profit (loss) carried forward	24,352	23,274	1,078
Profit (Loss) of the year	9,552	7,470	2,081
	<b>46,815</b>	<b>43,655</b>	<b>3,160</b>
<b>G) Medium / long-term financial indebtedness</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>H) Short-term financial indebtedness</b>			
Short-term financial payables	0	1,500	(1,500)
Short-term financial payables to subsidiaries	0	0	0
Financial income (expense)	0	0	0
Cash and short-term financial receivables	(8,104)	(12,958)	4,855
	<b>(8,104)</b>	<b>(11,458)</b>	<b>3,355</b>
<b>(G+H) I) Indebtedness (Net financial position)</b>	<b>(8,104)</b>	<b>(11,458)</b>	<b>3,355</b>
<b>(F+I) L) Total as in "E"</b>	<b>38,711</b>	<b>32,197</b>	<b>6,514</b>



As shown in the table, the capital invested, less liabilities for the year and staff severance pay, has increased by €6,418 thousand due to the following changes:

- increase in fixed assets by €8,014 thousand, due essentially to:
  - increase in intangible assets by €4,111 thousand, comprising new investments made during the year (€5,941 thousand), ordinary amortization (€910 thousand) and reclassification of other assets (€-921 thousand);
  - increase in tangible assets by €165 thousand, due to the joint effects of ordinary amortization (€5,118 thousand), new investments made during the year (€4,854 thousand), liabilities no longer existing and other changes (€426 thousand);
  - increase in financial assets by €3,738 thousand due to the demerger of Aeroporti Holding, that implied the recording of an equity investment in Aeroporti di Bologna S.p.A. at a greater carrying value than the value of the previous equity investment in Aeroporti Holding.
- decrease of working capital by €1,596 thousand, due basically to:
  - increase in trade receivables by €773 thousand, owing in turn to the joint effects of

better average invoice payment terms and of the related credit collection activities;

- increase in other assets by €2,542 thousand, due mostly to the posting of the account receivable from the Ministry of Transport arising from the Court of Appeal decision that sentenced the Ministry to pay damages on the omitted adjustment of airport fees to inflation, as commented in the dedicated section of the Directors' Report;
- increase in trade payables by €1,493 thousand, due essentially to the increase in investments;
- increase by €3,113 thousand in the provisions for contingencies, due to:
  - increase in the provision for future contingencies (€3,142 thousand) deriving, on one hand, from the amounts allocated at the closing of the year to adjust the amount of the provision to the company's actual needs based on prospective risks, and, on the other hand, from the amounts released and used during the course of the year. In particular, as at 31 December 2019 the provision amounted to €7,885 thousand, as detailed in the dedicated section of the Notes;
  - reduction to nil, as at 31 December 2019, of the negative mark-to-market value of the derivative instrument that the

Company subscribed in order to cover interest rate fluctuation risks associated to a loan that was repaid in full at the end of the year. In accordance with Italian accounting standard no. 32, the change described above has not affected the income statement for the year.

- increase in other liabilities by €378 thousand, basically in line with 2018 figures.

The severance pay payable to the employees has decreased by €96 thousand compared to 2018.

The capital has increased by €3,160 thousand due to the joint effect of the profit earned in the year (€9,552 thousand), the distribution of dividends (€10,500 thousand), the effects on the equity of the demerger of the subsidiary Aeroporti Holding and the cancellation of the reserve for the hedging of expected cash flows (€4,108 thousand).

The indebtedness has decreased by €1,500 thousand, and is therefore entirely brought to nil, after the repayment, according to the plan, of the last instalments of the loan obtained in 2010, which originally amounted to €15,000 thousand.

Due to the combined effects of the changes described above, the net cash and equivalents at year-end 2019 have decreased by €4,885 thousand compared to 2018 and amount to €8,104 thousand.

During the course of the year the Company has therefore reduced its net financial position by €3,355 thousand, from €11,458 thousand as at 31 December 2018 to a balance of €8,104 thousand as at 31 December 2019, which correspond to its cash and equivalents. The Company has presently no financial indebtedness.

## 1.7 Analysis of cash flow

The operations in the year used €3,355 thousand in financial resources. Such figure is the result of the cash flow generated by income less costs.

The cash flow from operations, €16,581 thousand in total, is given by the GOM (€24,114 thousand), the variations in the net working capital (€-1,516 thousand), the amount used to cover the tax liability for the year (€4,315 thousand) and the effects of other items such as provisions, write-down and grants (€-1,702 thousand).

The cash flow was used to fund investments in intangible and tangible assets (€10,796 thousand) and to distribute dividends (€10,500 thousand).

The net cash flow from operations is therefore negative and amounts to €-3,355 thousand on aggregate. The net financial position as at 31 December 2019 is €8,104 thousand, decreasing compared to the €11,458 thousand recorded at 31 December 2018.

The changes described above are summarised in the table below:

Euro thousand

Statement of cash flow	2019	2018
Cash and cash equivalents	12,958	17,520
Financial payables	(1,500)	(3,000)
<b>Cash less financial payables - Opening balance</b>	<b>11,458</b>	<b>14,520</b>
GOM	24,114	16,179
Δ NWC (less provisions for risks)	(1,516)	(106)
Taxes	(4,315)	(2,736)
Other items	(1,702)	32
<b>CASH FLOW FROM OPERATIONS</b>	<b>16,581</b>	<b>13,369</b>
CAPEX	(10,796)	(6,644)
Other (divestments/changes in fixed assets)	862	436
<b>CASH FLOW Capex and other changes</b>	<b>(9,934)</b>	<b>(6,207)</b>
<b>FREE CASH FLOW</b>	<b>6,646</b>	<b>7,161</b>
Dividends	(10,500)	(10,509)
Financial income (expense)	499	286
<b>CASH FLOW Dividends and financial income (expense)</b>	<b>(10,001)</b>	<b>(10,223)</b>
<b>NET CASH FLOW</b>	<b>(3,355)</b>	<b>(3,062)</b>
<b>Cash less financial payables - Closing balance</b>	<b>8,104</b>	<b>11,458</b>
Financial payables	0	(1,500)
Cash and cash equivalents	8,104	12,958

## 1.8 Trends of main financial ratios

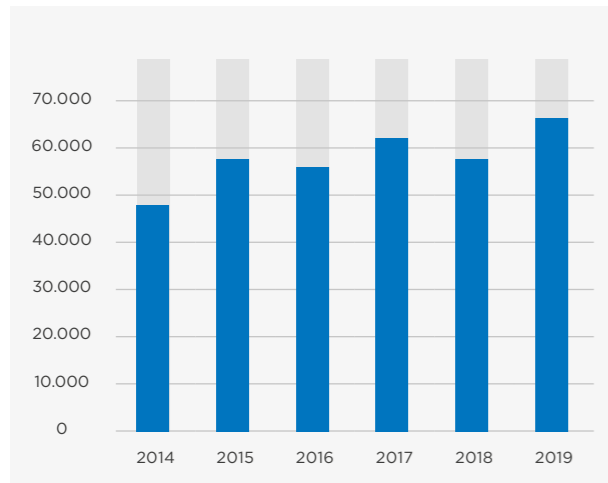
The table below shows the main Income Statement components. A comparison with the figures from previous years is also provided.

Euro thousand

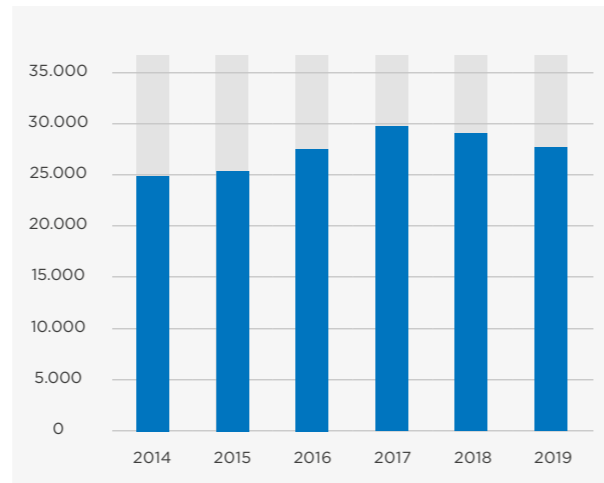
Financial ratios	2014	2015	2016	2017	2018	2019
Earnings (*)	48,724	57,799	56,696	62,128	58,596	66,212
Operating costs	24,994	25,135	27,822	29,661	29,257	28,295
Payroll costs	12,629	13,050	13,494	13,414	13,159	13,802
GOM	11,101	19,614	15,379	19,053	16,179	24,114
Net result	795	8,498	6,453	11,087	7,470	9,552
Shareholders' equity	39,722	43,396	47,620	46,619	43,655	46,815
ROI	3.55	27.62	31.16	38.91	28.77	32.69
ROE	2.00	19.58	13.55	23.78	17.11	20.40
Trend of investments	3,010	3,140	4,664	6,401	6,644	10,796
Trend of financial independence (**)	11,603	19,889	13,437	18,740	14,752	21,495
Trade receivables	10,592	9,579	11,495	13,400	12,897	13,670
Average length of trade receivables	84	75	77	84	83	91
Trade payables	8,931	10,039	14,900	16,984	16,991	18,482
Average length of trade payables	130	146	196	209	212	238
Net EPS	0.32	3.40	2.58	4.43	2.99	3.82

(\*) The amount is shown less the earnings from employees seconded to third parties and subtracted from payroll costs  
 ROI: net profit / investments The figures from the preceding financial years were adjusted in order to align the calculation methods across all Group companies.  
 ROE: net income / shareholders' equity  
 Average length of receivables: trade receivables / trade earnings (caption A1 of IV CEE financial statements)  
 Average length of payables: trade payables / cost of vendor services  
 (\*\*) FINANCIAL INDEPENDENCE: profit (loss) of the year + amortization and depreciation + write-down and provisions + net change in the provision for staff severance pay

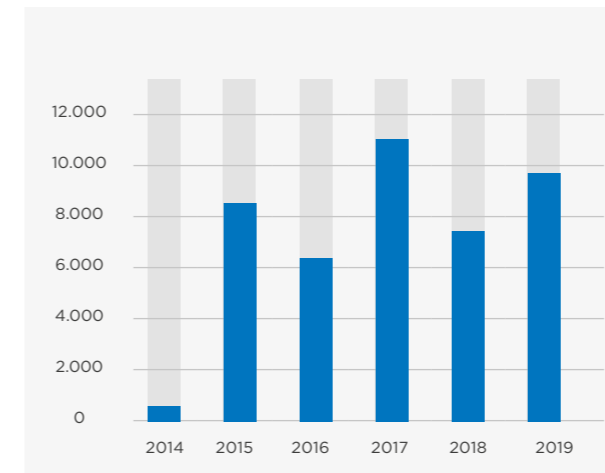
### Production value



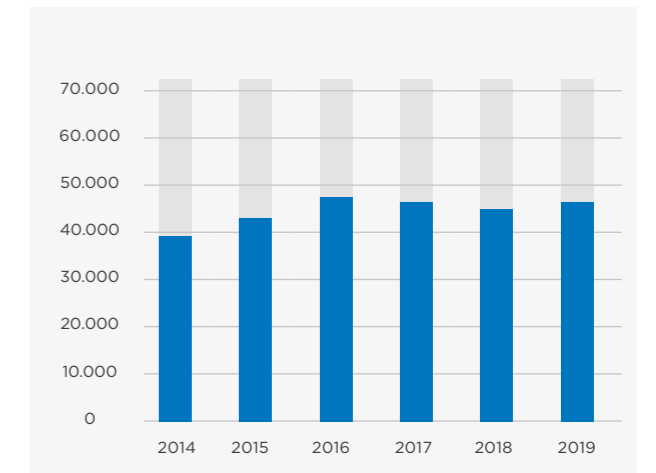
### Operating costs



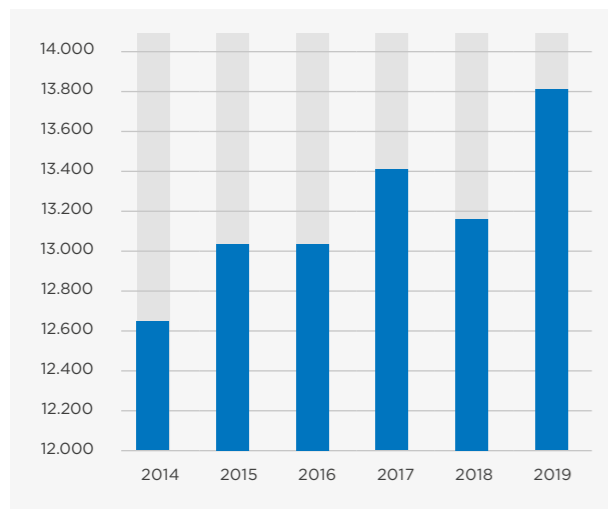
### Net result



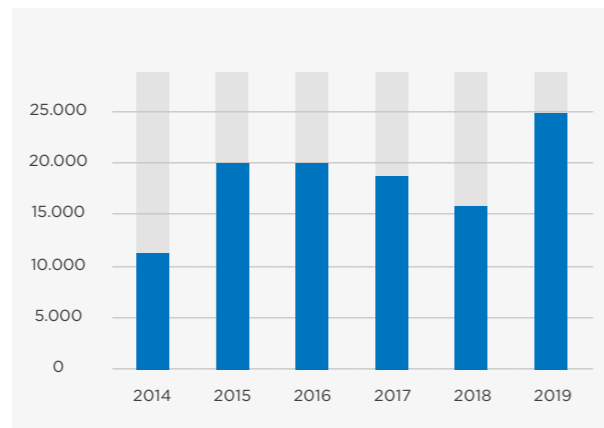
### Shareholders' equity



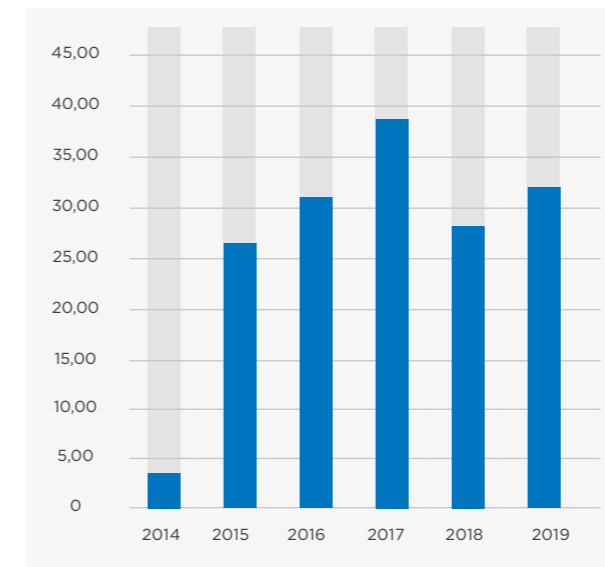
### Staff costs



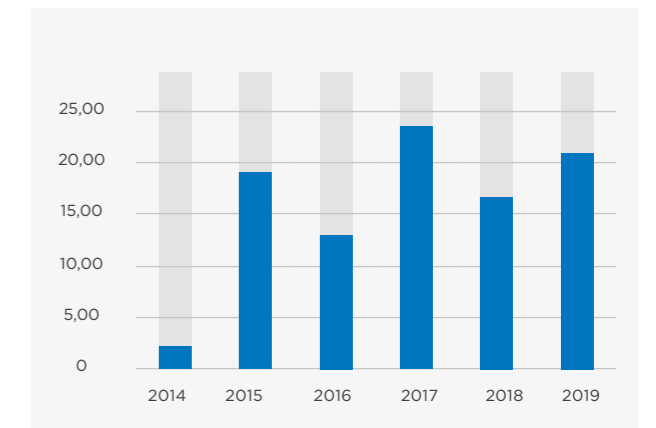
### GOM



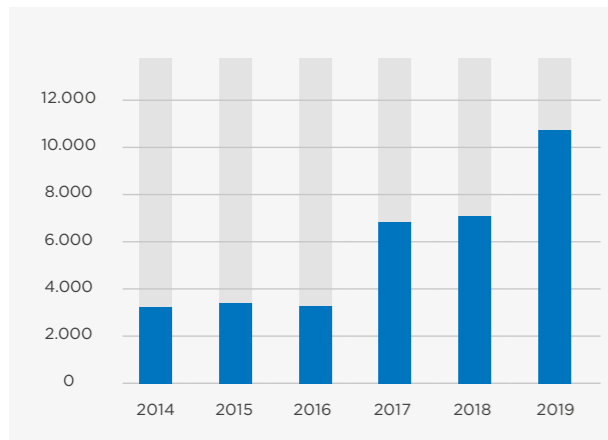
### ROI



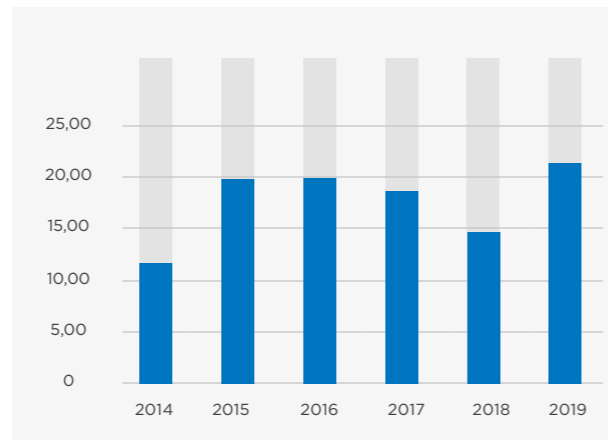
### ROE



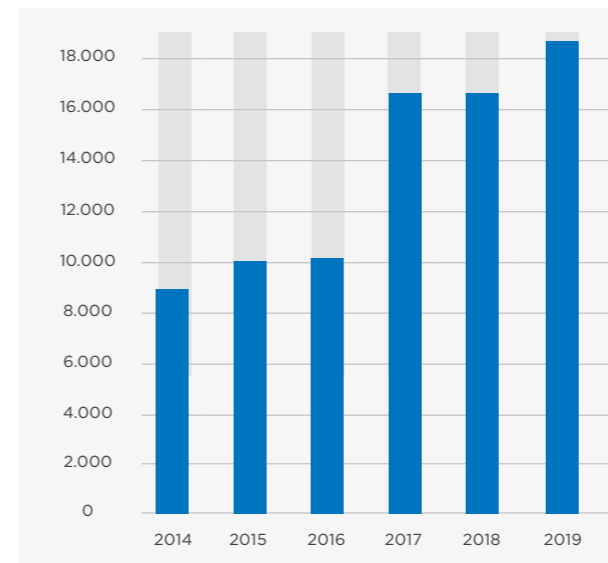
### Trend of investments



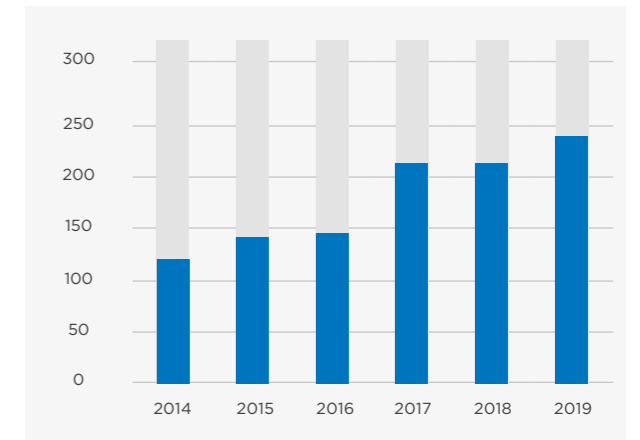
### Trend of financial autonomy



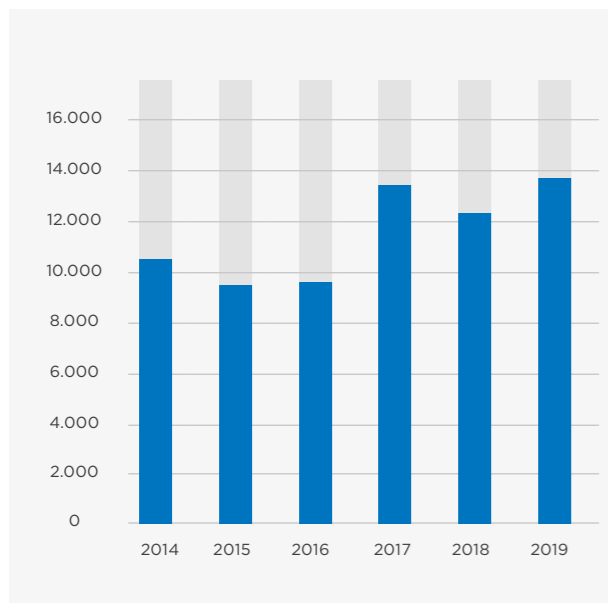
### Trade payables



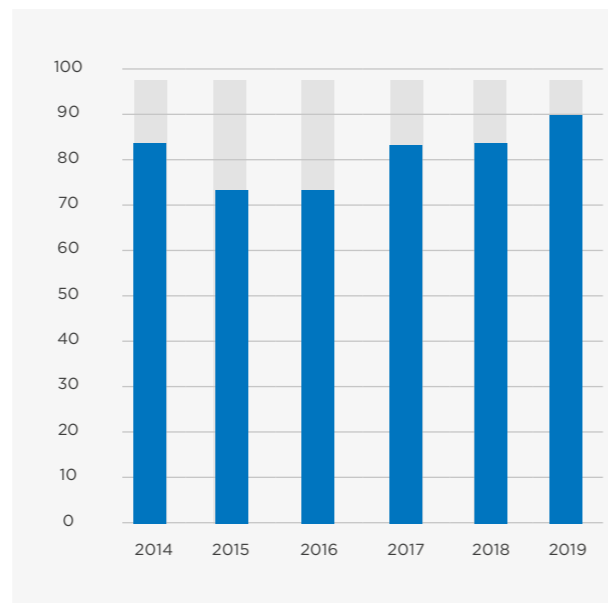
### Average length of trade payables



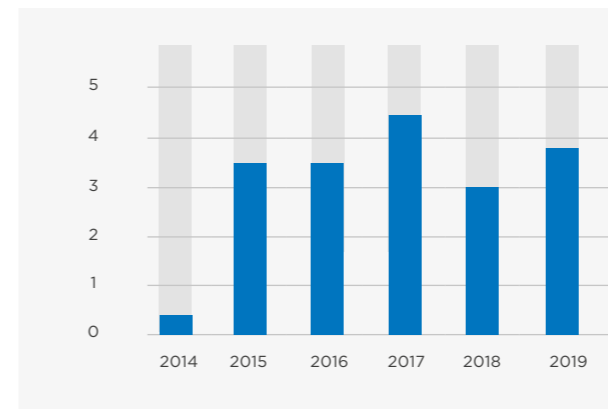
### Trade receivables



### Average length of trade receivables



### Net EPS



## 1.9 Digital innovation and IT systems

The Turin Airport's process of digital innovation was reinforced through the creation of a new organization unit specifically responsible for working in synergy with the IT Systems, assisting the entire company in exploring and implementing solutions meant to improve the passenger experience, optimize airport operations and develop new business.

At the same time, work continued on instilling a culture of change in the organization through periodic encounters of a team whose members, drawn from all the company departments, work together to come up with innovative solutions.

The practical results made available to passengers in 2019 included:

- a new e-commerce platform equipped with an application ("App") for Android and IOS mobile devices, favouring the development of an on-line sales channel for airport services (parking, Piedmont VIP Lounge, Fast Track) that can be used by QRCode reading. The App also includes a number of accessory services, such as the publication of average "Home to Gate" times, plus e-commerce functions, such as "Shop&Collect" and "Order&Pickup". In addition, the e-commerce platform automatically interfaces with the management platform for handling invoices;
- intelligent digital lockers equipped with on-line and traditional sales channels, allowing passengers returning from trips to pick up merchandise purchased on-line and in the stores of the air terminal. This multichannel sales

tool has expanded opportunities for contact between clients and the commercial partners of SAGAT S.p.A.;

- e-gates that have cut down on the time needed for passport controls by interfacing with the Polaria border police for the scanning of passports and biometric facial recognition of non-Schengen passengers;
- a digital signage system that uses monitors of different sizes and resolutions, including video-wall assemblies, to distribute operational and commercial information, in addition to notifications regarding flights and announcements on routes and destinations, plus tourism content relating to events and resources, in collaboration with the Piedmont and Valle d'Aosta regions, so as to favour integration with the local territory;
- renewal of information monitors through the introduction of new "Smart Public Displays" featuring improved legibility, new graphic treatment of the content and simplified hardware management, with a native connection to the airport network;
- edutainment stations created in collaboration with Thales Alenia Space and Leonardo Velivoli, with project support and hardware infrastructure supplied by SAGAT S.p.A..

In terms of basic infrastructure, a new hardware and software platform based on HPE, VMWare

and Microsoft has been purchased and implemented. Scalable and highly reliable, it meets current standards of business continuity and disaster recovery, making possible, now and in the future, the gradual virtualisation of the servers, along critical company procedures, for both operational and management activities, guaranteeing adequate levels of performance and security for the next five years.

In terms of administrative tasks, the underlying procedures for electronic invoicing have been completed, in accordance with current laws and statutes.

Three brand-new classrooms have been created for training, with the purchase of PCs, monitors and video projectors to guarantee maximum flexibility.

Latest generation software has been introduced to replace outmoded versions for the management of the fuel depot for working vehicles run and operated by SAGAT S.p.A..

The hardware devices of the Access control System continued to be updated, in order to gradually expand use of the new airport ID cards equipped with proximity chips that hold the information needed to open/close airport entry points in encrypted form.

The increasingly important issue of cyber security has been addressed through the purchase of the new McAfee MVision solution,

which makes possible centralised management of security on company devices with Windows, Android or IOS operating systems.



## 1.10 Retail activities

The year 2019 featured the commercial redesign and architectural restyling of the landside arrival and departure areas. The innovations made to optimise the non-aviation retail offerings and upgrade the areas became fully operational in July 2019, as regards the Arrivals Level, and starting from the second half of August for the Departure Level; the gradual scheduling of the work had made it possible to keep establishments open, albeit under a temporary set-up, affording most of them the benefit of continuity.

The passenger experience, designed in collaboration with nine retail partners, has also been improved through a more plentiful offer of services catering to travellers' needs.

On the Arrivals Level, new establishments have been installed, while others have been thoroughly renovated:

- 'Piedmont in your hands', a new sales point for tourist services created by Alpmed to make possible direct purchase, upon arrival at the Airport, of tickets for connecting transportation to downtown areas, as well as individual transportation, hotel rooms, restaurants, vacation packages, entrance tickets to museums, attractions, fairs and events, plus wine and food products;
- the boutique Smile,Italy!, specialised in dental prevention and hygiene, the first such establishment in an Italian airport;
- a Crai supermarket based on a new concept, serving both passengers and the airport community, following expansion of both its surface area and its offerings;
- the renewed food offerings of the Autogrill restaurant, arranged in a new 'Turin Passage' format, a modular structure inspired by modern

town food courts in which various food areas and corners all coexist in a single space;

- the new positioning of the pharmacy in the Arrivals Area, to better meet the passengers' needs. New spaces for rent-a-cars and a new position for the ATM service complete the offerings.

A new food court established by Chef Express has opened on the Upper Departures Level, complete with a Caffetteria Torinese coffee shop in a highly original format, designed by the Lavazza coffee company, plus Ingredients, a self-service restaurant, and a McDonald's equipped with the latest digital technologies.

Listed below are some of the key features of the individual business areas:

### Retail and food service subcontracting

The lower results recorded by the Food&Beverage sector were less pronounced than decrease in passenger traffic, thanks to the addition of a newly opened WorkEat and a McDonald's Chef Express. The Beauty&Fashion sector was adversely affected by the closing of the Carpisa and Yamamay sales points and by the period during which the areas in question were closed for the work needed to open the new WorkEat and Rossorubino establishments. The results of stores that have been in the shopping gallery for a few years now also improved, such as the Camicissima shirt shop, which introduced a new women's line, and Tiger.

### Non-retail subcontracting and other activities

In the case of the car-rental sector, revenues have increased following the introduction of the new spaces in the Arrivals Area for Sixt and Sicily by

Car, together with the excellent results registered by Locauto and Autovia. In addition, the sector as a whole has grown, while offerings in the travel&facilities sector have been augmented by the new capsule-hotel format of ZZZleopardGo, located in the Departures Area, plus 'Piemonte in your hands', a local tourism promotion point that further boosts the offerings of AlpMed on the Arrivals Level.

### Parking facilities

Revenues from parking facilities in 2019, equal to 6.136 million euro, marked a decrease compared to the previous year (-2.8%).

This result, which is in line with the decrease in passenger traffic, points to a consolidation of business-travel habits (shorter stops, evaluation of offers), as well as to the increasing tendency to purchase parking through e-commerce channels that offer lower prices and are chosen more and more frequently by company travel departments. Though the extent to which people park on the streets near the airport has declined, there has been a noteworthy increase in on-line purchases using multichannel e-commerce. Commercial steeps have been taken to intercept the largest possible number of customers, including: placement on-line, starting 15 July 2019, of a new e-commerce platform that makes it possible, thanks to obligatory registration, to obtain a large quantity of data that can then be used for marketing efforts targeting various targets, and in order to draw up medium/long-term profiles of customers; the introduction of dynamic fees, to increase the number of stops and the resulting turnover; constant monitoring of the results of the Google Adwords campaign.

In addition, the fees for Kiss&Ride and Bye&Fly



express parking were adjusted in the second half of 2019, with both of these options entitling the customer to free parking for the first 10 minutes of the stay, and the long-term parking fees were also revised, making it convenient to stay in these areas, based on the period of parking communicated to the public.

### Advertising

Advertising income showed a decrease of -12.5% compared to 2018.

Most of the revenues were earned through the main subcontractor, IGPDcaux, a leading force on the market, which registered a significant drop in results compared to 2018, due to the restoration work carried out on the Arrivals Level and the reduction of investments by established advertisers, losses not offset by the growth of the digital channel.

### Non-aviation services

Performance levels were good for the VIP Room and Fast Track services offered to clients whose customers whose carriers have signed an agreement with SAGAT S.p.A., or through multi-lounge circuits and the leading credit cards.

The services can be purchased by the final customer through e-commerce or directly in the airport.

The number of people entering the VIP Room was unchanged from 2018, but thanks to fruitful renegotiations of important contracts, plus constant growth in the number of individuals entering through multi-lounge circuits, revenues rose by +6.5%.

Overall, non-aviation revenues showed slightly negative growth, at -1.4% compared to 2018.



# 1.11

## Quality

### Quality Policy

SAGAT S.p.A. makes quality a priority concern in all its company procedures, considering it the focus of its strategy for constantly improving the customer's experience.

As the manager of the Turin Airport, SAGAT S.p.A. oversees the complex "airport system", under which the customer receives services from a number of different operators, apart from the manager – such as handlers, food service and retail activities, public transportation etc. – all of which contribute to the passenger's satisfaction with his or her journey.

In practical terms, our commitment to continuous improvement entails, first and foremost, close monitoring of levels of performance and perceived quality in the eyes of the passenger. Indeed, SAGAT devotes significant effort controlling all the main airport procedures and surveying levels of customer satisfaction.

The system for monitoring received and perceived quality is based primarily, but not exclusively, on the methodologies found in the ENAC memorandums GEN-06 and GEN-02A, constituting one of the key tools for the planning, oversight, improvement and review of performance.

The SAGAT quality system is UNI EN ISO 9001:2015 certified.

The Quality Policy summarises the company's key objectives:

- to pursue excellence in the course of its activities as airport manager, interacting with institutional parties and business in a reliable, proactive manner;

- to play its supervisory role with authority, ensuring the quality of the "airport system" as a whole by raising awareness and, where necessary, taking action in dealings with airport operators;
- to make the company organization even more efficient, through training and refresher courses for its human resources, spreading awareness of issues related to quality while periodically controlling their effectiveness;
- to closely monitor indicators of received and perceived quality, with regard to benchmark levels at other airports as well, not only to control performance levels, but to detect new opportunities for improvement;
- operate in rigorous accordance with the rules and regulations governing the quality of services, as called for under the UNI EN ISO 9001:2015 standard.

### ISO 9001:2015 Certification

In November of 2019, the DNV-GL agency carried out the supervisory audit needed to maintain the ISO 9001:2015 certification, with a positive outcome that revealed no shortcomings. Multiple positive considerations were highlighted with regard to the actions of SAGAT S.p.A., the most significant of which are listed below:

- the strategy of the new management, based on the customer's experience and resulting in infrastructure investments;
- training activities for staff assigned to assist reduced-mobility passengers (PRM), with regard to autism;
- effective complaint management.

### Received quality



The Service Charter is the document in which the airport management company publishes the minimum levels of service that it undertakes to provide. The Charter must be approved by the ENAC.

Memorandum GEN-06 stipulates the procedures for reading and calculating the satisfaction levels for each indicator of the Service Charter.

More than 80 thousand controls were carried out at the Turin Airport in 2019 to audit the services provided to customers, and the information registered by the Airport's IT system regarding different aspects of service were also analysed.

All the objectives of the 2019 Service Charter regarding indicators of received quality (including those pertaining to PRM passengers, as per Memorandum GEN-02A) were met.

### Perceived quality

SAGAT S.p.A. assessed customer satisfaction through two different approaches, both carried out by sampling two distinct and statistically significant panels of passengers:

- face-to-face questionnaires used to interview passengers, based on the set of indicators contemplated under national regulations (ENAC Memorandums GEN-06 on the Service Charter, and GEN-02A, on Reduced-Mobility Passengers);
- questionnaires filled out by passengers themselves to fulfil the voluntary participation of SAGAT S.p.A. in the ASQ-Airport Service Quality, the international benchmark of the

ACI-Airport Council International, which monitors more than 300 airports worldwide.

In the case of airports servicing between 2 and 5 million passengers, the GEN-06 Memorandum calls for the sampling of a minimum of 1,100 interviewees, with a margin of statistical error of approximately 3%. At the Turin Airport, suitably trained in-house personnel carried out 1,249 face-to-face interviews with passengers to gauge customer satisfaction.

The responses to the questionnaire were ranked on an even-numbered scale (as recommended by the ENAC in the memorandum): passengers gave their judgment by choosing from 6 levels of satisfaction, with 1=poor and 6=excellent. To measure the level of satisfaction, the percentage of positive responses given (4, 5 and 6) out of all the responses, both positive and negative, was calculated.

The overall level of satisfaction for 2019 turned out to be 99.5%, even better than the figure of 98.8% obtained in 2018.

The sole indicator on the Service Charter that did not reach the set objective-level in 2019 was 'Perception of the adequacy of city/airport transportation, which stayed at 82%, as opposed to the 91% that was hoped for.

The manager has no direct leverage on this indicator, though the less than optimal transportation between the Airport and downtown Turin/tourist areas is a weakness that can result in an unsatisfactory passenger experience for those who use public transportation.

As a result, SAGAT S.p.A. has reached out to the appropriate parties to urge that improvements be made, with one outcome being the new Arrival Express service placed in operation by the Sadem bus company on 8 December 2019.

A comparative analysis of some of the quality commitments made, and the results achieved in 2019, follows.

Indexes	Units of measure	Objective 2019	Result 2019
Overall perception of service of security controls on individuals and carry-on luggage	% of satisfied passengers	96,5%	98,8%
Overall perception of level of security for persons and property in the airport	% of satisfied passengers	95,5%	99,5%
Overall punctuality of flights	% of on-time flights out of total departing flights	78%	78%
Overall departing luggage misplaced under Airport's responsibility	Number of bags not embarked with departing pax/1,000 departing passengers	1	0,46
Time for return to passenger of first bag off the plane following block-on	Minutes calculated from time of aircraft block-on to return of first bag off in 90% of the cases	21'30"	19'25"
Time for return to passenger of last bag off the plane following the block-on	Minutes calculated from time of aircraft block-on to return of last bag off in 90% of the cases	30'00"	25'39"
Waiting time aboard before disembarkation of first passenger	Minutes from block-on in 90% of the cases	4'00"	3'48"
Overall perception of regularity and punctuality of the services received in the airport	% of satisfied passengers	97,5%	99,9%
Perception of level of cleanliness and operating efficiency of the toilettes	% of satisfied passengers	90%	94%
Perception of the level of cleanliness in the terminal	% of satisfied passengers	96%	99,7%
Perception of availability of baggage carts	% of satisfied passengers	95,5%	99,8%
Perception of availability/quality/prices of stores and newsstands	% of satisfied passengers	95,5%	98,5%
Perception of availability/quality/prices of cafés and restaurants	% of satisfied passengers	95,5%	97,3%
Perception of clarity, ease of comprehension and effectiveness of indoor signs and signals	% of satisfied passengers	94,5%	98%
Perception of professionalism of personnel (info-points, security)	% of satisfied passengers	96%	98%
Overall perception of effectiveness and accessibility of public information services (monitors, announcements, indoor signs and signals etc.)	% of satisfied passengers	96%	99,2%
Waiting time at check-in	Waiting time in minutes in 90% of the cases observed	8'00"	4'55"
Waiting time at security checkpoint	Waiting time in minutes in 90% of the cases observed	8'00"	4'30"
Perception of adequacy of city/airport transportation	% of satisfied passengers	91%	82%

## Passengers with reduced mobility (PRM)

In terms of the services supplied to passengers with reduced mobility (PRM), the services times recorded in 2019 met the expected standards.

For customer-satisfaction surveys pertaining only to PRM passengers (as per ENAC Memorandum GEN-02A), SAGAT S.p.A. interviewed a sample group of 1,807 respondents in 2019.

The satisfaction of PRM customers arriving and departing from the Turin Airport stayed at levels of excellence this year as well, despite the growth in volume (+6.6%) of this specific sector, a result that contrasts with the decrease (-3.3%) in traffic. Only one indicator of PRM customer satisfaction did not fully meet the objective-level of the 2019 Service Charter: 'Perception of staff courtesy (info-points, security, personnel assigned to provide special assistance)', with the result falling slightly below the target of 96%, at satisfaction of 95.3%.

On questions pertinent to service to passengers with disabilities or reduced mobility, the collaboration with the CPD, the Advisory Board for Individuals in Difficulty, continued in 2019 as well. SAGAT has provided the CPD with economic support in carrying out the 'Caselle for All' project, designed to render use of the airport increasingly trouble-free for travellers with specific needs or psycho-motor or sensorial disabilities.

One outcome of the project, which has also drawn praise from the ENAC, is the assisted airport-city transport service described on this page of the website of the Turin Airport:

<https://www.torinoairport.com/it/tofly/informazioni-utili-per-il-volo/passeggeri-a-ridotta-mobilita/trasporti-e-parceggi>

In 2019, SAGAT S.p.A. also continued its participation in the project "Autism - travelling through the airport", an initiative designed by the ENAC civil aviation authority, in collaboration with Assaeroporti, industry associations and airport-management companies, to make airports and air travel more accessible to individuals with autism. Under the special initiative, the staff of the Turin Airport receives specific training from the CPD - the non-profit Advisory Board for Individuals in Difficulty, with the involvement of the local association Luce per l'Autismo (Light for Autism), and the A.M.A. as well, in order to acquire the skills needed to adequately serve passengers affected by autism, with the idea being to assist those accompanying the autistic individual, in order to make the airport and air-travel experiences as trouble-free as possible, in this way guaranteeing that those affected by this disability are able to take full advantage of their right to mobility.

SAGAT has also contacted the companies that provide public transportation to and from the Airport, seeking to implement measures that make possible an effective liaison with the respective organisations, in order to ensure the continuity of the assistance provided to individuals with disabilities or reduced mobility.

A memorandum of understanding was signed with the SADEM bus company in August of

2019, with the parties agreeing to ensure proper implementation of the procedures required for application of Italian and EU regulations and standards in the sector, in order to maintain elevated, uniform levels of quality in the services provided to PRM.

### The Planning Agreement

One of the fundamental documents of the Planning Agreement is the Quality Plan, which calls for the monitoring of a mix of ten indicators identified in accordance with the instructions of the ENAC, based on the results effectively recorded in the benchmark year (2014).

A number of these indexes regard areas of services that are still under the management of handlers, though the Manager is responsible for their oversight, seeing that they are of use in rating the performance of the airport as a whole. As regards the quality objectives set under

the Planning Agreement for 2019 (the last year of the four-year period 2016-2019), only two involving the time taken to return luggage to passengers were not met.

These two especially challenging time-objectives were the result of projections formulated on the basis of the benchmark year, under different conditions of traffic. In the 2019 Service Charter, on the other hand, it was possible to set targets in keeping with the actual context, and so the objectives of that charter were met.

Well aware that the baggage-return service, though it falls under the responsibility of the handlers, affects the image of the airport system as a whole, as well as passengers' customer experience, SAGAT has undertaken, in recent years, not only efforts of operating surveillance and control, but also concrete initiatives meant to mitigate the risk of not meeting the target objective. Proof is the fact is that the final times

Indexes	Units of measure	Objectives 2019	Results 2019
Time for return of 1st bag	Time in 90% of the cases	18'16"	19'25"
Time for return of last bag	Time in 90% of the cases	23'48"	25'39"
Perceived level of cleanliness and operating efficiency of the toilettes	% satisfied pax	88%	94%
Waiting time at security check-points	Time in 90% of the cases	8'00"	4'30"
PRM - Waiting time for departing pax to receive assistance once they notify their presence	Lapsed time (in 90% of cases)	6'00"	4'32"
PRM - Perceived effectiveness of assistance	% satisfied pax	99.1%	100%
Overall departing bags misplaced due to the airport	Number of bags misplaced/ total departing bags	0.14%	0.11%
Reliability of the baggage handling system (BHS)	% time functioning/airport in operation	100%	100%
Efficiency of systems of internal movement (elevators and escalators)	% time functioning /airport in operation	98.3%	99.8%
Perceived regularity and punctuality of the services received in the airport	% satisfied pax	97.4%	99.9%

for 2019 were lower than the equivalent figures for the previous year, which, for their part, already feel within the range of acceptability (2018: first bag 21:35, last bag 30:01).

As regards the quality objectives of the 2019 Planning Agreement, the overachievement recorded for some of the eight parameters made up for the two not fulfilled. As a result, the overall "q" index was met in full.

### ACI ASQ - Airport Service Quality

SAGAT S.p.A. is part of the ASQ - Airport Service Quality - benchmark of the Airport Council International, the sole instrument recognised by

the international airport industry for monitoring levels of customer satisfaction, as it does in more than 300 airports throughout the world.

The year 2019 was the third full year in which information was gathered, as always, under the regulations of the ACI ASQ (sampling plans based on the traffic forecasts received by the ACI from each airport). The quarterly field survey must cover all the days of the week and all the hours during which the Airport is open.

The information is collected with a questionnaire that passengers fill out themselves, responding to a set of questions based on a scale with 5 different options ranging 1 = poor to 5 = excellent.

The final figure for overall satisfaction in 2019 confirmed the positive trend of the previous years:

Overall satisfaction			
2016	2017	2018	2019
3.66	3.73	3.86	<b>3.96</b>

## Listening to passengers

### Complaints

In 2019 SAGAT S.p.A. received and handled 81 comments and/or complaints from passengers, only one of which (unfounded, for that matter) was from a passenger with reduced mobility. The follow-up on each report showed that almost 35% of all the complaints were unfounded (a higher percentage than in 2018). Even in cases where there were no grounds for the complaint, SAGAT S.p.A. still responded to each customer, and in an average time of less than six days.

### Instant feedback system (Smiley)

Installed in July of 2019 to collect customer opinions immediately after they experience the security/carry-on luggage control service, it also serves to show customers that we care about their opinion. The keys pressed to express satisfaction by selecting corresponding “faces” supplement the established procedures for received and perceived quality, though without replacing them.

### Airside information desk

Placed in operation in the summer months, it provides another tool for gauging the needs

of passengers when they find themselves in a ‘controlled’ zone, beyond the security check-points. The project was initiated to receive first-hand input from customers on their actual needs and to collect their requests. Seeing that its purpose is to goal is to monitor passengers’ wishes, the information desk in the Boarding Area has been designed, and is operated, by the Quality Service.

### ENAC combined audit

As the authority responsible for proper application in Italy of (EC) Regulation no. 1107/2006 on the right of individuals with disabilities or reduced mobility to air travel, the ENAC performs an annual audit of Italy’s airports.

The ‘Combined audits of the quality airport services and PRM assistance services’ are of use in evaluating the manager’s organisational structure and its ability to prevent or resolve any problems that should arise.

In February of 2019, the Department of the Charter of Rights and Quality of Airport Services audited the Turin Airport as described above, with a phase in which documentation was assessed, plus a joint inspection of the airport infrastructures, along with confirmation of compliance of the training obligations contemplated under EC Regulation 1107/2006.

The inspection determined that the airport system is mature in terms of topics regarding quality, possessing widespread knowledge and skills in the area.

ENAC has drawn up a series of observations that SAGAT responded to in 2019, by the required deadlines, except for two issues regarding which extensions of the period for conclusions have been requested and granted.

## 1.12 Public relations and communication

The year 2019 was one of noteworthy change for the Turin Airport, which now presents a decidedly new layout, compared to the previous year, with respect to the new Arrivals Level and the renewed Upper Departure Level.

In addition to the infrastructure restyling, 2019 featured the opening of new channels of digital communication, including the launching of official profiles on Facebook (@AeroportoDiTorino) and Instagram (@Torino\_Airport), in order to focus on listening to passengers, thanks in part to social customer care activities in operation from Monday to Friday, while also bringing the Airport increasingly close to its surrounding community. Also making its debut in 2019 was the new ‘Turin Airport’ native App, while the e-commerce platform was renewed as well.

During the year, much of the effort expended on activities of communication and public relations was devoted to spreading knowledge of changes at the airport. Along with events organised at the airport to unveil, and to celebrate with the surrounding community, the conclusion of initiatives to upgrade the structure, a portion of the public relations activities, designed to share the airport’s new look with the surrounding territory, were carried out using new channels of digital communication.

For it is under a green approach, and a strategy of digital innovation, that the Airport has expanded its services to passenger, as well as overall food and retail offerings, with the objective of constantly achieving further improvement in the customer experience.

Along with these activities, 2019 also saw SAGAT S.p.A. carry out, as it has every year, numerous initiatives meant to promote its network of destinations, in addition to joint effort with different authorities and institutions to promote the territory and local events, while also developing projects with charitable ends.

### Promotion of its own activities

A number of different events were organised at the Airport, with the involvement of the local community, for the launch of new products and the opening of various spaces at the Airport:

- for the launch of the new ‘Turin Airport’ App in July, a multichannel promotional campaign was organised, targeting passengers, in part through appearances at the Airport, where they were given the chance to download the App;
- at the end of July, the new Arrivals Level was officially opened;
- in November, the opening event of the new tourist promotion point ‘Piemonte in Your Hands’ was put on by Alpmad, in collaboration with the Piedmont Region, DMO VisitPiemonte, the City of Turin, City and Province of Turin Tourism, the Chamber of Commerce of Turin and the CRT Foundation;
- the New Upper Departures Level was also unveiled in November, with the presentation of a Food Court created in collaboration with Chef Express, plus new areas devoted to the history of flight and the discovery of space, joint efforts involving Thales Alenia Space and Leonardo Velivoli;



- another November event was a small scale opening celebration for the new Rossorubino sales point in the Boarding Area.

Specific campaigns were held for the launches of the new App and the new e-commerce platform. In the case of the parking services on offer at the Turin Airport, a number of different campaigns promoting the product were launched during the year, while the AdWords initiative continued to optimise on-line positioning. Far-reaching campaigns were also carried out inside the terminal, promoting food and retail offerings on the occasion of major holidays and observances.

### Social network activities

With the start-up of its official Facebook and Instagram profiles in July, SAGAT S.p.A. was able to expand the array of communication tools at its disposal. Along with its new presence on these two social networks, greater attention was paid, than in the past, to existing social activities on LinkedIn and on Twitter.

The primary objectives of the debuts of the official Facebook and Instagram profiles included placing an emphasis on listening to passengers, through a social customer care service in operation from Monday to Friday, from 9:00 am to 6:00 pm: a further channel available to users wishing to request information, or send in comments or suggestions, in addition to the telephone service already active 7 days a week, from 5 am to 11 pm. Naturally, the digital communications activities of SAGAT S.p.A. also include content on the flights and services

offered, promotions of connected destinations, helpful information for users and the local community, plus the sharing of more strictly b2b content, especially over the LinkedIn and Twitter channels.

Listed below are key characteristics of the social channels, in particular as regards aspect of the start-up period (July/December):

- Facebook: 27,860 fans; 9,418 interactions; 64 social customer care initiatives;
- Instagram: 1,308 followers; 2,370 interactions.

### Promotion of the flight network

SAGAT S.p.A. has run advertising campaigns to promote the direct connections provided from the Airport, in addition to participating in joint campaigns for the launch and promotion of flights.

When it specifically came to promoting the new Wizz Air flight to Krakow (in August) and the new SkyUp flight to Kiev (in December), two inaugural events were held at the Airport for the passengers on the first flights. Promotional activities were also carried out through multichannel communications campaigns, both on-line and off-line. To launch the new Volotea flights to Mykonos and Lamezia Terme, a press conference covered by the media was held in October.

Two events were specifically designed and organised in collaboration with the airlines involved: in February, in a joint effort with EasyJet, a b2b encounter was held with local

businesses to promote the airline's offerings, and the Airport, while in June, SAGAT S.p.A. partnered with the Lufthansa Group in holding a b2b event for local travel agencies, in order to specifically promote the flight offerings of Air Dolomiti.

In 2019, SAGAT S.p.A. also supported a number of different initiatives promoting the local territory and its flights in local and international markets: at the Connect2019 event in Cagliari, Sardinia, the promotional activities were carried out in collaboration with DMOVisitPiemonte.

### Exhibitions and events at the Airport

In 2019, SAGAT S.p.A. intensified its working relationships with local partners, providing outstanding initiatives with opportunities for visibility inside the Airport and on the occasion of major events in the region:

- with the opening of the new Arrivals Level, a new digital signage system went into operation, complete with a number of facilities devoted entirely to heightening the visibility of events planned for the Piedmont area; these activities are carried out in collaboration with the City of Turin, City and Province of Turin Tourism and DMOVisitPiemonte;
- on the occasion of the 36th General Assembly of the Fisu (International University Sports Federation), a welcome desk was set up for participants in the event;
- airport spaces were provided to lend visibility to events such as Movement, the Kappa Future Festival, Artissima, the 2019

EMG-European Master Games, the Royal Turin Opera Theatre, the Turin Repertory Theatre and the sporting event 'Just the Woman I am' of the Turin University Sports Centre;

- as part of a joint effort with the Ministry of Transportation, space were offered to heighten visibility and promote a press conference for the presentation of the project 'National Conference on Infrastructures, Transportation and Territory';
- as part of the ongoing working relationship with the ENAC civil aviation authority and the Assaeroporti industry group, visibility was given to a banner promoting the 'Travel Safe' campaign of the Ministry of Foreign Affairs.

Various events organised at the Airport have had music as their common theme, in the form of concerts and live performances for passengers:

- on the occasion of the Music Festival of June 21st, in collaboration with Assaeroporti and the Royal Opera House of Turin;
- to celebrate the second anniversary of the Baladin Caselle airport pub, with a performance by the group Elephant Claps, plus, for Christmas, a gospel concert at the Baladin by the gospel group Joy Full.

### Media relations

Through its relations with the media, SAGAT S.p.A. has promoted all the new flights and services introduced during the year, including press events held for the opening of the new Volotea routes.

In collaboration with the SADEM bus company,



the Valle d'Aosta region and the Booking Piemonte platform, SAGAT S.p.A. has procured visibility in the media for all the initiatives undertaken in 2019 to facilitate the mobility of users of the Airport.

### Relations with institutions

In terms of working relations with local institutions, in April of 2019 SAGAT S.p.A. signed an important agreement with the Piedmont Region for the promotion and support of incoming airborne tourism: the memorandum of understanding calls for the enactment of co-marketing initiatives to develop tourist flows within the territory, with the Piedmont Region to make a contribution equal to what SAGAT S.p.A. invests in the same period.

The agreement contemplates joint formulation of plans for the promotion and identification of key markets not yet connected by flights to Piedmont, to be targeted by the resulting initiatives, in such a way as to favour exchanges of know-how and experiences able to reinforce the brand of Piedmont as a tourism destination.

Finally, joint activities continued in 2019 with the Turin City Lab, an initiative of the city to favour experimentation of innovative solutions under real conditions within the territory, within the context of services of independent mobility, plus innovative urban services made possible by 5G technologies, such as urban applications of artificial intelligence and collaborative robotics, the internet of things and both augmented and virtual reality.

### The Airport for children and schools

In order to acquaint the local community with the Turin Airport, the event 'Open-Door Airport' was organised in September 2019 for families with children, offering visits free of charge to get to know the main activities tied to airport operations, with the participation, during the weekend of September 15-16, of more than 1,200 visitors.

Throughout the rest of the year, visits are arranged for schools, from nursery level to secondary schools. Practical examples of joint efforts with secondary schools include an 'Open Day' held with the Lindbergh Academy Vocational Institute, as well as the signing of a working agreement with the Carlo Grassi Secondary School of Technology, part of a school-work program that brought roughly thirty students to the Airport. Referred to as 'TOGuys', these young people provide passengers arriving at the Airport with support and assistance. Finally, a series of activities have been carried out in synergy with the Turin Polytechnic, tied to the sectors of training, recruitment and research.

### Charitable collaborations

A number of different charitable initiatives were undertaken in 2019 by SAGAT S.p.A.. Of particular note were the display cases made available for collecting funds in the airport in favour of the AISM, or the Italian Multiple Sclerosis Association, as well as the CISV, a Turin ngo of International Cooperation, and the AIDO, or Italian Association for the Donation of Organs, Tissues and Cells.

As part of its working relationship with the CPD, or Advisory Board for Individuals in Difficulty, SAGAT S.p.A. also assists by providing transportation to and from the Airport for passengers with disabilities, thanks to unsolicited donations.

### Services to the community

As a protagonist in the sector of local mobility, SAGAT S.p.A. reinforced land-transportation connecting services to and from nearby areas in 2019, including on the occasion of special events.

In autumn, with the collaboration of Bookingpiemonte, a shuttle service was established between the Turin Airport and the International Truffle Fair in Alba, while the start of the winter season saw the transport service to the Valle d'Aosta (sites both in the valley and on the mountains) get underway, following the signing of an agreement with the Valle d'Aosta to facilitate the flow of skiers arriving in that autonomous region from the Turin Airport. The transfer service to the Valle d'Aosta expands the network of land-transportation connections for the ski market, which already includes direct service to ski locales in Piedmont and France.

This operation supplemented the launch, in December of 2019, of direct express bus service by the Sadem company between the Arrivals zone of the Turin Airport and the city's downtown, an operation that meets the demand for direct mobility on the part of passengers and airlines, while significantly reducing travel time between the Airport and downtown Turin, thanks to the faster route taken, plus the fact that

there are no intermediate stops. The new service was launched following a reformulation of the schedules, and so it has not resulted, to date, in the cancellation of any local routes, much less any of those used by the neighbouring community.



## 1.13 The environment

### Environmental management system

SAGAT S.p.A. pays special attention to environmental topics, in particular holding that the environment and sustainable development are crucial factors in the management of its own operations. With this in mind, the company has made a commitment, at every level, to promote a culture of environmental responsibility and take concrete steps to protect the environment.

SAGAT S.p.A. is a company approved by the TÜV Italia certification agency, in accordance with international standards regarding on-the-job health and safety (ISO 45001:2018) and the environment (ISO 14001:2015); in the month of December 2019, the audit for renewal of the certification was completed, with a positive result.

By adopting and fully complying with the protocols and procedures of the System for the Management of Health, Safety and the Environment, SAGAT S.p.A. ensures integrated management of the various considerations tied to worker health and safety, fire prevention, the wholesomeness and healthiness of buildings and other places of work, plus environmental matrixes (water, air and soil).

The System for the Management of Health, Safety and the Environment has proven to be of strategic importance to all activities carried out on the airport grounds: development, aeronautical operations, the management of services, whether enacted directly or indirectly, the planning, construction and maintenance of infrastructures and plants.

With specific reference to the environmental sector, SAGAT S.p.A. has focused its attention, in the year 2018 as well, on respecting and further developing the Plan for the defence of the Environment, a document that contains the indexes based on which the management company undertakes to achieve its goals of improvement, together with descriptions of the activities and investments meant to achieve those goals.

Given the current state of the environmental matrixes found on the airport grounds, as well as the results already achieved, in terms of organisational measures and the operation of the Airport itself, thanks to the System for the Management of the Environment and the Energy Management System, identification was made of performance indicators (KPI) tied to the completion of the specific investments called for under the airport development plan.

### Plan for the defence of the environment

In the month of August 2019, the ENAC approved the Plan for the Defence of the Environment, as part of the Planning Agreement for the Turin Airport (as per Legislative Decree 133/2014, plus the subsequent Law no. 164/2014), featuring the following indicators:

- new, reduced energy-consumption lighting systems to replace existing ones;
- replacement of the existing motor pool with vehicles that run on fuel with a lower

environmental impact or reduced emissions (natural gas, biodiesel, electric traction, hydrogen, hybrids etc.);

- filter spaces at entry points to the terminal, to reduce thermal dispersion;
- training of personnel whose work can have variable effects on the environment.

### Airport noise

Airport noise is the environmental factor that most affects the communities found closest to the Airport. SAGAT S.p.A. is constantly working to achieve efficient, effective noise management, guaranteeing on-going communication and contact with the competent authorities and developing noise monitoring and abatement procedures.

To this end, a monitoring procedure has been in operation since October of 2019 to evaluate compliance with the anti-noise procedure that limits take-offs on runway 18.

The Airport Noise Commission, created pursuant to former art. 5 of a Ministerial Decree of 31 October 1997, "Methods of Airport Noise Measurement", and formed by ENAC, ENAV, the Ministry of the Environment, the Piedmont Environmental Protection Agency, the Piedmont Regional Government, the Province of Turin, the Town of Caselle Torinese, the Town of San Francesco al Campo, the Town of San Maurizio Canavese, the airlines (AOC) and SAGAT, approved airport zoning for the Turin Airport on 16 January 2013.

The territory surrounding the airport was classified, in accordance with regulatory

provisions, into three buffer zones (A, B and C) characterized by escalating maximum airport noise thresholds, with corresponding types of construction allowed inside the zones.

To define the portions of land included in these buffer zones (A, B and C), the "planning approach", a state-of-the-art method to find a balance between the airport's plans for growth, municipal zoning plans and noise classification plans, was utilised. The result obtained can reconcile the need for protection and development of the local territory with the Airport's growth forecasts for the coming years.

Zones A and B cover a limited area in the territory of the neighbouring municipalities (Caselle Torinese, San Francesco al Campo and San Maurizio Canavese), while all of Zone C is found within the airport grounds.

During the period June 2014 - May 2015, SAGAT carried out an airport noise monitoring campaign with 21 days of measurements (3 separate weeks, one every four months) at nine points of sensitive reception (all school buildings) found inside the airport grounds, as called for under a ruling issued by the Ministry of the Environment and the Defence of the Territory and the Sea on 17 September 2013 with regard to the project "Revision of the Plan for Airport Development (PSA) - Master Plan 2009-2015".

The noise readings taken showed that the acoustic levels recorded inside the school buildings were lower than the allowed limits. As a result, the technical commission for the environmental impact statement held, in a ruling issued on

29 January 2016, that the aforementioned requirement had been met.

To ensure that increases in air traffic at the Airport are compatible with the acoustic climate of the surrounding area, the strategy followed by SAGAT S.p.A. is based on the following initiatives and investments:

- continuous monitoring of airport noise levels with the airport noise monitoring network of 8 measurement stations;
- calculation of the sound indexes called for under Italian and EU regulations;

- verification of compliance with noise-prevention procedures;
- study of the acoustic impact in the area surrounding the Airport through simulations based on INM software;
- handling of residents' complaints through analysis of the aviation factors that caused them, followed by proposals for mitigating actions;
- sharing of airport and land planning instruments with the local government authorities;
- cooperation with the authorities in charge of airport noise pollution management through roundtables on the issue.

### Energy services consumed 2019

Energy source	Consumption 2019	Coefficient in toe	toe
Electric energy	17,121 MWh	0.187 toe x MWh	3,201.66
Heating oil	83,457 kg	1.02 toe x 1000 kg	85.1
Diesel vehicle fuel	40,109 kg	1.02 toe x 1000 kg	40.9
Natural gas	804,355 Sm	0.836 toe x 1000 Sm <sup>3</sup>	672.4
LPG for heating	1,176 kg	1.1 toe x 1000 kg	1.3
Gasoline vehicle fuel	321 l	0,765 tep x 1000 l	0.2
<b>TOTAL toe</b>			<b>4,001.68</b>

### CO<sub>2</sub> emissions 2019

Summary of thermal energy and CO <sub>2</sub> emissions (data processed by SAGA, February 2020)		
Total electric energy consumed by site	61,636	GJ/year
Total thermal energy consumed by site	31,718	GJ/year
Total energy consumed at site for transportation and emergencies	1,816	GJ/year
<b>Total energy consumption</b>	<b>95,170</b>	<b>GJ/year</b>
CO <sub>2</sub> emissions associated with electric energy	5,496	t/year
CO <sub>2</sub> emissions associated with thermal energy	1,781	t/year
CO <sub>2</sub> emissions associated with transportation and generator groups	134	t/year
<b>Total CO<sub>2</sub> emissions</b>	<b>7,277</b>	<b>t/year</b>



# 1.14

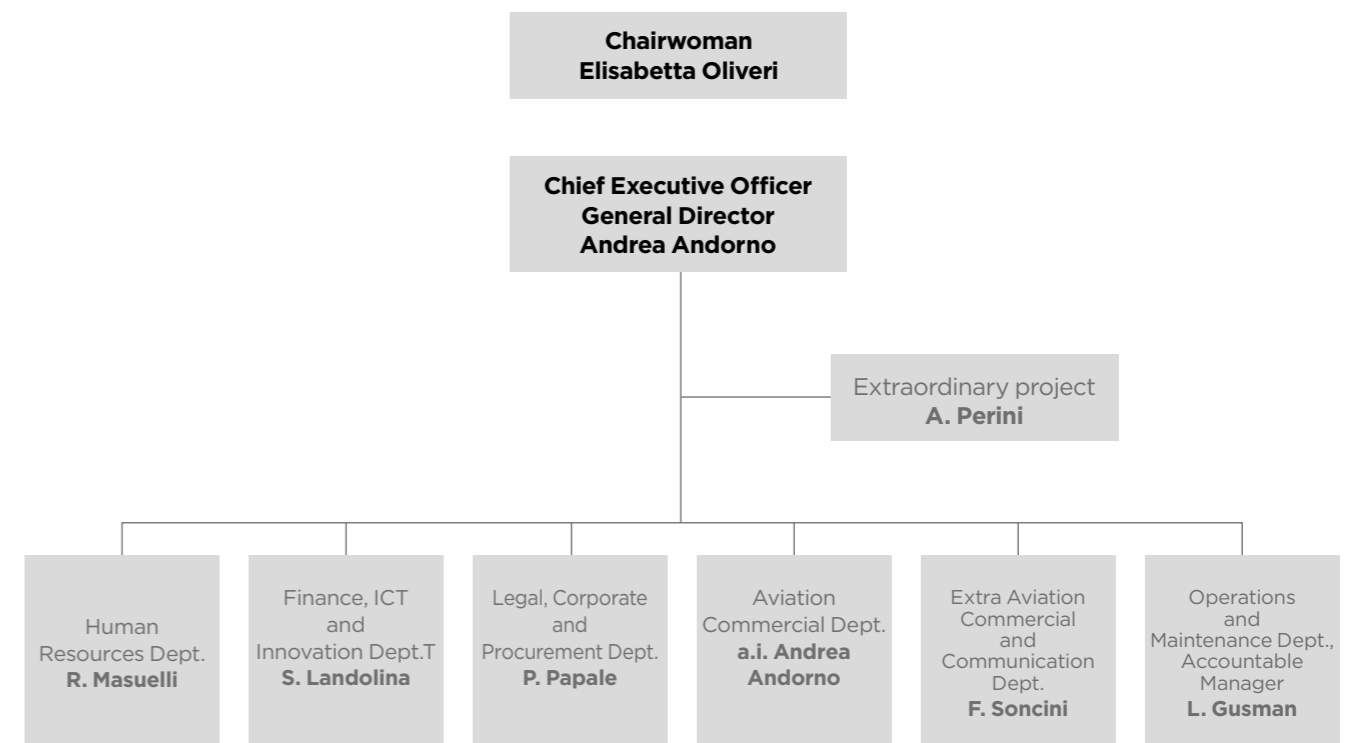
## Staff and organisation

### Organisation

At the meeting of the Board of Directors held on 24 January 2019, Mr. Andrea Andorno was appointed the Managing Director of SAGAT S.p.A., while Ms. Elisabetta Oliveri was appointed President of the company at the general meeting of the shareholders held on 17 May 2019.

The Company's general organisational chart, therefore, appears as follows, as of the date of 31 December 2019.

### Organisational chart of SAGAT S.p.A. as of 31 December 2019



## The staff

In the year 2019, the average annual staff size of SAGAT S.p.A., expressed in FTE, decreased by 0.99% compared to the previous year, for a variation of - 1.73 FTE, making for a total of 232.33 FTE.

During the same period, the average headcount decreased by 0.99%, for a total of 239.83, as compared to the average of 241.92 for the previous year.

The following tables provide a precise analysis of the staff, updated to 31 December 2019 and broken down by category of employee.

### Precise staff figures as of 31 December 2019

Permanent employees		
	Employees	FTE
Executives	7	7
Total clerical workers	152	150.38
Total manual workers	64	62.13
<b>Total Table A</b>	<b>223</b>	<b>219.,51</b>

Set-Term Employees		
	Employees	FTE
Set-Term Employees	18	8,38
Entry contracts	0	0
Apprentices	0	0
<b>Total Table B</b>	<b>18</b>	<b>8.38</b>
<b>TOTAL A + B</b>	<b>241</b>	<b>227.89</b>

During the year 2019, SAGAT S.p.A. once again pursued a policy attentive to ensuring optimal management and efficiency of the staff.

SAGAT S.p.A.	2017	2018	2019	2017-2019 Δ%
Annual passengers	4,176,556	4,084,923	3,952,158	-224,398
Average FTE	232.98	234.06	232.33	-0.65 FTE
Productivity pax/FTE	17,927	17,452	17,011	-916

There was a downward shift in 2019, compared to the previous year, despite the ongoing year-to-year growth in the number of occasions on which PRM were assisted, a function covered in part through the use of interns to collect carts. The exceptional increase in this specific type of service provided to passengers with reduced mobility, of general interest to the entire airport sector, continued to show growth in 2019 - proportionately more than the opposing trend in overall passenger traffic. The table shows the growth in the instances of assistance provided in the three-year period of 2017-2019..

PRM sector	2017	2019	2017-19	2017-2019 Δ%
Instances of assistance provided		33.008	4.589	16,15%

Not including outsourcing, the total cost of personnel was 13.802 million euro, including 216 thousand euro for the cost of a one-time payment called for under the renewal of the Collective Bargaining Contract for Air Transportation, and specifically the portion on airport managers, covering the three-year period 2017-2019. It follows that the cost of labour for operations alone was equal to 13.585 million euro.



## Industrial relations

During 2019, a number of important agreements were signed with union representatives on issues pertinent to the Group's industrial relations, including productivity bonuses, corporate welfare and the practice of on-call work (see the section on the Group's industrial relations).

As regards SAGAT S.p.A. alone, in the month of October an agreement was signed to determine new hires in certain operating sectors through the placement of prior employment relations on a more solid footing plus, in part, the substitution of retired personnel.

## Training

In the year 2019, SAGAT S.p.A. training once again registered a higher volume of training activities for the Group's personnel, for subcontracting companies and for government bodies and authorities.

Training for the personnel of the company SAGAT S.p.A., including employees of outsourcing firms and those of contractors, totalled 3,263 courses of training and/or instruction in 2019, with a total of 4,644 participants and 13,111 hours of training overall. Of the total hours of teaching, 60.01% were handled by in-house trainers, with the remaining 39.97% covered by outside instructors, as shown by the following table:

Totals SAGAT Year 2019	SAGAT trainers		Outside trainers		Total
	Valore	%	Valore	%	
Courses	2,555	78.30	708	21.70	<b>3,263</b>
Participants	2,977	64.10	1,667	35.90	<b>4,644</b>
Hours of teaching	2,663	60.03	1,773	39.97	<b>4,436</b>
Hours of training participants	5,692	43.41	7,419	56.59	<b>13,111</b>

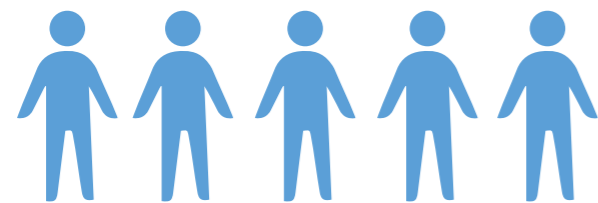
A portion of the training provided during the year was financed by drawing on grants for vocational training, such as Fondimpresa and others, which covered the costs of organisation and teaching for 31.77% of the total hours of training.



In 2019, the training activities of SAGAT S.p.A. involved 100% of the Company's employees at all levels of the organisation; all the executives, middle managers, clerical workers and manual workers have taken part in basic training or periodic sessions or recurring training.

**Total carried out training for SAGAT S.p.A. in 2019**

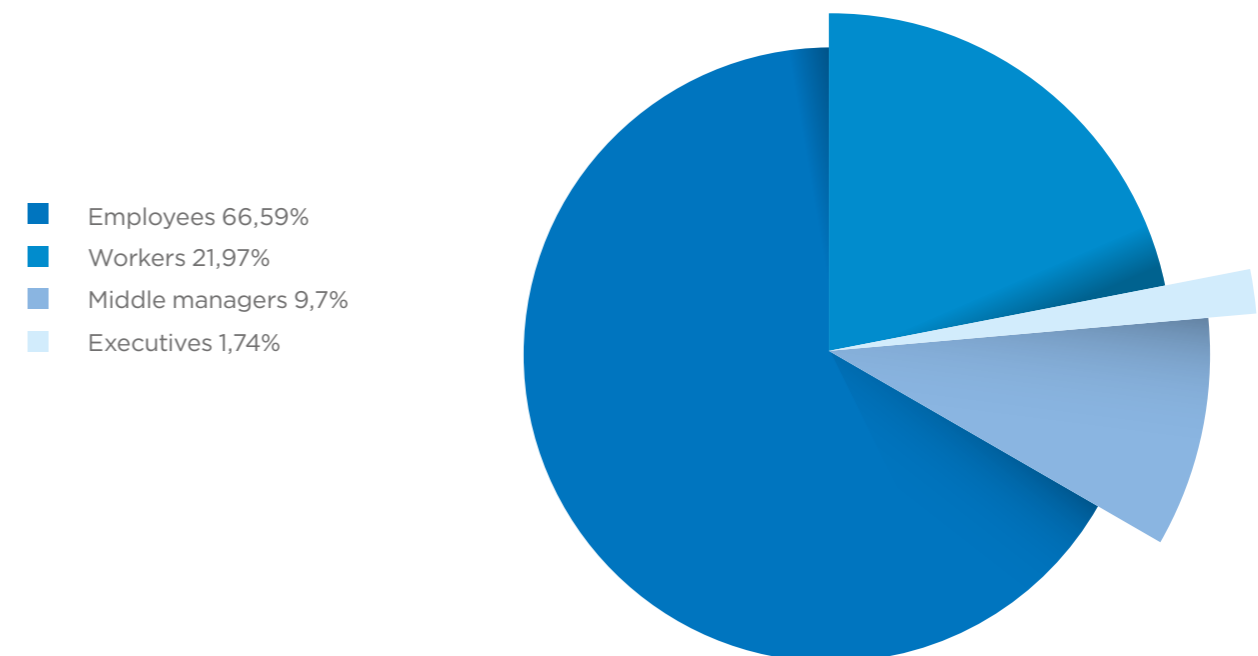
Training				
Position	Staff	Men	Women	Total
Executives	7	6	1	7
Middle managers	23	13	10	23
Employees	137	68	69	137
Workers	74	71	3	74
<b>SAGAT Total</b>	<b>241</b>	<b>158</b>	<b>83</b>	<b>241</b>
Interns	12	3	9	12
Temporary workers	97	59	38	97
Subcontractors	55	32	23	55
<b>Others Total</b>	<b>164</b>	<b>94</b>	<b>70</b>	<b>164</b>
<b>ALL TOTAL</b>	<b>405</b>	<b>252</b>	<b>153</b>	<b>405</b>



**100%**  
EMPLOYEES INVOLVED

The break-down of the hours of training received by the personnel of SAGAT S.p.A. was: 66.59% by clerical staff, 21.97% by blue collar staff, 9.7% by middle-management personnel and 1.74% by executives, as shown by the table below.

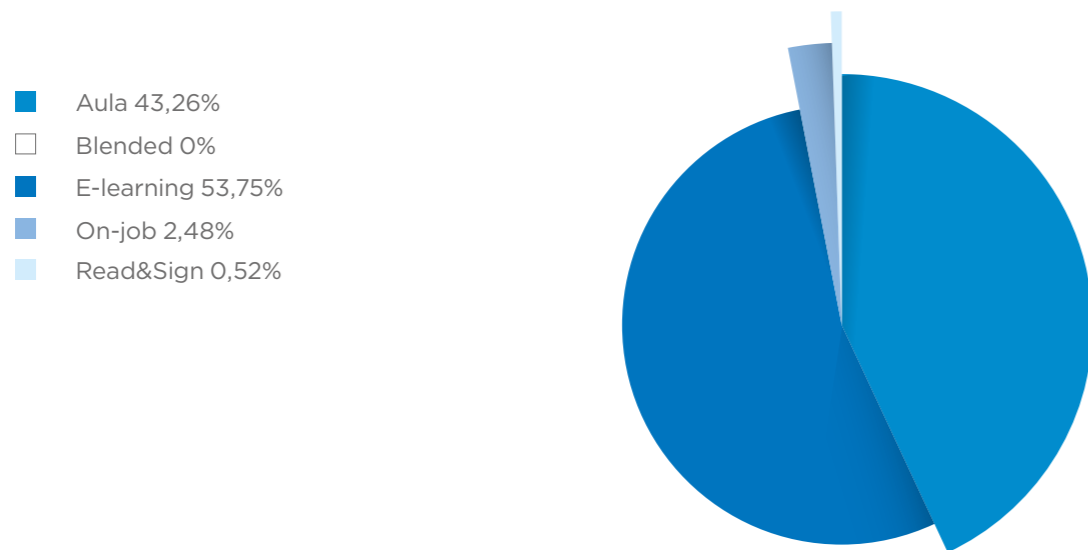
**Training carried out in 2018 by SAGAT SpA - Percentage  
Year 2019 - Percentage**



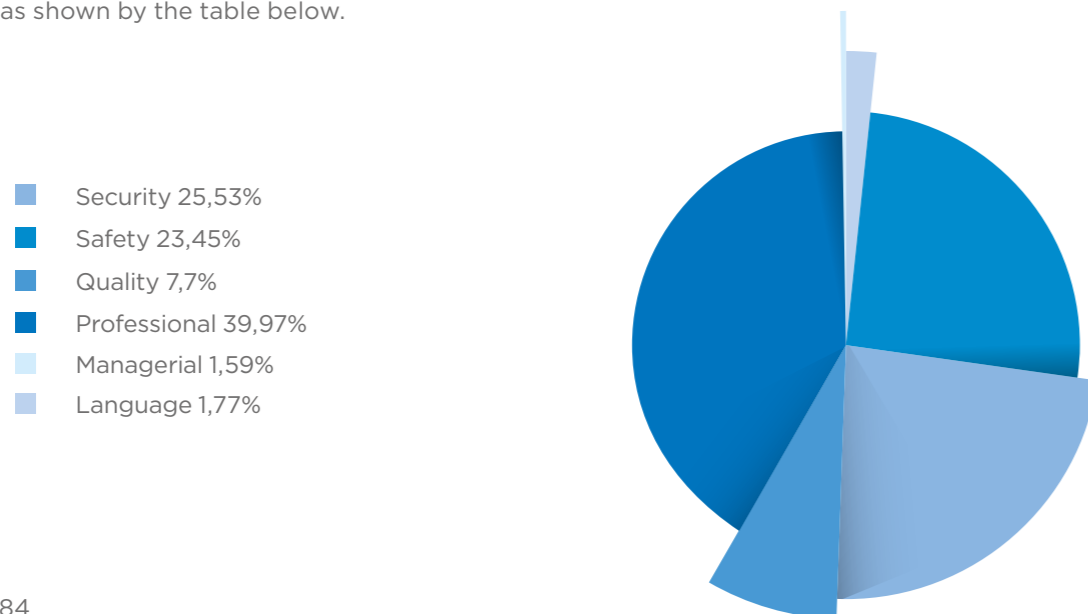
During 2019, use of the LMS system for DOCEBO e-learning was further reinforced, with expansion of the course offerings available through that mode of training. The platform, which can be accessed by any device connected to the internet, was used by almost 53.75% of the participants, overtaking classroom training, which had always represented the primary mode of instruction.

The main modes through which the SAGAT S.p.A. courses are held are summarised below:

**Modes of SAGAT S.p.A. training supplying in 2019**  
**Training hours - Percentage**



One final consideration of interest regards the types of training supplied to the Company's employees: over 39% of the hours of training consist of professional courses for satisfying/maintaining the prerequisites for carrying out the employees' assigned tasks, while the hours of security and safety training exceed 48%, as shown by the table below.



# 1.15 Investments

In 2019, infrastructure and plant-engineering works called for under the Planning Agreement signed with the ENAC civil aviation authority were carried out for a total of 10.796 million euro. A brief illustration of the most noteworthy investments follows.

**Infrastructures and plants**

The infrastructure and plant-engineering projects carried out in 2019 were geared both towards upgrading existing buildings and operative areas of the Airport and to making other improvements called for under the four-year Planning Contract for 2016-2019, with noteworthy investments made in the renovation of the Passenger Terminal.

The most important initiatives involving and servicing the aircraft manoeuvring areas in 2019 included:

- installation of the center-line lights system on the aircraft taxi lanes and establishment of N1-M1 IHPs (intermediate holding positions) on the north aircraft apron;
- upgrading of the pavement between taxi lane L and the aircraft apron in front of the terminal;
- completion of work of expansion and upgrading to regulations of RESA18.

Worthy of mention among projects involving the passenger terminal are:

- complete architectural and functional renovation of the Arrivals Level of the Passenger Terminal. The work, which involved redistributing the spaces earmarked for passengers, airport services and retail areas, in addition to refurbishing the architectural look through the modernisation of all the plant-engineering systems servicing

the area, was completed in 2019 with the final ENAC performance test on 26 November 2019;

- the architectural and functional renovation of the eateries/services level, including work on its aesthetic and functional renewal and the renovation of the eateries and exposition areas;
- revamping of the appearance of the Check-in lobby;
- installation of new e-gates for passport clearance to streamline controls;
- continuation of the program to upgrade toilette units;
- revamping of the appearance and functional efficiency of the check-in counters and gates;
- initiatives of technical-regulatory upgrading to meet fire-prevention standards;
- other minor work of modernisation.

Of particular note in the category of work and supplies involving other airport buildings and infrastructures are:

- installation, to the east of the runway, of a new collector for channelling airport rainwater;
- start-up of a significant program of re-lamping with LED devices, an effort that resulted, in 2019, in the construction of new light towers for the south aircraft apron and in upgrading of the lighting of the internal roadways in front of the Passenger Terminal;
- upgrading of the climate-control system of the General Aviation terminal;
- start of work to upgrade the heating unit for the airport quarters of the fire-fighters detachment;
- start of work on construction of the facilities of the new SAGAT training centre;
- work to update the security systems;
- upgrading to current standards and general renewal of motor pool and company equipment.

## 1.16 Litigation

### Fire-fighting services

Art. 1, paragraph 1328, of Law no. 296 of 27 December 2006 (2007 budget Act) called for the creation of a specific provision, to be paid by airport management companies in proportion to the traffic they generate, of €30 million per year, meant to fund the fire-fighting services provided at the airports by the brigades of the National Fire-Fighters Corps. Art. 4, paragraph 3-bis, of Legislative Decree no. 185 of 29 November 2008 subsequently confirmed the amount and terms of contribution to the fund, establishing that it was not to be used only for airport fire-fighting services but was to contribute, together with other resources, to the general funding of the national Fire Department.

In 2009, SAGAT S.p.A. and other airport management companies challenged the constitutionality of the provisions governing the creation of the fire-fighting fund and the legitimacy of the provisions establishing and implementing the fund, suing to have the measures referred to nullified.

Appeals were subsequently filed anew by SAGAT S.p.A., year after year, against the various requests for payment of the contribution to the Fund forwarded to it by the ENAC.

The legal dispute, more than a decade-long by now, and with regard to which ample information has been given in reports from past years, has developed along extremely complex lines, with the opposing arguments primarily regarding whether the charge is a tax or a fee, and thus whether the tax courts have jurisdiction to emit a ruling.

The case has been brought before the Italian Supreme Court and the Constitutional Court,

with both fully endorsing the position of the management company, confirming that the contributions to the fund established under art. 1, paragraph 1328, of Law no. 296 of 27 December 2006, does constitute a tax.

At present, two separate rulings of the Provincial Tax Commission of Rome have become definitive (Sentence no. 10137/51/14, Sentence 2517/19), both expressly recognising that the duty is not owed from 2009 on, seeing that it no longer served the purpose originally contemplated by the legislation, as per art. 4, paragraph 3-b, of Legislative Decree no. 185 of 2008. These sentences have resulted in the release of a portion of the debt entered on the balance-sheet, generating an unsubstantiated liability of 4.119 million euro.

The audit findings for the years 2007 and 2008 are still pending, though the Provincial Tax Commission of Rome (Sentence no. 4874/8/19 of 2 April 2019) has already ruled them null and void, once again affirming that the Fire-Fighting Fund constitutes a tax (and specifically a targeted levy) and declaring that the legal grounds for obligatory contributions to this Fund no longer held. The initial sentence was confirmed upon appeal by the Regional Tax Commission of Lazio (Sentence no. 7164/2019).

### Alitalia revocation action

As explained in our Reports for the past years, on 29 August 2008 Alitalia was placed in receivership under a decree of the Prime Minister, pursuant to Legislative Decree 347/2003 (the

so-called "Marzano Act") as amended by Decree Law 134/2008. On 12 January 2009, Alitalia Linee Aeree Italiane in Amministrazione Straordinaria (Alitalia Airline in Receivership) ceased its operations, and on 13 January 2009 Alitalia Compagnia Aerea Italiana went into operation, acquiring the business units of Alitalia transferred by the Receiver.

Information on the initiatives taken by SAGAT S.p.A. to recover its credits in the receivership has already been provided in previous Directors' Reports.

On 9 August 2011, Alitalia in Receivership served SAGAT S.p.A. with a summons to appear before the Court of Rome, requesting revocation of the payments made by Alitalia in the six months preceding the declaration of insolvency and the admission to the receivership procedure. For SAGAT S.p.A., the payments affected by the revocation action amount to €2,208,622.

SAGAT S.p.A., after obtaining formal assurance from its legal counsel as to the legitimacy of its claims, replied by claiming, among other things, that a considerable portion of the payments made by Alitalia actually occurred following the enactment of what is known as the Alitalia Decree (Legislative Decree 80/2008), which declared that payments made subsequent to its enactment were irrevocable. Regarding the remaining payments, SAGAT S.p.A. has objected that both the subjective and objective grounds called for under art. 67 of the Bankruptcy Code for the

revocation of the payments made to SAGAT S.p.A. are lacking.

It should be noted that a similar action was brought also against our subsidiary SAGAT HANDLING S.p.A.. In this case, the payments subject to revocation amount to €956 thousand. SAGAT HANDLING S.p.A. also appealed against the revocation, on grounds similar to those asserted by SAGAT S.p.A..

These cases reached their conclusions at first instance in 2014, with ruling 14238/14 of 1 July 2014 for SAGAT Handling S.p.A. and ruling 16469/14 of 29 July 2014 for SAGAT S.p.A.. Both rulings reject Alitalia's claims in full and find in favour of SAGAT S.p.A. and SAGAT Handling S.p.A..

During 2015, Alitalia notified that it was appealing both sentences.

On 8 June 2018, the Court of Appeals of Rome filed its sentence on the case involving SAGAT S.p.A., a ruling that partially modified the decision of the court of first instance. Specifically, the Court of Appeals confirmed that the payments made after 24 April 2008 (for a total of € 1,308,104) were not revocable, having been made following the enactment of the 'Alitalia Decree'. But this same Court ruled that other payments, having been made outside of the protection of the 'Alitalia Decree', for a total of € 689,323, could be revoked. In December of 2018, SAGAT S.p.A. brought an appeal before the Italian Supreme Court. On the date of 16 January 2019, Alitalia (under court-ordered stewardship) notified SAGAT S.p.A. that it would oppose the appeal.



As for the suit involving SAGAT Handling S.p.A., the sentence of the Court of Appeals must still be filed.

## Inflation

In 2006 SAGAT S.p.A. sued the Ministry of Infrastructure and Transport to claim damages arising from the failure to adjust airport fees to inflation, which should have been done annually, pursuant to art. 2 (190) of Law 23 December 1996, no. 662.

In a ruling of 15 September 2011, the Court ordered the Ministry to pay to SAGAT €2.65 million, plus interest and revaluation, thus accepting the request of SAGAT S.p.A. for the period 1999-2005. On the other hand, the Court rejected the further request for damages of SAGAT S.p.A. for the subsequent years (2006 - 2008), affirming its lack of jurisdiction over that request.

In Sentence no. 3996/2019 of 14 June 2019, the Court of Appeals of Rome, in confirming the sentence of first instance, ordered the Ministry of Transportation to pay to SAGAT S.p.A., as further damages for having failed to adjust airport fees to inflation for the period of 2006-2008, the amount of 2.723 million euro, plus expenses, interest and revaluation.

On the date of 6 December 2019, the State Attorney's Office communicated that it would be appealing the sentence before the Italian Supreme Court. The case is still pending.

## Annual fee as per art. 7 of the City of Turin - SAGAT S.p.A. Operating Agreement

Following the signing on 8 October 2015 of the operating agreement between SAGAT S.p.A. and the ENAC civil aviation authority governing the and development of the activities of the Turin Airport, the Board of Directors of SAGAT S.p.A. requested legal advice as to whether or not SAGAT S.p.A. remained obligated to pay to the City of Turin the annual fee contemplated under article 7 of the operating agreement signed by the City and SAGAT S.p.A. on 30 September 2002.

The legal opinion arrived at by an outside law firm held that the obligation to pay the fee contemplated under the operating agreement of 2002 could be deemed to no longer exist.

SAGAT S.p.A. notified the City of Turin of the above finding in a letter sent in October of 2016, subsequently rejecting requests received from the City of Turin for payment of the fee for the years 2016 and 2017, citing to the arguments of the legal opinion referred to above.

On the date of 15 December 2017, SAGAT received a notification from the City of Turin enjoining it to pay the amount of 832,239 euro for the fees not paid for the years 2016 and 2017, plus interest at the legal rate.

In the month of January 2018, SAGAT S.p.A. appealed the injunction in question before the Court of Turin, requesting that its enforcement be suspended.

The City of Turin responded to the appeal, requesting a preliminary ruling on the question of jurisdiction from the Italian Supreme Court.

The Court of Turin, taking note of the request for a ruling on jurisdiction praised by the City, suspended the case, in an ordinance of May 2018, until such time as the Supreme Court handed down a decision. In the meantime, holding that it did not possess jurisdiction over the matter, which rather fell under the purview of the administrative courts, the Court of Turin rejected the petition to suspend the effect of the injunction, as proposed by SAGAT S.p.A., which promptly appealed the ordinance, but that appeal was rejected as well.

In a ruling issued on 13 May 2019, the Italian Supreme Court rejected the proposed jurisdiction, returning the case - proposed anew by SAGAT S.p.A., on the date of 14 June 2019 - before the Court of Turin, where it is currently in the discovery phase.

## Act of revocation by Blue Panorama under court-ordered stewardship

In a subpoena served on 20 March 2017, Blue Panorama under court-ordered stewardship requested revocation, as per the combined provisions of art. 67, paragraph 2, and art. 67, paragraph 3, letter A), of the Bankruptcy Act, of the payments it had made to SAGAT S.p.A. during the six months preceding publication

in the companies register of the request for prior settlement with creditors, as per art. 161, paragraph 6, of the Bankruptcy Act.

The payments for which revocation was requested total 1.063 million euro.

SAGAT S.p.A. filed a brief of response, objecting to:

- erroneous determination of the 'period of suspicion', due to the opposing party holding that principle of 'continuation between proceedings' applied;
- the lack of any scientia decoctionis, or effective knowledge of the critical nature of the creditor's situation;
- the fact that the payments, in any event, would have been made under the 'terms of use', rendering them exempt from revocation;
- the failure to allege or to demonstrate the *eventus damni*, meaning the detrimental effect on the creditor.

At present, the case is still pending.

A similar action was bought by Blue Panorama - under court-ordered stewardship - against the company SAGAT Handling S.p.A.; in that case, the payments subject to the request for revocation total 517 thousand euro.

## Entry on the list of Alitalia creditors

On the date of 2 May 2017, Alitalia - Società Aerea Italiana S.p.A. - was admitted to the procedure of court-ordered stewardship, as per



Legislative Decree 347/2003, converted into law, following modification, by Law 39/2004, plus any subsequent modifications or additions.

In Sentence no. 17 of 11 May 2017, the Court of Civitavecchia declared the company to be insolvent, scheduling the hearing for assessment of its liabilities.

In preparation for this hearing, SAGAT S.p.A. filed a petition on 7 December 2017 for admission to the list of creditors, as per arts. 93 and following of the Bankruptcy Act, art. 53 of Legislative Decree 270/1999 and art. 4-ter of Legislative Decree 347/2003, with which SAGAT requested, as a first priority, to be admitted to the list of credits with a preliminary determination of the entire credit owed to it, including supplementary municipal charges, for a total, as of that date, of 3.327 million euro, in accordance with the provisions of arts. 74 and 111 of the Bankruptcy Act.

Should the primary request not be accepted, despite the ample grounds for doing so, then SAGAT S.p.A. has also drawn up a full series of subordinate requests covering the various levels of privilege that could apply.

On the date of 4 December 2019, the tenth Draft Statement of Liabilities was filed, under which the Liquidators proposed admitting the credit of SAGAT S.p.A. for 2,868.36 euro under pre-emption; 1,396,938.76 euro on a privileged basis, as per art. 1023 of the Code of Navigation; and 366,471.96 euro as an unsecured credit.

Finally, it should also be noted that the subsidiary SAGAT Handling S.p.A. has filed a petition for

admission to the list of creditors of Alitalia as well, for credits that totalled, as of the date of 11 December 2017 – the date on which the petition was filed – 29,483 euro. This petition is also still awaiting examination.

On 4 December 2019, the tenth Draft Statement of Liabilities was filed, under which the Liquidators proposed admitting the credit of SAGAT Handling S.p.A. for 19,325.63 euro, as an unsecured credit.

### **Dispute over the resolution of the CIPE of 28 November 2018 regarding the ENAC Planning Agreement**

In a resolution of 28 November 2018, published in the Gazzetta Ufficiale (Italy's 'Legislative Record') on 12 April 2019, issue no. 87, the Interministerial Committee for Economic Planning (hereinafter, the CIPE) expressed a favourable opinion on the draft of the Programming Agreement stipulated between the ENAC and SAGAT S.p.A., as per art. 1, paragraph 11, of Legislative Decree 133/2014, as converted by Law 164/2014, regarding the period of 2016-2019.

In expressing its favourable opinion, the CIPE seconded the recommendations expressed in the opinion of the NARS (Advisory Bureau for Services of Public Utility), no. 4 of 26 November 2018, and specifically the recommendations that: "a clause waiving litigation be included, formulated along the following lines: 'The Company, with the

present planning agreement, waives any and all rights and/or claims, with respect to questions of fees as well, pertaining to the statutory and regulatory contexts of the sector, as well as the operating authorisation and/or the agreement itself, in addition to any such acts stipulated previously, as well as any legal actions brought in pending cases regarding the contexts referred to above".

In its Resolution no. 20 of 2 October 2018, the ENAC approved the new draft of the Agreement, in which it introduced, under art. 19, a clause waiving disputes, in a form very similar to that drawn up by the NARS, and then by the CIPE in its resolution.

On the date of 8 August 2019, SAGAT S.p.A. presented an extraordinary appeal to the President of the Republic, as per art. 8 of Presidential Decree 1199/1971, in which it requested the nullification:

- of CIPE Resolution no. 64/2018 of 28 November 2018;
- of Resolution no. 20/2018 of 2 October 2018 of the Governing Board of the ENAC, under which approval was given to the new standardised draft of the planning agreement, with regard to the portion containing art. 19 on the "litigation waiver";
- the new standardised draft approved under ENAC Resolution no. 20/2018, specifically as regards the provision found under art. 19 on the "litigation waiver";

The petition objects, in particular, to the clause waiving the right to litigation, on the grounds that

it is illegitimate for a number of different reasons, the most significant of which is that it undermines the right of defence established under articles 24 and 113 of the Constitution. The matter is still pending.



## 1.17 Privacy

Starting from the year 2018, the Company implemented new technical and organisational measures for the processing of personal information, in accordance with the provisions of EU Reg. 216/679, and with the introduction of a Company Information Protection Manual.

During 2019, the Manual, along with the pertinent internal procedures, was constantly updated and modernised, and also made the subject of specific training activities involving all permanent employees.

## 1.18 Risk factors

For a detailed analysis, see the pertinent section of the Group's Management Report.

## 1.19 Financial instruments

In 2010, upon entering into a long-term loan agreement with an initial value of 15 million euro, SAGAT, so as to set the cost at a fixed amount for the entire duration of the loan, signed an interest rate swap agreement (I.R.S.) for a period equal to that of the loan.

Given that the final instalment of the repayment plan of the loan was made in the month of December 2019, the related IRS contract also ceased to be in effect.

As of the date of 31 December 2019, the Company does not hold any derivative financial instruments.



## 1.20 Equity investments

The most relevant details of SAGAT's holdings as of 31 December 2019 are shown below.

During the year, the project for the spin-off of the subsidiary Aeroporti Holding, undertaken to simplify the Group's structure, was concluded. On the date of 22 February 2019, general shareholders meetings of SAGAT, Aeroporti Holding and 2i Aeroporti approved the project of a total spin-off of Aeroporti Holding in favour of the beneficiaries SAGAT and 2i Aeroporti. The spin-off was carried out by assigning the entire equity of Aeroporti Holding to the beneficiary companies, in proportion to their holdings in its share capital, meaning 55.45% to SAGAT and 44.55% to 2i Aeroporti.

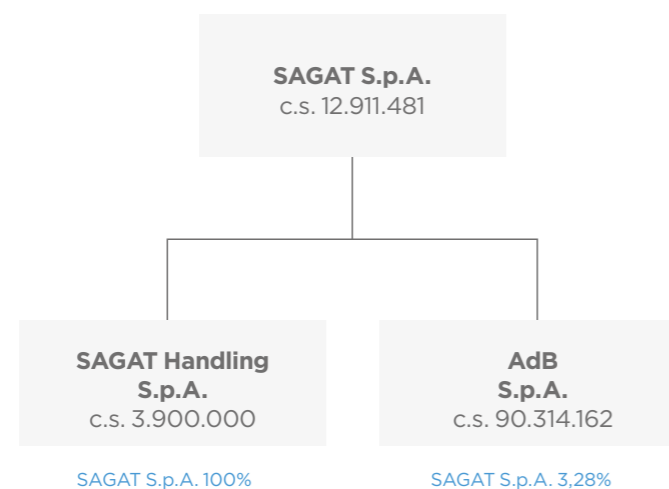
Of particular note is the fact that, as a result of the spin-off, the entire holding of the company being spun-off in the share capital of "Aeroporto Guglielmo Marconi di Bologna", a company listed on the Milan Stock Exchange, with the holding in question being equal to approximately 5.91% of the company's share capital (2,134,614 ordinary shares), has been transferred proportionately:

- to SAGAT, for 1,183,643 shares, equal to approximately 3.28% of the share capital;
- to 2i Aeroporti, for 950,971 shares, equal to approximately 2.63% of the share capital.

The spin-off rejected concluded with registration of the act of demerger in the Companies Register, plus subsequent cancellation of the company Aeroporti Holding on the date of 5 August 2019.

### Equity investments of SAGAT S.p.A. As of 31 december 2019

(figures in euro)



### SAGAT Handling S.p.A.

SAGAT Handling S.p.A., fully owned by SAGAT, is engaged in the airport industry and provides handling services to the airlines operating at the Turin Airport. The company's staff, as of 31 December 2019, numbered 135 employees (117.92 FTE).

As of 31 December 2019, the value of production was 10.859 million euro and the gross operating margin (GOM) was a negative figure of -121 thousand euro. The company recorded a year-end loss of -218 thousand euro.

Statistical data on traffic show a decrease, compared to the previous year, in both aircraft movements assisted and cargo handled.

The decrease in aircraft movements (-7.93) is primarily attributable to the effect of the

reduced operations of the carrier Blue Air, offset only in part by the new routes of the carriers easyJet and Volotea.

Analogo andamento ha registrato la componente di traffico rappresentata dai passeggeri trasportati che sono diminuiti del -1,78%.

The share of traffic handled by SAGAT Handling in 2019, compared to the total traffic in transit at Turin, was 72.7% of commercial aviation tonnage (72.1% as of 31 December 2018), 76.0% of passenger traffic (74.9% as of 31 December 2018) and 71.4% of aircraft movements (71.0% as of 31 December 2018).

Cargo traffic showed a decrease of -29.55, settling at a level of 3.333 million kilograms of goods handled, compared to 4.731 million kilograms in 2018



The table below summarises the main income results of the activities carried out by SAGAT Handling during the course of 2019.

Euro thousand

	2019	2018	Diff. €	Diff. %
Value of production	10,859	11,698	(839)	(7.2%)
Payroll costs	6,145	6,418	(273)	(4.3%)
Operating costs	4,835	5,046	(211)	(4.2%)
<b>GOM</b>	<b>(121)</b>	<b>234</b>	<b>(355)</b>	<b>(151.8%)</b>
Provisions and write-down	37	64	(27)	(42.6%)
<b>EBITDA</b>	<b>(158)</b>	<b>170</b>	<b>(328)</b>	<b>(192.9%)</b>
Amortization and depreciation	134	120	14	11.7%
<b>EBIT</b>	<b>(292)</b>	<b>50</b>	<b>(342)</b>	<b>(684%)</b>
Balance of financial income and expense	0	30	(30)	(99.3%)
<b>EBT</b>	<b>(292)</b>	<b>80</b>	<b>(372)</b>	<b>(464.7%)</b>
Income taxes	(74)	31	(105)	(338.7%)
<b>Net profit (loss)</b>	<b>(218)</b>	<b>49</b>	<b>(267)</b>	<b>(544.5%)</b>

The value of production, €10,859 thousand, is made up mostly of ordinary and extra handling fees paid by carriers, which amount to €9,175 thousand and are recorded as income from sales and services.

The decrease in the value of production by €839 thousand compared to 2018 is essentially due to the already mentioned decrease in the volume of passenger and cargo traffic handled.

The most significant of all production cost items is the cost of staff, that will continue to be the highest cost item also in the future.

The most relevant among operating costs, €1,877 thousand on aggregate, are intercompany costs.

Therefore, the GOM amounts to €-121 thousand. The €-355 thousand decrease in the gross operating margin compared to the prior year is essentially due to the significant reduction of the earnings due to the drop in traffic, partially counterbalanced by the

improved cost-effectiveness of payroll and operating costs.

Due to the above, the EBITDA amount to €-158 thousand (€170 thousand in 2018).

Due to the changes described above and to the effects of amortization, depreciation and provisions, the EBIT amount to €-292 thousand (€50 thousand in 2018).

After deducting financial components, the EBT are negative and amount to €-292 thousand, (€80 thousand in 2018).

The tax burden for the year amounts on aggregate to €-71 thousand and is represented by current income taxes (IRES and IRAP), deferred taxes and the gain arising from tax consolidation (€77 thousand). Therefore, SAGAT Handling has recorded a loss of €-218 thousand this year.



## 1.21

### Information on the management and coordination of the Company

SAGAT S.p.A. is subject to the management and coordination of the company 2i Aeroporti S.p.A., as per arts. 2497 - 2497-sexies of the Italian Civil Code.



## 1.22

### Relations with subsidiaries, associate enterprises, parent companies and other enterprises subject to the control of the parent companies

The equity and income relations between SAGAT S.p.A. and its subsidiaries, associated enterprises, parent companies and other enterprises subject to the control of the parent companies are illustrated on the following table:

thousands of euro

Company	Revenues	Costs	Receivables as of 31 Dec. 2019	Payables as of 31 Dec. 2019
<b>Subsidiaries</b>				
SAGAT Handling S.p.A.	1,877	1,950	236	1,683
<b>Total subsidiaries</b>	<b>1,877</b>	<b>1,950</b>	<b>236</b>	<b>1,683</b>
<b>Parent companies</b>				
2i Aeroporti S.p.A.	3	0	3	2,017
<b>Total parent companies</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>2,017</b>
<b>Companies controlled by parent company</b>				
SO.GE.A.L. S.p.A.	233	0	41	0
IRIDEOS S.p.A.	0	15	0	26
<b>Total companies controlled by parent company</b>	<b>233</b>	<b>15</b>	<b>41</b>	<b>26</b>
<b>TOTAL</b>	<b>2,113</b>	<b>1,965</b>	<b>280</b>	<b>3,726</b>



## 1.23

### Own shares and those of the parent company

The Company holds shares of its own that amount to 2.96% of its share capital, making for a total of €4.824 million, a level unvaried from the previous year. The Company holds a total of 74,178 of its own shares, for an overall face value of €383 thousand.

During the year, the Company has neither purchased nor sold shares of the parent company, not even through trustee companies or middlemen. As of the date 31 December 2019, the Company does not possess any shares in its parent company, not even through trustee companies or middlemen.

## 1.24

### Research and development activities

The Company did not incur any research and development costs during the year.

## 1.25

### Secondary offices

As per article 2428 of the Italian Civil Code, it is stated that the Company does not have any secondary offices.

## 1.26

### Foreseeable developments for 2020

In the first three months of 2020, the Turin Airport recorded a total of 713 thousand passengers, for a negative trend of -32% compared to the first quarter of 2019. Results for January were slightly higher than expected, though performance for the quarter as a whole was severely affected by the drop in traffic traceable to the effects of the Covid-19 emergency, starting from the last week of the month of February.

In the months to come, air traffic performance will continue to be heavily affected by the drastic cuts in routes made by all the airlines, in response to the Covid-19 pandemic and to the measures of containment put in place in the field in Italy and by the countries connected to Turin by air travel, including measures restricting movement and travel.

These circumstances, extraordinary in terms of both their nature and their extension, have had direct repercussions on the economic activity of the Airport, as the sudden drop in the volumes of traffic, together with the restrictions stipulated under the Prime Minister's Decree of 11 March 2020, have resulted in the closing of almost all of the retail establishments, generating a drastic reduction in both aviation and non-aviation revenues.

Despite the general context of uncertainty, whose future developments and resulting effects are unforeseeable, in terms of both their impact and their duration, SAGAT has implemented a plan of action designed both to safeguard the

health of its employees, passengers and the entire airport community and, at the same time, to cope with the steep drop in the company's profitability.

To guarantee the health and safety of its employees, SAGAT has made the maximum possible use of "agile" modes of work, supplying devices of collective protection, even when such were not obligatory, implementing a business-continuity plan, installing physical structures and making sure that distances are maintained in operational sectors, and that the temperatures of workers are monitored, all in accordance with the provisions of Ministerial Decree no. 112-2020, under which the Turin Airport infrastructure is open.

With respect to its passengers, business partners and suppliers, SAGAT has also taken immediate action to implement all the measures of containment required by the competent authorities, such as installing thermo-scanners and dispensers of hygienic gel, setting up pre-triage tents and constantly monitoring standards of cleanliness in subcontractor areas.

In terms of containing costs, SAGAT has taken steps to increase the overall efficiency of the structure of operating costs, identifying the services critical to the operation of the Airport while determining instances in which contracts for specific supplies can be reduced or interrupted.

Furthermore, in order to contain the cost of labour and protect current levels of employment,

since 23 March 2020, SAGAT has drawn on the Extraordinary Layoff Fund, on a rotating basis, for the entire company population.

Despite the measures taken to reduce spending, a significant drop in profitability is to be expected, considering the noteworthy fixed-cost component typical of the airport sector.

To guarantee the levels of liquidity needed to operate the Airport, the Company has decided to defer a number of the investments planned for 2020, and specifically those which, given their nature and function, can be out off until 2021. At the same time, in order to be able to meet eventual financial needs, short-term lines of credit have been opened, and these shall be supplemented by medium-long term financing

arrangements currently under negotiation. Furthermore, in order to preserve both the level of capitalisation and cash flow in 2020, it is recommended that the General Meeting allocate the year-end profit for 2019 to Profits Carried Forward.

Well aware that the potential economic and financial impacts of the Covid-19 emergency cannot be foretold at present, the Company shall focus its efforts on attentively and continuously monitoring ongoing developments in the situation described above, so as to guarantee economic stability and maintain levels of employment, taking whatever actions prove necessary to ensure that operations continue and prior levels of profitability return, once the demand for air transportation resumes.

## 1.27 Proposals for the allocation of the Profit of the year

Dear Shareholders,

The annual accounts as at 31 December 2019 commented herein, and which were audited by the independent auditors EY S.p.A., show a net profit of €9,551,587.74 that we propose be allocated entirely to profits carried forward.

Signed on the original by:  
The Chairwoman  
**Elisabetta Oliveri**

# 2 Financial statements of the Company

as at 31/12/2019



# 2.1

## Balance sheet and income statement of SAGAT S.p.A.

### 2.1.1 Balance sheet: Assets

(amounts shown in Euro)

Balance sheet: Assets	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
<b>A) Contributions receivable from shareholders</b>		
<b>B) Fixed Assets</b>		
<b>I. Intangible assets</b>		
1) Start up and improvement costs	0	0
2) Development costs	0	0
3) Industrial patent and intellectual property rights	0	0
4) Concessions, licenses, trademarks and similar rights	626,270	626,270
5) Goodwill	0	0
6) Investments in progress	2,366,038	2,362,934
7) Other fixed assets	6,798,365	3,107,503
<b>Total</b>	<b>9,790,673</b>	<b>5,679,499</b>
<b>II. Tangible assets</b>		
1) Land and buildings	3,515,794	3,515,794
2) Plant and machinery	0	0
3) Operating and sales equipment	2,525,412	3,099,376
4) Other assets	1,266,438	1,055,106
5) Investments in progress and payments on account	2,567,378	2,242,170
<b>II.bis Transferable tangible assets</b>		
1) Land and buildings	27,192,482	28,585,930
1-bis) Runways and land used for runways	321,622	341,723
2) Plant and machinery	8,083,333	6,467,263
3) Operating and sales equipment	0	0
4) Other assets	0	0
5) Investments in progress and payments on account	0	0
<b>Total</b>	<b>45,472,459</b>	<b>45,307,362</b>

(amounts shown in Euro)

Balance sheet: Assets	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
<b>III. Financial assets</b>		
1) Investments in:		
a) Subsidiary companies	2,843,598	8,943,098
b) Associated companies	0	0
c) Parent companies	0	0
d) Companies controlled by parent companies	0	0
d-bis) Other companies	9,781,870	0
2) Accounts receivable:		
a) From subsidiary companies:		
due within 12 months	0	0
due beyond 12 months	0	0
b) From associated companies:		
due within 12 months	0	0
due beyond 12 months	0	0
c) From parent companies:		
due within 12 months	0	0
due beyond 12 months	0	0
d) From companies controlled by parent companies:		
due within 12 months	0	0
due beyond 12 months	0	0
d-bis) From others:		
due within 12 months	0	0
due beyond 12 months	65,375	9,577
<b>Total accounts receivable:</b>		
due within 12 months	0	0
due beyond 12 months	65,375	9,577
3) Other securities:		
due within 12 months	0	0
due beyond 12 months	0	0
4) Derivative financial instruments	0	0
<b>Total</b>	<b>12,690,843</b>	<b>8,952,675</b>
<b>TOTAL FIXED ASSETS (B)</b>	<b>67,953,975</b>	<b>59,788,553</b>

(amounts shown in Euro)

Balance sheet: Assets	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
<b>C) Current assets</b>		
<b>I. Inventory</b>		
1) Raw and maintenance materials, consumables	403,140	330,102
2) In-process and semi-finished products	0	0
3) Orders in progress	0	0
4) Finished products and goods	0	0
5) Advances	0	0
<b>Total</b>	<b>403,140</b>	<b>330,102</b>
<b>II. Accounts receivable</b>		
1) From customers:		
due within 12 months	3,669,579	12,896,576
due beyond 12 months	0	0
2) From subsidiary companies:		
due within 12 months	236,199	297,214
due beyond 12 months	0	0
3) From associated companies:		
due within 12 months	0	0
due beyond 12 months	0	0
4) From parent companies:		
due within 12 months	3,162	3,137,557
due beyond 12 months	0	0
5) From companies controlled by the parent companies:		
due within 12 months	41,034	62,438
due beyond 12 months	0	0
5-bis) Tax receivables:		
due within 12 months	415,261	608,493
due beyond 12 months	3,193,553	693,803
5-ter) Deferred tax assets:		
due within 12 months	0	0
due beyond 12 months	6,188,329	2,292,694
5-quater) Other receivables:		
due within 12 months	8,902,177	9,105,087
due beyond 12 months	88,330	133,788
<b>Total accounts receivable:</b>		
due within 12 months	23,267,412	26,107,365
due beyond 12 months	9,470,212	3,120,285
<b>Total</b>	<b>32,737,624</b>	<b>29,227,650</b>

(amounts shown in Euro)

Balance sheet: Assets	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
<b>III. Current financial assets</b>		
1) Investments in subsidiary companies	0	0
2) Investments in associated companies	0	0
3) Investments in parent companies	0	0
3-bis) Investments in companies controlled by parent companies	0	0
4) Investments in other companies	0	0
5) Derivative financial instruments	0	0
6) Other securities	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>IV. Cash and cash equivalents</b>		
1) Cash in bank	8,061,444	12,917,438
2) Cheques	-	0
3) Cash and valuables in hand	42,188	40,751
<b>Total</b>	<b>8,103,632</b>	<b>12,958,189</b>
<b>TOTAL CURRENT ASSETS (C)</b>	<b>41,244,396</b>	<b>42,515,941</b>
<b>D) Accrued income and prepayments</b>		
Accrued income	0	0
Prepayments	128,813	324,067
<b>TOTAL ACCRUED INCOME AND PREPAYMENTS (D)</b>	<b>128,813</b>	<b>324,067</b>
<b>TOTAL ASSETS</b>	<b>109,327,184</b>	<b>102,779,544</b>



## 2.1.2 Balance sheet: Liabilities

(amounts shown in Euro)

Balance sheet: Liabilities	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
<b>A) Shareholders' equity</b>		
I. Share capital	12,911,481	12,911,481
II. Share premium reserve	6,104,521	6,104,521
III. Revaluation reserve		
Revaluation reserve per Law no. 342/2000	7,362,627	7,362,627
IV. Legal reserve	2,582,296	2,582,296
V. Reserves provided for under the by-laws	0	0
VI. Other reserves, itemized:		
Provision for extraordinary investment	4,906,340	4,906,340
Extraordinary reserve	4,140,862	7,170,646
Reserve for gain from AH demerger	4,078,837	0
VII. Reserves for the hedging of expected cash flows:		
Reserve for derivative financial instruments	0	(29,166)
VIII. Profit (loss) carried forward		
IX. Profit (loss) of the year	9,551,588	7,470,216
X. Negative reserve for treasury shares	(4,823,612)	(4,823,612)
<b>TOTAL SHAREHOLDERS' EQUITY (A)</b>	<b>46,814,940</b>	<b>43,655,349</b>
<b>B) PROVISIONS FOR LIABILITIES AND CHARGES</b>		
1) Provisions for pension and similar funds	0	0
2) Provision for taxes, including deferred taxes	0	0
3) Provision for loss on derivative financial instruments	0	29,166
4) Other provisions:		
Provision for currency fluctuations	7,885,415	4,743,482
Provision for future liabilities	0	0
Provision for maintenance expenses on leased or rented assets	0	0
<b>TOTAL PROVISIONS FOR LIABILITIES AND CHARGES (B)</b>	<b>7,885,415</b>	<b>4,772,648</b>
<b>C) Provision for staff severance pay</b>	<b>2,187,539</b>	<b>2,283,734</b>
<b>TOTAL (C)</b>	<b>2,187,539</b>	<b>2,283,734</b>

(amounts shown in Euro)

Balance sheet: Liabilities	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
<b>D) Accounts payable</b>		
1) Bonds:		
due within 12 months	0	0
due beyond 12 months	0	0
2) Convertible bonds:		
due within 12 months	0	0
due beyond 12 months	0	0
3) Shareholder loans:		
due within 12 months	0	0
due beyond 12 months	0	0
4) Payables to banks:		
due within 12 months	0	1,500,000
due beyond 12 months	0	0
5) Payables to other lenders:		
due within 12 months	0	0
due beyond 12 months	0	0
6) Advances:		
due within 12 months	0	0
due beyond 12 months	0	0
7) Trade payables:		
due within 12 months	18,484,407	16,991,264
due beyond 12 months	6,822	0
8) Payables in the form of credit instruments:		
due within 12 months	0	0
due beyond 12 months	0	0
9) Payables to subsidiary companies:		
due within 12 months	1,679,465	295,351
due beyond 12 months	0	0

## 2.1.3 Income statement

(amounts shown in Euro)

Balance sheet: Liabilities	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
10) Payables to associated companies:		
due within 12 months	0	0
due beyond 12 months	0	0
11) Payables to parent companies:		
due within 12 months	1,977,351	2,534,909
due beyond 12 months	0	0
11-bis) Payables to companies controlled by the parent companies:		
due within 12 months	25,884	102,491
due beyond 12 months	0	0
12) Tax payables:		
due within 12 months	1,396,963	991,436
due beyond 12 months	2,033,942	0
13) Social security payables:		
due within 12 months	735,968	675,891
due beyond 12 months	0	0
14) Other payables:		
due within 12 months	17,927,024	20,138,295
due beyond 12 months	839,737	831,566
<b>Total:</b>		
<b>due within 12 months</b>	<b>42,227,062</b>	<b>43,229,367</b>
<b>due beyond 12 months</b>	<b>2,880,501</b>	<b>831,566</b>
<b>TOTAL ACCOUNTS PAYABLE (D)</b>	<b>45,107,563</b>	<b>44,061,203</b>
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>		
Accrued expenses	588	492
Deferred income	7,331,139	8,006,118
<b>TOTAL ACCRUED EXPENSES AND DEFERRED INCOME (E)</b>	<b>7,331,727</b>	<b>8,006,610</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>109,327,184</b>	<b>102,779,544</b>

(amounts shown in Euro)

Income statement	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
<b>A) Production value</b>		
1) Revenues from sales and services	55,104,756	56,494,339
2) Changes in the inventory of in-process, semi-finished and finished products	0	0
3) Changes in orders in progress	0	0
4) Fixed assets developed internally	0	0
5) Other revenues and proceeds, with operating grants stated separately	12,028,382	2,889,989
<b>TOTAL PRODUCTION VALUE (A)</b>	<b>67,133,138</b>	<b>59,384,328</b>
<b>B) Production Costs</b>		
6) Cost of raw and ancillary materials, consumables and goods	1,211,913	1,252,871
7) Cost of services	22,112,951	23,128,819
8) Leasehold costs	2,913,028	2,978,497
9) Payroll costs:		
a) salaries and wages	10,165,222	9,625,541
b) social security	2,910,239	2,751,038
c) severance pay	620,888	633,657
d) pension and similar benefits	0	0
e) other costs	356,545	266,912
<b>Total payroll costs</b>	<b>14,052,894</b>	<b>13,277,148</b>
10) Amortization, depreciation and write-down:		
a) amortization of intangible assets	909,571	1,304,445
b) depreciation of tangible assets	5,118,065	4,828,129
c) other write-down of assets	0	0
d) write-down of current receivables and of cash and equivalents	2,131,546	525,009
<b>Total amortization, depreciation and write-down</b>	<b>8,159,182</b>	<b>6,657,583</b>
11) Changes in the inventory of raw and maintenance materials, consumables and goods	(73,038)	(15,930)
12) Provisions for liabilities and charges	3,257,831	271,781
13) Other provisions	0	0
14) Miscellaneous operating costs	2,130,363	1,912,986
<b>TOTAL PRODUCTION COSTS (B)</b>	<b>53,765,124</b>	<b>49,463,755</b>
<b>PRODUCTION VALUE LESS PRODUCTION COSTS (A-B)</b>	<b>13,368,014</b>	<b>9,920,573</b>

(amounts shown in Euro)

Income statement	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
<b>C) Financial income (expense)</b>		
15) Income from equity investments:		
- dividends and other proceeds from subsidiary companies	0	277,250
- dividends and other proceeds from associated companies	0	0
- dividends and other proceeds from parent companies	0	0
- dividends and other proceeds from companies controlled by parent companies	0	0
- dividends and other proceeds from others	531,456	0
16) Other financial income:		
a) from noncurrent receivables		
- subsidiary companies	0	0
- associated companies	0	0
- parent companies	0	0
- companies controlled by parent companies	0	0
- other	0	0
b) from noncurrent securities other than equity investments	0	0
c) from current securities other than equity investments	0	0
d) other income:		
- subsidiary companies	0	0
- associated companies	0	0
- parent companies	0	0
- companies controlled by parent companies	0	0
- other	4,058	103,044
<b>Total</b>	<b>535,514</b>	<b>380,294</b>
17) Interest and other financial expense:		
- subsidiary companies	0	0
- associated companies	0	0
- parent companies	0	0
- companies controlled by parent companies	0	0
- other	(36,475)	(93,960)
17-bis) Exchange gains (losses)	(41)	(215)
<b>TOTAL FINANCIAL INCOME (EXPENSE) (C)</b>	<b>498,998</b>	<b>286,119</b>

(amounts shown in Euro)

Income statement	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
<b>D) ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS</b>		
18) Revaluation:		
a) of equity investments	0	0
b) of financial assets other than equity investments	0	0
c) of current securities other than equity investments	0	0
d) of derivative financial instruments	0	0
19) Write-down:		
a) of equity investments	0	0
b) of financial assets other than equity investments	0	0
c) of current securities other than equity investments	0	0
d) of derivative financial instruments	0	0
<b>TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS (D)</b>	<b>0</b>	<b>0</b>
<b>EBT (A-B+/-C+/-D)</b>	<b>13,867,012</b>	<b>10,206,692</b>
20) Income taxes for the year:		
a) Current taxes	(5,535,999)	(3,026,496)
b) Deferred taxes:	1,220,575	290,020
<b>21) Profit (loss) of the year</b>	<b>9,551,588</b>	<b>7,470,216</b>

I declare that the Financial Statements above match with the contents of the accounting books.

On behalf of the Board of Directors  
**The Chairwoman**

## 2.1.4 SAGAT S.p.A. statement of cash flow

(amounts shown in Euro)

SAGAT S.p.A. statement of cash flow	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
<b>A) Cash flow from operations</b>		
Profit (loss) of the year	9,551,587	7,470,216
Income taxes	4,315,424	2,736,476
Interest expense (income)	32,417	(9,084)
(Dividends)	(531,456)	(277,250)
(Gains) Losses on disposal of assets	(5,000)	(6,147)
<b>1) Profit (loss) of the year before income taxes, interest, dividends and gains/ losses on disposals</b>	<b>13,362,972</b>	<b>9,914,211</b>
Adjustments to allow for non-cash items not reflected in the net working capital:		
Amount allocated to provisions	3,257,831	271,781
Amortization and depreciation of fixed assets	6,027,635	6,132,574
Write-down for durable value impairment	618,264	360,255
Other increases (decreases) of non-monetary items	0	0
<b>2) Total adjustments of non-monetary items not reflected in the net working capital</b>	<b>9,903,730</b>	<b>6,764,610</b>
<b>Cash flow before working capital variations</b>	<b>23,266,702</b>	<b>16,678,821</b>
Variations in the working capital:		
Decrease (increase) in inventory	(73,038)	(15,930)
Decrease (increase) in trade receivables	(794,407)	503,575
Increase (decrease) in trade payables	1,423,359	6,913
Decrease (increase) in accrued income and prepayments	195,254	(153,471)
Increase (decrease) in accrued expenses and deferred income	(674,884)	(660,603)
Other decreases (other increases) in the net working capital	(3,480,062)	2,453,373
<b>Total variations in the working capital</b>	<b>(3,403,778)</b>	<b>2,133,857</b>
<b>Cash flow after working capital variations</b>	<b>19,862,924</b>	<b>18,812,678</b>
Other adjustments:		
Interest income (expense)	(32,417)	(79,688)
(Income taxes paid)	(2,477,905)	(4,858,345)
Dividends collected	531,456	277,250
(Amount of provisions used)	(329,035)	(67,108)
Other amounts collected (paid)	0	0
<b>Total other adjustments</b>	<b>(2,307,901)</b>	<b>(4,727,891)</b>
<b>CASH FLOW FROM OPERATIONS (A)</b>	<b>17,555,023</b>	<b>14,084,787</b>

### Note to the Statement of Cash Flow

On 5 August 2019 the demerger of Aeroporti Holding s.r.l. was filed with the Register of Companies. The demerger will reflect in the accounts effective from 1 January 2019. SAGAT held 55.45% of the capital of the said company. The Balance Sheet and Income Statement of the demerged company as at 31 december 2018 and as at the demerger date are enclosed. The assets and liabilities acquired by SAGAT as a consequence of the demerger are shown below.

<b>ACQUIRED ASSETS</b>	<b>01/01/2019</b>
Fixed assets	9,781,870
Current assets	921,228
<b>TOTAL ASSETS</b>	<b>10,703,098</b>
<b>ACQUIRED LIABILITIES</b>	<b>01/01/2019</b>
Shareholders' equity	10,699,162
Current liabilities	3,936
<b>TOTAL ASSETS</b>	<b>10,703,098</b>

SAGAT S.p.A. statement of cash flow	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
<b>B) Cash flow from investments</b>		
Tangible assets:		
(Cash flow from investments)	(4,854,369)	(3,441,867)
Cash flow from divestments	1,470	6,147
Intangible assets:		
(Cash flow from investments)	(5,941,479)	(3,201,945)
Cash flow from divestments	0	0
Financial assets:		
(Cash flow from investments)	0	0
Cash flow from divestments	384,797	0
Current financial assets:		
(Cash flow from investments)	0	0
Cash flow from divestments	0	0
Acquisition or disposal of subsidiaries or business lines, net of cash and cash equivalents	0	0
<b>CASH FLOW FROM INVESTMENTS (B)</b>	<b>(10,409,581)</b>	<b>(6,637,665)</b>
<b>C) Cash flow from borrowing</b>		
Third-party resources:		
Increase (decrease) in short-term payables to banks	0	0
New loans	0	0
(Repayment of loans)	(1,500,000)	(1,500,000)
Own resources:		
Paid-in capital increase	0	0
Refund of paid-in capital increase	0	0
Sale (purchase) of treasury stock	0	0
Dividends and advances on dividends paid	(10,500,000)	(10,509,345)
<b>CASH FLOW FROM BORROWING (C)</b>	<b>(12,000,000)</b>	<b>(12,009,345)</b>
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS (A ± B ± C)</b>	<b>(4,854,558)</b>	<b>(4,562,223)</b>
<b>CASH AND EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>12,958,189</b>	<b>17,520,412</b>
<b>CASH AND EQUIVALENTS AT END OF YEAR</b>	<b>8,103,631</b>	<b>12,958,189</b>

For further details on the demerger transaction please see the "financial assets" section of the Notes. Please note that, in order to provide an accurate picture of the aggregate cash flows from the demerger transaction in the statement of cash flow, in accordance with accounting standard OIC 4 and in accordance with the rule that provides for the backdating of the accounting effects of the demerger, the cash inflow, which amounts in total to €916 thousand, is broken down as follows:

Description	Euro/000
Cash flow from divestments of financial assets	385
Dividends posted to the income statement	531
<b>TOTAL</b>	<b>916</b>

## 2.2 Notes to the Financial statements of SAGAT S.p.A.

### 2.2.1 Introduction

#### Financial statements – introduction

The Financial Statements are made up of the Balance Sheet, the Income Statement and these Notes (art. 2423 (1) of the Civil Code). The tables annexed hereto are a material part of these Notes and of the Financial Statements themselves.

The Company prepares the Consolidated Financial Statements pursuant to Legislative Decree 127 of 09/04/91.

The Company's Financial Statements and the Consolidated Financial Statements were audited pursuant to article 2409 bis of the Civil Code by the independent auditors EY S.p.A.

### 2.2.2 General Principles

1. These financial statements were prepared with clarity, in order to provide a faithful and accurate picture of the Company's financial position and standing, as well as of its operating result (art. 2423 (2) of the Civil Code). In particular, the drafting of these financial statements complies with art. 2423 et seq. of the Civil Code and takes into account the Italian accounting standards issued by the National Committees of Tax Consultants and Professional Accountants, as well as compatible international accounting standards where appropriate.
2. The mandatory information to be disclosed under the laws governing the preparation of financial statements were deemed sufficient

to provide a faithful and accurate presentation. However, additional information is presented, insofar as it was deemed appropriate for a more complete and detailed disclosure.

In particular, such information includes, in the Directors' Report:

- statement of cash flow, variation of net working capital and net financial position;
  - analysis of the balance sheet by financial criteria;
  - additional relevant information based on the characteristics and size of the company (art. 2423 (3) of the Civil Code).
3. The true and accurate presentation of the financial position and standing and of the operating result was given without any deviation from the principles described above, because no exceptional circumstance of incompatibility occurred, requiring us to avail ourselves of the provisions in art. 2423 (4) of the Civil Code.
  4. The financial statements are in Euro; the figures in these Notes are in Euro thousand, except as otherwise indicated (art. 2423 (5) of the Civil Code).

### 2.2.3 Drafting Principles

The drafting of these financial statements follows the principles described below.

1. The items were valued according to the principle of conservatism and going concern, also taking into account the substantiveness of each transaction or agreement (art. 2423 bis (1. 5) of the Civil Code).
2. Only the profits realised as of the closing date of the reference year are shown (art. 2423 bis (1. 2) of the Civil Code).
3. The income and costs accruing in the reference year were taken into account, regardless of when collected or disbursed (art. 2423 bis (1. 3) of the Civil Code). The costs related to the income recorded for the year were considered as accruing in the year.
4. The risks and losses accruing in the year were taken into account, even where known after year-end (art. 2423 bis (1. 4) of the Civil Code). Non-comparable elements included in each item were valued separately (art. 2423 bis (1. 5) of the Civil Code).
5. In compliance with art. 2423 ter of the Civil Code, all financial statement items are comparable.
6. The criteria followed for the composition of the Balance Sheet and Income Statement are those described below:

6.a the items provided for in articles 2424 and 2425 of the Civil Code, even when amounting to nil, were recorded separately and in the order indicated (art. 2423 ter (1) of the Civil Code);

6.b. the items preceded by Arab numerals were further broken down where required by the accounting standards or deemed appropriate for the sake of clarity;

6.c. in connection with the nature of the business carried out by the Company, the following captions were added to the assets section of the balance sheet: B.II.bis, referring to assets that will become freely transferable upon expiration of the concession, and B.II bis 1 bis), referring to runways and land used for runways, previously recorded under caption B.II.2);

6.d. the items preceded by Arab numerals were not adjusted, there being no need for it considering the nature of the Company's business (art. 2423 ter (4) of the Civil Code);  
6.e. for each item in the Balance Sheet and Income Statement, the corresponding item from the previous year is also shown;

6.f. no offsetting of entries was made (art. 2423 ter (6) of the Civil Code).

7. There are no assets or liabilities items falling under multiple captions (art. 2424 (2) of the Civil Code).



## 2.2.4 Criteria followed in item valuation, value adjustment and foreign currency translation

The valuation principles followed in the preparation of the Consolidated Financial Statements as at 31 December 2019 in accordance with art. 2426 of the Civil Code and with the above-referred accounting standards are described below.

### Fixed assets

The assets intended for durable use were recorded under fixed assets.

### Intangible assets

Intangible assets were valued at purchase or production cost, inclusive of ancillary costs, and amortized on a straight-line basis year after year, according to their residual useful life. Their amortization schedule, according to the principle explained above, is shown below:

INTANGIBLE ASSETS	
Type of asset	Amortization rate
Industrial patent and intellectual property rights	33%
Concessions, licenses, trademarks and similar rights	33%
Other intangible assets	Between 5.26% and 33%

The amortization criteria and rates applied are the same as in the previous year (art. 2426 (1. 2) of the Civil Code, except extraordinary maintenance costs on leased/rented assets, shown under "Other assets". In fact, effective from 2019 these assets are no longer amortized

over five years but over a time span comprised between the tax year of their purchase and the year 2035.

At year-end, there were no intangible assets with a value permanently lower than their purchase cost inclusive of ancillary costs, after amortization; therefore, there was no need to write down any asset (art. 2426 (1.3) of the Civil Code).

### Tangible assets

Tangible assets were valued at purchase or production cost, inclusive of ancillary costs, except the assets subject to revaluation pursuant to Law 72/83 and to Law 342/2000.

The cost of the assets includes the interest expense incurred for the making of the assets until ready for use, for the portion reasonably attributable to the assets. The amount of interest expense recorded under balance sheet assets is shown in Part IV of these Notes (art. 2427 (1. 8) of the Civil Code).

The cost of the tangible assets of limited duration is depreciated on a straight-line basis according to their residual useful life.

Their depreciation schedule, according to the principle explained above, is shown below:

Tangible assets	
Type of asset	Depreciation rate
Buildings and related roads	4%
Aircraft runways and aprons	5.26%
Flight assistance systems	31.5%
Other systems	10%
Ramp and runway equipment	31.5%
Other purpose equipment	20%
Special-purpose equipment	12.5%
Cars	25%
Cargo vehicles	20%
Furniture and fittings	12%
Electric and electronic equipment	20%
Other tangible assets	20%
Minor tangible assets	100%

In previous years, for certain categories of assets, where required due to their particular obsolescence, the rates above were doubled in the first three year of use of the assets.

For the assets that started being used in the reference year, the rates were halved in order to take account, on a flat basis, of their reduced use.

At year-end, there were no tangible assets, according to the Company's plans, with a value permanently lower than their purchase cost (revalued as appropriate) inclusive of ancillary costs, after depreciation (art. 2426 (1.3) of the Civil Code).

Please note that, as a consequence of the amendment to art. 104 of the Income Tax Code ("TUIR") introduced by Decree Law 669 of 31/12/1996, whereby depreciation over concession length is only allowed as an alternative (and no longer in addition) to conventional depreciation over useful life, the Company had decided to adopt conventional depreciation in previous years, deducting from the historical cost of each asset the respective concession-based accumulated depreciation, except for the category "runways and aprons". Routine maintenance and repair costs are recorded directly in the Income Statement for the year in which they are incurred, while the costs that add value to the assets are capitalised.

## Financial assets

Equity and other financial investments are long-term investments and are recorded at purchase or subscription cost.

If a subsidiary suffers a presumably durable loss, its carrying value is written down accordingly.

If the reasons for such adjustments cease to exist in subsequent years, then the value is reinstated.

Treasury shares are shown, at a value corresponding to the relevant purchase cost, in the negative equity reserve for treasury stock.

Noncurrent receivables were subject to the evaluation of the applicability of the amortized cost method as defined by art. 2426 of the Civil Code, taking however into account time and presumable realization value, in accordance with art. 2426 (1.8) of the Civil Code.

A verification of the relevance of the amortized cost method was made for all the receivables recorded under fixed assets. In other words, if the transaction costs, the fees paid as between the parties, and any other difference between initial value and value upon expiration have scarce relevance, or if the receivables are short-term ones (i.e. are due before 12 months), the amortized cost method is irrelevant.

## Inventory

The inventory of raw and ancillary materials, consumables and goods is recorded at purchase cost, inclusive of ancillary costs. Such cost was calculated —as in previous years— by the weighted average method.

The assets that do not appear to be actually eligible for use in the production process were recorded at realisation value, if lower than the purchase cost.

In any case, the value at which inventory items are recorded does not exceed their market value, taking into account the usefulness/instrumentality of the assets within the production process.

The value of fungible assets does not differ significantly from the costs current as at year-end.

## Accounts receivable

Noncurrent receivables were subject to the evaluation of the applicability of the amortized cost method as defined by art. 2426 of the Civil Code, taking however into account time and presumable realization value, in accordance with art. 2426 (1.8) of the Civil Code, after value adjustments and after making allocations to the provision for bad debts in an amount deemed consistent with the risk of non-collection of the total of trade receivables taken as a whole.

A verification of the relevance of the amortized cost method was made for all the accounts

receivable. In other words, if the transaction costs, the fees paid as between the parties, and any other difference between initial value and value upon expiration have scarce relevance, or if the receivables are short-term ones (i.e. are due before 12 months), the amortized cost method is irrelevant.

The accounts receivable on interest in arrears were written off in the years in which they have respectively accrued.

There are no accounts receivable for which collection terms were contractually postponed and that should therefore be written down and adjusted to current rates, in accordance with accounting standards.

## Cash and cash equivalents

These are recorded at face value.

## Accruals and deferrals

Accrual and deferral items in both the assets and liabilities section include the income or costs accruing in the year but to be collected or disbursed in future years, and the costs or income incurred or collected before year end but accruing in future years. These captions only include portions of costs and income in common to two or more years, the amount of which varies in time.

## Provisions for liabilities and charges

The provisions for liabilities and charges include solely the amounts allocated in order to cover losses or payables of probable or certain occurrence, the amount or exact date of occurrence of which was however uncertain as of year-end.

## Provision for staff severance pay

Law 27 December 2006, no. 296 (2007 Finance Act) introduced new rules for the employees' severance pay ("TFR") accumulated effective from 1 January 2007.

As a consequence of the pension reform:

- the portions of TFR accrued as until 31.12.2006 remain with the company;
- the portions of TFR accrued effective from 1 January 2007, to each employee's individual option based on express or tacit subscription, were either:
  - a) contributed to pension funds;
  - b) kept with the Company, that transferred the portions of TFR to the Treasury Fund created by INPS, the Italian social security institution.

The portions having accrued in the reference year since 1 January 2007 are still shown in caption B9 c) of the income statement, "Staff severance pay".

Caption C in the balance sheet, "Provision for staff severance pay", shows the residual amount of the provision as at 31 December of the current year; captions D13, "Social security payables" and D14, "Other payables" show the accounts payable as at 31 December for portions of TFR still to be contributed to the Treasury Fund of INPS and to pension funds.

### Accounts payable

The accounts payable recorded in the liabilities section were subject to the evaluation of the applicability of the amortized cost method as defined by art. 2426 of the Civil Code, taking however into account time and presumable realization value, in accordance with art. 2426 (1. 8) of the Civil Code.

A verification of the relevance of the amortized cost method was made for all the accounts payable. In other words, if the transaction costs, the fees paid as between the parties, and any other difference between initial value and value upon expiration have scarce relevance, or if the receivables are short-term ones (i.e. are due before 12 months), the amortized cost method is irrelevant. Payables were recorded at face value.

### Derivative financial instruments

As at 31 December the Company did not hold any financial assets and liabilities carried at fair value. Derivatives are classified as hedging instruments

only if there is a strict and documented correlation, upon hedge inception, between the features of the item hedged and those of the hedging instrument, if such correlation is based on formal documentary evidence and if hedge effectiveness -that is subject to regular checks- is high.

The effective portion of the gains or losses arising from derivatives used to protect from interest rate fluctuation risks is suspended in the shareholders' equity. The ineffective portion of the gains and losses associated to a hedging instrument is released to the income statement. When the hedging transaction materializes, the cumulated gains and losses that up to that moment had been recorded in the Shareholders' equity are released to the Income Statement (by adjustment of, or addition to, the Income Statement items affected by the cash flows being hedged).

### Memorandum accounts

The risks that are likely to arise are described in the Notes and covered by specific provisions. The risks that might give rise to a liability are described in the Notes, but no specific allocation is made to the provisions for risks.

Commitments are shown at their contractual value, while guarantees are recorded according to the existing risk at year-end; both are detailed in the Notes.

### Revenues and expenses

Revenues, expenses and other income and costs were recognised according to the principles of conservatism and accrual, after deduction of discounts, allowances, incentives and facilitations. The earnings from services were recognised when the corresponding services were rendered.

### Grants

Grants are recorded in the Income Statement under the caption "Other income and proceeds" in the year where reasonable certainty arises that the Company is entitled to receive them, and posted as deferred income accruing in future years; at the end of each year, such deferred income is reduced and reversed to the Income Statement, at the same rate used for the amortization or depreciation of the asset that the grant refers to.

### Dividends

The dividends paid by the subsidiaries are recorded in the year when the relevant profit accrues if the Board of the subsidiary company proposes their distribution before the Board of the parent company approves the draft financial statements. Dividends are recorded as financial proceeds, regardless of the nature of the reserves being distributed.

### Income taxes

The corporate income taxes ("IRES" and "IRAP") payable, shown in line E.20, are calculated in

accordance with tax regulations on the basis of the estimated taxable income.

As from 2017, the Company has agreed to the Group policy governing the enforcement of the National Tax Consolidation rules set forth in art. 117 et seq. of the Income Tax Act ("T.U.I.R."), also followed by the subsidiary companies SAGAT Handling S.p.A., GESAC S.p.A., Software Design S.p.A. and 2i S.A.C. (formerly F2i SAC S.p.A.), whose parent company is 2i Aeroporti S.p.A.

The option for National Tax Consolidation for the three-year period 2017-2019 was exercised by the Company in order to make use of the benefits that the law establishes for such profile, including the possibility for the parent company to set off the results of each consolidated company.

The notice of extension of the option pursuant to art. 5 (1) of the decree of the Ministry of Economy and Finance of 9 June 2004 was submitted online on 31 October 2017 by 2i Aeroporti S.p.A. to the Revenue Office.

The following are the main points of the above-referred Group policy: a) if, and insofar as, in any tax year in which the option for group taxation applies, one party brings to consolidation, pursuant to art. 96 (7) of the T.U.I.R., interest and similar financial expense in excess, that party is entitled to a compensation in the same amount; b) if the taxable income of the subsidiary, net of tax losses pursuant to art. 84 of the T.U.I.R. arising before the start of tax consolidation, is positive, that consolidated company will pay to the holding company an amount equal to the corresponding net tax due, calculated as if the tax consolidation option did not apply; c) if the taxable income of the subsidiary in one or more tax years included in the consolidation

option term is negative, the holding company will pay to the subsidiaries an amount equal to either: 1) the tax savings actually realised by using such tax losses, or 2) the receivables due to the subsidiaries on the excess amounts brought to consolidation as per b) above; d) if one of the parties brings to consolidation interest in excess, the holding company will deduct that excess, subject to the applicable limits, from the aggregate income; e) in the case of d) above, the party that has brought the excess interest to consolidation will receive a compensation equal to 100% of the notional IRES calculated by applying to the consolidated excess the IRES rate in force when such excess is used. The adoption of tax consolidation allows the parent company 2i Aeroporti S.p.A. to aggregate the positive or negative taxable bases of the parent company and of the resident consolidated companies that also exercised the option. The taxable income and losses of the companies included in the consolidation are assumed in their entire amount, regardless of the share of interest attributed to the consolidating company (line-by-line consolidation method). The consolidating company is liable for determining the aggregate income tax and for the payment of the relevant advances and balance to the Revenue Office. However, the consolidated companies remain individual taxpayers.

The accounting standards characterizing tax consolidation are reported below, insofar as they apply:

#### **Current taxes**

The taxes accruing in the year are recorded in the Income Statement under “Current taxes for

the year” and the relevant liability (or credit) is recorded in the Balance Sheet under the Accounts Payable (or Receivable) to (or from) the parent company. Those consolidation adjustments that generate benefits in the consolidated tax return are recorded in the Income Statement under “Tax gains from consolidated taxation”, classified as “Current taxes for the year” with a contra entry in the Balance Sheet, under “Accounts receivable from the parent company”.

#### **Deferred taxes**

Deferred corporate income tax (“IRES”) assets and the provision for deferred IRES liabilities for both the consolidating and the consolidated companies arising from transactions occurred in the year during which the option is effective remain in the assets of the company that generated them. Therefore, as long as the tax consolidation regime applies, they are not recorded in the financial statements of the consolidating company. The compliance with the requirements for recording deferred taxes is assessed with reference to the expected future taxable income of the companies included in the consolidation. Otherwise, if deferred tax assets or liabilities arise from transactions occurred outside the period of effectiveness of the consolidation regime, they are assessed with reference to the specific position of the company concerned.

The company has recorded deferred taxes according to the temporary differences in the taxable base arisen during the course of the year. In particular, the deductible temporary differences arising from negative income components to be deducted totally or partially

in future years will generate deferred tax assets, recorded under caption C.II.5-ter of the assets section, while the temporary differences arising from positive income components to be taxed in years subsequent to the reference one, or from negative income components deducted in a year preceding the one in which they were recorded in the income statement, will generate deferred tax liabilities, recorded under caption B.2 of the liabilities section.

Deferred taxes are calculated at the tax rates currently in force and taking into account the tax rates expected in future years.

The amount shown in the caption “Income taxes for the year” is the result of the algebraic sum of current and deferred taxes, so as to represent the actual tax burden pertaining to the reference year. No deferred tax assets that cannot be reasonably expected to be recovered in the future were recorded. Similarly, no deferred tax liabilities that are unlikely to arise were recorded.

The description of the temporary differences that led to recording deferred tax assets and liabilities, the indication of their rates and of the differences compared to the prior year, of the amounts recorded in the income statement and as equity components, as well as of the prepaid taxes recorded with respect to losses, are shown in the tables commenting the deferred tax assets and liabilities for the year in the paragraph dedicated to the “Income taxes for the year” (art. 2427 (1.14) of the Civil Code).

#### **Remuneration of economic benefits in favour of the consolidated companies**

The remuneration of the taxable losses of the companies included in the consolidation is

recognized at the moment when those losses are actually used in the consolidation (and are therefore not subject to the earning of future taxable profits by each consolidated company), at the IRES rate applicable in the tax year when the taxable loss is deducted from the consolidated taxable income. The economic benefits arising from the consolidation adjustments made by the consolidating company but pertaining to a consolidated company are remunerated in favour of such consolidated company.

#### **Principles for the translation of items stated in foreign currencies**

Any assets and liabilities other than non-monetary fixed assets are recorded at the exchange rate in force as of year-end; any net gains are allocated to a specific non-distributable reserve at the moment of calculating the operating result.



## 2.2.5 Balance sheet details

The additional information to be disclosed under articles 2426 and 2427 of the Civil Code, and any information required under art. 2423 (3) of the Civil Code, are given in the same order as in mandatory financial statements

### BALANCE SHEET - ASSETS

#### Intangible assets

These are the costs of permanent, non-tangible production factors, net of the relevant amortization. They relate to permanent ownership and utilisation rights (or similar) or concession rights, to improvements made to leased assets, or to outstanding costs that will affect future years.

Intangible assets, totalling €9,791 thousand, have increased on aggregate by €5,941 thousand in the year.

The summary table below reports a detailed description of the changes to the various intangible assets components occurred during the year.

	Start up and improvement costs	Develop. costs	Industrial patent and intellectual property rights	Concessions, licenses, trademarks and similar rights	Goodwill	Investments in progress and payments on account	Other intangible assets	Total intangible assets
<b>Amount at beginning of year</b>								
Cost	0	0	209,062	0	0	2,362,934	3,107,503	
Revaluation								
Amortization (Use of relevant provision)								
Write-down								
<b>Amount carried</b>	<b>0</b>	<b>0</b>	<b>209,062</b>	<b>0</b>	<b>0</b>	<b>2,362,934</b>	<b>3,107,503</b>	<b>5,679,500</b>
Variations during the year								
New acquisitions	0	0	0	195,350	0	3,336,956	2,409,174	5,941,479
Reclassifications (of carrying value)	0	0	(209,062)	812,662	0	(3,286,168)	1,809,517	(873,051)
Decreases (in carrying value) due to disposals and divestments								
Revaluation in the reference year								
Amortization in the year	0	0	0	381,743	0	0	527,828	909,571
Write-down in the reference year								
Other variations						(47,684)		(47,684)
Total variations	0	0	(209,062)	626,269	0	3,104	3,960,862	4,111,174
<b>Balance at end of year</b>								
Cost	0	0	0	1,008,012	0	2,366,038	7,326,194	10,700,245
Revaluation								
Amortization (Use of relevant provision)	0	0	0	381,743	0	0	527,828	909,571
Write-down								
<b>Amount carried</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>626,270</b>	<b>0</b>	<b>2,366,038</b>	<b>6,798,365</b>	<b>9,790,673</b>

As at 31/12/2019, the items included in caption B.I.3 were reclassified under caption B.I.4, "Concessions, licenses and trademarks", which reflects more the nature of the contents of such items.

The increase shown in caption B.I.43, "Concessions licenses and trademarks" relates to the less amortization applied in the year (€381 thousand), against the purchases of licenses and new software during the year (€195 thousand) and to the capitalization of assets that in the previous year were recorded under fixed assets and started being amortized in 2019 (€604 thousand).

The caption "Investments in progress and payments on account" (B.I.6) has increased by €51 thousand compared to the prior year, due to the implementation of projects that are expected to be completed in the coming years.

The caption "Other assets" (B.I.7) has increased by €4,219 thousand, mostly due to the construction of the new arrivals terminal and of floor 10.93. Also improvements to the runway and at the shoulder and aprons are worth reporting. As a whole, the "Other fixed assets" that includes, inter alia, improvements and investments on assets not owned by the Company, was amortized by €528 thousand.

The amortization criteria and rates applied are the same as in the previous year (art. 2426 (1.2) of

the Civil Code, except extraordinary maintenance costs on leased/rented assets, shown under "Other assets". In fact, effective from 2019 these assets are no longer amortized over five years at 20%, but according to the financial principle, i.e. over a time span comprised between the tax year of their purchase and the year 2035, in accordance with Revenue Office guidelines. If the amortization had been calculated by the previous criterion, the net carrying value of the item would have been lower by €969 thousand.

#### Tangible assets

Tangible assets include the costs (revalued as applicable) of permanent production factors represented by capital equipment owned by the company, including those that will be returned upon expiration of the concession, characterised by the dual requirement of having long useful life and tangible nature. These are shown after deduction of depreciation, including concession-based depreciation.

Tangible assets amount in total to €45,472 thousand and have increased on aggregate by €165 thousand in the year.

The summary table below reports a detailed description of the changes to the various tangible assets components occurred during the year.



	Land and buildings	Plant and machinery	Operating and sales equipment	Other tangible assets	Other investments in progress and payments on account	Total tangible assets
<b>Amount at beginning of year</b>						
Cost	86,416,644	71,432,814	16,740,099	29,876,881	2,242,170	206,705,607
Revaluation						
Depreciation (Use of relevant provision)	53,970,197	64,965,550	13,640,722	28,821,776	0	161,398,245
Write-down						
<b>Amount carried</b>	<b>32,443,447</b>	<b>6,467,263</b>	<b>3,099,376</b>	<b>1,055,106</b>	<b>2,242,170</b>	<b>45,307,362</b>
Variations during the year						
New acquisitions	146,343	2,223,419	590,734	682,599	1,211,274	4,854,369
Reclassifications (of carrying value)	643,740	671,189	0	1,660	(443,278)	873,051
Decreases (in carrying value) due to disposals and divestments	0	0	0	(1,470)	0	(1,470)
Revaluation in the reference year						
Depreciation in the year	2,203,372	1,279,864	1,163,372	471,456	0	5,118,065
Write-down in the reference year						
Other variations	0	1,326	(1,326)	(2,940)	(442,788)	(445,728)
Total variations	(1,413,549)	1,616,070	(573,965)	211,333	325,209	165,097
<b>Balance at end of year</b>						
Cost	87,203,467	74,327,421	17,330,832	30,509,929	2,567,378	211,939,028
Revaluation						
Depreciation (Use of relevant provision)	56,173,569	66,244,088	14,805,421	29,243,491	0	166,466,569
Write-down						
<b>Amount carried</b>	<b>31,029,898</b>	<b>8,083,333</b>	<b>2,525,412</b>	<b>1,266,438</b>	<b>2,567,378</b>	<b>45,472,459</b>

Captions B.II.1) B II bis 1 and 1bis), "Land and buildings" include freely transferable assets in the amount (post-depreciation) of €31,030 thousand, of which €322 thousand relate to runways and land used for runways. The caption "Plant and machinery", is entirely composed of freely transferable assets and amounts (post-depreciation)

to €8,083 thousand as at 31 December 2019. The caption "Land and buildings" (B.II.bis and 1 bis) has decreased on aggregate by €1,414 thousand, due to purchases (€146 thousand), reclassification of carrying value (€643 thousand) and annual depreciation (€2,203 thousand).

No obsolete asset was disposed of during the year.

The caption "Plant and machinery" (B.II. bis 2) has increased on aggregate by €2,895 thousand, due to purchases (€2,223 thousand) and capitalisation of the value of systems that started operating during the year and previously recorded as investments in progress (€671 thousand). Depreciation in the year amounts to €1,280 thousand. In particular, the increase relates mostly to the completion of service systems at the new arrivals area and at floor 10.93 (€1,091 thousand) and to restroom refurbishment at the passenger terminal (€169 thousand); the item further includes the improvement of beacon lighting at the aprons and construction of new service systems at operating buildings (€350 thousand).

No obsolete asset was disposed of during the year.

The caption "Operating and sales equipment" (B.II.3) has decreased on aggregate by €574 thousand, due to purchases (€591 thousand) and annual depreciation (€1,163 thousand). The item includes in particular the purchase of cargo x-ray systems (€138 thousand) and of seats for the waiting rooms at the Passenger Terminal (€189 thousand).

No obsolete asset was disposed of during the year.

The caption "Other assets" (B.II.4) has increased on aggregate by €211 thousand, due to depreciation (€471 thousand) and purchases (€683 thousand). Purchases include: hardware (€246 thousand), passport control counters, gates counters and operating vehicles (€67 thousand). Obsolete assets were dismissed in the year for a total value of €51 thousand.

The caption "Investments in progress and payments on account" (B.II.5) has increased by €325 thousand due to new interventions and to the purchase of assets that have not been depreciated yet (€1,211 thousand). In addition, certain items recorded in previous years that did not come into use have been finally deleted (€443 thousand).

The balance of the revaluation applied pursuant to Law 72 of 19/3/1983 (€566 thousand) and to Law 342 of 21/11/2000 (€8,423 thousand) has not changed compared to 2018. The details of the revaluation applied are shown in the table below:

	Statutory revaluation	Economic revaluation	Total revaluation
Land and buildings	282,000	0	282,000
Plant and machinery	6,567,000	0	6,567,000
Operating and sales equipment	182,000	0	182,000
Other assets	1,958,000	0	1,958,000
<b>Total</b>	<b>8,989,000</b>	<b>0</b>	<b>8,989,000</b>

## Financial assets

These are the costs of long-term financial investments.

Equity investments, recorded at purchase cost in the total amount of €2,844 thousand, have decreased by €6,091 thousand compared to 2018 due to the elimination of the 55.45% equity investment in Aeroporti Holding, that ceased to exist with the demerger implemented on 5 August 2019.

The holding in the subsidiary SAGAT Handling is valued at purchase cost.

Equity investments are recorded at a value not exceeding the share of equity as resulting from the latest financial statements.

The equity investments in associated companies have not changed.

With the referred demerger of Aeroporti Holding S.r.l. during the year, the "Other companies" caption has come to include the investment in the company Aeroporto Guglielmo Marconi di Bologna S.p.A. at the value of €9,782 thousand, i.e. 3.28% of its capital.

The company that operates the G. Marconi airport of Bologna (hereinafter, AdB), has been

admitted to the trading of its shares in the STAR segment of the Italian online stock market since July 2015.

As at 31 December 2019, SAGAT holds 1,183,643 common shares of AdB, at the book value of Euro 8.26 per share.

The market value of these shares as at 31 December 2019 was €12.12 and therefore way above book value, as it has always been the case. For the sake of exhaustiveness it is worth mentioning that effective from February 2020 their value followed the general temporary trends shown by the global stock markets and dropped, as at 27 March 2020, to €8.14.

The greater value attributed to this investment, with respect to the corresponding portion of equity, is due to the positive outlooks about the company's potential to generate greater revenues, as shown by the historical trends of its shares in the stock markets, which has always been -except in the early months of 2020- far greater than the book value, right from the moment of their first listing.

Please note that on 6 May 2019 the ordinary shareholders meeting of AdB approved its annual report 2018, that closed, on consolidated level, at a profit of over €17.1 million. In accordance with the resolution passed in the said meeting, in 2019

AdB paid a dividend of €0.449 per share, 15% more than the previous dividend of €0.392 per share. Therefore, in 2019 the Company collected dividends for more than €531 thousand.

The details of the investments in subsidiary, associated and other companies are summarised in the table below, prepared under art. 2427 (1)

	Investments in subsidiary companies	Investments in associated companies	Investments in parent companies	Investments in companies controlled by the parent companies	Investments in other companies	Total equity investments	Other securities	Derivative financial instruments
<b>Amount at beginning of year</b>	<b>8,943,098</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,943,098</b>	<b>0</b>	<b>0</b>
Cost	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0
Write-down	0	0	0	0	0	0	0	0
Amount carried	8,943,098	0	0	0	0	8,943,098	0	0
<b>Variations during the year</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
New acquisitions	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0
Write-down	0	0	0	0	0	0	0	0
Other variations	(6,099,500)	0	0	0	9,781,870	0	0	0
Total variations	(6,099,500)	0	0	0	9,781,870	3,682,370	0	0
<b>Balance at end of year</b>	<b>2,843,598</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,781,870</b>	<b>12,625,468</b>	<b>0</b>	<b>0</b>
Cost	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0
Write-down	0	0	0	0	0	0	0	0
<b>Amount carried</b>	<b>2,843,598</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,781,870</b>	<b>12,625,468</b>	<b>0</b>	<b>0</b>

Also, please note that the Company holds 74,178 treasury shares; after the coming into force of Legislative Decree 139/15 in enforcement of Directive 2013/34 on annual financial statements, consolidated financial statements and related reports, starting from 1 January 2016 the Company has already removed their book value from the fixed assets.

Those shares had been acquired by the Company by resolution of the General Meeting on 10 December 2002, that authorised the

purchase of a maximum of 58,400 treasury shares, entirely freed up. On 14 March 2003 the company made such purchase. The value of the shares held had reached €4,824 thousand in 2008, after the closing of the stock option plan addressed to the Company's managers.

#### List of investments in subsidiary companies

Below are the details of the holdings in subsidiary companies, pursuant to art. 2427 (1.5) of the Civil Code.

Name	SAGAT Handling S.p.A.	Total
Town or foreign State	Italy	
Taxpayer ID (for Italian companies)	5025470013	
Capital (Euros)	3,900,000	
Profit (Loss) of last financial year (Euros)	(217,981)	
Equity (Euros)	2,961,335	
Share held (Euros)	2,961,335	
Share held (%)	100%	
Value carried or corresponding creditor amount	2,843,598	<b>2,843,598</b>

#### Investments in other companies

Below are the details of the holdings in subsidiary companies, pursuant to art. 2427 (1.5) of the Civil Code.

Investments in other companies	Name	Aeroporto Bologna	Total
	Town or foreign State	Italy	
	Taxpayer ID (for Italian companies)	03145140376	
	Capital (Euros)	90,314,162	
	Profit (Loss) of last financial year (Euros)	17,101,000	
	Equity (Euros)	170,235,979	
	Share held (Euros)	2,962,305	
	Share held (%)	3,28%	
	Value carried or corresponding creditor amount	<b>9,781,870</b>	<b>9,781,870</b>

#### List of investments in associated companies

Pursuant to art. 2427 (1.5) of the Civil Code, the Company has no holdings in associated companies.

#### Accounts receivable recorded under fixed assets

The receivables recorded as financial assets amount to €65 thousand in total and have changed from the previous year by €55 thousand. For a review of the variations and maturity of these receivables, please see the table below, prepared in accordance with art. 2427 (1.2) and (1.6) of the Civil Code:

	Noncurrent receivables from subsidiary companies	Noncurrent receivables from associated companies	Noncurrent receivables from parent companies	Noncurrent receivables from companies controlled by the parent companies	Noncurrent receivables from others	Total noncurrent receivables
<b>Amount at beginning of year</b>	0	0	0	0	9,577	9,577
Variation during the year	0	0	0	0	55,798	55,798
<b>Balance at end of year</b>	0	0	0	0	65,375	65,375
Portion due within 12 months	0	0	0	0	0	0
Portion due after 12 months	0	0	0	0	65,375	65,375
Of these, due beyond 5 years	0	0	0	0	0	0

**Noncurrent receivables - Breakdown by territory**

Below are the details of the breakdown of noncurrent receivables by territory, pursuant to art. 2427 (1.6) of the Civil Code:

	1	Total
<b>Noncurrent receivables by territory</b>		
<b>Territory</b>	<b>Italy</b>	
Noncurrent receivables from subsidiary companies	0	0
Noncurrent receivables from associated companies	0	0
Noncurrent receivables from parent companies	0	0
Noncurrent receivables from companies controlled by parent companies	0	0
Noncurrent receivables from others	65,375	65,375
<b>TOTAL NONCURRENT RECEIVABLES</b>	<b>65,375</b>	<b>65,375</b>

**Value of financial assets**

The details of the value of financial assets are shown below pursuant to art. 2427 bis (1.2.a) of the Civil Code:

<b>Receivables from others</b>	
Book value	65,375
Fair value	65,375

The details of the value of noncurrent receivables from others are shown below pursuant to art. 2427 bis (1.2.a) of the Civil Code:

<b>Details of receivables from others</b>				
<b>Description</b>	<b>1 Cash deposits</b>	<b>2 Cash deposits to vendors</b>	<b>3 Term deposits to vendors Intesa S.Paolo</b>	<b>Total</b>
Book value	14,107	30,221	21,047	65,375
Fair value	14,107	30,221	21,047	65,375

## CURRENT ASSETS

### Inventory

The inventory, totalling €403 thousand, refers basically to raw and ancillary materials, consumables and maintenance materials. The item has increased by €73 thousand compared to the previous year.

As at year-end, the inventory did not include any element that might be expected to be realized at a lower price than the respective inventory value.

The breakdown and variations of each item are shown below:

	Raw and maintenance materials, consumables	In-process and semi-finished products	Orders in progress	Finished products and goods	Payments on account (made)	Total inventory
Amount at beginning of year	330,102	0	0	0	0	330,102
Variation during the year	73,038	0	0	0	0	73,038
Balance at end of year	403,140	0	0	0	0	403,140

### Accounts receivable

These are recorded for a total of €32,738 thousand, compared to €29,228 thousand in 2018. Their total amount relates mostly to customers based in Italy or in the European Union and does not include the trade receivables on additional fees, which are classified under "Other receivables".

The caption "Accounts receivable from customers" has decreased from €12,897 thousand as at 31/12/2018 to €13,670 thousand as at 31/12/2019 (+€773 thousand), basically due to the customers' ordinary payment policies.

The caption includes accounts receivable at a face value of €18,409 thousand net of write-down (€4,739 thousand) related to the provision for bad debts.

During the year the provision for bad debts has increased by €1,257 thousand due to amounts used to eliminate receivables no longer capable of being collected (€138 thousand), release to the income statement of amounts allocated in the past and no longer necessary (€54 thousand) and adjustments based on actual needs (€1,450 thousand), almost entirely with the aim of mitigating the risk of non-collection in respect of one of the main customers of the Company.

Therefore, the total value of the provisions for bad debts and credit risk is sufficient to cover the risks of non-collection of the accounts receivable existing at year-end. In any case, SAGAT has taken all the necessary measures to have its creditor positions recognised and to protect its rights. For more details please refer to the section in the Director's Report on controversies.

The caption "Accounts receivable from subsidiary companies", comprising entirely accounts receivable within 12 months and amounting to €236 thousand, has decreased by €61 thousand from the previous year, essentially due to the normal trends of creditor/debtor positions for the subsidiary SAGAT Handling. The details of these receivables are shown in the table below, stated in thousand Euro:

Receivables from subsidiary companies	31/12/2019	31/12/2018
Aeroporti Holding S.r.l.	0	7
SAGAT Handling S.p.A.	236	290
<b>TOTAL</b>	<b>236</b>	<b>327</b>



**Tax receivables:**

The tax receivables recorded amount to €3,608 thousand, increasing by €2,306 thousand compared to the €1,302 thousand recorded as at 31/12/2018.

Of these receivables, €415 thousand are due within 12 months and €3,194 thousand are due beyond 12 months, as detailed in the table below (thousand Euro)

Specification	Amount as at 31/12/2019	Amount as at 31/12/2018
IRES receivables	30	30
IRES refund receivable	23	23
IRAP receivables	0	133
VAT receivables	403	464
Other receivables	17	653
Account receivable from the Ministry of Infrastructures and Transport	3,135	0
<b>TOTAL</b>	<b>3,608</b>	<b>1,302</b>

IRES refund and IRES receivables have not changed from 2018. There are no IRAP receivables as at 31 December 2019.

The "Other receivables", €17 thousand, have decreased by €618 thousand from the previous year mainly due to the use of receivables arisen in 2018 after the settlement of the IRES and IRAP assessment notices for tax years 2012 and 2013.

The account receivable from the Ministry of Infrastructures and Transport was recorded after decision no. 3996/2019 on 14 June 2019

by the Court of Appeal of Rome, that sentenced the Ministry to pay damages to SAGAT on the omitted adjustment of airport fees to inflation in the years 2006-2008, in the amount of €2,723 thousand plus costs, interest and revaluation. The decision - and hence the entitlement to the amount in question - is immediately enforceable notwithstanding the fact that the Ministry filed an appeal before the Supreme Court. In fact, SAGAT has subsequently demanded payment of the entire amount from the Ministry.

**Deferred tax assets:**

The caption "Deferred tax assets" rises from €2,293 thousand in 2018 to €6,188 thousand as at 31 December 2019. If the company had considered an unlimited time horizon for the reversal of these assets, this balance would have been greater by €76 thousand.

The increase in this caption by €3,896 thousand is due to the fiscal effects of ordinary business transactions (€1,625 thousand) and to the recording of deferred tax assets for the time horizon 2020 - 2036 after the Company applied for the so-called "fiscal peace" (facilitated settlement of tax controversies) (€2,271 thousand).

Consistently with the information provided in the Notes to the annual report 2018, in the section dedicated to controversies, in May 2019 the Company has deemed it appropriate to abide by the provisions of Decree Law 119/2018, whereby the assessment notices and tax audit reports served on or before 24 October 2018

can be settled with the payment of the amount subject matter of the tax controversy alone, without fines or interest, and any amounts already paid are allowed to be deducted as interim settlements. In addition, any residual amount owed can be paid in 20 quarterly installments, i.e. over about 5 years.

The decision in question was made also considering the fact that the value of the controversy coincides with the greater IRES and IRAP taxes arising from the reduced amortization and depreciation for the years 2012 to 2016, according to the position of the Revenue Office, and that such greater taxes correspond however to a basically equal fiscal benefit for the years 2016 to 2036, during which the amortization and depreciation in question will be eligible for deduction from the IRES and IRAP taxable bases.

Therefore, the Company recorded deferred tax assets arising from the amortization and depreciation that will be deducted from IRES and IRAP taxes between 2020 and 2036.

In this respect, please note that art. 1 §§ 716 - 718 of Act no. 160/2019 (Finance Act 2020) introduced a 3.5% IRES surtax on the income from activities carried out under concessions in the transportation industry, including airport management income, for tax years 2019, 2020 and 2021.

Therefore, deferred tax assets (€2,271 thousand as at 31 December 2019) were calculated considering an IRES rate of 27.5% for the years

2020 and 2021, and considering an IRES rate of 24% for the years 2022 to 2035, in addition to the 4.2% IRAP rate applicable to the entire period.

On the other hand, the tax payables include the total amounts owed to the Revenue Office, less the payments made in 2018 as interim settlements on the notices of assessment for the years 2012 and 2013 (€635 thousand in total), and less the three installments paid by the Company in 2019, the first paid on 31/05/2019 in accordance with the rule. The residual amount of the tax liability based on the "fiscal peace" amounts to €2,034 thousand.

The income statement caption "Tax liabilities from previous years" includes the IRES and IRAP payable (€2,675 thousand) less the fiscal benefit of the greater amortization and depreciation deductible for 2016 and 2017 and the lower tax liability (€2,271 thousand) offset with deferred tax assets for the years 2020 to 2036.

The details of deferred tax assets/liabilities are shown in the specific table of the Notes to the Income Statement.

#### Receivables from others

The caption "Receivables from others", €8,990 thousand in total, has decreased by €249 thousand compared to the previous year, basically due to the increase in the receivables from carriers on municipal tax (€463 thousand) and to the reclassification of provisions previously recorded under "Provisions for risks and liabilities".

The details of receivables from others are shown in the table below, in thousand Euro:

Specification	31/12/2019	Of these, due beyond 12 months	31/12/2018	Of these, due beyond 12 months	Difference
Account receivable from the Town Authority of Turin	893	682	893	-	-
Other accounts receivable from the P.A.	33	-	33	-	-
Payments on account to vendors	500	11	339	11	161
Receivables from carriers on municipal tax	8,048	0	7,585	-	463
Other receivables	244	123	389	123	(145)
Use of provision for bad debts	(727)	(727)	-	-	(727)
<b>TOTAL</b>	<b>8,991</b>	<b>89</b>	<b>9,239</b>	<b>134</b>	<b>(248)</b>

The account receivable from the Town Authority of Turin, €682 thousand, unchanged from the previous year and shown under the receivables due beyond 12 months, relates to the pending controversy on the fee, described in the Directors' Report.

The account receivable from the Town Authority of Turin also includes, for €211 thousand as in the previous year, the residual portion of an advance that SAGAT had to pay in 1992 for the completion of certain works at the control tower, in order to cover the insufficient funds earmarked by the Town Authority after the construction contractor ICEM went bankrupt and the guarantor insurer FIRS was placed into forced liquidation, as neither of the latter honoured their obligation to repay the contractually agreed advances. The company has filed proof of claim as creditor in the bankruptcy of ICEM and in the forced liquidation of FIRS. No decisive events in this proceeding have occurred during the year.

The receivables from carriers on municipal tax have increased in the year by €463 thousand and represent a contra entry towards the payables by SAGAT to the Tax Office for the same reason.



**Accounts receivable - Breakdown by due date**

Below are the details of the breakdown of accounts receivable by due date, pursuant to art. 2427 (1.4) and (1.6) of the Civil Code:

	Current trade receivables	Current receivables from subsidiary companies	Current receivables from associated companies	Current receivables from parent companies		Current receivables from companies controlled by the parent companies	Current tax receivables	Current deferred tax assets	Current receivables from others	Total current receivables
Amount at beginning of year	12,896,576	297,214	0	3,137,557	Amount at beginning of year	62,438	1,302,296	2,292,694	9,238,875	29,227,650
Variation during the year	773,003	(61,014)	0	(3,316,965)	Variation during the year	(21,404)	2,306,518	3,895,636	(248,368)	3,507,406
<b>Balance at end of year</b>	<b>13,669,579</b>	<b>236,199</b>	<b>0</b>	<b>592</b>	<b>Balance at end of year</b>	<b>41,034</b>	<b>3,608,814</b>	<b>6,188,330</b>	<b>8,990,507</b>	<b>32,735,055</b>
Portion due within 12 months	13,669,579	236,199	0	592	Portion due within 12 months	41,034	415,261	0	8,902,177	23,264,842
Portion due after 12 months	0	0	0	0	Portion due after 12 months	0	3,193,553	6,188,330	88,330	9,470,213
Of these, with residual duration beyond 5 years	0	0	0	0	Of these, with residual duration beyond 5 years	0	0	0	0	0

**Current receivables - Breakdown by territory**

Below are the details of the breakdown of current receivables by territory, pursuant to art. 2427 (1.6) of the Civil Code:

	1	2	Total
<b>Current receivables by territory</b>			
Territory	Italy	Foreign States	
Current trade receivables	4,810,226	8,859,353	13,669,579
Current receivables from subsidiary companies	236,199	0	236,199
Current receivables from associated companies	0	0	0
Current receivables from parent companies	592	0	592
Current receivables from companies controlled by the parent companies	41,034	0	41,034
Current tax receivables	3,608,814	0	3,608,814
Current deferred tax assets	6,188,330	0	6,188,330
Current receivables from others	4,033,945	4,956,562	8,990,507
<b>Total current receivables</b>	<b>18,919,140</b>	<b>13,815,915</b>	<b>32,735,055</b>

**Cash and cash equivalents**

These include:

- as to bank and post office deposits, the funds immediately available on deposits or current accounts with banks and post offices;
- as to cash in hand, the liquidity existing as at 31/12/2019 in the treasury of the company;
- as to cheques, the credit instruments

received before year-end and deposited with banks for collection in the opening days of the subsequent year.

Below are the details of the variation in the cash and equivalents pursuant to art. 2427 (1.4) of the Civil Code. For a description of the main circumstances causing such variation, please see paragraph 1.7 of the Directors' Report

	Bank and post office current accounts	Cheques	Cash and other valuables in hand	Total cash and cash equivalents
Amount at beginning of year	12,917,438	0	40,751	12,958,189
Variation during the year	(4,855,995)	0	1,437	(4,854,558)
Balance at end of year	8,061,443	0	42,188	8,103,631

**Accrued income and prepayments**

These amount to €129 thousand on aggregate as at 31/12/2019, versus €324 thousand as at 31/12/2018. The table below shows the details of the variations in the accrued income and prepayments pursuant to art. 2427 (1.4) of the Civil Code:

	Loan discount	Accrued income	Other prepayments	Total accrued income and prepayments
Amount at beginning of year	0	0	324,067	324,067
Variation during the year	0	0	195,255	195,255
Balance at end of year	0	0	128,813	128,813

**Breakdown of prepayments**

The table below shows the details of the other prepayments:

	Amount
Insurance	48,048
Other	80,765
<b>TOTAL</b>	<b>128,813</b>

The caption "Insurance" includes the portions of insurance premiums paid in 2019 and accruing in the subsequent year.

**Capitalized financial expense**

Below are the details of financial expense attributed to the fixed assets recorded in the Balance Sheet pursuant to art. 2427 (8) of the Civil Code, unchanged from the previous year:

	Financial expense attributed to fixed assets
<b>Intangible assets</b>	
<b>Tangible assets</b>	
Land and buildings	2,322,607
Plant and machinery	792,245
<b>Inventory</b>	
<b>TOTAL</b>	<b>3,114,852</b>

**BALANCE SHEET - LIABILITIES AND EQUITY****Shareholders' equity**

The Shareholders' Equity of the Company as at 31/12/2019 amounts to 46,814,940 Euro.

Pursuant to art. 2427 bis) of the Civil Code, the changes in the components of the Shareholders' equity are shown below.

The share capital amounts to €12,911,481, has not changed from the previous year, and is composed of 2,502,225 common shares, each with a face value of €5.16. As of year-end, it was distributed as follows among the Shareholders:

2i Aeroporti S.p.A.	90.28%
Tecno Holding S.p.A.	6.76%
Treasury stock	2.96%
<b>TOTAL</b>	<b>100%</b>

The share premium reserve recorded amounts to €6,105 thousand. This reserve is tax-exempt in case of distribution and has not changed from the previous year.

The revaluation reserve, €7,363 thousand, was recorded to account for the revaluation of company assets made by the company pursuant to Law 342/2000. The reserve has not changed during the course of 2019.

The legal reserve, amounting to €2,582 thousand, has not changed from the previous year, as it has already reached one-fifth of the capital pursuant to art. 2430 (1) of the Civil Code.

The other reserves comprise:

- the extraordinary reserve, €4,141 thousand, is entirely made up of annual profits and has decreased by €3,030 thousand compared to the previous year, because it was used in part to distribute an exceptional dividend in 2019 according to a decision adopted by the Shareholders meeting on 18 May 2019;
- the reserve for extraordinary investments, €4,906 thousand, is entirely made up of provisions subject to ordinary taxation and has not changed from the previous year;
- the reserve for the gain on the demerger of Aeroporti Holding amounts to €4,079 thousand. As a consequence of the demerger, the equity of SAGAT has increased by an amount corresponding to 55.45% of the investment held by the demerged company in Aeroporti di Bologna, to the same percentage of the cash held by the demerged company, and to the same percentage of other minor items in the financial statements of Aeroporti Holding as of the effective date of the demerger (5 August 2019).

The reserve for the hedging of expected cash flows is nil, i.e. €29 thousand less than in 2018, due to the full repayment of the underlying loan by SAGAT during the year 2019.

The negative reserve for treasury stock amounts to €-4,824 thousand. Those shares had been acquired by the Company by decision of the General Meeting on 10/12/2002, that authorised the purchase of a maximum of 58,400 treasury shares, entirely freed up. On 14 March 2003 the company made such purchase. The value of the shares held had reached €4,824 thousand in 2008, after the closing of the stock option plan addressed to the Company's managers.

The tables below show the variation of each equity component during the year, and the breakdown of the other reserves.



	Other reserves			Reserve for the hedging of expected cash flows	Profit (loss) carried forward	Profit (loss) of the year	Negative reserve for treasury shares	Total equity
	Extraordinary reserve	Miscellaneous other reserves	Reserve for AH demerger					
<b>Amount at beginning of year</b>	<b>7,170,646</b>	<b>4,906,340</b>	<b>0</b>	<b>-29,166</b>	<b>0</b>	<b>7,470,216</b>	<b>(4,823,612)</b>	<b>43,655,349</b>
Distribution of dividends	(3,029,784)							(3,029,784)
Allocation of the profit (loss) from the previous year						(7,470,216)		(7,470,216)
Other uses								
Other variations								
Increases			4,078,837					4,078,837
Decreases				29,166				29,166
Reclassifications								
Result of the year						9,551,588		9,551,588
<b>Balance at end of year</b>	<b>4,140,862</b>	<b>4,906,340</b>	<b>4,078,837</b>	<b>0</b>	<b>0</b>	<b>9,551,588</b>	<b>(4,823,612)</b>	<b>46,814,940</b>

Miscellaneous other reserves	
Description	Total
Reserve for non-routine investments	4,906,340
<b>Total</b>	<b>4,906,340</b>

### Explanation of availability and use of equity components

The table below provides the information to be disclosed under article 2427 (7-bis) of the Civil Code regards to the specification of equity components as to origin, utilization options and eligibility for distribution, as well as to the uses made in previous years:

	Amount	Origin/nature	Utilization options	Portion available	Summary of uses made in the previous 3 years	
					Coverage of losses	Other reasons
Share capital	12,911,481	Share capital				
Share premium reserve	6,104,521	Share capital	A,B,C	6,104,521		
Revaluation reserves	7,362,627	Share capital	A,B,C	7,362,627		
Legal reserve	2,582,296	Profits	B			
<b>Other reserves</b>						
Extraordinary or optional reserve	4,140,862	Profits	A,B,C	4,140,862		3,039,784
Miscellaneous other reserves	8,985,177	Profits	A,B,C	8,985,177		
Total other reserves	13,126,039			13,126,039		10,008,900
Reserve for the hedging of expected cash flows						
Profit (loss) carried forward						
Negative reserve for treasury shares	(4,823,612)			(4,823,612)		
<b>Total</b>	<b>37,263,352</b>			<b>21,769,575</b>		<b>13,038,684</b>
<b>Portion not available for distribution</b>						
<b>Residual portion available for distribution</b>				<b>21,769,575</b>		

Key: A: capital increases; B: coverage of losses; C: distribution to shareholders.

The uses shown in the "Other reasons" column relate to the distribution of an exceptional dividend approved by the General Meeting on 1 December 2017 (€10,008,900) and to the distribution of an exceptional dividend concomitantly with the approval of the Annual Report 2019 (€3,039,784).

For the sake of exhaustiveness of information on equity, the following details are also provided below.

#### Revaluation reserves

These are composed as follows:

	Opening balance	Use for coverage of losses	Other variations	Closing balance
Law no. 342/2000	7,362,627	0	0	7,362,627
<b>TOTAL</b>	<b>7,362,627</b>	<b>0</b>	<b>0</b>	<b>7,362,627</b>

#### Provisions for liabilities and charges

This item is detailed below:

	Pension and similar funds	Provision for taxes, including deferred taxes	Derivative financial instruments	Other provisions	Total provisions for liabilities and charges
<b>Amount at beginning of year</b>	<b>0</b>	<b>0</b>	<b>29,166</b>	<b>4,743,483</b>	<b>4,722,649</b>
Variation during the year					
Amount allocated in the year	0	0	0	3,257,831	3,257,831
Amount used in the year	0	0	0	94,704	94,704
Other variations	0	0	(29,166)	(21,195)	(50,361)
Total variations	0	0	(29,166)	3,141,932	3,112,766
<b>Balance at end of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,885,415</b>	<b>7,885,415</b>

The provision for future liabilities and charges, €7,885 thousand, is recorded according to the principle of conservatism, to account for possible liabilities arising from civil and administrative controversies, pending or merely probable, that the Company might need to face. During the year the provision has increased by €3,113 thousand on aggregate, as a consequence of the following:

- Increase by €3,486 thousand, of which €3,257 thousand formed by provisions posted to the income statement and €228 thousand formed by reclassification of other liabilities items and new costs recorded.  
Of the total increase, the adjustments of prospective liabilities already existing as at 31/12/2018 amount to €279 thousand, and the provisions for risks arisen in 2019 amount to €3,207 thousand. The most significant of these is the risk of losing the action for liquidated damages on the omitted adjustment to inflation of the fees in the years 1999 to 2005, as explained in the 'Controversies' section of the Directors' Report;
- an amount of €95 thousand was used for liabilities arisen during the year, but that had been foreseen and accounted for in previous years;
- decrease from the €29 thousand allocated in 2018 to 0 in 2019 regarding the provision for derivative instruments and corresponding reduction in the reserve for the hedging of the expected cash flows, due to the full repayment of the underlying loan which occurred in December 2019.

#### Provision for staff severance pay

The table below shows the changes occurred during the year, stated in thousand Euros:

	Provision for staff severance pay
<b>Amount at beginning of year</b>	<b>2,283,734</b>
Variation during the year	
Amount allocated in the year	620,888
Amount used in the year	(717,083)
Other variations	0
Total variations	(96,195)
<b>Balance at end of year</b>	<b>2,187,539</b>

In particular, during the year the provision has received €621 thousand and has decreased by €717 thousand, mostly due to amounts paid to pension funds and to the INPS fund, and to amounts paid on terminated employment contracts and advances granted to those employees who requested them.

The caption "Amount allocated" includes the revaluation of the provision, calculated in accordance with the law, and the severance pay accruing in the year that was contributed to pension funds and allocated to the INPS fund. The caption "Other variations" includes the portions of severance pay relating to staff transferred to/from other SAGAT Group companies.

## Accounts payable

The accounts payable are recorded for €45,108 thousand (€44,061 thousand as of year-end 2018) and relate mostly to vendors in Italy or in the European Union.

Their breakdown and most significant changes occurred during the year are shown below.

The accounts payable to banks now amount to €0,00 (vs. €1,500 thousand in 2018) due to the full repayment of the long-term loan obtained in February 2010 for an original amount of €15 million.

The accounts payable to vendors include the trade payables owed to other entities than subsidiary and associated companies and to companies controlled by parent companies. They amount on aggregate to €18,491 (€16,991 thousand in 2018) and have increased by €1,500 thousand.

The payables to subsidiary companies amount to €1,679 thousand and have increased by €1,384 thousand in the year. They are all due within 12 months, except one deposit of €7 thousand.

The details of the accounts payable to subsidiary companies are shown in the table below in thousand Euros:

	31/12/2019	31/12/2018
SAGAT Handling S.p.A.	1,679	295
<b>TOTAL</b>	<b>1,679</b>	<b>295</b>

There are no payables to associated companies.

The payables to the parent company amount to €1,977 thousand and reflect the aggregate payables recorded by the Company against the transfer to the parent company 2i Aeroporti of the tax liability for the year as a consequence of joining, as subsidiary, the tax consolidation effective from 2017.

The payables to companies controlled by parent companies amount to €26 thousand and have decreased by €77 thousand in the year. They are all due within 12 months and reflect the exposure towards a telecom services vendor.

Tax payables have increased by €2,440 thousand compared to the previous year and amount in total to €3,431 thousand. Their detail is as follows:

	Euro thousand	
	31/12/2019	31/12/2018
Regional tax - IRAP	346	0
PAYE tax on employment income	344	309
Taxes on fee increases	704	679
Other	3	3
Taxes from previous years	2,034	0
<b>TOTAL</b>	<b>3,431</b>	<b>991</b>

The tax payables include the total amounts owed as a consequence of applying for the so-called 'fiscal peace'. For a description of their accounting please see the section of these Notes dedicated to tax receivables. 2019 payables are recorded after deducting the payments made in 2018 as interim settlements on the notices of assessment for the years 2012 and 2013 (€635 thousand in total), and less the three installments paid by the Company in 2019, the first paid on 31/05/2019 in accordance with the rule. As at 31/12/2019 the residual amount of the tax liability based on the "fiscal peace" amounts to €2,034 thousand.

Social security payables amount in a total to €736 thousand and are shown in the table below:

	31/12/2019	31/12/2018
Grants	701	652
Other	35	24
<b>TOTAL</b>	<b>736</b>	<b>676</b>

The other payables, totalling €18,767 thousand, are stated in thousand Euro and are owed to:

	31/12/2019	31/12/2018
ENAC on concession fees	1,115	1,172
Employees	996	923
Revenue Office on boarding fee surtax	9,968	8,667
Other parties	6,688	10,208
<b>TOTAL</b>	<b>18,767</b>	<b>20,970</b>

Please note that, in accordance with the laws in force, the entire amount of the account payable to ENAC on airport fees will be paid in the coming year and be therefore brought to nil.

The account payable to the Revenue Office on municipal taxes (€9,968 thousand) has increased in the year by €1,300 thousand and represents the contra entry towards the accounts receivable by SAGAT from the carriers for the same reason. Please note that SAGAT is only required to proceed with the payments as it collects the amounts owed by the carriers.

The caption "Payables to other parties" has decreased in the year by €3,411 thousand, mostly due to the elimination of the account payable on fire-fighting services at the airport for the years 2010 - 2015, since the Company obtained favourable final decisions from the Courts as explained in the section of the Directors' Report dedicated to litigations. Please refer to the latter for further details. The residual portion of such receivables as at 31 December 2019 amounts to €4,091 thousand.

#### Accounts payable - Breakdown by due date

Below are the details of the breakdown of accounts payable by due date, pursuant to art. 2427 (1.6) of the Civil Code:

	Bonds	Convertible bonds	Shareholder loans	Payables to banks	Payables to other lenders	Advances	Trade payables	Payables in the form of credit instruments
Amount at beginning of year	0	0	0	1,500,000	0	0	16,991,264	0
Variation during the year	0	0	0	(1,500,000)	0	0	1,499,966	0
Balance at end of year	0	0	0	0	0	0	18,491,230	0
Portion due within 12 months	0	0	0	0	0	0	18,484,407	0
Portion due after 12 months	0	0	0	0	0	0	6,823	0
Of these, due beyond 5 years	0	0	0	0	0	0	0	0

	Payables to subsidiary companies	Payables to associated companies	Payables to parent companies	Payables to companies controlled by the parent companies	Tax payables	Social security payables	Other payables	Total accounts payable
Amount at beginning of year	295,351	0	2,534,909	102,491	991,436	675,891	20,969,861	<b>44,061,203</b>
Variation during the year	1,384,114	0	(557,558)	(76,607)	2,439,469	60,077	(2,203,101)	<b>1,046,360</b>
Balance at end of year	1,679,465	0	1,977,351	25,884	3,430,905	735,968	18,766,760	<b>45,107,563</b>
Portion due within 12 months	1,679,465	0	1,977,351	25,884	1,396,963	735,968	17,927,023	<b>42,227,061</b>
Portion due after 12 months	0	0	0	0	2,033,942	0	839,737	<b>2,880,502</b>
Of these, due beyond 5 years	0	0	0	0	0	0	0	<b>0</b>

**Accounts payable - Breakdown by territory**

Below are the details of the breakdown of accounts payable by territory, pursuant to art. 2427 (1.6) of the Civil Code:

	1	2	Total
<b>Accounts payable by territory</b>			
<b>Territory</b>	<b>Italy</b>	<b>Foreign States</b>	
Bonds			
Convertible bonds			
Shareholder loans			
Payables to banks			
Payables to other lenders			
Advances			
Trade payables	15,963,746	2,527,484	18,491,230
Payables in the form of credit instruments			
Payables to subsidiary companies	1,679,465		1,679,465
Payables to associated companies			
Payables to parent companies	1,977,351		1,977,351
Payables to companies controlled by the parent companies	25,884		25,884
Tax payables	3,430,905		3,430,905
Social security payables	735,968		735,968
Other payables	18,766,760		18,766,760
<b>TOTAL ACCOUNTS PAYABLE</b>	<b>42,580,079</b>	<b>2,527,484</b>	<b>45,107,563</b>

**Accounts payable with company assets as collaterals**

Below are the details of company assets used as collaterals, pursuant to art. 2427 (1.6) of the Civil Code:

	Bonds	Convertible bonds	Shareholder loans	Payables to banks	Payables to other lenders	Advances	Trade payables	Payables in the form of credit instruments
<b>Payables with collaterals</b>								
Mortgage payables								
Lien payables								
Special privilege payables								
Total payables with collaterals								
<b>Payables without collaterals</b>							18,491,230	
<b>TOTAL</b>							<b>18,491,230</b>	

	Payables to subsidiary companies	Payables to associated companies	Payables to parent companies	Payables to companies controlled by the parent companies	Tax payables	Social security payables	Other payables	TOTAL ACCOUNTS PAYABLE
<b>Payables with collaterals</b>								
Mortgage payables								
Lien payables								
Special privilege payables								
Total payables with collaterals								
<b>Payables without collaterals</b>	1,679,465		1,977,351	25,884	3,430,905	735,968	18,766,760	<b>45,107,563</b>
<b>TOTAL</b>	<b>1,679,465</b>		<b>1,977,351</b>	<b>25,884</b>	<b>3,430,905</b>	<b>735,968</b>	<b>18,766,760</b>	<b>45,107,563</b>



### Accrued expenses and deferred income

These amount in total to €7,331 thousand and have decreased by €675 thousand from 31/12/2018, as better detailed below:

	Accrued expenses	Discount on loans granted	Deferred income	Total accrued expenses and deferred income
Amount at beginning of year	492	0	8,006,118	8,006,610
Variation during the year	96	0	(674,980)	(674,884)
Balance at end of year	588	0	7,331,138	7,331,726

The caption "Deferred income" (€7,331 thousand) relates, as for €8,006 thousand, to portions of construction grants deferred because not pertaining to the reference year. These grants were recorded according to the specific accounting criteria described above. The decrease recorded in the reference year relates mostly to the 2019 portion of these grants released to the income statement.

### Commitments and nature of memorandum accounts

In accordance with the new accounting standard OIC 22, memorandum accounts are no longer presented at the end of the balance sheet but detailed in the Notes, as they are in any case worth knowing in order to assess the company's financial position and standing (per art. 2425 (2) of the Civil Code)

Their breakdown and nature are shown below (thousand Euro):

Nature	2019	2018
Third-party assets received in concession	59,654	59,654
Personal guarantees received from third parties	13,566	12,433

The company has not given collaterals as a guarantee for its own or third parties' obligations.

Third-party assets in concession are the fixed assets received in concession. These however are only the investments made by the entity granting the concession since the 1980's to this date, as the value of the assets built before then—which include aircraft movement areas—is unknown.

They also include the value of the airport enlargement works carried out and funded by the Town Authority of Turin on the occasion of the Winter Olympics.

The personal guarantees received from third parties are the bank guarantees received from carriers and from third parties in general. There are no personal guarantees given to third parties.

## 2.2.6 Information on the Income Statement

The most relevant Income Statement components for 2019 are shown below.

### PRODUCTION VALUE

#### Revenues from sales and services

The revenues from sales and services earned by the company, entirely in the territory of Italy and from customers based mostly in Italy or in the European Union, amount in total to €55,105 thousand are broken down as follows (art. 2427 (1.10) of the Civil Code):

	1	2	3	4	5
<b>Revenues from sales and services by business category</b>					
Business category	Air traffic	Security	Handling and revenues from other than air traffic	Car parking services	Subcontracted services
<b>Amount for current year</b>	<b>25,829,270</b>	<b>8,352,262</b>	<b>2,793,877</b>	<b>5,929,776</b>	<b>3,630,747</b>

	6	7	8	9	Total
<b>Revenues from sales and services by business category</b>					
Business category	Subcontracted activities and sublease of airport spaces	Centralized infrastructures	Assets in exclusive use	Other revenues	
<b>Amount for current year</b>	<b>4,889,783</b>	<b>1,454,538</b>	<b>1,972,197</b>	<b>252,306</b>	<b>55,104,756</b>

### Revenues from sales and services by territory

In accordance with the provisions in art. 2427 (1.10) of the Civil Code, the tables below show the breakdown of revenues by territory:

	1	2	Total
Territory	Italy	Foreign States	
<b>Amount for current year</b>	<b>19,396,874</b>	<b>35,707,882</b>	<b>55,104,756</b>

### Other revenues and proceeds

The other proceeds (stated in thousand Euro) are broken down as follows:

	Year 2019	Year 2018
Recovery of utilities in common and miscellaneous expenses	171	162
Other proceeds	11,187	2,057
Grants for plant and equipment investments	671	671
<b>TOTAL</b>	<b>12,028</b>	<b>2,890</b>

This caption, totalling €12,028 thousand, has increased by €9,138 thousand compared to the previous year.

Please note that such increase is due mostly to miscellaneous contingent gains arisen in 2019 (€4,909 thousand vs. €222 in 2018) and to cancelled liabilities (€4,622 thousand vs. €87 thousand in 2019).

The contingent gains arise mostly from the decision no. 3996/2019 issued on 14 June 2019 by the Court of Appeal of Rome, that sentenced the Ministry to pay damages to SAGAT on the omitted adjustment of airport fees to inflation in the years 2006-2008, plus interest, costs and revaluation for a total of €3,135 thousand.

The cancelled liabilities arise mostly from the reversal of trade payables not due and the elimination of the fire-fighting fees for the years 2010 to 2015 (€4,119 thousand), these being no longer due as a consequence of Court decisions that have become final. Also in this case, for more details please see the section in the Director's Report on controversies.

The grants for plant and equipment investments include, according to the criteria described above, the portion accruing in 2018 of the grants obtained from Regione Piemonte for the enlargement works at the Passenger and General Aviation terminals and at the luggage logistics buildings included in the Master Programme Agreement for the improvement of airport infrastructures in view of the "Turin 2006" 20th Winter Olympics (agreement no. 9313 of 12 July 2004), recorded by the principle of accrual in the amount of €665 thousand.

Please note that, with the coming into force of Legislative Decree 139/15, in enforcement of Directive 2013/34 on annual financial statements, consolidated financial statements and related reports, this item also includes those income items that were previously recorded as "Exceptional income", a caption that does not exist anymore.

### PRODUCTION COSTS

Production costs amount in total to €53,765 thousand and are broken down as follows:

#### Purchase of raw and maintenance materials, consumables and goods

These costs are shown in thousand Euro and broken down as follows:

	Year 2019	Year 2018
Maintenance materials	320	320
Miscellaneous materials	42	37
Materials intended for resale	219	177
Fuels and lubricants	463	465
De-icing	123	199
Stationery and printing	44	55
<b>TOTAL</b>	<b>1,212</b>	<b>1,253</b>

### Costs of services

I relativi costi sono così ripartiti in migliaia di euro:

	Year 2019	Year 2018
Miscellaneous services	1,396	1,733
Support, storage and PRM services	1,292	1,216
Electricity and other utilities	3,032	3,018
Technical, management and marketing consulting services	732	517
Security services	3,034	3,323
Cleaning and waste collection services	1,135	1,114
Maintenance/repair and other contract costs	1,707	1,563
Maintenance/repair on leased assets	260	461
Business and general insurance policies	378	346
Miscellaneous payroll costs (cafeteria, training, travel, etc.)	532	504
Services performed by subsidiary companies	560	505
Other	8,055	8,828
<b>TOTAL</b>	<b>22,113</b>	<b>23,129</b>

## Leasehold costs

These costs are shown in thousand Euro and broken down as follows:

	Year 2019	Year 2018
Airport concession fee	2,324	2,407
Fee owed to the Town Authority of Turin	349	347
Other concession fees	218	118
Leases and rentals	123	107
<b>TOTAL</b>	<b>2,913</b>	<b>2,978</b>

These costs have decreased by €65 thousand compared to the previous year and amount in total to €2,913 thousand. In particular, the cost of the airport concession fee has decreased by €83 thousand compared to 2018.

## Payroll costs

The payroll costs for 2019, inclusive of outsourced staff, amount to €14,053 thousand, increasing by €776 thousand compared to the previous year.

The table below shows the breakdown of these costs:

	Year 2019	Year 2018
Salaries and wages	10,165	9,626
Social security	2,910	2,751
Staff severance pay	621	634
Other costs	357	267
<b>TOTAL</b>	<b>14,053</b>	<b>13,277</b>

## Amortization, depreciation and write-down

These are shown in thousand Euro and broken down below

	Year 2019	Year 2018
Depreciation of tangible assets	5,118	1,304
Amortization of intangible assets	910	4,828
Write-down of accounts receivable	2,132	525
<b>TOTAL</b>	<b>8,159</b>	<b>6,657</b>

The caption "Amortization and depreciation", €6,028 thousand in total, has decreased from the previous year by €105 thousand, basically due to ordinary life cycle and replacement of existing fixed assets.

No fixed asset was written down during the year.

The current receivables have been written down by €2,132 thousand in total, of which €1,450 thousand allocated to the provision for bad debts and the remaining amount used to write down other non-trade receivables, that are therefore recorded at their presumable realization value.

For more details please refer to the section in the Notes on trade receivables and other receivables.

## Variations in the inventory of raw and maintenance materials, consumables and goods

The stock of raw and maintenance materials, consumables and goods has increased by about €73 thousand in the year, and the relevant purchase costs have decreased accordingly. In 2018 the caption had shown an increase by €16 thousand.

## Provisions for liabilities and risks

An amount of €3,258 thousand was allocated in the year to the provision for miscellaneous

liabilities in order to cater for the losses or payables of probable or certain occurrence, the amount or date of occurrence of which is however uncertain as of the closing date.

For details about the nature of the amounts allocated, please refer to the section in these Notes dedicated to the provision for liabilities and risk and its variations.

## Other operating costs

These costs are shown in thousand Euro and broken down as follows:

	Year 2019	Year 2018
Guest entertainment expenses	31	49
Contingent liabilities/cancelled liabilities	645	388
Membership fees	121	119
Damages liquidated to third parties	1	15
Fire Department fee	649	649
IMU (municipal property tax)	225	225
Other	458	468
<b>TOTAL</b>	<b>2,130</b>	<b>1,913</b>

## Financial income (expense)

This caption amounts on aggregate to €499 thousand and is broken down as follows:

### Income from equity investments

In accordance with art. 2427 (1.11) of the Civil Code, the Company has earned income from its equity investments for €531 thousand. This income arises from the dividends distributed by the subsidiary SAB out of the profits for 2018. In the SAGAT financial statements, such dividend originates from the demerger of the subsidiary Aeroporti Holding, the ex-shareholder. For more details please refer to the section in the Director's Report on equity investments.

Please note that the value of this caption in 2018 was €277 thousand, deriving from the dividends distributed by the subsidiary Aeroporti Holding.

### Financial income

The €4 thousand recorded as financial income are almost entirely interest income earned on money deposited with banks.

### Interest and other financial expense - breakdown by nature of payables

Interest and other financial expense, totalling €36 thousand, are almost entirely interest expense on loans obtained from banks.

The table below shows the breakdown of interest and other financial expense by nature of underlying payables, in accordance with art. 2427 (1.12) of the Civil Code:

	Bonded loans	Payables to banks	Other	Total
Interest and other financial expense	0	35,729	746	36,475

## Adjustments to the value of financial assets

No adjustments to the value of financial assets were made during the year.

## Income taxes for the year

This item, €4,315 thousand in total, reflects the estimated amount of income taxes for the year, the gain arising from joining, as consolidated company, the national tax consolidation of Gruppo 2i Aeroporti, and the deferred tax assets and liabilities.

The table below shows the breakdown of the tax liability for the year (thousand Euro):

	Year 2019	Year 2018
IRES (corporate income tax)	4,722	2,535
IRAP (regional tax on productive activities)	817	495
Gain from tax consolidation	(3)	(3)
Deferred tax assets (liabilities)	(1,221)	(290)
<b>TOTAL</b>	<b>4,315</b>	<b>2,736</b>

Deferred tax items reflect the fact that the Company has applied for the so-called 'fiscal peace'. For a description of their accounting please see the section of these Notes dedicated to tax receivables. For the sake of exhaustiveness, we point out that the income statement caption "Deferred tax assets (liabilities)" includes the IRES and IRAP payable (€2,675 thousand) less the fiscal benefit of the greater amortization and depreciation deductible for 2016 and 2017, as well as the lower tax liability (€2,271 thousand) offset with deferred tax assets for the years 2020 to 2036.

The table below shows the reconciliation between the theoretical tax liability and the tax liability recorded in the consolidated financial statements as of 31 December 2019, compared with the corresponding period in 2018.

	Year 2019	Year 2018
EBT	13,867,012	10,206,692
Theoretical IRES rate (%)	27,5%	24%
Theoretical income tax	3,813,428	2,449,606
Tax effects of IRES variations	905,871	82,205
Impact of deferred taxes	(1,220,575)	(290,020)
IRAP (regional tax on productive activities)	816,700	494,685
<b>Income taxes recorded (current and deferred)</b>	<b>4,315,424</b>	<b>2,736,476</b>

Le imposte teoriche sono state determinate applicando al risultato civilistico ante imposte l'aliquota. The theoretical tax liability was calculated by applying the current corporate income tax ("IRES") rate, which is 27.5% in 2019, because art. 1 §§ 716 - 718 of Act no. 160/2019 (Finance Act 2020) introduced a 3.5% IRES surtax on the income from activities carried out under concessions in the transportation industry, including airport management income, for tax years 2019, 2020 and 2021.

This has directly affected the calculation of deferred tax assets and liabilities, because for each category of income and/or expense component that generates deductible and/or taxable temporary differences, the IRES rates applied to make new and adjust existing provisions for deferred tax assets and liabilities were adopted according to estimates of the times when they are expected to be deducted and/or charged.

Therefore, if their deductibility and/or chargeability were deemed probable before the end of 2021, the provisions for deferred IRES tax assets and liabilities were made at the rate of 27.5% and the corresponding existing provisions were adjusted accordingly.

Conversely, if their deductibility and/or chargeability were deemed probable after the end of 2021, or could not be predicted, the provisions for deferred IRES tax assets and liabilities were made at the rate of 24% and the corresponding existing provisions were adjusted accordingly.

The effects of the regional tax ("IRAP") rate were calculated separately, because this tax is not levied on the same taxable base used for IRES purposes.

The table below shows the breakdown of deferred tax assets and liabilities and the effects arising as a consequence of the provisions in art. 2427 (1.14a) of the Civil Code:

	IRES (corporate income tax)	IRAP (regional tax on productive activities)
<b>A) Temporary differences</b>		
Total deductible temporary differences	22,732,977	17,037,703
Total taxable temporary differences	252,648	0
Net temporary differences	(22,480,329)	(17,037,703)
<b>B) Fiscal effects</b>		
Provision for deferred tax liabilities (assets) at beginning of year	(2,075,023)	(217,672)
Deferred tax liabilities (assets) for the year	(3,397,724)	(497,911)
Provision for deferred tax liabilities (assets) at end of year	(5,472,747)	(715,583)

The table below shows the breakdown of deductible temporary differences pursuant to art. 2427 (1.14.a) of the Civil Code:

Description	Deductible temporary differences						
	Amount at the end of the previous year	Variation occurred during the year	Amount at the end of the reference year	IRES rate	Fiscal effects of IRES	IRAP rate	Fiscal effects of IRAP
Provision for bad debts	2,975,863	1,352,685	4,328,548	24%	1,038,852	0	0
Provision for future liabilities	4,592,329	2,943,403	7,535,732	24%	1,808,576	4.2%	316,501
Provision for future liabilities	151,153	198,530	349,683	27.5%	96,163	4.2%	14,687
Provision for the write-down of receivables	0	727,239	727,239	24%	174,537	4.2%	30,544
Amortization according to 'fiscal peace'	0	6,618,330	6,618,330	24%	1,588,399	4.2%	277,970
Amortization according to 'fiscal peace'	0	1,275,141	1,275,141	27.5%	350,664	4.2%	53,556
Fire Department fee	649,112	649,112	1,298,224	24%	311,574	0	0
Other minor	439,187	92,391	531,578	27.5%	146,184	4.2%	22,326
Other minor	96,700	(28,198)	68,502	27.5%	18,838	0	0

The table below shows the breakdown of taxable temporary differences pursuant to art. 2427 (1.14.a) of the Civil Code:

Description	Taxable temporary differences						
	Amount at the end of the previous year	Variation occurred during the year	Amount at the end of the reference year	IRES rate	Fiscal effects of IRES	IRAP rate	Fiscal effects of IRAP
Gains	23,034	(11,518)	11,516	24%	3,167	0	0
Greater fiscal amortization	241,132	0	241,132	24%	57,872	0	0

## 2.2.7 Other information

### Significant events occurred after the closing of the year

After the end of 2019, no events have occurred requiring changes to the income statement, balance sheet and financial position shown in the accounts as at 31 December 2019.

The most significant event that occurred after the closing of the financial year was the health emergency related to the Covid-19 pandemic, whose effects are described in detail in the "Predictable developments for 2020" section of the Directors' Report.

As already explained in the corresponding section of the Report, starting from January 2020 the domestic and international scenario was affected by the spreading of Covid-19 and by the consequent restrictive measures implemented by the public authorities of all the countries concerned.

The table below shows traffic data in the weeks of March 2020, after the start of the emergency

Week	Passengers
02 - 08 Mar 2020	39,423
09 - 15 Mar 2020	13,043
16 - 22 Mar 2020	1,348
23 - 29 Mar 2020	800

	02 - 08 Mar 2020	23 - 29 Mar 2020	Difference	%
Passengers	39,423	800	-38,623	-98%

For the time being, the economic and financial effects of this phenomenon cannot be quantified reliably, as they are closely tied to the continuation of the restrictive measures implemented by the competent authorities, both in Italy and in other countries. However, the outlooks imply a significant reduction in the volumes, and hence in the earnings and in the cash flow in the coming quarter at least.

Considering the circumstances, absolutely exceptional by nature and scope, SAGAT has promptly implemented a series of actions aimed at protecting the health of the staff and the passengers, abiding strictly by the orders issued by the competent authorities. The Company also launched immediately initiatives aimed at mitigating as much as possible the economic and financial impact of the health emergency.

While the consequences of the ongoing emergency cannot be predicted for the time being, the Company is in the position to be able to honour its financial commitments for the next 12 months.

### Relationships with related parties

All transactions with related parties were stipulated on an arm's length basis.

### Employment figures

The table below shows the average headcount broken down by category pursuant to art. 2427 (1.15) of the Civil Code:



	Executives	Junior executives	Clerical staff	Blue-collar staff	Other employees	Total employees
Average headcount	6,9	23,5	131,7	70,2	0	232,3

### Emoluments of directors and auditors

The total amount of the emoluments paid to Directors and Auditors is shown in the table below. These emoluments are recorded under costs of services and take into account all the people who have held offices as directors and statutory auditors during the reference year, even if only for a part of it:

	(in Euros)
	Amount
Directors' emoluments	237,427
Auditors' emoluments	73,841
<b>Total emoluments paid to Directors and Auditors</b>	<b>311,268</b>

### Independent auditors' fees

The total amount of the fees paid to the independent auditors for the mandatory annual audit of the accounts as well as for other services provided during the year is shown in the table below:

	Amount
Mandatory annual audit	15,120
Other auditing services	5,600
Other services than auditing	9,520
<b>Total independent auditors' fees</b>	<b>30,240</b>

### Categories of shares issued by the company

Disclosure as required under article 2427 (17) of the Civil Code concerning the stock making up the capital of the Company, the number and the face value of the stock underwritten in the year, is provided in the tables below:

	1	Total
Shares issued by class		
<b>Description</b>	<b>Common</b>	
Number at beginning of year	2,502,225	2,502,225
Face value at beginning of year	12,911,481	12,911,481
Number at end of year	2,502,225	2,502,225
Face value at end of year	12,911,481	12,911,481

### Information about the companies or entities exercising supervision and coordination functions pursuant to art. 2497 Bis of the Civil Code

The Company is subject to the supervision and coordination of 2i Aeroporti S.p.A. pursuant to Sections 2497 - 2497-sexies of the Civil Code. In compliance in particular with Section 2497-bis of the Civil Code, a summary of the essential figures from the latest financial statements of 2i Aeroporti S.p.A. is provided below.

Please note that this Company prepares consolidated annual accounts.

	Current Year	Previous Year
<b>Date of last financial statements approved</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
B) Fixed assets	774,906,654	712,344,522
C) Current assets	4,354,485	6,646,490
D) Accrued income and prepayments	24,182	24,236
<b>TOTAL ASSETS</b>	<b>779,285,321</b>	<b>719,015,248</b>
A) Shareholders' equity		
Share capital	2,620,000	2,620,000
Reserves	521,131,127	556,774,022
Profit (loss) of the year	59,861,324	36,183,852
<b>Total shareholders' equity</b>	<b>583,612,451</b>	<b>595,577,874</b>
B) Provisions for liabilities and charges	1,738,321	1,023,866
C) Provision for staff severance pay	0	0
D) Accounts payable	191,819,510	121,027,934
E) Accrued expenses and deferred income	2,115,039	1,385,574
<b>TOTAL NET LIABILITIES</b>	<b>779,285,321</b>	<b>719,015,248</b>

	Current Year	Previous Year
<b>Date of last financial statements approved</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
A) Value of production	0	1,028
B) Costs of production	314,446	276,487
C) Financial income (expense)	59,495,688	36,259,035
D) Adjustments to the value of financial assets	(83,611)	83,611
Income taxes for the year	(763,693)	(116,665)
<b>Profit (loss) of the year</b>	<b>59,861,324</b>	<b>36,183,852</b>

## Earnings per share

The earnings per each share worth €5.16 were calculated by dividing the EBIT, the EBT and the net profit by the total number of shares, including treasury shares. The share capital amounts to €12,911,481 and is formed by 2,502,225 shares.

	2019	2018
EBIT per share	5.34	3.96
Gross EPS	5.54	4.08
Net EPS	3.82	2.99

## Proposals for the allocation of the profit of the year

Dear Shareholders,

The annual report as at 31 December 2019 commented herein, that was audited by the independent auditors EY S.p.A., shows a net profit of €9,551,587.74, that we propose carrying entirely forward.

Signed in original by:

The Chairwoman  
**Elisabetta Oliveri**

## 2.3

### Report of the statutory auditors on the financial Statements of SAGAT S.p.A.

**S.A.G.A.T. S.p.A.**

**Relazione del collegio sindacale all'Assemblea degli azionisti ai sensi dell'articolo 2429, comma 2, del Codice Civile.**

*Signori Azionisti,*

*nel corso dell'esercizio chiuso il 31 dicembre 2019, questo Collegio Sindacale ha svolto l'attività di vigilanza prevista dall'art. 2403 del codice civile di cui si riferisce con la presente relazione.*

*Preliminarmente questo Collegio fa presente di essere stato nominato dall'Assemblea degli Azionisti del 17 maggio 2019, di essersi insediato nella riunione del 7 giugno 2019 e che terminerà il proprio mandato con l'Assemblea di approvazione del bilancio al 31 dicembre 2021.*

*Lo svolgimento dell'attività di controllo contabile e di revisione legale dei conti è stato demandato alla Società di revisione EY SpA il cui incarico, per gli esercizi 2019-2021, è stato conferito, su proposta motivata del Collegio sindacale pro tempore, dall'Assemblea ordinaria degli Azionisti del 17 maggio 2019.*

*Con riferimento alle modalità con cui ha svolto la propria attività, il Collegio fa presente di avere:*

- *regolarmente tenuto le riunioni previste dall'art 2404 del codice civile;*
- *partecipato a tutte le riunioni dell'Assemblea e del Consiglio di Amministrazione, ottenendo dall'Organo Amministrativo, anche ai sensi dell'art. 2381, co. 5, del codice civile, tempestive ed idonee informazioni sul generale andamento della gestione e sulla sua prevedibile evoluzione, nonché sulle operazioni di maggior rilievo, per loro dimensioni o caratteristiche, effettuate dalla Società e dalle sue Controllate;*
- *scambiato, ai sensi del disposto dell'art. 2409-septies del codice civile, con la Società incaricata della revisione legale le informazioni necessarie per l'espletamento dei rispettivi compiti; nel corso dei colloqui intervenuti non sono emersi elementi meritevoli di segnalazione;*
- *effettuato la propria attività di verifica in merito all'adeguatezza dell'assetto organizzativo, mediante incontri con i competenti organi e uffici della Società; in esito a detti incontri il Collegio non ha rilevato evidenze tali da far ipotizzare particolari criticità in ordine all'idoneità della struttura organizzativa e al soddisfacimento delle esigenze gestionali della Società;*
- *riscontrato l'adeguatezza dell'assetto amministrativo e contabile a recepire e rappresentare correttamente i fatti di gestione. Sulla base dell'attività svolta non sono state rilevate particolari criticità in merito all'adeguatezza dell'assetto amministrativo e contabile;*
- *preso atto, in materia di controllo interno e della normativa contenuta nel D.lgs. n. 231/2001, delle relazioni periodiche dell'Internal Auditor e dell'Organismo di Vigilanza che non rilevano*





*particolari criticità. La partecipazione, in qualità di membro, di un componente del Collegio all'Organismo di Vigilanza, ha favorito un più agevole dialogo tra i due soggetti.*

*Il Collegio ha acquisito adeguate informazioni sulle operazioni di maggior rilievo economico, finanziario e patrimoniale effettuate dalla Società e dalle sue Controllate che hanno consentito di accertarne la conformità alla legge e allo statuto sociale. Si ritiene che tali operazioni non necessitino di specifiche osservazioni da parte del Collegio. Altresì non si rileva la presenza di operazioni gestionalmente atipiche o inusuali.*

*Quanto alle operazioni con parti correlate, si dà atto che delle stesse è fornita sintetica evidenza nella nota integrativa e nella relazione sulla gestione previste ai sensi degli articoli 2427 e 2428 del codice civile.*

*Sulla base di quanto rilevato con la diretta partecipazione dei componenti del Collegio, le deliberazioni adottate dal Consiglio di Amministrazione sono apparse conformi alla legge e allo statuto, nonché ai principi della corretta amministrazione, coerenti e compatibili con le dimensioni e con il patrimonio sociale.*

*Si dà atto che nel corso dell'esercizio non sono stati presentati al Collegio Sindacale esposti o demmce, ex art. 2408 del codice civile, da parte di chicchessia.*

*Allo stesso modo nell'esercizio non si sono verificati i ritardi o le omissioni previsti all'art. 2406 del codice civile.*

*Per quanto riguarda il bilancio in esame esso chiude con un utile di Euro 9.551.587 (Euro 7.470.216 nel 2018).*

*Il patrimonio netto, considerato l'utile, evidenzia un importo di Euro 46.814.940 a fronte di un valore di Euro 43.655.349 esposto nel bilancio 2018.*

*In relazione alle attività di competenza, attribuite allo stesso Collegio, per quanto inerente il processo di redazione del bilancio di esercizio, ricordando che la funzione di revisione legale dei conti è attribuita alla società di revisione, si evidenzia quanto segue:*

*- è stata verificata, per quanto di competenza dell'organo di controllo, l'osservanza delle norme di legge inerenti alla formazione e all'impostazione del bilancio; in particolare si dà atto che nella redazione dello stesso sono stati seguiti i principi previsti dall'art. 2423 bis del codice civile; si attesta altresì che sono stati rispettati gli schemi di stato patrimoniale e di conto economico previsti dal codice civile e che gli amministratori non hanno fatto ricorso alla deroga prevista dagli articoli 2423, IV co., e 2423 bis, II co., del codice civile;*

*At*

*- la nota integrativa contiene i criteri di valutazione seguiti per la formazione del bilancio e le informazioni richieste dalle norme vigenti.*

*Il Collegio ha verificato che la Società abbia tenuto conto, nell'informativa in ordine alla prevedibile evoluzione esposta nella Relazione sulla gestione, degli impatti derivanti dall'emergenza epidemiologica Covid-19 e ha riscontrato che la Società ha fornito assicurazioni in ordine al piano di intervento in corso, "orientato da un lato a tutelare la salute di dipendenti, passeggeri e dell'intera comunità aeroportuale, ottemperando alle prescrizioni disposte dalle autorità competenti, e dall'altro a fronteggiare la forte contrazione dell'attività aziendale", riferendo infine in merito ai provvedimenti adottati per garantire i livelli di liquidità necessari per la gestione dell'operatività dello scalo.*

*Il Collegio ha preso atto che, come accertato dalla Società di Revisione, la relazione sulla gestione risulta conforme alle leggi vigenti, nonché coerente con le deliberazioni adottate dal Consiglio di Amministrazione, con i fatti rappresentati dal bilancio di esercizio e con le informazioni di cui dispone il Collegio; si ritiene, pertanto che l'informativa rassegnata risponda alle disposizioni in materia e consenta una chiara ed esauriente illustrazione della situazione della Società, dell'andamento della gestione e della sua prevedibile evoluzione.*

*Si dà infine atto che il revisore ha rilasciato in data odierna la propria relazione ex art. 14 del D.Lgs. n. 39/2010 priva di rilievi e con il seguente richiamo di informativa: <<Richiamiamo l'attenzione sui paragrafi "Fatti di rilievo avvenuti dopo la chiusura dell'esercizio" della nota integrativa ed "Evoluzione prevedibile della gestione" della relazione sulla gestione che descrivono gli effetti sull'attività della Società derivanti dalla diffusione del COVID 19 e dai provvedimenti legislativi a carattere di urgenza assunti dal Governo italiano per il relativo contenimento. Il nostro giudizio non è espresso con rilievi in relazione a tale aspetto.>>*

*Il Collegio, sulla base di quanto contenuto nella presente relazione, esprime parere favorevole all'approvazione del bilancio al 31 dicembre 2019 e non rileva particolari elementi ostativi alla proposta di destinazione dell'utile di esercizio formulata dal Consiglio di Amministrazione, che risulta coerente con le norme di legge e di statuto.*

*\* \* \**

*Con riferimento al bilancio consolidato, il Collegio dà atto che lo stesso è redatto nell'osservanza delle norme e dei principi contabili inerenti la sua formazione e che, come attestato dalla Società di revisione, la relazione sulla gestione contiene le informazioni prescritte dalla legge ed è congruente con il bilancio stesso.*

*At*

*Anche per il bilancio consolidato il revisore ha rilasciato in data odierna la propria relazione ex art. 14 del D.Lgs. n. 39/2010 priva di rilievi e con il seguente richiamo di informativa: <<Richiamiamo l'attenzione sui paragrafi "Fatti di rilievo avvenuti dopo la chiusura dell'esercizio" della nota integrativa ed "Evoluzione prevedibile della gestione" della relazione sulla gestione che descrivono gli effetti sull'attività della Società derivanti dalla diffusione del COVID 19 e dai provvedimenti legislativi a carattere di urgenza assunti dal Governo italiano per il relativo contenimento. Il nostro giudizio non è espresso con rilievi in relazione a tale aspetto.>>*

Letto, confermato e sottoscritto.

Roma, 22 aprile 2020

#### **Il Collegio dei Sindaci**

- Dott. Roberto NICOLO', Presidente; *Nicolò*
- Dott.ssa Piera BRAJA, Sindaco effettivo; FTO
- Dott. Ernesto CARRERA, Sindaco effettivo; FTO
- Dott. Lorenzo GINISIO, Sindaco effettivo; FTO
- Dott. Egidio RANGONE, Sindaco effettivo. FTO



## 2.4

### Report of the independent auditors on the financial Statements of SAGAT S.p.A.



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Relazione della società di revisione indipendente  
ai sensi dell'art. 14 del D. Lgs. 27 gennaio 2010, n. 39

Agli azionisti della  
SAGAT S.p.A.

#### Relazione sulla revisione contabile del bilancio d'esercizio

##### Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della SAGAT S.p.A. (la Società), costituito dallo stato patrimoniale al 31 dicembre 2019, dal conto economico e dal rendiconto finanziario per l'esercizio chiuso a tale data e dalla nota integrativa.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2019, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data, in conformità alle norme italiane che ne disciplinano i criteri di redazione.

##### Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio della presente relazione. Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

##### Richiamo di informativa

Richiamiamo l'attenzione sui paragrafi "Fatti di rilievo avvenuti dopo la chiusura dell'esercizio" della nota integrativa ed "Evoluzione prevedibile della gestione" della relazione sulla gestione che descrivono gli effetti sull'attività della Società derivanti dalla diffusione del COVID 19 e dai provvedimenti legislativi a carattere di urgenza assunti dal Governo italiano per il relativo contenimento. Il nostro giudizio non è espresso con rilievi in relazione a tale aspetto.

##### Altri aspetti

Il bilancio d'esercizio della Società per l'esercizio chiuso al 31 dicembre 2018 è stato sottoposto a revisione contabile da parte di un altro revisore che, in data 12 aprile 2019, ha espresso un giudizio senza rilievi su tale bilancio.

L'attività di revisione contabile si è in parte svolta nel contesto della situazione venutasi a creare a seguito della diffusione del COVID 19 e dei connessi provvedimenti, anche di natura restrittiva alla

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Codice Fiscale e numero iscrizione 0414000464 - Numero di C.A. 290924  
R.I. n. 00402340464  
Società al Registro Revisori Legali n. 10440 - Pubblicità n. 222 - Super 19/10 - Sede Sociale: 00187 Roma  
Società al Registro Imposte n. 0414000464 - Partita IVA n. 0414000464  
Società al Registro n. 290924 - n. 00402340464 - n. 10440

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circolazione, emanati dal Governo Italiano a tutela della salute dei cittadini. Conseguentemente, in ragione di oggettive situazioni di forza maggiore, alcune procedure di revisione previste dagli standard professionali di riferimento sono state eseguite nell'ambito (i) di una rimodulata organizzazione del personale, improntata ad un ampio uso di smart working e (ii) di differenti modalità per interfacciarsi con i referenti aziendali e di raccolta delle evidenze probative, attraverso l'utilizzo, in modo prevalente, di documentazione in formato elettronico trasmessaci con tecniche di comunicazione a distanza.

### Responsabilità degli amministratori e del collegio sindacale per il bilancio d'esercizio

Gli amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità alle norme italiane che ne disciplinano i criteri di redazione e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

### Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, o l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che tuttavia non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche degli utilizzatori prese sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti od eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;



- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli amministratori e della relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dai principi di revisione internazionali (ISA Italia), tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

### Relazione su altre disposizioni di legge e regolamentari

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39

Gli amministratori della SAGAT S.p.A. sono responsabili per la predisposizione della relazione sulla gestione della SAGAT S.p.A. al 31 dicembre 2019, inclusa la sua coerenza con il relativo bilancio d'esercizio e la sua conformità alle norme di legge.


Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio della SAGAT S.p.A. al 31 dicembre 2019 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio d'esercizio della SAGAT S.p.A. al 31 dicembre 2019 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, comma 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Roma, 22 aprile 2020

EY S.p.A.

  
Roberto Tabarrini  
(Revisore Legale)

# 3 Directors' report for the Group

as at 31/12/2019





# SAGAT Group Highlights 2019

## TRAFFIC

In 2019 the Turin Airport served 3,952,158 passengers, with a traffic reduction by 132,765 passengers, 3.3% less than in 2018.

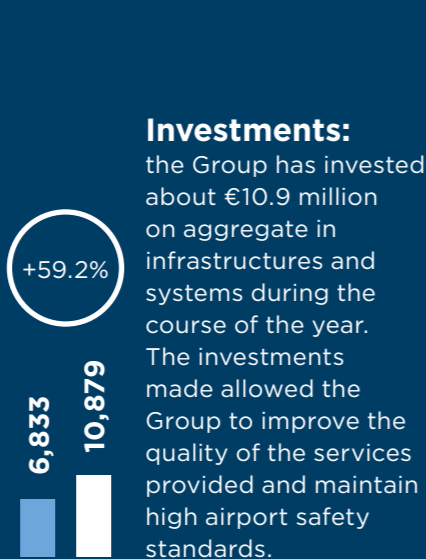
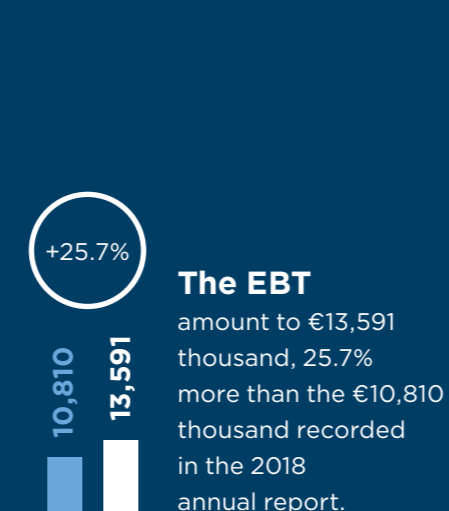
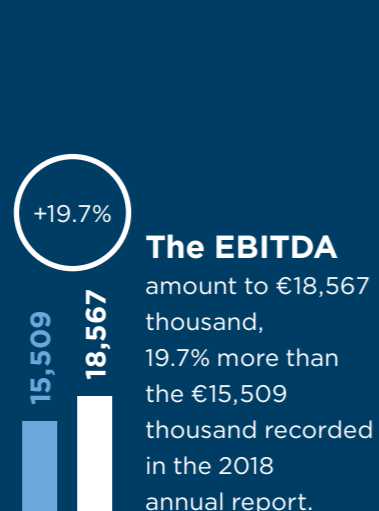


# 3,952,158

PASSENGERS IN 2019

## MAIN INCOME AND FINANCIAL INFORMATION

The most relevant income components for the year 2019 are shown below, compared with the figures from the preceding year.



■ 2018 ■ 2019 Euro thousand

## SIGNIFICANT EVENTS OCCURRED AFTER 31 DECEMBER 2019

On 30 January 2020 the Transport Authority validated the rates for the period 2020-2023. The new rates became effective on a temporary basis from 1 January 2020, and have become final with the enforcement of the corrections provided for in Resolution 20/2020, effective from 29 March 2020.

As of the closing date of this annual report there is a major health emergency under way, due to the spread of the Covid-19 pandemic, as a consequence of which many competent authorities worldwide have imposed specific and strict limitations to passenger flights.

The Italian authorities in particular have issued a number of rules imposing, inter alia, strong limitations to people circulation and ultimately banned prohibited the continuation of business activities until April 13.

The Turin Airport was asked to continue to provide its operative services under the Decree issued by the Ministry of Infrastructures and Transport on 12 March 2020.



INCREASED  
EFFICIENCY



REDUNDANCY  
FUND



INVESTMENTS  
POSTPONEMENT



ACTIVATION  
OF CREDIT LINES

## PREDICTABLE DEVELOPMENTS

Notwithstanding a generally uncertain scenario, the development, impact and duration of which cannot be predicted, the SAGAT Group will continue to implement its intervention plan, aimed, on one hand, at protecting the health of its employees and passengers and the entire airport community, abiding by the rules imposed by the competent authorities and, on the other hand, at coping with the heavy drop in corporate earnings.

In the awareness that the potential economic and financial effects of the COVID-19 emergency cannot be estimated for the time being, the Group will focus on monitoring the progress of the phenomenon in order to guarantee economic stability and preservation of occupational levels, by implementing all the actions needed to secure business continuity and the return to previous profitability levels if and when the air transportation demand recovers.

SAGAT Handling was adversely affected by Covid-19 more than the holding company, also considering the lower margins of the handling business.

## 3.1 Summary and general information about the Group

Dear Shareholders,

the Directors' Report to the annual report as at 31 December was drafted in accordance with the rules set forth in Legislative Decree 127/1991 and contains the Directors' remarks about the operations and the most significant events occurred in 2019 and after 31 December 2019.

The income, balance sheet and financial position for 2019 are shown compared with the corresponding figures at year-end 2018.

All the figures in the financial statements and in the Report are in thousand Euro, except where otherwise stated.

## 3.2 Traffic

For a detailed analysis of the traffic scenario at the Turin Airport and about the specific situation of the subsidiary SAGAT Handling, please see the respective sections in the Directors' Report of the holding company dedicated to traffic and equity investments.





## 3.3 Analysis of the income statement

The Income Statement 2019 closes at a net operating profit of €9,350 thousand, greater by 21.6% compared to the €7,689 thousand profit recorded in 2018.

The table below shows the main Income Statement components. A comparison with 2018 figures is also provided.

	Euro thousand			
	2019	2018	Diff. €	Diff. %
Earnings (*)	73,244	66,292	6,952	10.5%
Payroll costs	19,947	19,577	370	1.9%
Operating costs	29,304	30,346	(1,042)	-3.4%
<b>GOM</b>	<b>23,993</b>	<b>16,369</b>	<b>7,624</b>	<b>46.6%</b>
<b>% GOM</b>	<b>32.8%</b>	<b>24.7%</b>	<b>8.1%</b>	
Provisions and write-down	5,426	861	4,566	530.5%
<b>EBITDA</b>	<b>18,567</b>	<b>15,509</b>	<b>3,058</b>	<b>19.7%</b>
<b>EBITDA %</b>	<b>25.3%</b>	<b>23.4%</b>	<b>2%</b>	
Amortization and depreciation	6,146	6,245	(99)	-1.6%
Grants	671	671	0	0%
<b>EBIT</b>	<b>13,092</b>	<b>9,935</b>	<b>3,157</b>	<b>31.8%</b>
<b>EBIT %</b>	<b>17.9%</b>	<b>15%</b>	<b>2.9%</b>	
Balance of financial income and expense	499	875	(376)	-43%
<b>EBT</b>	<b>13,591</b>	<b>10,810</b>	<b>2,781</b>	<b>25.7%</b>
Income taxes	4,241	2,767	1,473	53.3%
<b>Net consolidated profit (loss)</b>	<b>9,350</b>	<b>8,043</b>	<b>1,307</b>	<b>16.3%</b>
Share of profit (loss) pertaining to minority shareholders	0	353	(353)	-100%
<b>Net profit (loss) pertaining to the Group</b>	<b>9,350</b>	<b>7,689</b>	<b>1,660</b>	<b>21.6%</b>

(\*) The amount is shown less the earnings from employees seconded to third parties and subtracted from payroll costs.

### Income

The table below shows the main income items for the years 2019 and 2018:

	Euro thousand			
	2019	2018	Diff. €	Diff. %
<b>Value of production</b>	<b>73,244</b>	<b>66,292</b>	<b>6,952</b>	<b>10.5%</b>
<b>Aviation</b>	<b>38,687</b>	<b>39,764</b>	<b>(1,077)</b>	<b>-2.7%</b>
of which:				
Fees	25,777	26,561	(784)	-3%
Centralised infrastructures	1,454	1,648	(194)	-11.8%
Security	8,352	8,446	(94)	-1.1%
Aviation services (PRM and luggage)	1,395	1,301	95	7.3%
Sublease of regulated spaces	1,708	1,808	(100)	-5.5%
<b>Handling</b>	<b>8,834</b>	<b>9,687</b>	<b>(853)</b>	<b>-8.8%</b>
of which:				
Ground handling	8,422	9,122	(700)	-7.7%
Cargo handling	411	564	(153)	-27.1%
<b>Non-aviation</b>	<b>14,983</b>	<b>15,182</b>	<b>(199)</b>	<b>-1.3%</b>
of which:				
Ticketing	497	455	42	9.1%
Food&Beverage	1,939	1,983	(45)	-2.3%
Beauty&Fashion	493	532	(40)	-7.5%
Vip Lounge & Fast Track	996	935	61	6.5%
Duty Free	1,084	1,088	(5)	-0.4%
Travel & Facilities	565	593	(28)	-4.7%
Financial Services	195	172	22	13%
Rent a car	1,546	1,480	66	4.5%
Subleased spaces	554	503	51	10.2%
Parking	6,106	6,281	(176)	-2.8%
Advertising	1,006	1,150	(144)	-12.5%
Other	4	8	-3	-44.2%
<b>Other revenues</b>	<b>10,740</b>	<b>1,660</b>	<b>9,080</b>	<b>547.1%</b>

(\*) Aviation revenues also include the sublease of spaces at regulated rates, that in previous annual reports were classified as Sublease of spaces and Non-aviation activities. For comparative purposes, the figures from 2018 are shown again accordingly.

Aviation income has decreased on aggregate by €1,1077 thousand (-2.7%), due mostly to the reduction of traffic volumes in 2019 compared to 2018.

Handling income, with specific reference to the subsidiary SAGAT Handling, has decreased by €853 thousand compared to 2018.

Non-aviation income has decreased by €199 thousand, from €15,182 thousand in 2018 to €14,983 thousand in 2019.

For a detailed review of each variation, please refer to the dedicated section of the report prepared by the Directors of the holding company, which materially directs non-aviation services.

The other revenues (€10,740 thousand) have increased significantly compared to the figure recorded in 2018 (€1,660 thousand), due to non-recurring earnings coming from the favourable Court awards in the litigations vs. the National Fire Department and vs. the Ministry of Infrastructures and Transport. For more details please refer to the corresponding section in the Notes.

### Payroll costs

The payroll costs for 2019, inclusive of outsourced staff and net of fees charged back on seconded staff, amount to €19,947 thousand, increasing by €370 thousand compared to the previous year.

### Operating costs

Operating costs amount to €29,304 thousand, decreasing by €1,042 thousand compared to the

previous year. The amount is basically given by the following circumstances:

- lower expense on security and surveillance services (€289 thousand) due to the fewer passengers and actions to improve the cost-effectiveness of security costs;
- lower expense on commercial and travel promotion costs, that decreased on aggregate by €909 thousand;
- minor changes in other cost items that have increased on aggregate by €156 thousand.

### Gross operating margin

As a result of the variations in each of the income and expense components commented above, the GOM 2019 has reached €23,993 thousand, or 32.8% of the production value (24.7% in 2018).

### Provisions and write-down

These include the write-down of trade receivables made to cover possible losses on certain non-recoverable creditor positions and an estimate of potential liabilities arising on refunds payable to third parties and from controversies in general, according to the information received from our lawyers and legal counsels.

The provisions and write-down in 2019 amount in total to €5,426 thousand and have increased by €4,566 thousand compared to the previous year. Such significant change owes essentially to the posting of €3,080 thousand to the provision for risks to cover the controversy with the Ministry of Transport, due to the risk of being the losing party in the last instance trial before the Supreme Court.

### EBITDA

Due to the reasons explained above, the EBITDA 2019 reached €18,567 thousand, or 25.3% of the value of production (23.4% in 2018).

### Amortization and depreciation

The amount of amortization and depreciation, totalling €6,146 thousand, has decreased by €99 thousand and is in line with the corresponding figure from the previous year.

### Grants

These were recorded in the amount of €671 thousand and have not changed from the previous year. For more details please refer to the corresponding section in the Notes.

### EBIT

The EBIT 2019 amount to €13,092 thousand, or 17.9% of the value of production (15.0% in 2018).

### Financial income (expense)

The balance of financial income and expense, positive by €499 thousand, has decreased by €376 thousand compared to 2018, as explained earlier.

### EBT

The EBT therefore amount to €13,591 thousand, increasing by €2,781 thousand compared to the previous year.

### Taxes

The aggregate tax burden has increased by €1,473 thousand compared to 2018. Total taxes for the year amount to €4,241 thousand.

The difference between the actual 2018 tax rate and the theoretical IRES/IRAP rate is described in detail in the dedicated section of the Notes.

### Profit

In the light of the above, the net profit earned in 2019 by the Group amounts to €9,350 thousand, increasing by €1,660 thousand compared to 2018.

## 3.4 Analysis of the balance sheet

The table below shows the Balance Sheet components reclassified according to financial principles. A comparison with 2018 figures is also provided.

	Euro thousand		
	2019	2018	Difference
<b>A) Fixed assets</b>			
Intangible assets	9,806	5,725	4,081
Tangible assets	45,652	45,493	160
Financial assets	9,847	17,650	(7,803)
	<b>65,306</b>	<b>68,868</b>	<b>(3,562)</b>
<b>B) Working capit</b>			
Inventory	461	393	69
Trade receivables	15,271	15,215	55
Other assets	19,844	17,312	2,532
Trade payables	(19,429)	(17,868)	(1,561)
Provisions for liabilities and charges	(8,003)	(4,867)	(3,136)
Other liabilities	(33,017)	(34,164)	1,148
	<b>(24,873)</b>	<b>(23,981)</b>	<b>(893)</b>
<b>(A+B) C) Invested capital (less liabilities for the year)</b>	<b>40,432</b>	<b>44,887</b>	<b>(4,455)</b>
<b>D) Provision for staff severance payo</b>	<b>(3,036)</b>	<b>(3,227)</b>	<b>191</b>
<b>(C+D) E) Invested capital (less liabilities for the year and staff severance pay)</b>	<b>37,396</b>	<b>41,660</b>	<b>(4,264)</b>
funded with:			
<b>F) Own capital</b>			
Paid-in share capital	12,911	12,911	0
Reserves and profit (loss) carried forward	24,624	27,904	(3,281)
Profit (Loss) of the year	9,350	7,689	1,660
Equity pertaining to minority shareholders	0	7,678	(7,678)
	<b>46,885</b>	<b>56,183</b>	<b>(9,299)</b>
<b>G) Medium / long-term financial indebtedness</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>H) Short-term financial indebtedness</b>			
Short-term financial payables	0	1,500	(1,500)
Short-term financial payables to subsidiaries	0	0	0
Financial income (expense)	0	0	0
Cash and short-term financial receivables	(9,489)	(16,024)	6,535
	<b>(9,489)</b>	<b>(14,524)</b>	<b>5,035</b>
<b>(G+H) I) Indebtedness (Net financial position)</b>	<b>(9,489)</b>	<b>(14,524)</b>	<b>5,035</b>
<b>(F+I) L) Total as in "E"</b>	<b>37,396</b>	<b>41,660</b>	<b>(4,264)</b>

As shown in the table, the capital invested, less liabilities for the year and staff severance pay, has decreased by €4,264 thousand due to the following changes:

- decrease in fixed assets by €-3,562 thousand, due essentially to:
  - increase in intangible assets by €4,081 thousand, comprising ordinary amortization (€942 thousand), the new investments made during the year (€5,943 thousand), and reclassification of other assets (€921 thousand);
  - increase in tangible assets by €160 thousand, comprising ordinary amortization (€5204 thousand), new investments made during the year (€4,935 thousand), cancelled liabilities and other changes (€431 thousand);
  - decrease in financial assets by €7,803 thousand due to the removal from consolidation of 44.55% of the investment in Aeroporti di Bologna S.p.A. after the demerger of Aeroporti Holding.
- decrease of working capital by €893 thousand, due basically to:
  - increase of total inventory by €69 thousand on aggregate;
  - increase of trade receivables €55 thousand, from €15,215 thousand in 2018 to €15,271 thousand in 2019;
  - increase in other assets by €2,532 thousand, due mostly to the posting of the account receivable from the Ministry of Transport arising from the Court of Appeal decision -immediately enforceable- that sentenced the Ministry to pay damages on the omitted adjustment of airport fees to inflation;
  - increase in trade payables by €1,561 thousand, due essentially to the increase in investments;
  - Increase by €3,136 thousand in the provisions for contingencies, due to:
    - net increase of the provision for future contingencies (€3,165 thousand) as the result, on one hand, of the amounts allocated at the closing of the year to adjust the amount of the provision to the company's actual needs based on prospective risks, and, on the other hand, of the amounts released and used during the course of the year. In particular, as at 31 December 2019 the provision amounted to €8,003 thousand, as detailed in the dedicated section of the Notes;
    - reduction to nil of the negative mark-to-market value of the derivative instrument

that SAGAT subscribed in order to cover interest rate fluctuation risks associated to a loan that was repaid in full at the end of the year. In accordance with Italian accounting standard no. 32, the variation referred to above has not affected the income statement for the year;

- reduction of other liabilities by €1,148 thousand, for several reasons including, as the most relevant, the elimination of part of the liability recorded by the holding company on Fire Department fees.
- decrease by €191 thousand in the exposure towards the employees of Group companies on account of their severance pay.

The Group's own capital has decreased by €9,299 thousand due to:

- the net profit of €9,350 thousand;
- the distribution of dividends for €10,500 thousand;
- the elimination of the equity pertaining to minority shareholders after the demerger of Aeroporti Holding.
- the increase of the consolidation reserve due to the removal of Aeroporti Holding from the scope of consolidation (€2,145 thousand);
- the reduction to nil of the cash flow hedging reserve, that generated a gain of €29 thousand.

Short-term financial indebtedness has decreased by €1,500 thousand, due to the repayment, according to the plan, of the instalments of the loan obtained in 2010, which originally amounted to €15,000 thousand.

Net cash in hand has decreased by €6,535 thousand due to the reduction in the cash deposits held with banks and in the treasuries of Group companies.

As a result of these changes, in 2019 the Group has reduced its net financial position by €5,035 thousand, from €14.524 thousand as at 31 December 2018 to €9,489 thousand as at 31 December 2019.

Please refer to the Notes to these consolidated financial statements for a more exhaustive explanation of the operations described above.





## 3.5 Analysis of the cash flow

The operations in the year used €5,035 thousand in financial resources. Such figure is the result of the cash flow generated by income less costs.

The cash flow from operations, €15,698 thousand in total, is given by the GOM (€23,993 thousand), the variations in the net working capital (€-2,243 thousand), the tax liability for the year (€4,241 thousand) and other items such as provisions, write-down and grants (€-1,811 thousand).

The cash flow was used to fund investments in intangible and tangible assets (€10,879 thousand) and to distribute dividends (€10,500 thousand).

The net cash flow from operations was therefore negative and amounts to €5,035 thousand on aggregate. The net financial position as at 31 December 2019 is €9,489 thousand, decreasing compared to €14,524 thousand as at 31 December 2018.

The changes described above are summarised in the table below:

	Euro thousand	
Statement of cash flow, SAGAT Group	2019	2018
Cash and cash equivalents	16,024	20,022
Financial payables	(1,500)	(3,000)
<b>Cash less financial payables - Opening balance</b>	<b>14,524</b>	<b>17,022</b>
GOM	23,993	16,369
Δ NWC (less provisions for risks)	(2,243)	182
Taxes	(4,241)	(2,767)
Other items	(1,811)	(29)
<b>CASH FLOW FROM OPERATIONS</b>	<b>15,698</b>	<b>13,755</b>
CAPEX	(10,879)	(6,833)
Other (divestments/changes in fixed assets)	147	214
<b>CASH FLOW Capex and other changes</b>	<b>(10,732)</b>	<b>(6,619)</b>
<b>FREE CASH FLOW</b>	<b>4,966</b>	<b>7,136</b>
Dividends	(10,500)	(10,509)
Financial income (expense)	499	875
<b>CASH FLOW Dividends and financial income (expense)</b>	<b>(10,001)</b>	<b>(9,634)</b>
<b>NET CASH FLOW</b>	<b>(5,035)</b>	<b>(2,498)</b>
<b>Cash less financial payables - Closing balance</b>	<b>9,489</b>	<b>14,524</b>
Financial payables	0	(1,500)
Cash and cash equivalents	9,489	16,024

## 3.6 Trends of main

The table below shows the main Income Statement components. A comparison with the figures from previous years is also provided

	Euro thousand					
Financial ratios	2014	2015	2016	2017	2018	2019
Earnings (*)	55,888	66,020	65,238	69,975	66,292	73,244
Operating costs	25,784	25,992	28,712	30,331	30,346	29,304
Payroll costs	19,161	19,708	20,713	20,497	19,577	19,947
GOM	10,942	20,320	15,813	19,147	16,369	23,993
Net profit	3,357	8,709	6,761	11,187	7,689	9,350
Shareholders' equity	45,804	47,618	52,152	51,249	48,505	56,234
ROI	3,25	22,93	24,76	27,68	22,13	32,38
ROE	7,33	18,29	12,96	21,80	15,85	16,63
Trend of investments	3,136	3,263	4,735	6,470	6,833	10,879
Trend of financial independence (**)	14,301	20,450	13,789	18,979	15,132	21,353
Trade receivables	13,292	11,979	12,892	15,557	15,215	15,271
Average length of trade receivables	90	79	74	86	86	89
Trade payables	9,904	10,842	16,020	17,822	17,868	19,436
Average length of trade payables	144	152	204	215	216	243

(\*) The amount is shown less the earnings from employees seconded to third parties and subtracted from payroll costs

ROI: net profit / investments

ROE: net income / shareholders' equity

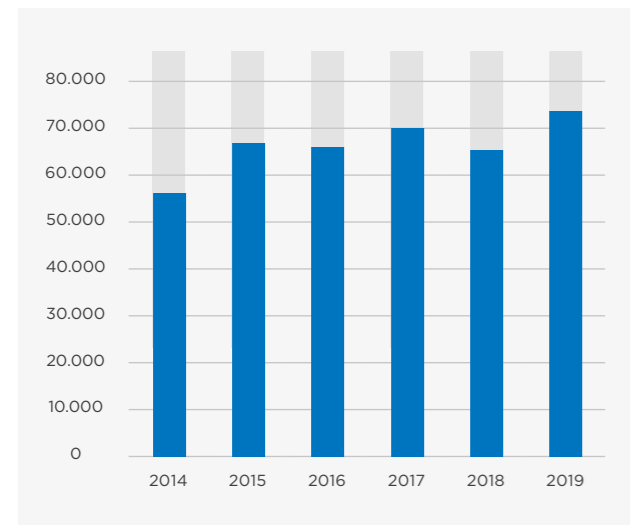
Average length of receivables: trade receivables / trade earnings (caption A1 of IV CEE financial statements)

Average length of payables: trade payables / cost of vendor services

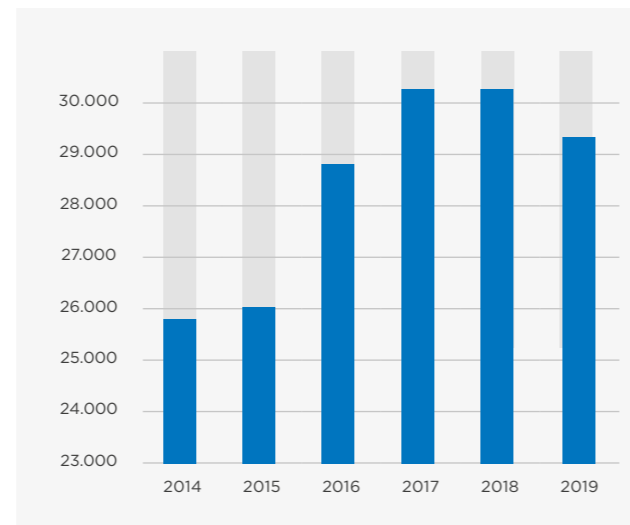
(\*\*) FINANCIAL INDEPENDENCE: profit (loss) of the year + amortization and depreciation + write-down and provisions + net change in the provision for staff severance pay



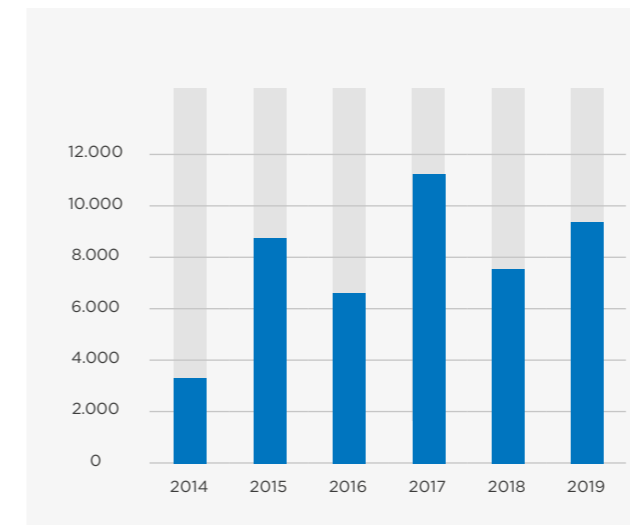
**Production value**



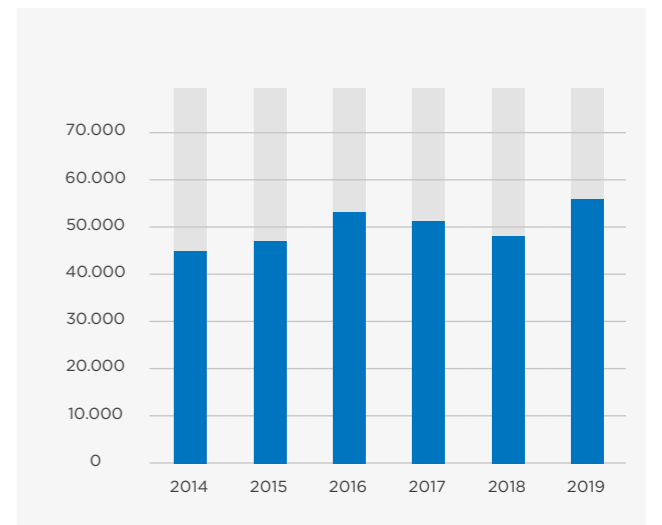
**Operating costs**



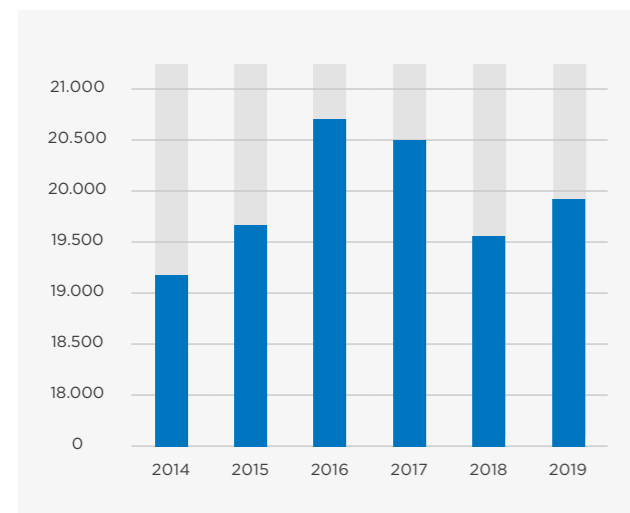
**Net profit**



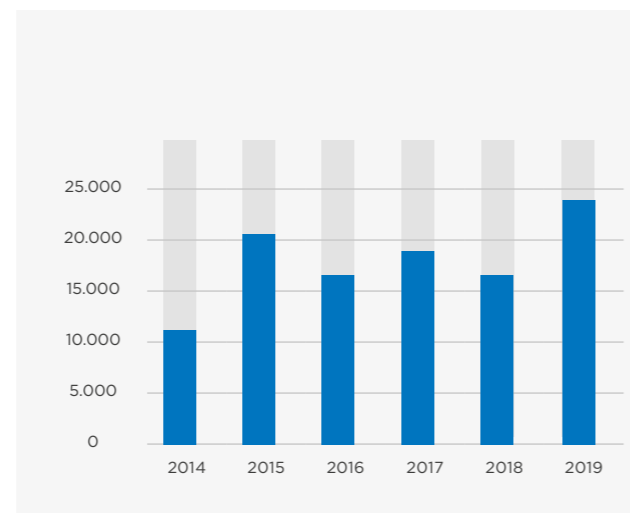
**Shareholders' equity**



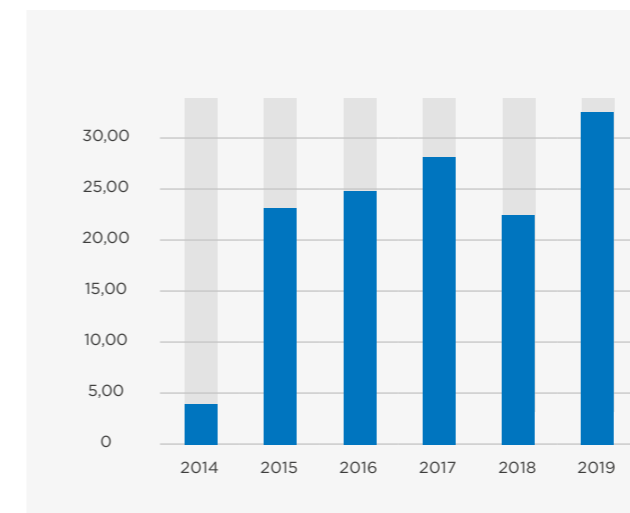
**Staff costs**



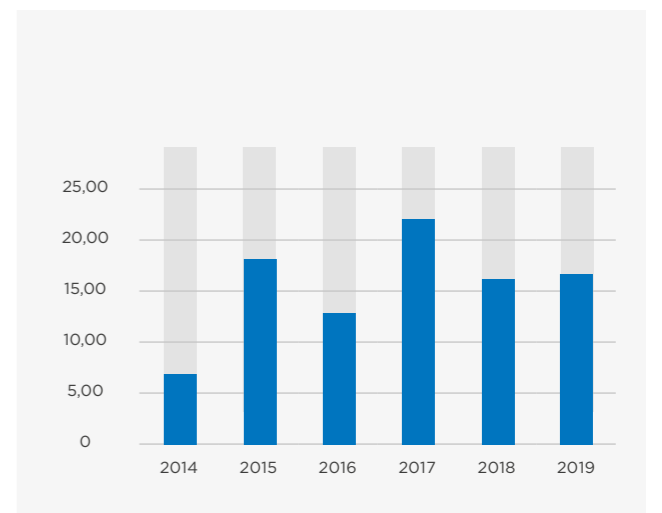
**GOM**



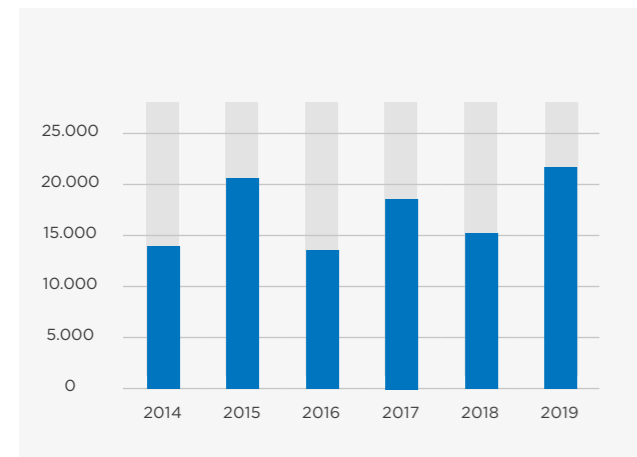
**ROE**



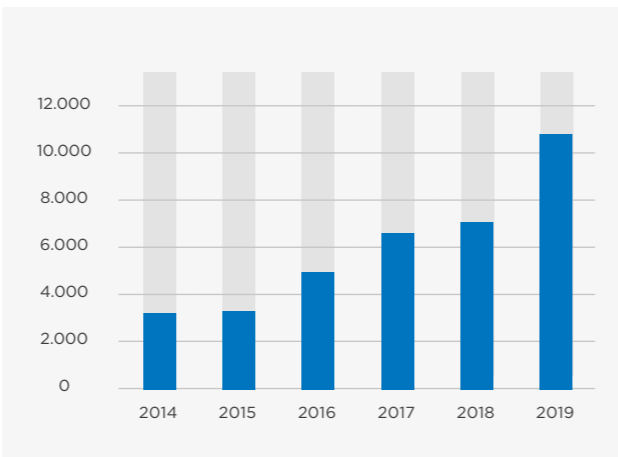
**ROI**



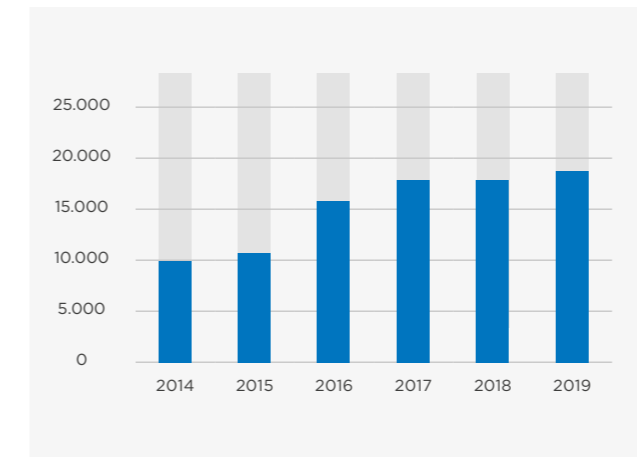
### Trend of financial autonomy



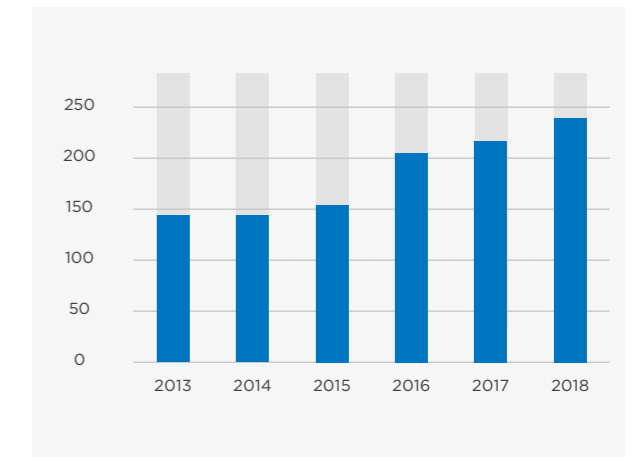
### Trend of investments



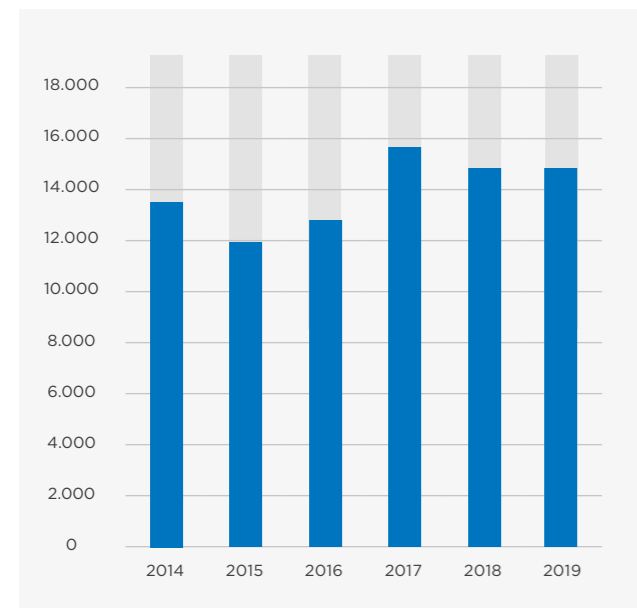
### Trade payables



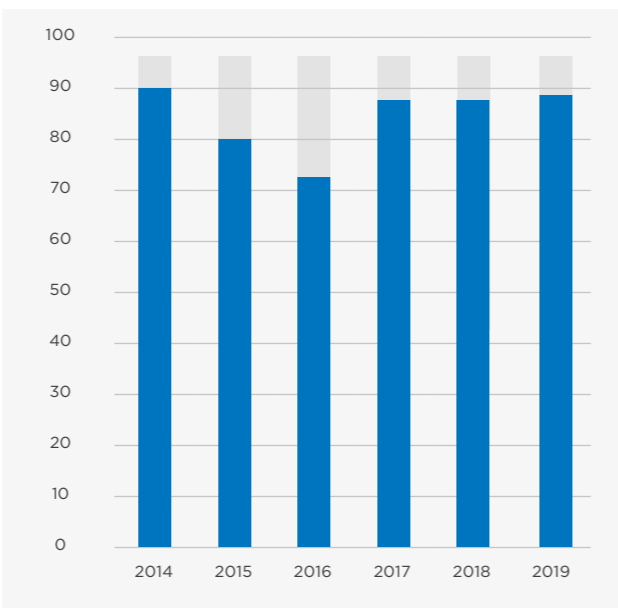
### Average length of trade payables



### Trade receivables



### Average length of trade receivables



## 3.7 Retail activities

For a more detailed analysis, please see the dedicated section in the Directors' Report of the Holding Company.

## 3.8 Quality

For a more detailed analysis, please see the dedicated section in the Directors' Report of the Holding Company.

## 3.9 Staff and organisation

### Organisation and management

During the year 2019, the companies of the Group continued their efforts to regain efficiency, a focus since 2014: in the three-year period 2017-2019, the Group's staff has decreased by 8 FTE (equal to a reduction of -2.2%). The ongoing decline in the number of passengers over the last two years has caused the Group's productivity to fall by -3.3%, compared to 2017, a calculation based on the ratio between the number of passengers in a given year and the average FTEs for that year.

SAGAT Group	2017	2018	2019	2017 - 2019 Δ
Annual passengers	4,176,556	4,084,923	3,952,158	-5.37%
Average FTEs	363	361	355	-2.2%
Pax/FTEs	11,514	11,316	11,133	-3.3%

The figure for the cost of labour in 2019, not taking into account outsourcing, is 19.947 million euro: the increase compared to the previous year, the equivalent of 373 thousand euro, is tied to the one-time payment called for under the renewal of the National Collective Bargaining Contract for Air Transportation, and specifically the portion on airport managers, covering the three-year period 2017-2019, and to the different distribution, compared to operating costs, of the costs for managers and executives.

The cost of labour for operational activities alone, therefore, decreased by approximately 115 thousand euro compared to the previous year, mainly as a result of increases in organisational efficiency tied to reductions in the operating staff, partial replacement, at a lower cost, of personnel that has left, and less overtime work.

Figures in thousands of euro

Company	Cost of labour 2018 (*)	Cost of labour 2019 (*)	Operational cost of labour 2019
SAGAT S.p.A.	13,159	13,802	13,317
SAGAT Handling S.p.A.	6,418	6,145	6,145
SAGAT Group	19,577	19,947	19,462

(\*) minus costs charged through to third parties



## Industrial relations

Highlights of the Group's industrial relations included a number of important agreements signed with union representatives in 2019.

In the month of June, an agreement was signed on the approach to calculating the productivity bonus for 2018, while negotiations also got underway on the renewal of the supplementary company contract. These talks came to a positive conclusion in the month of July, with the formulation of the criteria for the new productivity bonus, an approach that takes into account the new methods for setting objectives of Profitability, Quality and Productivity that are more closely integrated with the subsidiary, and better aligned with the companies' annual operating objectives. The agreement also reflects and promotes the rules and standards governing corporate welfare, providing each employee with the option of transforming the performance bonus into the opportunity to benefit from well-defined services and receive, in the process, the added value of such benefits being free of social security or tax charges.

In the course of these same negotiations, the companies and the union organisations/joint union representatives reached an agreement on how to update the practice of having workers

on call, so as to avoid the onset of a potential collective dispute.

In the month of October, an agreement to determine new hires by SAGAT S.p.A., either by transforming existing working relations into permanent employment or through partial replacement of retired personnel. At the same time, a noteworthy accord was signed, extending throughout the entire period of validity of the renewed National Collective Bargaining Contract for the Air Transportation Sector, Airport Managers section, the previous agreements governing the planning and disposal of residual vacation time, thus guaranteeing the availability of a key tool for managing the cost of labour.

Thanks to the agreements signed with the unions on the collective company closings referred to above, and on the programs for disposing of left-over vacation time agreed to on a yearly basis by the companies of the Group and the union organisations/joint union representatives, in 2019 the average per capita figure for number of left-over vacation days improved even further, compared to the previous four-year period, which had already produced a very positive trend, all of which points to effective management and efficient organisation of the Group's personnel.

	2013	2014	2015	2016	2017	2018	2019	Diff. 2019/2013	%
Back vacaton days	3,268	2,300	1,486	1,602	1,412	1,443	861	2,407	-26.34%
Average annual FTEs	365	362	361	374	363	361	355	(10)	-2.74%
Per capita back vacation days	9	6	4	4	4	4	3.88	(5.12)	-56.88%

## The Group's staff

The Group's annual average number of employees was equal to 354.82 FTE, for a decrease of -6.6 FTE compared to the previous year. During the year, a number of resources retired and were only replaced in part.

As of 31 December 2019, the overall headcount of the Group's staff had also decreased, by 5 units compared to the same date for the previous year,

to a total of 376 individuals, 28 of whom were employed under set-term contracts.

The following tables show the break-down of the Group's employees by category, compared to the situation in 2018: the first table shows the active manpower as of 31 December 2019, while the second traces the average use of the manpower during the year, showing a decrease of 1.94% compared to the previous year.

### HEADCOUNT as of 31 December of each year

Table A - Permanent Employment	2018	2019
Executives	6	7
Total clerical staff	244	248
Total blue-collar staff	97	93
<b>Total Table A</b>	<b>347</b>	<b>348</b>

Table B - Set-term employment	2018	2019
Set-term employees	34	28
Entry contracts	0	0
Apprentices	0	0
<b>Total Table B</b>	<b>34</b>	<b>28</b>
<b>TOTAL A + B</b>	<b>381</b>	<b>376</b>

### AVERAGE HEADCOUNT for each year

	Average headcount 2018	Average headcount 2019	Absolute variation	Percentage variation
Executives	5.25	6.92	1.67	31.8%
Clerical staff	250.83	258.58	7.75	3.09%
Blue-collar staff	124.41	107.75	(16.66)	-13.39%
<b>TOTAL</b>	<b>380.5</b>	<b>373.25</b>	<b>(7.25)</b>	<b>-1.91%</b>

## Training

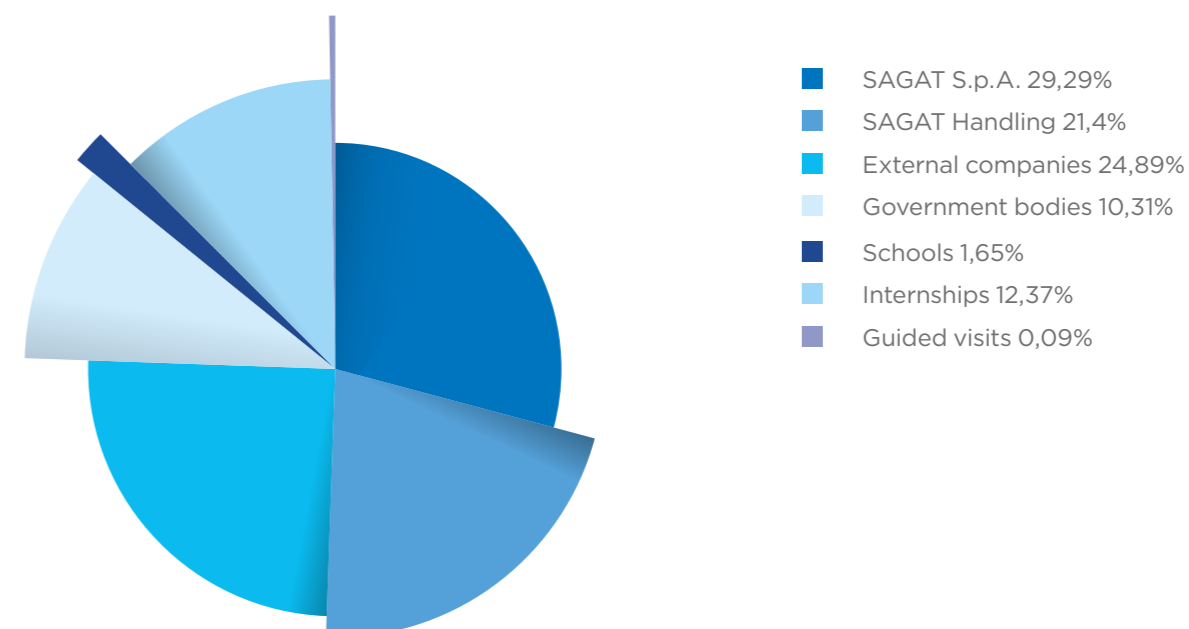
During 2019, the goal of the activities of training and professional development carried out was to integrate business and training processes, so as to match the human capital with the challenges presented by the marketplace and facilitate the management of change.

The in-house Training Centre provides and oversees training not only for the Group's employees, but also for the personnel of the subcontractors and government bodies and authorities that operate at the Airport.

A total of approximately 7,000 people employed at the Airport received training from SAGAT in some form, be it required courses, in-depth professional instruction or to obtain airport licenses. In 2019, the Training Department provided 4,215 courses that involved 4,854 participants, while 935 courses drew on outside teachers.

The following graph shows the hours of teaching provided by the SAGAT Training Department broken down by category of recipient:

### Training hours provided by SAGAT Training Department Year 2019 - Percentage





Considering only the hours of training held for employees of the Group, the results show that each employee of SAGAT S.p.A received an average of 44.00 hours of training, while the figure for Sagat Handling S.p.A. was 32.25. The average figure for each employee of the Group was 39.78 hours.

Average number of hours of training	SAGAT S.p.A.	SAGAT Handling	Group average
Average hours of training 2019	44,00	32,24	39,78

The participants in the training courses provided by Sagat Training in 2019 consisted of 5,852 participants from the companies of the Group, plus 1,222 employees of outsourcing firms and temporary workers of the Group's companies, for a total of 7,074 employees subdivided as shown on the table below.

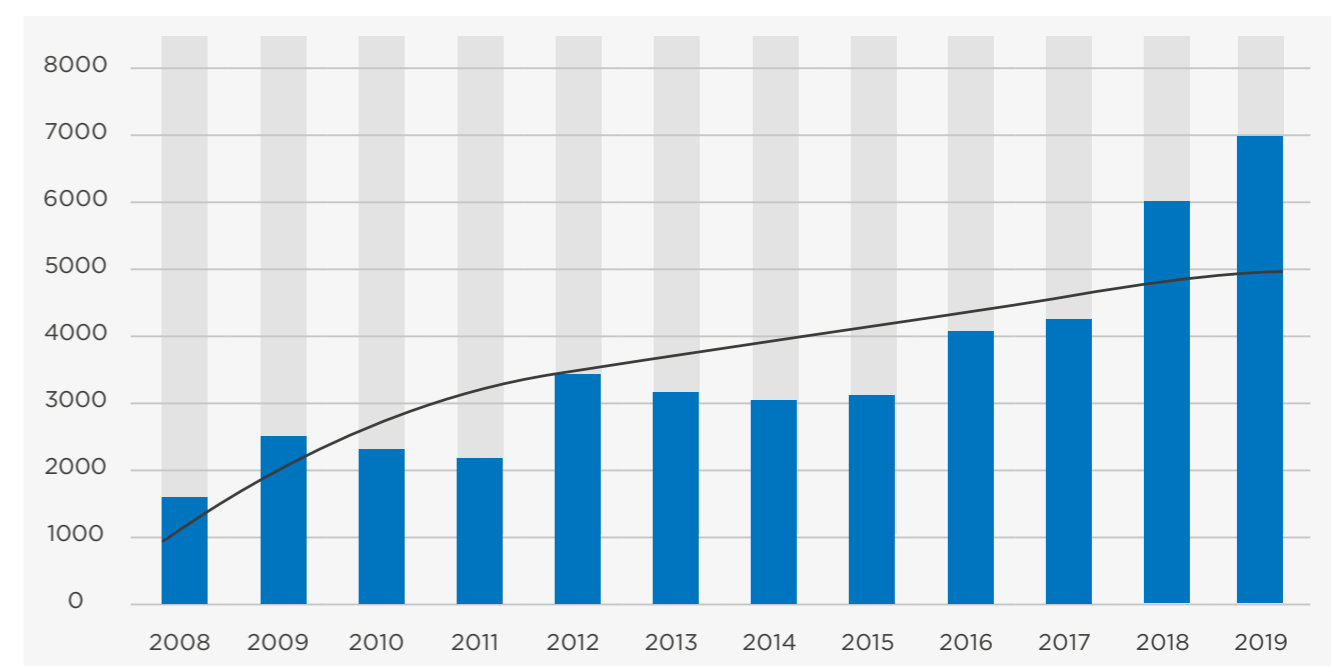
In the case of personnel employed directly by the SAGAT Group, 61.6% of those who received training were clerical staff, 33.2% were blue collar staff, and 4.73% were middle-managers, with executives accounting for 0.44%.

### Carried out training - SAGAT Group total

Position	Women		Men		Total		Percentage	
	Participants	Training hours	Participants	Training hours	Participants	Training hours	Participants	Training hours
Executives	5	38	21	146	26	184	0,44%	1,23%
Middle managers	126	511	151	632	277	1.143	4,73%	7,66%
Employees	1.731	4.627	1.874	5.422	3.605	10.049	61,6%	67,35%
Workers	29	56	1.915	3.488	1.944	3.544	33,22%	23,75%
<b>SAGAT Total</b>	<b>1.891</b>	<b>5.232</b>	<b>3.961</b>	<b>9.688</b>	<b>5.852</b>	<b>14.920</b>	<b>100%</b>	<b>100%</b>
Interns	3	10	9	27	12	37	0,21%	0,25%
Temporary workers	433	1.802	354	1.527	787	3.329	64,4%	75,59%
Subcontractors	72	167	351	871	423	1.038	34,62%	23,57%
<b>Others Total</b>	<b>508</b>	<b>1.979</b>	<b>714</b>	<b>2.425</b>	<b>1.222</b>	<b>4.404</b>	<b>100%</b>	<b>100%</b>
<b>ALL TOTAL</b>	<b>2.399</b>	<b>7.211</b>	<b>4.675</b>	<b>12.113</b>	<b>7.074</b>	<b>19.324</b>	<b>100%</b>	<b>100%</b>

In 2019, the number of participants in training activities rose once again, compared to the previous year, for an increase of 17.95%, continuing the positive trend of recent years, as shown by the follow table.

### SAGAT Group employees - Training course participants



A portion of the compulsory and/or non-compulsory training carried out by SAGAT S.p.A. in 2019 was financed under Fondimpresa grants for vocational training, a program in which the Company has participated for years now, and which covered the costs of organising, staffing and holding the courses. These funds for vocational training covered approximately 28% of the total hours of training provided.

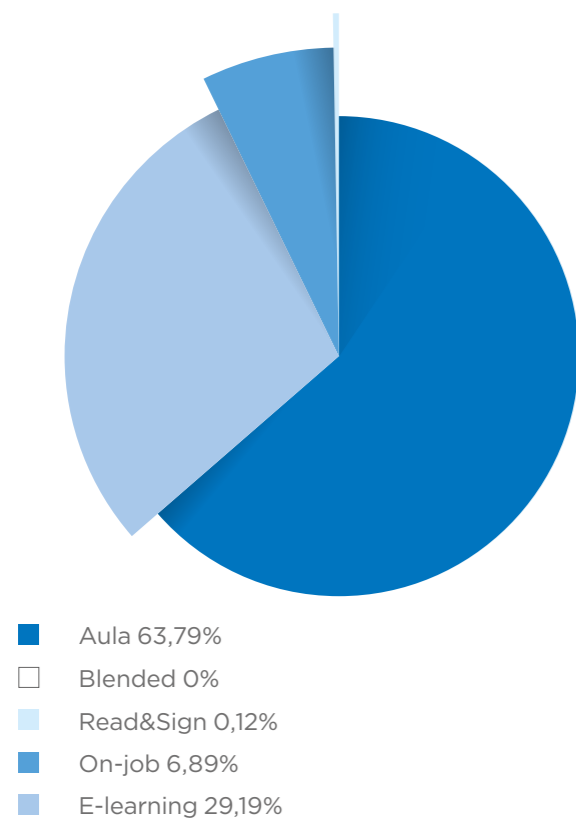
In 2019, the courses were once again offered under different training procedures.

Face-to-face classroom training continues to be the most frequently used approach (63.79%), in terms of number of hours, though there has been noteworthy growth, year after year, in the hours of training received via e-learning (+6.51% compared to 2018), through use of the DOCEBO platform, which went into operation in 2018.

The following graph shows the main modes of teaching employed in the training courses taken by employees of the SAGAT Group, based on the number of hours.

### Training procedures SAGAT Group employees

Year 2019 - Training hours - Percentage



### Evaluation of the training

As required under the internal management procedure on the quality of training, each activity concluded with an evaluation form on the training received.

The students gave one of four ratings to eight different factors: interest in the topics addressed, in-depth study of the content, materials received, efficiency of teaching supports, logistical organisation, comfort of the classroom, presentation skills of the trainer and thoroughness of the explanations required.

Taken as a whole, the levels of satisfaction, based on the forms collected, showed the following percentages, with only the positive evaluations considered out of all the forms analysed.

Quality evaluation form: percentage of positive judgments

	SAGAT Group	External companies
SAGAT in-house training	97.55%	97.48%
Outside training	94.77%	95.17%
Average Media	96.16%	96.33%

## 3.10 Investments

The figure for total investments by the SAGAT Group in the year 2019 was 10.879 million euro.

In addition to the investments made by the parent company, which total of 10.796 million euro and are commented in the parent company's Note to its Financial Statements, purchases were made by the subsidiary SAGAT Handling for a total of 83 thousand euro, primarily to reinforce the company's motor pool.

For a detailed analysis of the investments carried out by the parent company, reference should be made to the SAGAT management report.

## 3.11 Equity investments

For a more detailed analysis, see the dedicated section in the Directors' Report of the Holding Company.

## 3.12 Litigation

For a more detailed analysis, see the dedicated section in the Directors' Report of the Holding Company.

## 3.13 Privacy

For a more detailed analysis, see the dedicated section in the Directors' Report of the Holding Company.

## 3.14 Risk factors

Management of risk assumes the presence of adequate mechanisms of corporate oversight, an organisational structure with well-defined lines of responsibility, effective systems of internal supervision; the creation of sustainable value for stakeholders necessarily entails taking on risks, a key component of doing business.

SAGAT S.p.A., in its capacity as airport manager, and SAGAT Handling S.p.A., as the airport handler, are subject to potential risks that can undermine the achievement of strategic objectives. In order to mitigate exposure to such events, the Group has equipped itself with an organisational framework, plus codified processes and procedures, able to ensure airport safety, the quality of the services offered, the safeguarding of operations and the creation of value over the long term.

### 1. METHODOLOGICAL APPROACH TO MANAGING RISK

The SAGAT Group is committed to an ongoing process of reinforcing its internal structure of

controls; in the year 2019, the Group further refined its models of risk assessment, drawing on the company's past experience with risk and on existing safeguards, so as to provide the corporate governance function with an all-encompassing, integrated vision of the processes, the risks and the controls for the mitigation of the latter.

The risk assessment model takes into consideration five typical drivers of risk in the sector:

- risks that are strategic/posed by the external context;
- operating risks;
- financial risks;
- risks involving legal affairs and compliance;
- reputational risks.

### 2. INTERNAL SAFEGUARDS OF THE SAGAT GROUP

Governance of the Group's risks is based on: i) first-level safeguards implemented

by the operating structures, codified into procedures, or based on IT; ii) specialised company functions providing second-level safeguards - Quality, Compliance Monitoring, Security Manager, Safety Manager, Manager of the Prevention and Protection Service, Data Protection Officer -serving as guarantors of the adequacy of the processes under their respective responsibility; iii) third-level safeguards - Internal Audit - guaranteeing the proper performance of operations and the handling of risks, as well as assessments of the completeness, adequacy, functional efficiency and reliability of the organisational structure and the other components of the system of internal controls.

The model implemented establishes an approach to risk management that involves the entire organisation, with the management holding primary responsibility for the risks addressed daily and for their mitigation, in line with the strategic guidelines, and the propensity for risk, set by the Board of Directors.

The management maintains constant contact and collaboration with the second and third-level safeguards, in order establish of common accord the measures to be taken to contain risks.

### 3. PRIMARY RISK FACTORS OF THE SAGAT GROUP

Summarised below are the primary risks to which the Group is potentially exposed, and which could have an impact on the objectives set under the company's strategic planning.

### 3.1. Strategic risks and those of the external context

The Group operates as an airport manager within a regulated system, meaning that results can be influenced by global developments of a socio-political or macroeconomic nature, or those involving competition or medical issues. Listed below are the most noteworthy "external" risks.

#### Air traffic levels

The geopolitical or medical situation worldwide can affect the air-travel sector, causing fluctuations in the volume of traffic and the type/nationalities of passengers.

The spread of illnesses can result in the enactment of strict measures limiting, or even prohibiting, people's movements, with immediate, inexorable effects on air traffic.

Increasingly widespread awareness of the effects of climate change could also lead to a reduction in air traffic.

The fortunes of two giants in the world of aviation - Airbus and Boeing - could have repercussions on the development of air traffic. For example, Boeing's delay in delivering the new 737-MAX model, subject to modifications following the widely known, extremely serious incidents, has obliged leading airlines to revise their traffic plans.

Another factor that could have repercussions on the maintenance and growth of volumes of traffic at the Turin Airport is the future developments of Brexit, which could penalise the Airport, especially as regards traffic tied to ski routes and consumption of retail products by passengers in transit.

### Strategies of carriers and competition

The revision of strategies by airlines of key importance to the Group could result in variations in flights, lowering traffic levels, with a negative effect on the Group's operations, and on its economic results.

The strategic decisions of other operators, whether they be direct or indirect competitors, but which represent an alternative to air transport, could threaten the development of traffic at the Turin Airport.

The development of swift, alternative means of rail transportation has reduced travelling times from Turin to the major Italian towns – first and foremost Rome – making it easier to reach even distant destinations. The increasing frequency of high-speed trains along these routes results in reduced air traffic at the Turin Airport, as does the proximity to other international airports, a situation that could hold back the development of air traffic in Turin.

### Regulatory developments

The Group operates in a sector regulated on the national, European-Union and international levels.

It flows that the activities of the SAGAT Group, like those of all Italian airport managers, are subject to elevated levels of regulation that have an especially critical effect on setting fees for the services offered (airport fees, charges for security controls ...), on assigning slots, on air traffic control.

This means that ongoing developments in the regulatory framework could affect the Group's results.

SAGAT S.p.A. constantly monitors the activities of Italian and European authorities in the aeronautics industry, playing an active role in roundtables organised by industry associations, in order to follow regulatory developments on a steady basis while foreseeing their effects.

### 3.2. Operational risks

Factors of operational risk, tied to the performance of the Airport's activities, can have an impact on the Group's results.

#### Safety & security

The safety of its clientele, meaning both passengers and employees, is of key importance to the SAGAT Group, which focusses the utmost attention on issues of day-to-day operation and management.

To this end, Group has put in place a Safety Management System (SMS) whose primary purpose is ensuring the safety of operations, with the goal of guaranteeing that airport activities take place under pre-established conditions of safety, periodically evaluating their effectiveness, in order to correct any discrepancies while pursuing ongoing improvement.

The SAGAT Group regularly carries out procedures to assess conformity, manage change and identify dangers, all while constantly monitoring, evaluating and mitigating the risks tied to operations, so as to limit risk to the lowest possible levels (ALARP- as low as reasonably practicable).

By examining records of past performance, comments received, the outcomes of programs

of auditing and monitoring, as well as accidents reported internationally, together with industry literature, the applicable standards of safety can be constantly assessed, dangers can be identified and systems can be put in place for the mitigation of risk, identifying possible areas of improvement as well.

The conformity of the organisational structure, the infrastructures, the systems and procedures, and the functional efficiency of the management system are all confirmed by the Airport Certificate.

#### Interruption of activities /services

The activities of the SAGAT Group could be interrupted on account of strikes by its own personnel or that of the airlines, or by air traffic controllers of public emergency-service operators; interruptions could also arise from incorrect or less than punctual performance of services by third parties, or on account of adverse weather conditions (snow, fog, etc.), or should it be impossible to use the runway due to events caused by arriving or departing aircraft. Natural events could cause information systems to shut down and/or temporarily interrupt airport operations, with repercussions on the effectiveness of ordinary operations.

Infrastructure systems are designed, and constantly maintained, so as to minimise disservices tied to such circumstances, while company procedures also cover the management of such events.

#### Reliability of suppliers

Operating failures or difficulties sustained by strategic outsourcers could have an impact on

the SAGAT Group in operational or economic-financial terms.

To minimise exposure to such risks, the Group has established a system for qualifying suppliers and monitoring their performance. For example, in tenders and other procedures for selecting contractors, prior certification is normally required to attest to the absence of situations of non-conformity as regards the provisions of art. 80 of Legislative Decree 50/2016 (Contract Tender Code), plus, depending on the entity of the supply, the possession of ISO certifications (of quality, the environment, safety etc.), all of which procure positive point scores. When deemed necessary, potential suppliers taking part in selection procedures are asked to present adequate bank references.

#### Human resources

Achievement of the objectives of the SAGAT Group depends on the in-house resources and on relations established with the company's employees. Unethical or inappropriate conduct by employees can have legal or financial consequences for the company's activities.

The set of procedures, the 231 model that the Group follows, the Code of Ethics, the training and the internal awareness of these issues, together with a structured process for the selection of human resources, together with plans for the development of talent, as well as ongoing cooperation and dialogue with union representatives, favour a positive corporate climate conducive to minimising risks tied to management of human resources characterised by conflict, all while rewarding virtuous work habits.

### Information Technology

The increasing aggressiveness, and pervasiveness, of cyber-attacks worldwide, along with new technological initiatives of digital transformation/innovation of relevance to the airport sector, can lead to increased vulnerability of information and technology systems.

The SAGAT Group pays careful attention protecting its IT systems from unauthorised accesses or cyber-attacks that could result in the temporary suspension of operational services or in deterioration of performance.

Worthy of note, in this respect, are the vulnerability assessment activities carried out to prevent any gaps in systems or to enact measures of mitigation.

### 3.3. Financial risks

#### Credit risk

Credit risk consists of the exposure of the SAGAT Group to potential losses due to failure by counterparties to meet their obligations. To prevent such risk, the company monitors its main creditor positions without interruption, sending out solicitations of payment and involving the competent internal structures. When called for, to deal with a given position, solicitation procedures are undertaken through outside legal counsel, up to and including procedures of forced recovery. Any residual risk of non-collection of credits following periodic efforts at recovery result in the allocation on the balance-sheet of a specific credit write-down provision, held to be adequate, based on estimates of potentially uncollectable credits.

#### Liquidity risk

The liquidity risk for SAGAT might arise from difficulties in obtaining in due time loans to support its business.

In order to be able to meet eventual liquidity requirements promptly, SAGAT S.p.A. has ensured that it has adequate lines of credit available.

Cash flows, funding needs and liquidity are monitored or managed at a central level under the control of the Treasury Department, in order to guarantee an efficacious and effective management of financial resources of the entire Group. At year's end, therefore, the company is not deemed to be subject to a significant liquidity risk.

#### Exchange risk and interest-rate risk

The Group is not subject to market risk arising from exchange fluctuations because it is no longer doing business in an international scenario where transactions are made in different currencies and at different interest rates.

As of the date of 31 December, the SAGAT Group does not hold any positions committing its liquidity on markets, nor has it received financing whose expense is tied to interest rates, meaning that it is not subject to interest-rate risk.

### 3.4 Risks involving legal affairs and compliance

The companies of the Group formalise their contractual relations, both active and passive, in such a way as to maximise protection of their interests while clarifying as transparently as possible their reciprocal rights and duties. The

process of drafting and signing contracts entails controls of their substance by the competent offices, with assistance from the in-house legal department and, when necessary, outside law firms and legal experts as well. In this way, the risk of any legal disputes with counterparties to contracts is systematically limited through preventive actions. Should disputes arise, the exposure to the risk of losing is constantly monitored, eventually with the assistance of outside professionals and legal experts. Should such a risk be held to exist, then the company, as a precaution, allocates sums estimated to be sufficient to meet that eventuality, through the establishment of adequate risk provisions. The compliance of processes and procedures with national and international standards, the certifications obtained and maintained over time, as well as the numerous audits to which internal processes have been subjected, make it possible to conclude that the risk of non-compliance with pertinent and voluntary standards and directives is limited.

### 3.5 Reputational risk

The Group has always focussed particular attention on its reputation, considering it to be a key ingredient to success, for the fact is that all activities call for confidence on the part of investors, regulatory bodies, employees and the customers that use the service on offer, judging them to be excellent and, as a result, recommending them to others.

Errors, certain events or violations of rules can give rise to a media storm that results in a damaged reputation, at times so serious as to compromise a company's ability to stay on the market.

The Group, therefore, has decided to treat reputational risk as a first-level concern, even though it can be tied to other categories of risk, and especially strategic risk; this choice makes clear the Group's awareness of the need to safeguard its reputation, a commitment it constantly maintains in managing its business.



## 3.15 Own shares and those of the parent company

For a more detailed analysis, see the dedicated section in the Directors' Report of the Holding Company

## 3.16 Research and development activities

For a more detailed analysis, see the dedicated section in the Directors' Report of the Holding Company.

## 3.17 Financial instruments

For a more detailed analysis, see the dedicated section in the Directors' Report of the Holding Company.



## 3.18 Foreseeable developments for 2020

In the first three months of 2020, the Turin Airport recorded a total of 713 thousand passengers, for a negative trend of -32% compared to the first quarter of 2019. Results for January were slightly higher than expected, though performance for the quarter as a whole was severely affected by the drop in traffic traceable to the effects of the Covid-19 emergency, starting from the last week of the month of February.

In the months to come, air traffic performance will continue to be heavily affected by the drastic cuts in routes made by all the airlines, in response to the Covid-19 pandemic and to the measures of containment put in place in the field in Italy and by the countries connected to Turin by air travel, including measures restricting movement and travel.

These circumstances, extraordinary in terms of both their nature and their extension, have had direct repercussions on the economic activity of the Airport, as the sudden drop in the volumes of traffic, together with the restrictions stipulated under the Prime Minister's Decree of 11 March 2020, have resulted in the closing of almost all of the retail establishments, generating a drastic reduction in both aviation and non-aviation revenues, plus, in the case of SAGAT Handling, what amounts to the elimination of revenues for assistance provided to air carriers.

Despite the general context of uncertainty, whose future developments and resulting effects are unforeseeable, in terms of both their impact and their duration, the SAGAT Group has implemented a plan of action designed both to safeguard the health of its employees, passengers and the entire airport community and, at the same time, to cope with the steep drop in the company's profitability.

To guarantee the health and safety of its employees, the SAGAT Group has made the maximum possible use of "agile" modes of work, supplying devices of collective protection, even when such were not obligatory, implementing a business-continuity plan, installing physical structures and making sure that distances are maintained in operational sectors, and that the temperatures of workers are monitored, all in accordance with the provisions of Ministerial Decree no. 112-2020, under which the Turin Airport infrastructure is open.

With respect to its passengers, business partners and suppliers, the SAGAT Group has also taken immediate action to implement all the measures of containment required by the competent authorities, such as installing thermo-scanners and dispensers of hygienic gel, setting up pre-triage tents and constantly monitoring standards of cleanliness in subcontractor areas.

In terms of containing costs, the SAGAT Group has taken steps to increase the overall efficiency of the structure of operating costs, identifying the services critical to the operation of the Airport while determining instances in which contracts for specific supplies can be reduced or interrupted.

Furthermore, in order to contain the cost of labour and protect current levels of employment, since 23 March 2020, the Group has drawn on the Extraordinary Layoff Fund, on a rotating basis, for the entire company population.

Despite the measures taken to reduce spending, a significant drop in profitability is to be expected, considering the noteworthy fixed-cost component typical of the airport sector.

To guarantee the levels of liquidity needed to operate the Airport, the Company has decided to defer a number of the investments planned for 2020, and specifically those which, given their nature and function, can be out off until 2021. At the same time, in order to be able to meet eventual financial needs, short-term lines of credit have been opened, and these shall be supplemented by medium-long term financing arrangements currently under negotiation. Furthermore, in order to preserve both the level of capitalisation and cash flow in 2020, it is recommended that the General Meeting allocate

the year-end profit for 2019 to Profits Carried Forward.

Well aware that the potential economic and financial impacts of the Covid-19 emergency cannot be foretold at present, the Group shall focus its efforts on attentively and continuously monitoring ongoing developments in the situation described above, so as to guarantee economic stability and maintain levels of employment, taking whatever actions prove necessary to ensure that operations continue and prior levels of profitability return, once the demand for air transportation resumes.

As regards SAGAT Handling, the economic effect of Covid-19 is felt even more acutely than in the case of the Holding Company, in part due to the lower margins typical of the handling business.

Signed on the original by:

The Chairwoman  
**Elisabetta Oliveri**

# 4 Consolidated financial statements

as at 31/12/2019



# 4.1

## Consolidated balance sheet and Income Statement

### 4.1.1 Consolidated balance sheet: Asset

(amounts shown in Euro)

Consolidated balance sheet: Assets	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
<b>A) Contributions receivable from shareholders</b>		
<b>B) Fixed assets</b>		
<b>I. Intangible assets</b>		
1) Start up and improvement costs	0	0
2) Development costs	0	0
3) Industrial patent and intellectual property rights	0	209,062
4) Concessions, licenses, trademarks and similar rights	626,270	0
5) Goodwill	0	0
6) Investments in progress	2,366,038	2,362,934
7) Other fixed assets	6,813,719	3,152,923
<b>Total</b>	<b>9,806,027</b>	<b>5,724,919</b>
<b>II. Tangible assets</b>		
1) Land and buildings	3,515,794	3,515,794
2) Plant and machinery	0	0
3) Operating and sales equipment	2,548,368	3,127,472
4) Other assets	1,423,469	1,212,296
5) Investments in progress and payments on account	2,567,378	2,242,170
<b>II.bis Transferable tangible assets</b>		
1) Land and buildings	27,192,482	28,585,930
1-bis) Runways and land used for runways	321,622	341,723
2) Plant and machinery	8,083,333	6,467,263
3) Operating and sales equipment	0	0
4) Other assets	0	0
5) Investments in progress and payments on account	0	0
<b>Total</b>	<b>45,652,446</b>	<b>45,492,648</b>

(amounts shown in Euro)

Consolidated balance sheet: Assets	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
<b>III. Financial assets</b>		
1) Investments in:		
a) Subsidiary companies	0	0
b) Associated companies	0	0
c) Parent companies	0	0
d) Companies controlled by parent companies		
d-bis) Other companies	9,781,870	17,640,883
2) Accounts receivable:		
a) From subsidiary companies:		
due within 12 months	0	0
due beyond 12 months	0	0
b) From associated companies:		
due within 12 months	0	0
due beyond 12 months	0	0
c) From parent companies:		
due within 12 months	0	0
due beyond 12 months	0	0
d) From companies controlled by parent companies:		
due within 12 months	0	0
due beyond 12 months	0	0
d-bis) From others:		
due within 12 months	0	0
due beyond 12 months	65,375	9,577
<b>Total accounts receivable:</b>		
due within 12 months	0	0
due beyond 12 months	65,375	9,577
<b>Total</b>	<b>65,375</b>	<b>9,577</b>
3) Other securities		
4) Derivative financial instruments	0	0
<b>Total</b>	<b>9,847,245</b>	<b>17,650,460</b>
<b>TOTAL FIXED ASSETS (B)</b>	<b>65,305,718</b>	<b>68,640,218</b>

(amounts shown in Euro)

Consolidated balance sheet: Assets	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
<b>C) Current assets</b>		
<b>I. Inventory</b>		
1) Raw and maintenance materials, consumables	461,389	392,554
2) In-process and semi-finished products	0	0
3) Orders in progress	0	0
4) Finished products and goods	0	0
5) Advances	0	0
<b>Total</b>	<b>461,389</b>	<b>392,554</b>
<b>II. Accounts receivable</b>		
1) From customers:		
due within 12 months	15,270,894	15,215,413
due beyond 12 months	0	0
2) From subsidiary companies:		
due within 12 months	0	0
due beyond 12 months	0	0
3) From associated companies:		
due within 12 months	0	0
due beyond 12 months	0	0
4) From parent companies:		
due within 12 months	152,648	3,236,604
due beyond 12 months	0	0
5) From companies controlled by the parent companies:		
due within 12 months	41,034	62,438
due beyond 12 months	0	0
5-bis) Tax receivables:		
due within 12 months	672,281	1,125,357
due beyond 12 months	3,352,081	693,803
5-ter) Deferred tax assets:		
due within 12 months	212,001	211,961
due beyond 12 months	6,172,865	2,275,256
5-quater) Other receivables:		
due within 12 months	9,005,115	9,225,044
due beyond 12 months	88,330	133,788
<b>Total accounts receivable:</b>		
due within 12 months	<b>25,353,973</b>	<b>29,076,817</b>
due beyond 12 months	<b>9,613,276</b>	<b>3,102,847</b>
<b>Total</b>	<b>34,967,249</b>	<b>32,179,664</b>

(amounts shown in Euro)

Consolidated balance sheet: Assets	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
<b>III. Current financial assets</b>		
1) Investments in subsidiary companies	0	0
2) Investments in associated companies	0	0
3) Investments in parent companies	0	0
3-bis) Investments in companies controlled by parent companies	0	0
4) Investments in other companies	0	0
5) Derivative financial instruments	0	0
6) Other securities	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>IV. Cash and cash equivalents</b>		
1) Cash in bank	9,444,441	15,981,580
2) Cheques	0	0
3) Cash and valuables in hand	44,214	41,929
<b>Total</b>	<b>9,488,655</b>	<b>16,023,509</b>
<b>TOTAL CURRENT ASSETS (C)</b>	<b>44,917,293</b>	<b>48,595,727</b>
<b>D) ACCRUED INCOME AND PREPAYMENTS</b>		
Accrued income	0	0
Prepayments	147,237	347,274
<b>TOTAL ACCRUED INCOME AND PREPAYMENTS (D)</b>	<b>147,237</b>	<b>347,274</b>
<b>TOTAL ASSETS</b>	<b>110,370,248</b>	<b>117,811,028</b>



## 4.1.2 Consolidated balance sheet: Liabilities

(amounts shown in Euro)

Consolidated balance sheet: Liabilities	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
<b>A) SHAREHOLDERS' EQUITY</b>		
I. Share capital	12,911,481	12,911,481
II. Share premium reserve	6,104,521	6,104,521
III. Revaluation reserve		
Revaluation reserve per Law no. 342/2000	7,362,627	7,362,627
IV. Legal reserve	2,582,296	2,582,296
V. Reserves provided for under the by-laws	0	0
VI. Other reserves, itemized:		
Extraordinary reserve	4,140,862	7,713,774
Reserve for extraordinary investments	4,906,340	4,906,340
Consolidation reserves	4,414,456	2,269,651
VII. Reserve for the hedging of expected cash flows:	0	(29,166)
VIII. Profit (loss) carried forward	(64,000)	1,239,979
IX. Profit (loss) of the year	9,349,607	7,689,476
X. Negative reserve for treasury shares	(4,823,612)	(4,823,612)
Equity pertaining to the Group	46,884,678	48,505,369
Equity pertaining to minority shareholders	0	7,678,083
<b>TOTAL SHAREHOLDERS' EQUITY (A)</b>	<b>46,884,678</b>	<b>56,183,452</b>
<b>B) Provisions for liabilities and charges</b>		
1) Provisions for pension and similar funds	0	0
2) Provision for taxes, including deferred taxes	0	0
3) Provision for loss on derivative financial instruments	0	29,166
4) Other provisions:		
Provision for currency fluctuations	0	0
Provision for future liabilities	8,003,308	4,838,157
<b>TOTAL PROVISIONS FOR LIABILITIES AND CHARGES (B)</b>	<b>8,003,308</b>	<b>4,867,323</b>
<b>C) Provision for staff severance pay</b>	<b>3,036,355</b>	<b>3,227,467</b>
<b>TOTAL (C)</b>	<b>3,036,355</b>	<b>3,227,467</b>

(amounts shown in Euro)

Consolidated balance sheet: Liabilities	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
<b>D) Accounts payable</b>		
1) Bonds:		
due within 12 months	0	0
due beyond 12 months	0	0
2) Convertible bonds:		
due within 12 months	0	0
due beyond 12 months	0	0
3) Shareholder loans:		
due within 12 months	0	0
due beyond 12 months	0	0
4) Payables to banks:		
due within 12 months	0	1,500,000
due beyond 12 months	0	0
5) Payables to other lenders:		
due within 12 months	0	0
due beyond 12 months	0	0
6) Advances:		
due within 12 months	0	0
due beyond 12 months	0	0
7) Trade payables:		
due within 12 months	19,429,253	17,868,486
due beyond 12 months	6,823	0
8) Payables in the form of credit instruments:		
due within 12 months	0	0
due beyond 12 months	0	0
9) Payables to subsidiary companies:		
due within 12 months	0	0
due beyond 12 months	0	0

### 4.1.3 Consolidated income statement

(amounts shown in Euro)

Consolidated balance sheet: Liabilities	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
10) Payables to associated companies:		
due within 12 months	0	0
due beyond 12 months	0	0
11) Payables to parent companies:		
due within 12 months	1,977,351	2,556,994
due beyond 12 months	0	0
11-bis) Payables to companies controlled by the parent companies:		
due within 12 months	25,884	102,491
due beyond 12 months		
12) Tax payables:		
due within 12 months	1,519,286	1,119,777
due beyond 12 months	2,033,942	0
13) Social security payables:		
due within 12 months	1,026,166	992,671
due beyond 12 months	0	0
14) Other payables:		
due within 12 months	18,259,574	20,554,192
due beyond 12 months	839,737	831,565
<b>Total:</b>		
<b>due within 12 months</b>	<b>42,237,514</b>	<b>44,694,611</b>
<b>due beyond 12 months</b>	<b>2,880,502</b>	<b>831,565</b>
<b>TOTAL ACCOUNTS PAYABLE (D)</b>	<b>45,118,016</b>	<b>45,526,176</b>
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>		
Accrued expenses	588	492
Deferred income	7,327,303	8,006,118
<b>TOTAL (E)</b>	<b>7,327,891</b>	<b>8,006,610</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>110,370,248</b>	<b>117,811,028</b>

(amounts shown in Euro)

Consolidated income statement	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
<b>A) Production value</b>		
1) Revenues from sales and services	62,587,174	64,746,144
2) Changes in the inventory of in-process, semi-finished and finished products	0	0
3) Changes in orders in progress	0	0
4) Fixed assets developed internally	0	0
5) Other revenues and proceeds, with operating grants stated separately	11,578,119	2,334,455
<b>TOTAL PRODUCTION VALUE (A)</b>	<b>74,165,293</b>	<b>67,080,599</b>
<b>B) Production costs</b>		
6) Cost of raw and ancillary materials, consumables and goods	1,538,345	1,581,753
7) Cost of services	22,601,237	23,652,762
8) Leasehold costs	2,982,989	3,036,500
9) Payroll costs:		
a) salaries and wages	14,626,755	14,311,886
b) social security	4,209,867	4,085,203
c) severance pay	891,480	920,710
d) pension and similar benefits	0	0
e) other costs	470,040	377,039
<b>Total payroll costs</b>	<b>20,198,142</b>	<b>19,694,838</b>
10) Amortization, depreciation and write-down:		
a) amortization of intangible assets	941,616	1,339,298
b) depreciation of tangible assets	5,204,140	4,905,489
c) other write-down of assets	0	0
d) write-down of current receivables and of cash and equivalents	2,145,040	541,993
<b>Total amortization, depreciation and write-down</b>	<b>8,290,796</b>	<b>6,786,780</b>
11) Changes in the inventory of raw and maintenance materials, consumables and goods	(68,836)	(25,876)
12) Provisions for liabilities and charges	3,281,048	318,590
13) Other provisions	0	0
14) Miscellaneous operating costs	2,250,046	2,100,509
<b>TOTAL PRODUCTION COSTS (B)</b>	<b>61,073,767</b>	<b>57,145,856</b>
<b>PRODUCTION VALUE LESS PRODUCTION COSTS (A-B)</b>	<b>13,091,526</b>	<b>9,934,743</b>

(amounts shown in Euro)

Consolidated income statement	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
<b>C) Financial income (expense)</b>		
15) Income from equity investments:		
a) dividends and other income from subsidiary companies	0	0
b) dividends and other income from associated companies	0	0
c) dividends and other income from parent companies	0	0
d) dividends and other income from companies controlled by parent companies	0	0
e) dividends and other income from others	531,456	836,769
16) Other financial income:		
a) from noncurrent receivables		
- subsidiary companies	0	0
- associated companies	0	0
- parent companies	0	0
- companies controlled by parent companies	0	0
- other	0	0
b) from noncurrent securities other than equity investments	0	0
c) from current securities other than equity investments	0	0
d) other income		
- subsidiary companies	0	0
- associated companies	0	0
- parent companies	0	0
- companies controlled by parent companies	0	0
- other	4,219	132,834
<b>Total</b>	<b>535,675</b>	<b>969,603</b>
17) Interest and other financial expense:		
- subsidiary companies	0	0
- associated companies	0	0
- parent companies	0	0
- companies controlled by parent companies	0	0
- other	(36,477)	(93,961)
17 - bis) Exchange gains (losses)	15	(201)
<b>TOTAL FINANCIAL INCOME (EXPENSE) (C)</b>	<b>499,213</b>	<b>875,441</b>

(amounts shown in Euro)

Consolidated income statement	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
<b>D) Adjustments to the value of financial assets</b>		
18) Revaluation:		
a) of equity investments	0	0
b) of financial assets other than equity investments	0	0
c) of current securities other than equity investments	0	0
d) of derivative financial instruments	0	0
19) Write-down:		
a) of equity investments	0	0
b) of financial assets other than equity investments	0	0
c) of current securities other than equity investments	0	0
d) of derivative financial instruments	0	0
<b>TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS (D)</b>	<b>0</b>	<b>0</b>
<b>EBT (A-B+/-C+/-D)</b>	<b>13,590,739</b>	<b>10,810,184</b>
20) Income taxes for the year:		
a) Current taxes	(5,463,720)	(3,071,148)
b) Deferred tax assets (liabilities)	1,222,588	303,779
<b>21) PROFIT (LOSS) OF THE YEAR, GROUP AND MINORITY SHAREHOLDERS</b>	<b>9,349,607</b>	<b>8,042,815</b>
<b>Profit (loss) pertaining to the group</b>	<b>9,349,607</b>	<b>7,689,476</b>
<b>Profit (loss) pertaining to minority shareholders</b>	<b>0</b>	<b>353,339</b>

I declare that the Financial Statements above match with the contents of the accounting books.

On behalf of the Board of Directors  
**The Chairwoman**

## 4.1.4 Statement of cash flow - SAGAT Group

(amounts shown in Euro)

Statement of cash flow - SAGAT Group	2019	2018
<b>A) Cash flow from operations</b>		
Profit (Loss) of the year for the Group	9,349,607	8,042,815
Income taxes	4,241,132	2,767,369
Interest expense (income)	32,257	(39,673)
(Dividends)	(531,456)	(836,769)
(Gains) Losses on disposal of assets	(25,000)	(6,147)
<b>1) Profit (loss) of the year before income taxes, interest, dividends and gains/losses on disposals</b>	<b>13,066,540</b>	<b>9,927,595</b>
Adjustments of non-monetary items not reflected in the net working capital		
Amount allocated to provisions	3,281,048	318,589
Amortization and depreciation of fixed assets	6,145,756	6,244,788
Write-down for durable value impairment	618,264	360,255
Other increases (decreases) of non-monetary items	0	0
<b>2) Total adjustments of non-monetary items not reflected in the net working capital</b>	<b>10,045,068</b>	<b>6,923,632</b>
<b>Flusso finanziario prima delle variazioni del ccn</b>	<b>23,111,608</b>	<b>16,497,887</b>
Variations in the working capital:		
Decrease (increase) in inventory	(68,835)	(25,876)
Decrease (increase) in trade receivables	(76,887)	341,434
Increase (decrease) in trade payables	1,501,120	134,690
Decrease (increase) in accrued income and prepayments	196,766	(161,995)
Increase (decrease) in accrued expenses and deferred income	(674,884)	(661,052)
Other decreases (other increases) in the net working capital	(5,620,247)	2,716,666
<b>Total variations in the working capital</b>	<b>(4,742,967)</b>	<b>2,343,867</b>
<b>Cash flow after working capital variations</b>	<b>18,368,641</b>	<b>18,841,754</b>
Other adjustments:		
Interest income (expense)	(32,257)	(49,960)
(Income taxes paid)	(2,486,405)	(4,907,749)
Dividends collected	531,456	836,769
(Amount of provisions used)	(423,952)	(110,621)
Other amounts collected (paid)	384,797	0
<b>Total other adjustments</b>	<b>(2,026,361)</b>	<b>(4,231,561)</b>
<b>CASH FLOW FROM OPERATIONS (A)</b>	<b>16,342,280</b>	<b>14,610,193</b>

### Note to the Statement of Cash Flow

On 5 August 2019 the demerger of Aeroporti Holding s.r.l. was filed with the Register of Companies. The demerger will reflect in the accounts effective from 1 January 2019. SAGAT held 55.45% of the capital of the said company. The Balance Sheet and Income Statement of the demerged company as at 31 december 2018 and as at the demerger date are enclosed. The assets and liabilities acquired by SAGAT as a consequence of the demerger are shown below.

ACQUIRED ASSETS	01/01/2019
Fixed assets	9,781,870
Current assets	921,228
<b>TOTAL ASSETS</b>	<b>10,703,098</b>

(amounts shown in Euro)

Statement of cash flow - sagat group	2019	2018
<b>B) Cash flow from investments</b>		
Tangible assets:		
(Cash flow from investments)	(4,935,145)	(3,588,787)
Cash flow from divestments	1,470	6,147
Intangible assets:		
(Cash flow from investments)	(5,943,459)	(3,244,065)
Cash flow from divestments	0	0
Financial assets:		
(Cash flow from investments)	0	0
Cash flow from divestments	0	0
Current financial assets:		
(Cash flow from investments)	0	0
Cash flow from divestments	0	0
Acquisition or disposal of subsidiaries or business lines, net of cash and cash equivalents	0	0
<b>CASH FLOW FROM INVESTMENTS (B)</b>	<b>(10,887,134)</b>	<b>(6,826,705)</b>
<b>C) Cash flow from borrowing</b>		
Third-party resources:		
Increase (decrease) in short-term payables to banks		
New loans		
(Repayment of loans)	(1,500,000)	(1,500,000)
Own resources:		
Paid-in capital increase		
Refund of paid-in capital increase	(736,140)	
Sale (purchase) of treasury stock		
Dividends and advances on dividends paid	(10,500,000)	(10,281,595)
<b>CASH FLOW FROM BORROWING (C)</b>	<b>(12,736,140)</b>	<b>(11,781,595)</b>
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS (A ± B ± C)</b>	<b>(6,534,854)</b>	<b>(3,998,107)</b>
<b>CASH AND EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>16,023,509</b>	<b>20,021,616</b>
<b>CASH AND EQUIVALENTS AT END OF YEAR</b>	<b>9,488,655</b>	<b>16,023,509</b>

ACQUIRED LIABILITIES	01/01/2019
Shareholders' equity	10,699,162
Current liabilities	3,936
<b>TOTAL ASSETS</b>	<b>10,703,098</b>

For further information about the transactions please see the respective sections in the Notes on financial assets and equity composition.

## 4.2

### Notes to the consolidated financial statements

#### 4.2.1 General principles and drafting principles for the consolidated Financial Statements

##### SECTION I

##### Form and contents of the consolidated financial statements

- The Consolidated Financial Statements are made up of Balance Sheet, Income Statement, Statement of Cash Flow and Notes, and are accompanied by the Directors' Report. They were prepared in compliance with Legislative Decree 127/1991 (enforcing European Community Directives IV and VII) and with the Italian accounting standards issued by the Italian Accounting Body.
- The Consolidated Financial Statements are meant to provide a faithful and accurate picture of the financial position and standing, as well as of the operating result, of the Group as a whole.
- The form and contents of the Balance Sheet and Income Statement comply with the provisions of the Italian Civil Code for the holding company, in order to give a faithful and accurate presentation of the Group.
- The Consolidated Financial Statements refer to the closing date of the holding company's annual accounts, which corresponds to the closing date of the annual accounts of the other companies included in the consolidation.
- While the mandatory disclosures under the laws of Italy concerning the form and contents of consolidated financial statements are deemed sufficient to provide a true and accurate picture, the following additional information is provided:
  - reconciliation between the net equity and net profit of the holding company and those of the Group, as resulting from the consolidated financial statements;
  - analysis of the balance sheet — included in the Directors' Report for the Group;
  - statement of cash flow;
  - other meaningful information based on the characteristics and size of the Group.
- The Consolidated Financial Statements were audited pursuant to article 2409 bis of the Civil Code by the independent auditors EY S.p.A.
- The Balance Sheet, Income Statement and Statement of Cash Flow are presented in Euro; the figures in these Notes are shown in Euro thousand, except as otherwise indicated.

##### SECTION II

##### Scope of consolidation

- The subsidiary companies, including those directly or indirectly controlled by the Holding Company according to the definition given in art. 26 of Legislative Decree no. 127/91, were consolidated line by line. The list of companies included in the consolidation is given below:

Company	Address	Share capital	Shareholders' equity	Interest share %
SAGAT S.p.A.	Caselle Torinese	12,911	46,815	Holding company
SAGAT Handling S.p.A.	Caselle Torinese	3,900	2,961	100%

There are no companies consolidated by the equity method.

The following holdings are valued by the cost method:

Company	Address	Share capital <sup>(1)</sup>	Shareholders' equity <sup>(1)</sup>	Interest share as at 31/12/19
Aeroporto G.Marconi di Bologna S.p.A.	Bologna	90,314	170,236	3.28%

(1) Figures from the latest financial statements available as at 31.12.2018.

Please note that the scope of consolidation has not changed compared to the previous year.



## SECTION III

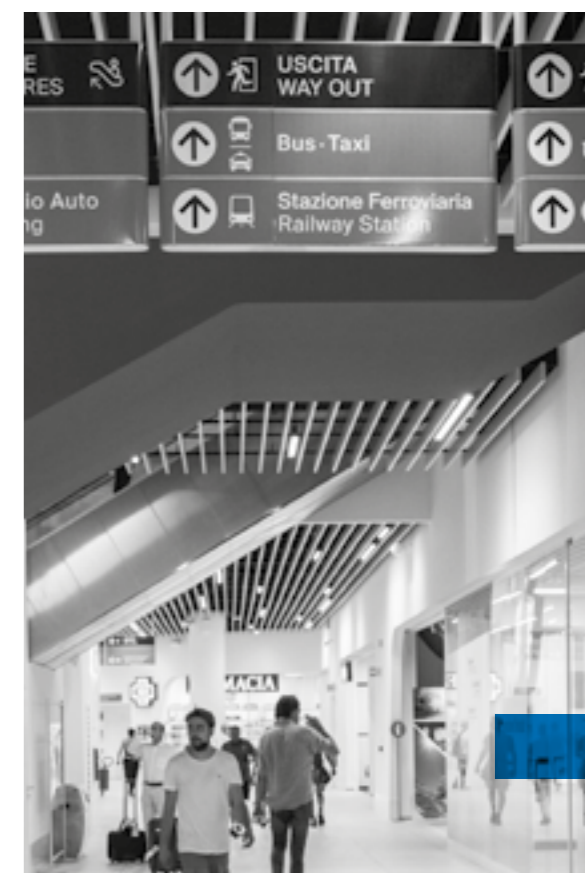
### Consolidation procedures

1. The assets and liabilities of the subsidiaries, as well as their income and costs, were fully consolidated. In the Consolidated Financial Statements, the carrying value of equity investments was eliminated, together with the share directly or indirectly owned by the holding company. The differences arising from the elimination of equity investments against the net book value of the subsidiaries' equities as of the date of purchase are released to the assets and liabilities of the consolidated subsidiaries, capped to their current amounts. Any residual positive amount is added to an assets item denominated "Goodwill" and amortized on a straight-line basis according to its estimated recoverability; any negative residual amount is added to the equity item as applicable from time to time.
2. Minority interests in the equities and operating results of the consolidated subsidiaries are shown separately.
3. The balances of accounts payable and receivable, and the intercompany transactions among consolidated companies, are fully eliminated. The Consolidated Financial Statements do not show any profits or losses still unrealised by the Group as a whole, because arising from intercompany transactions.
4. The financial statements of the subsidiaries closed as at 31 December 2018, prepared by the respective Boards of Directors for the respective Shareholders' approval, were used for consolidation purposes.
5. The Consolidated Financial Statements were prepared following uniform accounting standards in the presence of comparable transactions.

## SECTION IV

### Accounting standards

1. Financial statement items were valued according to the principle of conservatism and going concern, also taking into account the substantiveness of each transaction or agreement (art. 2423 bis (1.5) of the Civil Code).
2. Only the profits realised as of the closing date of the reference year are shown.
3. The income and costs accruing to the year were taken into account, regardless of when collected or disbursed. The costs related to the income recorded for the year were considered as accruing in the year.
4. The risks and losses accruing to the year were taken into account, even where known after year-end.
5. Non-comparable elements included in each caption were valued separately.
6. There are no assets or liabilities items falling under multiple captions (art. 2424 (2) of the Civil Code).
7. The captions characterising the Group's business were added for the sake of clarity.
8. In compliance with art. 2423 ter of the Civil Code, all financial statement items are comparable.
9. The accounting standards used to prepare these Financial Statements were adjusted to take into account the changes, additions to and innovations of Civil Code rules introduced by Legislative Decree 139/2015, in enforcement of Directive 34/2013/EU on accounting. In particular, the Italian Accounting Board has reformulated the Italian accounting standards into the version updated as at the date of drafting these Financial Statements.



## 4.2.2 Standards applied in item valuation, value adjustment and foreigncurrency translation

The valuation principles followed in the preparation of the Consolidated Financial Statements as at 31 December 2019 are reported below.

### Fixed assets

The assets intended for durable use were recorded under fixed assets.

### Intangible assets

Intangible assets were valued at purchase or production cost, inclusive of ancillary costs, and amortized on a straight-line basis year after year, according to their residual useful life. The amortization schedule, drafted by the principle explained above, is shown below.

Intangible assets	
Type of asset	Amortization rate
Industrial patent and intellectual property rights	33%
Concessions, licenses, trademarks and similar rights	33%
other intangible assets	Between 5.26% and 33%

The amortization criteria and rates were the same applied in the previous year.

As of the year-end, there are no intangible assets with a value permanently lower than their purchase cost inclusive of ancillary costs, after amortization; therefore, there was no need to write down any asset.

### Tangible assets

Tangible assets were valued at purchase or production cost, inclusive of ancillary costs, except the assets subject to revaluation pursuant to L. 72/83, as better explained in Part III of these Notes.

The cost of the assets includes the interest expense incurred for the making of the assets until ready for use, for the portion reasonably attributable to the assets. The amount of interest expense recorded under balance sheet assets is shown in Part III of these Notes.

The cost of the tangible assets of limited duration is depreciated on a straight-line basis according to their residual useful life.

The depreciation schedule, drafted by the principles explained above, is shown below.

Tangible assets	
Type of asset	Depreciation rate
Buildings and related roads	4%
Aircraft runways and aprons	5.26%
Flight assistance systems	31.5%
Other systems	10%
Ramp and runway equipment	31.5%
Other purpose equipment	20%
Special-purpose equipment	12.5%
Cars	25%
Cargo vehicles	20%
Furniture and fittings	12%
Electric and electronic equipment	20%
Other tangible assets	20%
Minor tangible assets	100%

In previous years, for certain categories of assets, where required due to their particular obsolescence, the rates above were doubled in the first three year of use of the assets.

For the assets that started being used in the reference year, the rates were halved in order to take account, on a flat basis, of their reduced use. At year-end, there were no tangible assets, according to the company's plans, with a value permanently lower than their purchase cost (revalued as appropriate) inclusive of ancillary costs, after depreciation.

Please note that, as a consequence of the amendment to art. 104 of the Income Tax Code ("TUIR") introduced by Decree Law 31 December 1996, no. 669, whereby depreciation over concession length is only allowed alternatively (and no longer in addition) to conventional depreciation over useful life, the holding company has decided to adopt conventional depreciation effective from 1997, deducting from the historical cost of each asset the respective accumulated concession-based depreciation. The only exception are aircraft runways and aprons: for these assets the holding company has continued to use concession-based depreciation.

## Financial assets

These are the costs of long-term financial investments.

Investments in companies that are neither subsidiaries nor associated companies were recorded at cost, adjusted to take account of durable impairment, where applicable. If the reasons for such adjustments cease to exist in subsequent years, then the value is reinstated. Accounts receivable are shown at their presumable realisation value.

Treasury shares are shown at a value corresponding to their purchase cost in the negative equity reserve for treasury stock.

Noncurrent receivables were subject to the evaluation of the applicability of the amortized cost method as defined by art. 2426 (2) of the Civil Code, taking however into account time and presumable realization value, in accordance with art. 2426 (1.8) of the Civil Code.

A verification of the relevance of the amortized cost method was made for all the receivables recorded under fixed assets. In other words, if the transaction costs, the fees paid as between the parties, and any other difference between initial value and value upon expiration have scarce relevance, or if the receivables are short-term ones (i.e. are due before 12 months), the amortized cost method is irrelevant.

## Inventory

The inventory of raw and ancillary materials, consumables and goods, comprising mostly materials and spares, was recorded at purchase cost, inclusive of ancillary costs. Such cost was calculated — as in previous years — by the weighted average method.

The assets that do not appear to be actually eligible for use in the production process were recorded at realisation value, if lower than the purchase cost.

In any case, the value at which inventory items are recorded does not exceed their market value, taking into account the usefulness/instrumentality of the assets within the production process.

The value of fungible assets does not differ significantly from the costs current at year-end.

## Accounts receivable

Noncurrent receivables were subject to the evaluation of the applicability of the amortized cost method as defined by art. 2426 (2) of the Civil Code, taking however into account time and presumable realization value, in accordance with art. 2426 (1.8) of the Civil Code, after value adjustments and after making allocations to the provision for bad debts in an amount deemed consistent with the risk of non-collection of the total of trade receivables

taken as a whole. A verification of the relevance of the amortized cost method was made for all the accounts receivable. In other words, if the transaction costs, the fees paid as between the parties, and any other difference between initial value and value upon expiration have scarce relevance, or if the receivables are short-term ones (i.e. are due before 12 months), the amortized cost method is irrelevant.

The accounts receivable on interest in arrears were written off in the years in which they respectively accrued.

There are no accounts receivable for which collection terms were contractually postponed and that should therefore be written down and adjusted to current rates, in accordance with accounting standards.

## Cash and cash equivalents

These are recorded at face value.

## Accruals and deferrals

Accrual and deferral captions include the income or costs accruing in the year but to be collected or disbursed in future years, and the costs or income incurred or collected before year-end but accruing in future years. These captions only include portions of costs and income in common to two or more years, the amount of which varies in time.

## Provisions for liabilities and charges

The provisions for liabilities and charges include solely the amounts allocated in order to cover losses or payables of probable or certain occurrence, the amount or exact date of occurrence of which was however uncertain as at year-end.

## Provision for staff severance pay

Law 27 December 2006, no. 296 (2007 Finance Act) has changed the rules governing the employees' severance pay ("TFR") accumulated effective from January 1, 2007. These rules apply to the Group companies with more than 50 employees.

As a consequence of the pension reform, for the holding company and for SAGAT Handling:

- the portions of TFR accrued as until 31.12.2006 remain with the company;
- the portions of TFR accrued effective from 1 January 2007, to each employee's individual option based on express or tacit subscription, were either:
  - a) contributed to pension funds;
  - b) kept with the Company, that transferred the portions of TFR to the Treasury Fund created by INPS, the Italian social security institution.

The portions accrued in the reference year since 1 January 2007 are still shown in caption B.9 c) of the income statement, "Staff severance pay". Caption C in the balance sheet, "Provision for staff severance pay", shows the residual amount of the provision as at 31 December 2018; captions D.13, "Social security payables" and D.14, "Other payables" show the accounts payable as at 31 December for portions of TFR still to be contributed to the Treasury Fund of INPS and to pension funds.

### Accounts payable

The accounts payable recorded in the liabilities section were subject to the evaluation of the applicability of the amortized cost method as defined by art. 2426 (2) of the Civil Code, taking however into account time and presumable realization value, in accordance with art. 2426 (1. 8) of the Civil Code. .

A verification of the relevance of the amortized cost method was made for all the accounts payable. In other words, if the transaction costs, the fees paid as between the parties, and any other difference between initial value and value upon expiration have scarce relevance, or if the receivables are short-term ones (i.e. are due before 12 months), the amortized cost method is irrelevant.

### Derivative financial instruments

Derivative financial instruments are financial assets and liabilities carried at fair value.

Derivatives are classified as hedging instruments only if there is a strict and documented correlation, upon hedge inception, between the features of the item hedged and those of the hedging instrument, if such correlation is based on formal documentary evidence and if hedge effectiveness -that is subject to regular checks- is high.

The effective portion of the gains or losses arising from derivatives used to protect from interest rate fluctuation risks is suspended in the shareholders' equity. The ineffective portion of the gains and losses associated to a hedging instrument is released to the income statement. When the hedging transaction materializes, the cumulated gains and losses that up to that moment had been recorded in the Shareholders' equity are released to the Income Statement (by adjustment of, or addition to, the Income Statement items affected by the cash flows being hedged).

### Memorandum accounts

The risks that are likely to arise are described in the Notes and covered by specific provisions. The risks that might give rise to a liability are described in the Notes, but no specific allocation is made to the provisions for risks.

Commitments are shown at their contractual value, while guarantees are recorded according to the existing risk at year-end; both are detailed in the Notes.

## Revenues and expenses

Revenues, expenses and other income and costs were recognised according to the principles of conservatism and accrual, after deduction of discounts, allowances, incentives and facilitations. The earnings from services were recognised when the corresponding services were rendered.

### Grants

Grants are recorded in the Income Statement under the caption "Other income and proceeds" in the year where reasonable certainty arises that the Company is entitled to receive them, and posted as deferred income accruing in future years; at the end of each year, such deferred income is reduced and reversed to the Income Statement, at the same rate used for the amortization or depreciation of the asset that the grant refers to.

### Income taxes

As from 2018, Group companies have agreed to the Group policy governing the enforcement of the National Tax Consolidation rules set forth in art. 117 et seq. of the Income Tax Code ("T.U.I.R."), also followed by the subsidiary companies SAGAT S.p.A., SAGAT Handling S.p.A., GESAC S.p.A., Software Design S.p.A. and 2i S.A.C. (formerly F2i SAC S.p.A.), whose parent company is 2i Aeroporti S.p.A. The option for National Tax Consolidation for the three-year period 2018-2019 was exercised

by the Company in order to make use of the benefits that the law establishes for such profile, including the possibility for the parent company to set off the results of each consolidated company.

The notice of extension of the option pursuant to art. 5 (1) of the decree of the Ministry of Economy and Finance of 9 June 2004 was submitted online on 31 October 2017 by 2i Aeroporti S.p.A. to the Revenue Office.

The following are the main points of the above-referred Group policy: a) if, and insofar as, in any tax year in which the option for group taxation applies, one party brings to consolidation, pursuant to art. 96 (7) of the T.U.I.R., interest and similar financial expense in excess, that party is entitled to a compensation in the same amount; b) if the taxable income of the subsidiary, net of tax losses pursuant to art. 84 of the T.U.I.R. arising before the start of tax consolidation, is positive, that consolidated company will pay to the holding company an amount equal to the corresponding net tax due, calculated as if the tax consolidation option did not apply; c) if the taxable income of the subsidiary in one or more tax years included in the consolidation option term is negative, the holding company will pay to the subsidiaries an amount equal to either: 1) the tax savings actually realised by using such tax losses, or 2) the receivables due to the subsidiaries on the excess amounts brought to consolidation as per b) above; d) if one of the parties brings to consolidation interest in excess, the holding company will deduct that

excess, subject to the applicable limits, from the aggregate income; e) in the case of d) above, the party that has brought the excess interest to consolidation will receive a compensation equal to 100% of the notional IRES calculated by applying to the consolidated excess the IRES rate in force when such excess is used.

The adoption of tax consolidation allows the parent company 2i Aeroporti S.p.A. to aggregate the positive or negative taxable bases of the parent company and of the resident consolidated companies that also exercised the option. The taxable income and losses of the companies included in the consolidation are assumed in their entire amount, regardless of the share of interest attributed to the consolidating company (line by line consolidation method). The consolidating company is liable for determining the aggregate income tax and for the payment of the relevant advances and balance to the Revenue Office. However, the consolidated companies remain individual taxpayers.

The accounting standards characterizing tax consolidation are reported below, insofar as they apply:

#### **Current taxes**

The corporate income taxes ("IRES" and "IRAP") payable are calculated in accordance with tax regulations on the basis of the estimated taxable income.

The taxes accruing in the year are recorded in the Income Statement under "Current taxes for the year" and the relevant liability (or credit) is recorded in the Balance Sheet under the Accounts Payable (or Receivable) to (or from) the parent company. Those consolidation adjustments that generate benefits in the consolidated tax return are recorded in the Income Statement under "Tax gains from consolidated taxation", classified as "Current taxes for the year" with a contra entry in the Balance Sheet, under "Accounts receivable from the parent company".

#### **Deferred taxes**

Deferred corporate income tax ("IRES") assets and the provision for deferred IRES liabilities for both the consolidating and the consolidated companies arising from transactions occurred in the year during which the option is effective remain in the assets of the company that generated them. Therefore, as long as the tax consolidation regime applies, they are not recorded in the financial statements of the consolidating company. The compliance with the requirements for recording deferred taxes is assessed with reference to the expected future taxable income of the companies included in the consolidation. Otherwise, if deferred tax assets or liabilities arise from transactions occurred outside the period of effectiveness of the consolidation regime, they are assessed with reference to the specific position of the company concerned.

The company has recorded deferred taxes according to the temporary differences in the taxable base arisen during the course of the year. In particular, the deductible temporary differences arising from negative income components to be deducted totally or partially in future years will generate deferred tax assets, recorded under caption C.II.5-ter of the assets section, while the temporary differences arising from positive income components to be taxed in years subsequent to the reference one, or from negative income components deducted in a year preceding the one in which they were recorded in the income statement, will generate deferred tax liabilities, recorded under caption B.2 of the liabilities section.

Deferred taxes are calculated at the tax rates currently in force and taking into account the tax rates expected in future years.

The amount shown in the caption "Income taxes for the year" is the result of the algebraic sum of current and deferred taxes, so as to represent the actual tax burden pertaining to the reference year. No deferred tax assets that cannot be reasonably expected to be recovered in the future were recorded. Similarly, no deferred tax liabilities that are unlikely to arise were recorded. The description of the temporary differences that led to recording deferred tax assets and liabilities, the indication of their rates and of the differences compared to the prior year, of the amounts recorded in the income statement and

as equity components, as well as of the prepaid taxes recorded with respect to losses, are shown in the tables commenting the deferred tax assets and liabilities for the year in the paragraph dedicated to the "Income taxes for the year" (art. 2427 (1.14) of the Civil Code).

#### **Remuneration of economic benefits in favour of the consolidated companies**

The remuneration of the taxable losses of the companies included in the consolidation is recognized at the moment when those losses are actually used in the consolidation (and are therefore not subject to the earning of future taxable profits by each consolidated company), at the IRES rate applicable in the tax year when the taxable loss is deducted from the consolidated taxable income. The economic benefits arising from the consolidation adjustments made by the consolidating company but pertaining to a consolidated company are remunerated in favour of such consolidated company.

#### **Principles for the translation of items stated in foreign currencies**

Any assets and liabilities other than non-monetary fixed assets are recorded at the exchange rate in force at year-end; any net gains are allocated to a specific non-distributable reserve at the moment of calculating the operating result.



## 4.2.3 Details of the most significant items of the Consolidated Financial Statements

The additional information to be disclosed under art. 38 of Legislative Decree no. 127/1991 are given in the same order as in mandatory financial statements patterns

### BALANCE SHEET - ASSETS

#### Intangible assets

These are the costs of permanent, non-tangible production factors, after deduction of the relevant amortization. They relate to permanent ownership and utilisation rights (or similar) or concession rights, to improvements made to leased assets, or to outstanding costs that will affect future years.

Intangible assets, totalling €9,805 thousand, have increased on aggregate by €4,080 thousand in the year. The summary table below reports a detailed description of the changes to the various intangible assets components occurred during the year.

	01/01/2019			Year-on-year difference					31/12/2019	
	Historical cost	Amortization provision	Amount carried	Purchases / capitalisations	Reclass.	Disposals / Write-offs	Write-down(-) / Reval.	Amortization	Amount carried	
B.I.1 Start up and improvement costs	0	0	0						0	
B.I.3 Industrial patent and intellectual property rights	3,846	3,636	210		(210)				0	
B.I.4 Concessions, licenses, trademarks			0	195	813			(382)	626	
B.I.6 Investments in progress and payments on account	2,363	0	2,363	3,337	(3,286)		(48)		2,366	
B.I.7 Other assets	32,833	29,681	3,152	2,411	1,810			(560)	6,813	
<b>TOTAL INTANGIBLE ASSETS</b>	<b>39,042</b>	<b>33,317</b>	<b>5,725</b>	<b>5,943</b>	<b>-873</b>	<b>0</b>	<b>(48)</b>	<b>(942)</b>	<b>9,805</b>	

for €382 thousand, relates to the installation of new software or the implementation of existing software by the holding company (€195 thousand), as described in detail in the Directors' Report section on investments.

As at 31/12/2019, the items included in caption B.I.3 were reclassified under caption B.I.4, "Concessions, licenses and trademarks", which reflects more the nature of the contents of such items.

The caption "Investments in progress and payments on account" (B.I.6) has increased by €3,337 thousand compared to the prior year, mostly due to the increase in the value of assets purchased during 2019 but that have not yet come into use.

The caption "Other assets" (B.I.7) is formed almost entirely by the costs incurred by the holding company for improvements and additions to the passenger terminal and for renovation works within the airport grounds; this particular category of intangible assets has increased by €2,411 thousand and was amortized for €560 thousand, out of a total of €942 thousand on amortization of all intangible assets.

#### Tangible assets

These include the costs (revalued as applicable) of permanent production factors represented by capital equipment owned by Group companies,

including those that will be returned upon expiration of the concession, characterised by the dual requirement of long useful life and tangible nature, shown after deduction of depreciation, including concession-based depreciation.

Tangible assets amount in total to €45,652 thousand and have increased on aggregate by €159 thousand in the year.

The summary table below reports a detailed description of the changes to the various tangible assets components occurred during the year.

	01/01/2019				Year-on-year difference						31/12/2019			
	Historical cost	Reval. as per Laws 72/1983 and 342/2000	(Depreciat. provisions)	Amount carried	Purchases	Reclassificat.	(Divest. Original cost)	Divest. Use of provision	(Reval. difference)	(Depreciat.)	Historical cost	Reval. as per Laws 72/1983 and 342/2000	(Depreciat. provisions)	Amount carried
B.II.1 Land														
B.II.bis 1 and B.II.bis 1bis Buildings and related roads <sup>1</sup>														
B.II.bis 2 Plant and machinery <sup>1</sup>														
B.II.3 Operating and sales equipment	18,414	182	(15,469)	3,127	602					(1,181)	19,016	182	(16,650)	2,548
B.II.4 Other assets	34,427	1,958	(35,172)	1,213	751	2	(51)	50		(541)	35,129	1,958	(35,663)	1,424
B.II.5 Investments in progress and payments on account	2,242			2,242	1,211	(443)			(443)		2,567			2,567
<b>Total Tangible Assets</b>	<b>206,080</b>	<b>8,989</b>	<b>(169,576)</b>	<b>45,493</b>	<b>4,934</b>	<b>874</b>	<b>(51)</b>	<b>50</b>	<b>(443)</b>	<b>(5,205)</b>	<b>211,394</b>	<b>8,989</b>	<b>(174,731)</b>	<b>45,652</b>

(1) Transferable assets

The caption "Building and related roads" (B.II.bis 1 and 1 bis) has decreased on aggregate by €1,414 thousand. The variation, ascribable entirely to the holding company, was caused by the joint effect of purchases (€146 thousand) and annual depreciation (€2,203 thousand). In particular, the construction works implemented by the holding company at the passenger terminal and various airport buildings were capitalised. No obsolete asset was disposed of during the year.

The caption "Plant and equipment (B.II bis 2) has increased by €1,616 thousand. The variation, ascribable entirely to the holding company, is due to purchases (€2,224 thousand), capitalisation of assets previously recorded as investments in progress (€672 thousand) and annual depreciation (€1,280 thousand). In particular, the increase relates mostly to the completion of service systems at the new arrivals area and at Departures floor 10.93 (€1,091 thousand) and to restroom refurbishment at the passenger terminal (€169 thousand); the item further includes the improvement of beacon lighting at the aprons and construction of new service systems at operating buildings (€350 thousand).

No obsolete asset was disposed of during the year.

The caption "Operating and sales equipment" (B.II.3) has decreased on aggregate by €579 thousand, due to purchases (€602 thousand) and annual depreciation (€1,181 thousand). The item includes in particular the purchase of cargo x-ray systems (€138 thousand) and of seats for the waiting rooms at the Passenger Terminal (€189 thousand).

No obsolete asset was disposed of during the year.

The caption "Other assets" (B.II.4) has decreased on aggregate by €211 thousand, due to depreciation (€541 thousand) and new purchases (€751 thousand in total).

The most significant increase relates to the purchase of hardware (€246 thousand); passport control counters and gates counters €61 thousand) and vehicles (€67 thousand).

Obsolete assets were dismissed in the year for a total value of €51 thousand.

The caption "Investments in progress and payments on account" (B.II.5) has increased by €325 thousand.

The balance of the revaluation applied pursuant to Law 72 of 19/3/1983 and to Law 342 of 21/11/2000 has not changed from the previous year. The details of the revaluation applied are shown in the table below:

Item	Net amount of revaluationi	Statutory revaluation 72/83	Revaluation law 342/2000	Total
B.II.1 Land	3,516	0	0	3,516
B.II.1 Buildings and related roads	82,751	282	0	83,033
B.II.2 Plant and machinery	69,979	50	6,517	76,546
B.II.3 Operating and sales equipment	16,582	182	0	16,764
B.II.4 Other assets	35,151	52	1,906	37,109
B.II.5 Investments in progress and payments on account	2,488	0	0	2,488
<b>Total tangible assets</b>	<b>210,467</b>	<b>566</b>	<b>8,423</b>	<b>219,456</b>

The amount of interest expense recorded under balance sheet assets is shown in the table below and has not changed from the previous year (art. 2427 (1.8 of the Civil Code):

Item	Gross amount
B.II.1 Buildings and related roads	2,323
B.II.2 Plant and machinery	792
<b>Total tangible assets</b>	<b>3,115</b>

## Financial assets

These reflect the value of long-term financial investments and amount to €9,782 thousand in total.

The equity investments recorded amount to a total of €9,782 thousand and relate entirely to holdings in other companies.

With the referred demerger of Aeroporti Holding S.r.l. during the year, the "Other companies" caption has come to include the investment in the company Aeroporto Guglielmo Marconi di Bologna S.p.A. at a value of €9,782 thousand, i.e. 3.28% of its capital.

The company that operates the G. Marconi airport of Bologna (hereinafter, AdB), has been admitted to the trading of its shares in the STAR segment of the Italian online stock market since July 2015.

As at 31 December 2019, SAGAT holds 1,183,643 common shares of AdB, at the book value of Euro 8.26 per share.

The market value of these shares as at 31 December 2019 is €12.12 and effective from February 2020 their value followed the general temporary trends shown by the global stock

markets and dropped, as at 27 March 2020, to €8.14.

The greater value attributed to this investment, with respect to the corresponding portion of equity, is due to the positive outlooks about the company's potential to generate greater revenues, as shown by the historical trends of its shares in the stock markets, which has always been -except in the early months of 2020- far greater than the book value, right from the moment of their first listing.

Please note that on 6 May 2019 the ordinary shareholders meeting of AdB approved its annual report 2018, that closed, on consolidated level, at a profit of over €17.1 million. In accordance with the resolution passed in the said meeting, in 2019 AdB paid a dividend of €0.449 per share, 15% more than the previous dividend of €0.392 per share. Therefore in 2019 the Company collected dividends for more than €531 thousand.

Please note that the figures shown refer to the financial statements as at 31/12/2018 and are shown in accordance with art. 2427 (1.5) of the Civil Code:

Company	Address	Share capital	Shareholders' equity as at 31/12/2018	Interest share as at 31/12/2019
Aeroporto G.Marconi di Bologna S.p.A.	Bologna	90,314	170,236	3,28%

Noncurrent receivables for a total of €65 thousand are all cash deposits.

Also, the holding company SAGAT holds 74,178 treasury shares; after the coming into force of Legislative Decree 139/15 on 1 January 2016, in enforcement of Directive 2013/34 on annual financial statements, consolidated financial statements and

related reports, in the past year SAGAT had already removed their book value from the fixed assets.

Those shares had been acquired by the Company by decision of the General Meeting on 10/12/2002, that authorised the purchase of a maximum of 58,400 treasury shares, entirely freed up. On 14 March 2003 the company made such purchase. The value of the

shares held had reached €4,824 thousand in 2008, after the closing of the stock option plan addressed to the Company's managers.

## Inventory

The inventory, totalling €461 thousand, refers basically to raw and ancillary materials, consumables and maintenance materials belonging to the holding company. The item has increased by €69 thousand compared to 2018. As at year-end, the inventory did not include any element that might be expected to be realized at a lower price than the respective inventory value.

## Accounts receivable

These are recorded for a total of €34,967 thousand, compared to €32,180 thousand in 2018. Their total amount relates mostly to customers based in Italy or in the European Union.

The caption "Accounts receivable from customers" has increased from €15,215 thousand as at 31/12/2018 to €15,271 thousand as at 31/12/2019 (+€56 thousand), basically due to the ordinary trend of sales volumes and to the customers' payment policies.

The caption includes accounts receivable at a face value of €20,801 thousand (€19,486 thousand in 2018) after write-down (€5,530 thousand) allocated to the provision for bad debts. During the year the provision for bad debts has increased by €1,259 thousand due to amounts used to eliminate receivables no longer capable of being collected (€141 thousand), release to the income statement of amounts allocated in the past and no longer necessary (€63 thousand) and adjustments based on actual needs (€1,463 thousand, almost entirely with the aim of mitigating the risk of non-collection in respect of one of the main customers of the Company.

Therefore, the total value of the provisions is sufficient to cover the risks of non-collection of the accounts receivable existing at year-end.

The caption "Accounts receivable from subsidiary companies", €0, has not changed compared to the previous year.

The "Accounts receivable from parent companies" are the receivables arisen within the Group towards the parent company 2i Aeroporti as a consequence of tax consolidation.

## Tax receivables:

Tax receivables are recorded for €4,025 thousand (€1,819 thousand as at 31/12/2018). The portion due beyond 12 months amounts to €3,352 thousand. The details of tax receivables are shown in the table below:

Specification	2019	2018
IRES receivables	30	30
IRAP receivables	19	154
IRES refund receivable	23	23
Creditor VAT	635	800
Other	3,317	810
<b>TOTAL</b>	<b>4,025</b>	<b>1,819</b>

The "Account receivable on IRES refund", €23 thousand, relates to the application for refund of the extra taxes paid between 2007 and 2011, due to the omitted deduction of the IRAP tax due on the costs of subordinate and quasi-subordinate employees.

The application for refund, filed on 18 February 2013 by the holding company on behalf of all Group companies by virtue of tax consolidation, pertains for €724 thousand to SAGAT, for

€302 thousand to SAGAT Handling and for €15 thousand to SAGAT Engineering. The variation recorded is due entirely to a €842 thousand refund received during the year.

The "Other receivables", €3,317 thousand, have increased by €2,507 thousand from the previous year mainly due to the recording of the receivables from the Ministry of Infrastructures and Transport arisen with the issue of decision no. 3996/2019 on 14 June 2019 by the Court of Appeal of Rome, that sentenced the Ministry to pay damages to SAGAT on the omitted

adjustment of airport fees to inflation in the years 2006-2008, in the amount of €2,723 thousand plus costs, interest and revaluation. The decision - and hence the entitlement to the amount in question - is immediately enforceable notwithstanding the fact that the Ministry filed an appeal before the Supreme Court. In fact, SAGAT has subsequently demanded payment of the entire amount from the Ministry.

The caption "Deferred tax assets" amounts to €6,385 thousand and is detailed in the table below:

	IRES (corporate income tax)	IRAP (regional tax on productive activities)	TOTAL
<b>A) Temporary differences</b>			
Total deductible temporary differences	23,601,237	17,130,493	
Total taxable temporary differences	317,088	0	
Net temporary differences	(23,284,149)	(17,130,493)	
<b>B) Fiscal effects</b>			
Provision for deferred tax liabilities (assets) at beginning of year	(2,265,291)	(221,927)	(2,487,218)
Deferred tax liabilities (assets) for the year	(3,400,373)	(497,275)	(3,897,648)
Provision for deferred tax liabilities (assets) at end of year	(5,665,664)	(719,202)	(6,384,866)

The caption "Other accounts receivable", totalling €9,094 thousand, has decreased by €265 thousand compared to the previous year.

Specification	31/12/2019	Of these, due beyond 12 months	31/12/2018	Of these, due beyond 12 months	Difference
Account receivable from the Town Authority of Turin	893	682	893	682	-
Other receivables from the Public Administration	33		33		-
Payments on account to vendors	598	11	452	11	146
Receivables from carriers on municipal tax	8,048		7,585		463
Other receivables	249	123	395	123	(146)
Use of provision for bad debts	(727)	(727)		(727)	-
<b>TOTAL</b>	<b>9,094</b>	<b>89</b>	<b>9,359</b>	<b>89</b>	<b>265</b>

Tale variazione è sostanzialmente riconducibile a: The difference is due essentially to the following factors:

- the receivables from carriers on municipal tax have increased in the year by €463 thousand; for clarity we remind that these receivables represent the contra entry of the payables by the holding company SAGAT to the Tax Office for the same reason;
- negative changes of equal amount on advances paid to vendors and on other receivables (€146 thousand) reflecting ordinary Group operations.

The account receivable from the Town Authority of Turin, unchanged from the previous year and shown under the receivables due beyond 12 months, relates to the pending controversy on the fee, described in the Directors' Report.

The account receivable from the Town Authority of Turin also includes, for €211 thousand as in the previous year, the residual portion of an advance that SAGAT had to pay in 1992 for the completion of certain works at the control tower, in order to cover the insufficient funds earmarked by the Town Authority after the construction contractor ICEM went bankrupt and the guarantor insurer FIRS was placed into forced liquidation, as neither

of the latter honoured their obligation to repay the contractually agreed advances. The company has filed proof of claim as creditor in the bankruptcy of ICEM and in the forced liquidation of FIRS. No decisive events in this proceeding have occurred during the year.

### Cash and cash equivalents

These include:

- as to bank and post office deposits, the funds immediately available on deposits or current accounts with banks and post offices;
- as to cash in hand, the liquidity existing as at 31 December 2019 in the treasuries of Group companies;
- as to cheques, the credit instruments received from third parties as deposits.

Compared to the past year, the items are broken down as follows:

Specification	2019	2018	Difference
Bank and post office current accounts	9,444	15,982	(6,537)
Cash and valuables in hand	44	42	2
<b>TOTAL</b>	<b>9,489</b>	<b>16,024</b>	<b>(6,535)</b>

For details of the variations in this caption please see paragraph 3.5 of the Report.

### Accrued income and prepayments

These total €147 thousand (€347 thousand as at 31/12/2018), as better detailed below:

	2019	2018
<b>Accrued income</b>	<b>0</b>	<b>0</b>
<b>TOTAL ACCRUED INCOME</b>	<b>0</b>	<b>0</b>
<b>Prepayments</b>		
Insurance	62	69
Other	85	133
Subordinate employees	0	145
<b>TOTAL PREPAYMENTS</b>	<b>147</b>	<b>347</b>
<b>TOTAL</b>	<b>147</b>	<b>347</b>

The caption "Insurance" includes the portions of insurance premiums paid in 2019 and accruing in the subsequent year.



## BALANCE SHEET - LIABILITIES

### Shareholders' equity

The variations in the individual components of the Shareholders' equity (€46,884,678 as at 31/12/2019) are shown below.

The share capital of the holding company amounts to Euro 12,911,481, unchanged from the previous year, and is composed of 2,502,225 shares each with a face value of €5.16. As at year-end, it was distributed as follows among the Shareholders:

Zi Aeroporti S.p.A.	90,28%
Tecno Holding S.p.A.	6,76%
Own shares	2,96%
<b>TOTAL</b>	<b>100%</b>

The share premium reserve is tax-exempt in case of distribution and has not changed from the previous year.

The revaluation reserve, €7,363 thousand, was recorded to account for the revaluation of company assets made by the company pursuant to Law 342/2000. The reserve has not changed during the course of 2019.

Also the legal reserve, amounting to €2,582 thousand, has remained unchanged from the previous year, as it has already reached one-fifth of the capital pursuant to art. 2430 (1) of the Civil Code.

### The other reserves comprise:

- the extraordinary reserve, €4,141 thousand, is entirely made up of annual profits and has decreased by €3,573 thousand compared to 2018, due to its allocation to dividend approved by the general meeting of the Holding company in 2019;
- the reserve for extraordinary investments, €4,906 thousand, is made up entirely of provisions subject to ordinary taxation and has not changed from the previous year;
- the consolidation reserve, €4,415 thousand, has increased compared to 2018 due to the elimination of Aeroporti Holding from the scope of consolidation

The reserve for the hedging of expected cash flows is nil due to the full repayment of the underlying loan by the holding company at the end of 2019.

The caption "Profit (loss) carried forward" (€-64 thousand), has decreased compared to 2018 also due to the removal of Aeroporti Holding from the scope of consolidation.

The negative reserve for treasury stock amounts to €-4,824 thousand and has not changed from the previous year. It was created by the holding company in 2016 in compliance with the provisions of Legislative Decree 139/15 after removing, for the same amount, the book value of the treasury shares held by the Company from the assets section of the balance sheet.

The caption "Equity pertaining to minority shareholder" is brought to nil due to the elimination of Aeroporti Holding from the scope of consolidation.

No deferred tax liabilities were recorded for untaxed reserves, because no transaction that may give rise to taxation is expected for the time being.

The reconciliation between the holding company's equity and result for the year and the consolidated equity and result for the year is given below:

	Shareholders' equity	Net profit (loss)
<b>Equity and net result, SAGAT</b>	<b>46,814,940</b>	<b>9,551,588</b>
Difference between carrying value and equity of consolidated companies	117,738	(217,981)
Consolidation adjustments	(48,000)	16,000
<b>Equity and profit (loss) pertaining to the Group</b>	<b>46,884,678</b>	<b>9,349,607</b>

## Provision for liabilities and charges

The details of this item are shown in the table below:

	Pension and similar funds	Provision for taxes, including deferred taxes	Derivative financial instruments	Other provisions	Total provisions for liabilities and charges
<b>Amount at beginning of year</b>	0	0	29	4,838	4,867
Variations during the year:					
Amount allocated in the year	0	0	0	3,509	3,509
Amount used in the year	0	0	0	(95)	(95)
Other variations	0	0	(29)	(249)	(278)
Total variations	0	0	(29)	3,165	3,136
<b>Balance at end of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,003</b>	<b>8,003</b>

The provision for future liabilities, €8,003 thousand, is recorded according to the principle of conservatism to account for possible liabilities arising from civil and administrative controversies, pending or merely probable. During the year the provision has increased by €3,136 thousand, as a consequence of the following:

- increase by €3,509 thousand in total, of which €3,281 thousand allocated and €228 thousand on costs released to the Income Statement. In particular, the adjustments of prospective liabilities already existing as at 31/12/2018 amount to €290 thousand, while the provisions made for risks arisen in 2019 amount to €3,219 thousand, almost

entirely meant to cover the risk of losing the controversy of SAGAT vs. the Ministry of Transport, as commented above.

- an amount of €95 thousand was used for liabilities arisen during the year, but that had been foreseen and accounted for in previous years;
- other variations, i.e. release of €203 thousand because the provision for pending or potential risks created in previous years was no longer necessary; reclassification to other captions (€45 thousand) and elimination of the provision for derivative financial instruments and corresponding reduction of the cash

flow hedging provision. For further details on these variations, please refer to the section on the Shareholders' Equity of these Notes.

## Provision for employees' severance pay

The provisions for the employees' severance pay ("TFR") were calculated for each company and in accordance with the rules applicable to each company in the Group, as better explained in the paragraph on the drafting principles for the consolidated financial statements.

The caption "Amount allocated" includes the revaluation of the provision, calculated in accordance with the law, and the TFR accruing between 1 January and 31 December 2019, kept with the company, contributed to pension funds and allocated to the INPS Treasury Fund.

The caption "Amount used" includes the TFR accruing to pension funds and to the Treasury Fund as above, and the TFR paid to the employees, both in the form of advances and upon termination of employment.

The table below shows the changes occurred during the year:

	TProvision for staff severance pay
<b>Amount at beginning of year</b>	<b>3,227</b>
Variations during the year:	
Amount allocated in the year	891
Amount used in the year	(1,083)
Other variations	0
<b>Total variations</b>	<b>(191)</b>
<b>Balance at end of year</b>	<b>3,036</b>

## Accounts payable

The accounts payable are recorded for €45,118 thousand (€45,526 thousand as of year-end 2018) and have therefore slightly decreased by €408 thousand.

The accounts payable on bonds, convertible bonds and to shareholders are nil in 2019 as they were in 2018.

Their breakdown and most significant changes occurred during the year are shown below.

The accounts payable to banks now amount to €0,00 (vs. €1,500 thousand in 2018) due to the full repayment by SAGAT of the long-term loan obtained in February 2010 for an original amount of €15 million.

The accounts payable to vendors include the trade payables towards other entities than Group companies. They amount on aggregate to €19,436 (€17,868 thousand in 2018) and have increased by €1,568 thousand, mostly due to new investments. Their total amount relates mostly to customers based in Italy or in the European Union.

As in 2018, there are no payables to subsidiary nor to associated companies

	31/12/2019	31/12/2018
Corporate income tax - IRES	0	0
Regional tax - IRAP	346	0
PAYE tax on employment income	466	436
Taxes on fee increases	704	679
Taxes from previous years	2,034	0
Other	3	4
<b>TOTAL</b>	<b>3,553</b>	<b>1,120</b>

The payables to the parent company amount to €1,977 thousand and reflect the aggregate payables recorded by the Company against the transfer to the parent company 2i Aeroporti of the tax liability for the year as a consequence of joining, as subsidiary, the tax consolidation effective from 2017.

The payables to companies controlled by parent companies amount to €26 thousand. They are all due within 12 months and reflect the exposure of the holding company SAGAT towards a telecom services vendor.

Tax payables, totalling €3,553 thousand, are detailed in the table below:

The tax payables include the total amounts owed as a consequence of applying for the so-called 'fiscal peace'. For a description of their accounting please see the section of these Notes dedicated to tax receivables. 2019 payables are recorded after deducting the payments made in 2018 as interim settlements on the notices of assessment for the years 2012 and 2013 (€635 thousand in total), and less the three installments paid by the Company in 2019, the first paid on 31/05/2019 in accordance with the rule. As at 31/12/2019 the residual amount of the tax liability based on the "fiscal peace" amounts to €2,034 thousand.

Social security payables are all due within 12 months. They amount in total to €1,026 thousand and are shown in the table below:

	31/12/2019	31/12/2018
Payables to INPS/INAIL	990	969
Other	36	24
<b>TOTAL</b>	<b>1.026</b>	<b>993</b>

The other payables, totalling €19,099 thousand, relate to:

	31/12/2019	31/12/2018
ENAC/Concession fee	1.115	1.172
Employees	1.286	1.258
Revenue Office on boarding fee surtax	9.968	8.667
Other parties	6.730	10.289
<b>TOTAL</b>	<b>19.099</b>	<b>21.386</b>

Please note that, in accordance with the laws in force, the entire amount of the account payable to ENAC on airport fees will be paid in the coming year.

The account payable by the holding company to the Tax Office on municipal taxes (€9,968 thousand) has increased in the year by €1,301 thousand and represents the contra entry of the accounts receivable by SAGAT from the carriers

for the same reason. Please note that SAGAT is only required to proceed with the payments as it collects the amounts owed by the carriers.

The caption "Payables to other parties" has decreased in the year by €3,559 thousand, mostly due to the elimination of the account payable on fire-fighting services at the airport for the years 2010 - 2015, since the Company obtained favourable final decisions from the Courts as explained in the section of the Directors' Report

dedicated to litigations. Please refer to the latter for further details. The residual portion of such receivables as at 31 December 2019 amounts to €4,091 thousand.

### Accrued expenses and deferred income

As at 31 December 2019, these amount on aggregate to €7,331 thousand (€8,007 thousand as at 31.12.2018) and are composed as detailed below:

	Accrued expenses	Discount on loans granted	Deferred income	Total accrued expenses and deferred income
<b>Amount at beginning of year</b>	<b>492</b>	<b>0</b>	<b>8,006,118</b>	<b>8,006,610</b>
Variation during the year	96	0	(678,815)	(678,819)
<b>Balance at end of year</b>	<b>588</b>	<b>0</b>	<b>7,327,303</b>	<b>7,327,891</b>

The caption "Deferred income" relates mostly to portions of construction grants deferred by the holding company because not pertaining to the reference year. These grants were recorded according to the specific accounting criteria described above. The decrease recorded in the reference year relates mostly to the 2019 portion of these grants released to the income statement.

### Payables, accrued and deferred income broken down by maturity and type

A breakdown of payables, accruals and deferred income by maturity and type is presented below:

	Bonds	Convertible bonds	Shareholder loans	Payables to banks	Payables to other lenders	Advances	Trade payables	Payables in the form of credit instruments
Amount at beginning of year				1,500,000			17,858,348	
Variation during the year				(1,500,000)			1,577,728	
<b>Balance at end of year</b>				<b>0</b>			<b>19,436,076</b>	
Portion due within 12 months				0			19,429,523	
Portion due after 12 months				0			6,823	
Of these, due beyond 5 years				0			0	

	Payables to subsidiary companies	Payables to associated companies	Payables to parent companies	Payables to companies controlled by the parent companies	Tax payables	Social security payables	Other payables	Total accounts payable
Amount at beginning of year			2,534,909	102,491	1,119,777	992,671	21,382,202	45,490,398
Variation during the year			(557,558)	(76,607)	2,433,451	33,495	(2,282,891)	(372,382)
<b>Balance at end of year</b>			<b>1,977,351</b>	<b>25,884</b>	<b>3,553,228</b>	<b>1,026,166</b>	<b>19,099,311</b>	<b>45,118,016</b>
Portion due within 12 months			1,977,351	25,884	1,519,286	1,026,166	18,259,574	42,237,514
Portion due after 12 months			0	0	2,033,942	0	839,737	2,880,502
Of these, due beyond 5 years			0	0	0	0	0	0

## Memorandum accounts

Their breakdown and nature are shown below:

Nature	31/12/2019	31/12/2018
Third-party assets received in concession	59,654	59,654
Personal guarantees received from third parties	13,850	12,717
<b>TOTAL</b>	<b>73,504</b>	<b>72,371</b>
Personal guarantees given to third parties	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>

Third-party assets in concession are the fixed assets received in concession by SAGAT. These, however, are only the investments made by the entity granting the concession since the 1980's to this date, as the value of the assets built before that date—which include aircraft movement areas—is unknown.

They also include the value of the airport

enlargement works carried out and funded by the Municipality of Turin on the occasion of the Winter Olympics.

The personal guarantees received from third parties are the bank guarantees received from carriers and from third parties in general.

There are no personal guarantees given to third parties.



## INCOME STATEMENT

The most relevant consolidated Income Statement components for 2019 are shown below.

### Revenues from sales and services

The revenues from sales and services obtained by the Group entirely in the territory of Italy and from customers based mostly in Italy or in the European Union, are broken down as follows (art. 2427 (1. 10 of the Civil Code).

	Year 2019	Year 2018
Revenues from air traffic	25,829	26,612
Security	8,352	8,446
Handling and revenues from other than air traffic	11,680	12,346
Car parking services	5,930	6,118
Subcontracted services	3,631	3,737
Subcontracted activities and sublease of airport spaces	4,890	4,943
Centralized infrastructures	1,454	1,648
Assets in exclusive use	737	780
Other revenues	84	115
<b>TOTAL</b>	<b>62,587</b>	<b>64,746</b>



## Other revenues and proceeds

The other proceeds are broken down as follows:

	Year 2019	Year 2018
Recovery of utilities in common and miscellaneous expenses	166	156
Miscellaneous contingent gains	4,944	269
Other proceeds	5,798	1,238
Grants for plant and equipment investments	671	671
<b>TOTAL</b>	<b>11,578</b>	<b>2,334</b>

Please note that, with the coming into force of Legislative Decree 139/15, in enforcement of Directive 2013/34 on annual financial statements, consolidated financial statements and related reports, this item also includes those income items that were previously recorded as "Exceptional income", a caption that does not exist anymore.

The "Other income and proceeds", totalling €11,578 thousand, have increased notably compared to 2018, mostly due to miscellaneous contingent gains arising, among the other revenues recorded by the holding company SAGAT, from the decision no. 3996/2019 issued on 14/06/2019 by the Court of Appeal of Rome, that sentenced the Ministry of Transport to pay liquidated damages from the years 2006 - 2008 (€3,153 thousand) inclusive of costs, interest and revaluation. For more details please refer to the section on controversies in the Directors' Report of SAGAT.

Moreover, the holding company recorded cancelled liabilities for €4,622 thousand, including the removal of the account payable on Fire Department fees for the years 2010 to 2015 (€4,119 thousand). Also in this case, for more details please see the section on controversies in the Directors' Report of SAGAT.

The grants for plant and equipment investments include, according to the criteria described above, the portion accruing in 2018 of the grants obtained from Regione Piemonte for the enlargement works at the Passenger and General Aviation terminals and at the luggage logistics buildings included in the Master Programme Agreement for the improvement of airport infrastructures in view of the "Turin 2006" 20th Winter Olympics (agreement no. 9313 of 12 July 2004), recorded by the principle of accrual in the amount of €665 thousand.

## PRODUCTION COSTS

Production costs amount in total to €61,074 thousand and are broken down as follows:

### Purchase of raw and maintenance materials, consumables and goods

These costs (€1,538 thousand as at 31 December 2019) are broken down as follows:

	Year 2019	Year 2018
Maintenance materials	460	421
Miscellaneous materials	93	110
Materials intended for resale	0	0
Fuels and lubricants	582	610
De-icing	343	375
Stationery and printing	60	65
<b>TOTAL</b>	<b>1,538</b>	<b>1,582</b>

### Services

The costs of services (€22,601 thousand) are composed of:

	Year 2019	Year 2018
Miscellaneous services	2,840	3,169
Support, storage and PRM services	798	645
Electricity and other utilities	3,024	3,009
Technical, management and marketing consulting services	812	582
Security services	3,034	3,323
Cleaning and waste collection services	1,135	1,116
Maintenance / repair and other contract costs	1,807	1,636
Maintenance and repair of leased assets	260	463
Business and general insurance policies	430	399
Miscellaneous payroll costs (cafeteria, training, travel, etc.)	653	646
Other	7,807	8,664
<b>TOTAL</b>	<b>22,601</b>	<b>23,653</b>

## Leasehold costs

Leasehold costs (€2,983 thousand), are composed of:

	Year 2019	Year 2018
Airport concession fee	2,324	2,407
Fee owed to the Town Authority of Turin	349	347
Fee owed to the Town of San Maurizio	24	24
Other concession fees (radio)	93	94
Leases and rentals	193	165
<b>TOTAL</b>	<b>2,983</b>	<b>3,036</b>

The decrease in this caption for a total of €54 thousand is basically due to the reduction of the airport concession fee.

## Payroll costs

The payroll costs, inclusive of outsourced staff, amount to €20,198 thousand, increasing by €503 thousand compared to the previous year. The main circumstances causing such increase are

described in the section on staff in the Directors' Report for the Group.

The average number of Group employees in the year was 354.8 FTE and has decreased compared to the previous year (361.4).

The breakdown of total Group employees by category in 2019 and 2018 is shown below.

Category	Average number	Average number	Difference	Percentage difference
Executives	6.9	5.3	1.6	30.6%
Clerical staff	246.7	240.1	6.6	2.8%
Blue-collar staff	101.2	116.0	(14.8)	(12.8%)
<b>TOTAL</b>	<b>354.8</b>	<b>361.4</b>	<b>(6.6)</b>	<b>(1.8%)</b>

## Amortization, depreciation and write-down

Amortization, depreciation and write-down amount in total to €8,291 thousand and are broken down as follows:

	Year 2019	Year 2018
Depreciation of tangible assets	5,204	4,905
Amortization of intangible assets	942	1,339
Write-down of fixed assets	0	0
Write-down of accounts receivable	2,145	542
<b>TOTAL</b>	<b>8,291</b>	<b>6,787</b>

The caption "Amortization and depreciation", €8,291 thousand in total, has increased from the previous year by €1,504 thousand, basically due to ordinary life cycle and replacement of existing fixed assets.

No fixed asset was written down during the year.

As mentioned earlier, in 2019 the provision for bad debts received an allocation of €1,450 thousand, in order to be adjusted to the Company's actual needs. The rest was used to write down receivables other than trade receivables, that are therefore recorded at their presumable realization value.

## Changes in the inventory of raw and maintenance materials, consumables and goods

The stock of raw and ancillary materials, consumables and goods has increased by €69 thousand in the year, and the relevant purchase costs have decreased accordingly. In 2018 the caption had shown a decrease by €26 thousand.

## Provisions for liabilities and charges

An amount of €3,281 thousand was allocated in the year to the provision for miscellaneous liabilities in order to cater for the losses or

payables of probable or certain occurrence, the amount or date of occurrence of which is however uncertain as at the closing date. For details about the nature of the amounts allocated, please refer to the section in these Notes dedicated to the provision for liabilities and risk and its variations.

### Miscellaneous operating costs

Miscellaneous operating costs, totalling €2,250 thousand, relate to:

	Year 2019	Year 2018
Guest entertainment expenses	31	49
Contingent liabilities / cancelled liabilities	661	426
Membership fees	145	143
Damages liquidated to third parties	2	15
Fire Department fee	649	649
IMU (municipal property tax)	225	225
Other	538	594
<b>TOTAL</b>	<b>2,250</b>	<b>2,100</b>

This caption has increased by €150 thousand compared to the previous year.

### Financial income (expense)

This caption, positive by €499 thousand compared to €875 thousand in 2018, is broken down as follows:

	Year 2019	Year 2018
Interest and other financial expense	(36)	(94)
Income from equity investments	531	837
Other financial income	4	133
<b>TOTAL</b>	<b>499</b>	<b>875</b>

During the year the Group has recorded income from equity investments for a total of €531 thousand, arising from dividends collected by the subsidiary Aeroporti Holding from its investment in AdB and then attributed to the holding company after the demerger of Aeroporti Holding. Please note that the decreased compared to 2018 is due to the reduction of the share held in AdB, that after the said demerger changed from 5.91% to 3.28% of the capital.

During the year, the Group has recorded interest income on current accounts for a total of €4 thousand, and interest expense for €36 thousand, due to the loan that the holding company repaid in full at the end of the year.

### Adjustments to the value of financial assets

No adjustments to the value of financial assets were made during the year.

### Income taxes

Income taxes, totalling €4,241 thousand, are the estimated amount of income taxes for the year and of deferred tax assets and liabilities as shown in the table below.

	Year 2019	Year 2018
IRES (corporate income tax)	4,722	2,557
IRAP (regional tax on productive activities)	821	517
Gain from tax consolidation	(80)	(4)
Income taxes relating to past years	2,675	0
Deferred tax assets (liabilities)	(3,898)	(304)
<b>TOTAL</b>	<b>4,241</b>	<b>2,767</b>

The table below shows the reconciliation between the theoretical tax burden and the tax burden recorded in the consolidated financial statements as of 31 December 2019, compared with the corresponding period in 2018. The theoretical tax liability was calculated by applying the current

	SAGAT	SAGAT HANDLING
EBT	13.867	(292)
Theoretical IRES rate (%)	27,5%	24%
Theoretical income tax	3.813	(70)
Tax effects of IRES variations	906	(7)
Impact of deferred taxes	(1.221)	(2)
IRAP (regional tax on productive activities)	816	5
<b>Income taxes recorded (current and deferred)</b>	<b>4.315</b>	<b>(74)</b>

corporate income tax ("IRES") rate, which in 2019 is 27.5% for SAGAT and 24% for Sagat Handling. The consolidated EBT is the outcome of the profits (losses) of the consolidated companies, less consolidation adjustments. Please note that the IRAP rate of 4.2% for SAGAT and 3.9% for Sagat Handling is not calculated on the same taxable base used for IRES purposes.

### Operating profit (loss)

The consolidated profit for the year, which coincides with the net profit of the Group as the portion of minority shareholders is no longer present, amounts to €9,349,606

## 4.2.4 Other information

### Significant events occurred after the closing of the year

After the end of 2019, no events have occurred requiring changes to the income statement, balance sheet and financial position shown in the accounts as at 31 December 2019.

The most significant event that occurred after the closing of the financial year was the health emergency related to the Covid-19 pandemic, whose effects are described in detail in the "Predictable developments for 2020" section of the Directors' Report.

As already explained in the corresponding section of the Report, starting from January 2020 the domestic and international scenario was affected by the spreading of Covid-19 and by the consequent restrictive measures implemented by the public authorities of all the countries concerned.

The table below shows traffic data in the weeks of March 2020, after the start of the emergency

Week	Passengers
02 - 08 Mar 2020	39,423
09 - 15 Mar 2020	13,043
16 - 22 Mar 2020	1,348
23 - 29 Mar 2020	800

	02 - 08 Mar 2020	23 - 29 Mar 2020	Difference	%
Passengers	39,423	800	-38,623	-98%

As far as SAGAT Handling is concerned, in the first three months of 2020 there has been a decrease in movements (-33.7%), passengers (-33.2%), and tonnage of handled aircraft (-32.2%). The market share of SAGAT Handling at the airport has also decreased from 70.61% to 68.3%.

Cargo traffic has also decreased by -3.0%.

For the time being, the economic and financial effects of this phenomenon cannot be quantified reliably, as they are closely tied to the continuation of the restrictive measures implemented by the competent authorities, both in Italy and in other countries. However, the outlooks imply a significant reduction in the volumes, and hence in the earnings and in the cash flow in the coming quarter at least.

Considering the circumstances, absolutely exceptional by nature and scope, SAGAT has promptly implemented a series of actions aimed at protecting the health of the staff and the passengers, abiding strictly by the orders issued by the competent authorities. The Company also launched immediately initiatives aimed at mitigating as much as possible the economic and financial impact of the health emergency.

While the consequences of the ongoing emergency cannot be predicted for the time being, the Company is in the position to be able to honour its financial commitments for the next 12 months.

### Relationships with subsidiaries and other related parties

For a detailed analysis, please see the dedicated section in the Directors' Report for the holding company. It is however worth noting that these relationships were all at arm's length.

### Emoluments of directors and auditors

The total amount of the emoluments paid to the directors and statutory auditors of the consolidated companies is shown in the table below:

	Euro thousand
	Year 2019
Directors	237
Statutory Auditors	87
<b>TOTAL</b>	<b>324</b>

These emoluments are recorded as costs of services and take into account all the people who have held offices as directors and statutory auditors during the reference year, even if only for a part of it.

### Independent auditors' fees

The total amount of the fees paid to the independent auditors for the mandatory annual audit of the accounts as well as for other services provided during the year is shown in the table below:

Activities Performed	Euro thousand		
	SAGAT	SAGAT Handling	Total SAGAT Group
Annual statutory audit of the accounts	15	9	24
Other auditing services	6	5	11
Other services than auditing	9	0	9
<b>TOTAL</b>	<b>30</b>	<b>16</b>	<b>46</b>

Signed in original by:  
The Chairwoman  
**Elisabetta Oliveri**

## 4.3 Independent auditors' report - Consolidated Financial Statements



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Relazione della società di revisione indipendente  
ai sensi dell'art. 14 del D. Lgs. 27 gennaio 2010, n. 39

Agli azionisti della  
SAGAT S.p.A.

### Relazione sulla revisione contabile del bilancio consolidato

#### Giudizio

Abbiamo svolto la revisione contabile del bilancio consolidato del Gruppo SAGAT (il Gruppo), costituito dallo stato patrimoniale al 31 dicembre 2019, dal conto economico e dal rendiconto finanziario per l'esercizio chiuso a tale data e dalla nota integrativa.

A nostro giudizio, il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo al 31 dicembre 2019, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data, in conformità alle norme italiane che ne disciplinano i criteri di redazione.

#### Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). La nostra responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione Responsabilità della società di revisione per la revisione contabile del bilancio consolidato della presente relazione. Siamo indipendenti rispetto alla SAGAT S.p.A. in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

#### Richiamo di informativa

Richiamiamo l'attenzione sui paragrafi "Fatti di rilievo avvenuti dopo la chiusura dell'esercizio" della nota integrativa ed "Evoluzione prevedibile della gestione" della relazione sulla gestione che descrivono gli effetti sull'attività del Gruppo derivanti dalla diffusione del COVID 19 e dai provvedimenti legislativi a carattere di urgenza assunti dal Governo italiano per il relativo contenimento. Il nostro giudizio non è espresso con rilievi in relazione a tale aspetto.

#### Altri aspetti

Il bilancio consolidato del Gruppo SAGAT per l'esercizio chiuso al 31 dicembre 2018 è stato sottoposto a revisione contabile da parte di un altro revisore che, in data 12 aprile 2019, ha espresso un giudizio senza rilievi su tale bilancio.

L'attività di revisione contabile si è in parte svolta nel contesto della situazione venutasi a creare a seguito della diffusione del COVID 19 e dei connessi provvedimenti, anche di natura restrittiva alla

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circolazione, emanati dal Governo Italiano a tutela della salute dei cittadini. Conseguentemente, in ragione di oggettive situazioni di forza maggiore, alcune procedure di revisione previste dagli standard professionali di riferimento sono state eseguite nell'ambito (i) di una rimodulata organizzazione del personale, improntata ad un ampio uso di smart working e (ii) di differenti modalità per interfacciarsi con i referenti aziendali e di raccolta delle evidenze probative, attraverso l'utilizzo, in modo prevalente, di documentazione in formato elettronico trasmessaci con tecniche di comunicazione a distanza.

### Responsabilità degli amministratori e del collegio sindacale per il bilancio consolidato

Gli amministratori sono responsabili per la redazione del bilancio consolidato che fornisca una rappresentazione veritiera e corretta in conformità alle norme italiane che ne disciplinano i criteri di redazione e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili per la valutazione della capacità del Gruppo di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio consolidato, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio consolidato a meno che abbiano valutato che sussistono le condizioni per la liquidazione della capogruppo SAGAT S.p.A. o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria del Gruppo.

### Responsabilità della società di revisione per la revisione contabile del bilancio consolidato

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio consolidato nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che tuttavia non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche degli utilizzatori prese sulla base del bilancio consolidato.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio consolidato, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti od eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno del Gruppo;



- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli amministratori e della relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità del Gruppo di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che il Gruppo cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio consolidato nel suo complesso, inclusa l'informativa, e se il bilancio consolidato rappresenta le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione;
- abbiamo acquisito elementi probativi sufficienti e appropriati sulle informazioni finanziarie delle imprese o delle differenti attività economiche svolte all'interno del Gruppo per esprimere un giudizio sul bilancio consolidato. Siamo responsabili della direzione, della supervisione e dello svolgimento dell'incarico di revisione contabile del Gruppo. Siamo gli unici responsabili del giudizio di revisione sul bilancio consolidato.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dai principi di revisione internazionali (ISA Italia), tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

### Relazione su altre disposizioni di legge e regolamentari

#### Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39

Gli amministratori della SAGAT S.p.A. sono responsabili per la predisposizione della relazione sulla gestione del Gruppo SAGAT al 31 dicembre 2019, inclusa la sua coerenza con il relativo bilancio consolidato e la sua conformità alle norme di legge.

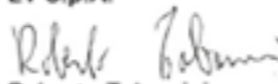
Abbiamo svolto le procedure indicate nel principio di revisione (ISA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio consolidato del Gruppo SAGAT al 31 dicembre 2019 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio consolidato del Gruppo SAGAT al 31 dicembre 2019 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, comma 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Roma, 22 aprile 2020

EY S.p.A.

  
Roberto Tabarrini  
(Revisore Legale)

# 5 Annexes



## Balance sheet and Income Statement of SAGAT Handling S.p.A.

(amounts shown in Euro)

Balance sheet: Assets	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
<b>A) Contributions receivable from shareholders</b>	<b>0</b>	<b>0</b>
<b>B) Fixed assets</b>		
<b>I. Intangible assets</b>		
3) Industrial patent and intellectual property rights	0	0
7) Other fixed assets	15,354	45,419
<b>Total</b>	<b>15,354</b>	<b>45,419</b>
<b>II. Tangible assets</b>		
3) Operating and sales equipment	22,956	28,096
4) Other assets	205,031	221,190
5) Investments in progress and payments on account	0	0
<b>Total</b>	<b>227,987</b>	<b>249,286</b>
<b>III. Financial assets</b>		
1) Investments in:		
d-bis) Other companies	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>TOTAL FIXED ASSETS (B)</b>	<b>243,341</b>	<b>294,705</b>

(amounts shown in Euro)

Balance sheet: Assets	Financial statements as at 31/12/2019	Financial statements as at 31/12/2018
<b>C) CURRENT ASSETS</b>		
<b>I. Inventory</b>		
1) Raw and maintenance materials, consumables	58,249	62,452
<b>Total</b>	<b>58,249</b>	<b>62,452</b>
<b>II. Accounts receivable</b>		
1) From customers:		
due within 12 months	1,601,315	2,318,837
4) From parent companies:		
due within 12 months	1,830,504	390,092
5-bis) Tax receivables:		
due within 12 months	257,021	350,855
due beyond 12 months	158,528	158,528
5-ter) Deferred tax assets:		
due within 12 months	212,001	211,961
due beyond 12 months	0	0
5-quater) Other receivables:		
due within 12 months	102,938	119,957
due beyond 12 months	0	0
Total accounts receivable:		
due within 12 months	4,003,779	3,391,702
due beyond 12 months	158,528	158,528
<b>Total</b>	<b>4,162,307</b>	<b>3,550,230</b>
<b>III. Current financial assets</b>		
6) Other securities	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>IV. Cash and cash equivalents</b>		
1) Cash in bank	1,382,998	2,340,522
3) Cash and valuables in hand	2,026	1,179
<b>Total</b>	<b>1,385,024</b>	<b>2,341,701</b>
<b>TOTAL CURRENT ASSETS (C)</b>	<b>5,605,580</b>	<b>5,954,383</b>
<b>D) ACCRUED INCOME AND PREPAYMENTS</b>		
Accrued income	0	0
Prepayments	21,695	23,207
<b>TOTAL ACCRUED INCOME AND PREPAYMENTS (D)</b>	<b>21,695</b>	<b>23,207</b>
<b>TOTAL ASSETS</b>	<b>5,870,616</b>	<b>6,272,295</b>



(amounts shown in Euro)

Balance sheet: Liabilities	Financial Statements as at 31/12/2019	Financial Statements as at 31/12/2018
<b>A) SHAREHOLDERS' EQUITY</b>		
I. Share capital	3,900,000	3,900,000
IV. Legal reserve	192,761	192,761
VI. Other reserves, itemized:		
Extraordinary reserve	149,403	149,403
Reserve for coverage of losses	0	0
VIII. Profit (loss) carried forward	(1,062,848)	(1,111,566)
IX. Profit (loss) of the year	(217,981)	48,719
<b>TOTAL SHAREHOLDERS' EQUITY (A)</b>	<b>2,961,335</b>	<b>3,179,317</b>
<b>B) Provisions for liabilities and charges</b>		
2) Provision for deferred taxes	15,465	17,438
4) Other provisions:		
Provision for future liabilities	117,892	94,676
<b>TOTAL PROVISIONS FOR LIABILITIES AND CHARGES (B)</b>	<b>133,357</b>	<b>112,114</b>
<b>C) Provision for staff severance pay</b>	<b>848,816</b>	<b>943,732</b>
<b>D) Accounts payable</b>		
7) Trade payables:		
due within 12 months	944,846	867,085
11) Payables to parent companies:		
due within 12 months	213,905	312,584
12) Tax payables:		
due within 12 months	122,323	128,341
13) Social security payables:		
due within 12 months	290,198	316,779
14) Other payables:		
due within 12 months	355,836	412,343
Total:		
due within 12 months	1,927,108	2,037,132
due beyond 12 months	0	0
<b>TOTAL ACCOUNTS PAYABLE (D)</b>	<b>1,927,108</b>	<b>2,037,132</b>
<b>E) Accrued expenses and deferred income</b>		
Accrued expenses	0	0
Deferred income	0	0
<b>TOTAL LIABILITIES</b>	<b>5,870,616</b>	<b>6,272,295</b>

(amounts shown in Euro)

Income Statement	Financial Statements as at 31/12/2019	Financial Statements as at 31/12/2018
<b>A) Production value</b>		
1) Revenues from sales and services	8,741,182	9,572,773
5) Other revenues and proceeds, with operating grants stated separately	2,117,754	2,125,221
<b>TOTAL PRODUCTION VALUE (A)</b>	<b>10,858,936</b>	<b>11,697,994</b>
<b>B) Production costs</b>		
6) Cost of raw and ancillary materials, consumables and goods	579,333	680,566
7) Cost of services	2,804,368	2,860,791
8) Leasehold costs	1,324,191	1,341,313
9) Payroll costs:		
a) salaries and wages	4,461,534	4,686,345
b) social security	1,299,628	1,334,165
c) severance pay	270,592	287,053
d) pension and similar benefits		
e) other costs	113,495	110,127
<b>Total payroll costs</b>	<b>6,145,249</b>	<b>6,417,690</b>
10) Amortization, depreciation and write-down:		
a) amortization of intangible assets	32,045	34,853
b) depreciation of tangible assets	102,075	85,361
d) write-down of current receivables and of cash and equivalents	13,494	16,984
<b>Total amortization, depreciation and write-down</b>	<b>147,614</b>	<b>137,198</b>
11) Changes in the inventory of raw and maintenance materials, consumables and goods	4,203	(9,946)
12) Provisions for liabilities and charges	23,217	46,809
14) Miscellaneous operating costs	123,250	173,620
<b>TOTAL PRODUCTION COSTS (B)</b>	<b>11,151,425</b>	<b>11,648,041</b>
<b>PRODUCTION VALUE LESS PRODUCTION COSTS (A-B)</b>	<b>(292,489)</b>	<b>49,953</b>

## Balance Sheet and income Statement Aeroporti Holding S.r.l.

(amounts shown in Euro)

Income Statement	Financial Statements as at 31/12/2019	Financial Statements as at 31/12/2018
<b>C) Financial income (expense)</b>		
15) Income from equity investments:		
dividends and other proceeds from others	0	0
16) Other financial income:		
d) other income:		
from parent companies		0
other	161	29,730
<b>Total</b>	<b>161</b>	<b>29,730</b>
17) Interest and other financial expense	(1)	(1)
17bis) Exchange gains (losses)	56	14
<b>TOTAL FINANCIAL INCOME (EXPENSE) (C)</b>	<b>216</b>	<b>29,743</b>
<b>D) Adjustments to the value of financial assets</b>	<b>0</b>	<b>0</b>
<b>EBT (A-B+/-C+/-D+/-E)</b>	<b>(292,273)</b>	<b>79,696</b>
20) Income taxes for the year:		
a) Current taxes	72,279	(45,103)
b) Deferred tax assets (liabilities)	2,013	14,126
<b>21) PROFIT (LOSS) OF THE YEAR</b>	<b>(217,981)</b>	<b>48,719</b>

(amounts shown in Euro)

Balance sheet: Assets	Financial statements as at 31/12/2019	Financial Statements As At 31/12/2018
<b>A) Contributions receivable from shareholders</b>		
Shares not yet called up		0
<b>B) Fixed assets</b>		
<b>I. Intangible assets</b>		
1) Start up and improvement costs		0
<b>Total intangible assets</b>		<b>0</b>
<b>III. Financial assets</b>		
1) Equity investments in:		
a) subsidiary companies		0
b) associated companies		0
c) other companies	17,640,883	17,640,883
<b>Total financial assets</b>	<b>17,640,883</b>	<b>17,640,883</b>
<b>TOTAL FIXED ASSETS (B)</b>	<b>17,640,883</b>	<b>17,640,883</b>



(amounts shown in Euro)

Balance sheet: Assets	Financial statements as at 31/12/2019	Financial Statements As At 31/12/2018
<b>C) Current assets</b>		
<b>II. Accounts receivable</b>		
1) From customers:		
due within 12 months	0	0
due beyond 12 months	0	0
4) From parent companies:		
due within 12 months	4,306	4,306
due beyond 12 months	0	0
5-bis) Tax receivables:		
due within 12 months	4,665	7,481
due beyond 12 months	0	0
5-ter) Deferred tax assets:		
due within 12 months		0
due beyond 12 months		0
5-quater) Other receivables:		
due within 12 months	4	0
due beyond 12 months		0
Total accounts receivable:		
due within 12 months	8,976	11,787
due beyond 12 months	0	0
<b>Total</b>	<b>8,976</b>	<b>11,787</b>
<b>IV. Cash and cash equivalents</b>		
1) Bank and post office current accounts	1,652,392	723,619
<b>Total cash and cash equivalents</b>	<b>1,652,392</b>	<b>723,619</b>
<b>TOTAL CURRENT ASSETS (C)</b>	<b>1,661,367</b>	<b>735,406</b>
<b>D) Accrued income and prepayments</b>		
Prepayments	0	0
<b>TOTAL ASSETS</b>	<b>19,302,250</b>	<b>18,376,289</b>

(amounts shown in Euro)

Balance sheet: Liabilities	Financial statements as at 31/12/2019	Financial Statements As At 31/12/2018
<b>A) shareholders' equity</b>		
<b>I. Share capital</b>	11,000,000	11,000,000
<b>II. Share premium reserve</b>	1,544,963	1,544,963
<b>IV. Legal reserve</b>	378,248	338,592
<b>VI. Other reserves</b>	59,203	59,203
<b>VIII. Profit (loss) carried forward</b>	5,373,469	4,619,995
<b>IX. Profit (loss) of the year</b>	939,270	793,130
<b>TOTAL SHAREHOLDERS' EQUITY (A)</b>	<b>19,295,153</b>	<b>18,355,883</b>
<b>B) Provisions for liabilities and charges</b>		
2) Provision for taxes, including deferred	0	0
<b>TOTAL PROVISIONS FOR LIABILITIES AND CHARGES (B)</b>	<b>0</b>	<b>0</b>
<b>D) Accounts payable</b>		
3) Shareholder loans:		
due beyond 12 months	0	0
7) Trade payables:		
due within 12 months	5,769	10,138
11) Payables to parent companies:		
due within 12 months	1,328	6,714
due beyond 12 months		0
12) Tax payables:		
due within 12 months		0
13) Social security payables:		
due within 12 months		0
14) Other payables:		
due within 12 months		3,554
<b>TOTAL ACCOUNTS PAYABLE (D)</b>	<b>7,098</b>	<b>20,406</b>
<b>E) Accrued expenses and deferred income</b>		
Accrued expenses	0	0
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>19,302,250</b>	<b>18,376,289</b>

(amounts shown in Euro)

Income statement	Financial statements as at 31/12/2019	Financial Statements As At 31/12/2018
<b>A) Production value</b>		
5) Other revenues and proceeds, with operating grants stated separately	0	63
<b>TOTAL PRODUCTION VALUE (A)</b>	<b>0</b>	<b>63</b>
<b>B) Production costs</b>		
6) Purchase of raw and maintenance materials, consumables and goods		0
7) Cost of services	18,320	26,667
10) Amortization, depreciation and write-down:		
a) amortization		0
14) Miscellaneous operating costs	952	17,179
<b>TOTAL PRODUCTION COSTS (B)</b>	<b>19,272</b>	<b>43,846</b>
<b>PRODUCTION VALUE LESS PRODUCTION COSTS (A-B)</b>	<b>(19,272)</b>	<b>(43,783)</b>
<b>C) Financial income (expense)</b>		
15) Income from investments in associated companies	958,442	836,769
16) Other financial income:		
d) other income than the above	100	60
17) Interest and other financial expense		0
<b>TOTAL FINANCIAL INCOME (EXPENSE) (C)</b>	<b>958,541</b>	<b>836,829</b>
<b>EBT (A-B+/-C+/-D)</b>	<b>939,270</b>	<b>793,046</b>
20) Income taxes for the year:		
a) current taxes	0	451
b) deferred taxes	0	(367)
<b>TOTAL INCOME TAXES FOR THE YEAR</b>	<b>0</b>	<b>84</b>
<b>21) PROFIT (LOSS) OF THE YEAR</b>	<b>939,270</b>	<b>793,130</b>

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JULY 2020

