Consolidated Interim Financial Report at September 30, 2018

AEROPORTO G. MARCONI DI BOLOGNA S.P.A.

Consolidated Interim Financial Report

Aeroporto Guglielmo Marconi di Bologna Group

at September 30, 2018

This document is a courtesy translation from Italian into English.
In case of any inconsistency between the two versions, the Italian original version shall prevail.

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Aeroporto Guglielmo Marconi di Bologna Spa,
Via Triumvirato, 84 - 40132 Bologna
Bologna Economic and Administrative Register No.:268716
Bologna Company Registration Office, Tax and VAT No.: 03145140376
Share capital: Euro 90,314,162.00 fully paid-in

Ownership of the Parent Company Aeroporto Guglielmo Marconi di Bologna S.p.A.

According to the shareholder register and the notices received pursuant to Article 120 of Legislative Decree No. 58/98, the shareholders of the Parent Company, Aeroporto Guglielmo Marconi di Bologna S.p.A., with holdings of more than 5% were as follows at September 30, 2018:

SHAREHOLDER	**% held**
BOLOGNA CHAMBER OF COMMERCE	37.53%
ATLANTIA S.P.A. (EDIZIONE S.R.L.)	29.38%
F2I FONDI ITALIANI PER LE INFRASTRUTTURE SGR SPA	9.99%

The following have been considered in presenting the Parent Company's ownership structure:

- interests held by the party reporting the holding, or by the party at the head of the chain of control of the holding
- interests deriving from notices submitted by shareholders or notices relating to significant shareholdings pursuant to Article 152 of the CONSOB Issuers' Regulation.

Furthermore, on June 5, 2018 the Bologna Chamber of Commerce, Municipality of Bologna, Metropolitan City of Bologna, Region of Emilia-Romagna, Modena Chamber of Commerce, Ferrara Chamber of Commerce, Reggio Emilia Chamber of Commerce and Parma Chamber of Commerce (collectively, the "Public Shareholders") entered into a shareholders' agreement (the "Shareholders' Agreement") governing certain rights and obligations in respect of the shareholder structure and corporate governance of Aeroporto Guglielmo Marconi di Bologna S.p.A.. This Shareholders' Agreement, filed at the Bologna Companies Registration Office on June 8, 2018 and sent to Consob on June 9, 2018, includes provisions on voting and transfer restrictions, binding the following interests at the publication date of the Shareholders' Agreement:

PUBLIC SHAREHOLDERS	**% Share Capital subject to Voting Agreement**
BOLOGNA CHAMBER OF COMMERCE	37.53%
MUNICIPALITY OF BOLOGNA	3.88%
METROPOLITAN CITY OF BOLOGNA	2.31%
REGION OF EMILIA ROMAGNA	2.04%
MODENA CHAMBER OF COMMERCE	0.30%
FERRARA CHAMBER OF COMMERCE	0.22%
REGGIO EMILIA CHAMBER OF COMMERCE	0.15%
PARMA CHAMBER OF COMMERCE	0.11%

PUBLIC SHAREHOLDERS	% Share Capital subject to Transfer Restriction Agreement
BOLOGNA CHAMBER OF COMMERCE	37.53%
MUNICIPALITY OF BOLOGNA	3.85%
METROPOLITAN CITY OF BOLOGNA	2.30%
REGION OF EMILIA ROMAGNA	2.02%
MODENA CHAMBER OF COMMERCE	0.08%
FERRARA CHAMBER OF COMMERCE	0.06%
REGGIO EMILIA CHAMBER OF COMMERCE	0.04%
PARMA CHAMBER OF COMMERCE	0.03%

Board of Directors

The Board of Directors at the approval date of the Interim Directors' Report at September 30, 2018 comprised:

Name	Office
Enrico Postacchini	Chairman
Nazareno Ventola	Chief Executive Officer (*)
Sonia Bonfiglioli	Director (A) (B)
Giada Grandi	Director
Luca Mantecchini	Director (A)
Laura Pascotto	Director (A) (B)
Giorgio Tabellini	Director
Domenico Livio Trombone	Director (B) (**)

(A) Member of the Remuneration Committee (Chairman: Luca Mantecchini)
(B) Member of the Control and Risks Committee (Chairperson: Sonia Bonfiglioli)
(*) Chief Executive Officer appointed by the Board of Directors on May 9, 2016. He has also been appointed as Director responsible for the Internal Control and Risk Management System. In addition, he is the General Manager.

(**) On October 30, 2017, the Board of Directors co-opted, in replacement of Director Gabriele Del Torchio who resigned on September 4, 2017, the Director Domenico Livio Trombone. This co-option was ratified by the Shareholders' Meeting of April 24, 2018.

On September 20, 2018, the Board of Directors received the resignation of Director Livio Fenati, with effect from September 26, 2018.
With the exception of the director whose co-option was ratified by the Shareholders' Meeting of April 24, 2018, the other Board members were appointed by the Shareholders' Meeting of April 27, 2016. All directors hold office until the approval date of the financial statements as at December 31, 2018.

Board of Statutory Auditors

The Board of Statutory Auditors, appointed by the Shareholders' Meeting of April 27, 2016 and in office until the approval date of the financial statements as at December 31, 2018 are:

Name	**Office**
Pietro Floriddia	Chairman
Anna Maria Fellegara	Statutory Auditor
Matteo Tiezzi	Statutory Auditor
Carla Gatti	Alternate Auditor
Giovanna Conca	Alternate Auditor

Independent Audit Firm

E&Y S.p.A. was appointed as the independent audit firm by the Shareholders' Meeting of May 20, 2015 for the financial years 2015-2023.

Directors' Report of Aeroporto Guglielmo Marconi di Bologna S.p.A. Group at September 30, 2018

INTRODUCTION

This report, accompanying the interim Condensed Consolidated Financial Statements of the Aeroporto Guglielmo Marconi di Bologna Group (hereinafter also the "Aeroporto Group", "Aeroporto" or "AdB") for the nine months ended September 30, 2018, in presenting the Group's performance indirectly analyses also the performance of the Parent Company, Aeroporto Guglielmo Marconi di Bologna S.p.A., the holder of the concession for the full management of Bologna Airport, i.e. Full Management Concession No. 98 of July 12, 2004 and subsequent Additional Deeds, approved by Decree of the Ministry of Transport and Infrastructure and of the Economy and Finance of March 15, 2006, with a term of 40 years starting on December 28, 2004.

The Group's structure at September 30, 2018 and a brief description of the type and businesses of its subsidiaries and associates is presented below:

- Tag Bologna S.r.l. (hereinafter also "TAG"), formed in 2001 and operational since 2008, following the completion and opening of the General Aviation Terminal and hangar. In addition to managing the above infrastructure at Bologna airport, the company operates as a handler in the General Aviation sector; The Parent Company on October 2, taking the opportunity to better control the dedicated airside flight infrastructure, acquired 49% of TAG to gain full ownership;
- Fast Freight Marconi S.p.A. (hereinafter also "FFM"), formed in 2008 by the former subsidiary Marconi Handling S.r.l. (GH Bologna S.p.A. with effect from April 1, 2017), with share capital of Euro 10 thousand, subsequently increased to Euro 520 thousand following the contribution by the single shareholder of a cargo and mail handling business unit based out of Bologna airport. The Parent Company acquired a 100% interest in FFM in 2009;
- Ravenna Terminal Passeggeri S.r.l. (hereinafter also "RTP"), formed in 2009 together with various public and private shareholders operating in the cruise industry to carry out activities related to the concession for managing the Porto Corsini Maritime Station Service (Ravenna).

The amounts in the tables in this Directors' Report are in thousands of Euro, whereas those in the comments are in millions of Euro, unless otherwise indicated. The data is from internal company sources unless otherwise indicated.

Business Description

Airport business may be divided into aviation and non-aviation activities. Aviation activities primarily consist of managing, maintaining and developing airports, which also includes security checks and surveillance, as well as aviation services for passengers, other users and airport operators and marketing activities to develop passenger and cargo traffic. Non-aviation activities primarily consist of developing airport real estate and commercial potential.

Based on the nature of operations, the Group manages the airport through the following Strategic Business Units (SBU's):

- *Aviation Strategic Business Unit*
- *Non-Aviation Strategic Business Unit.*

Aviation SBU

The Aviation SBU's main activities involve managing and developing airport infrastructure and in particular of:

- providing customers and operators with efficient access to all infrastructure, both land side (terminal, baggage sorting, car parking, traffic and cargo storage) and air side (aircraft runways and aprons);
- providing security services and services for passengers with reduced mobility (PRM's);
- informing the public and airport users;
- developing, revamping and expanding airport infrastructure, including installations and equipment, ensuring compliance with applicable legislation.

Consideration for such services takes the form of airport charges of the following types paid by airlines, airport operators and passengers:

- <u>passenger service fees</u>: these fees are due for the use of infrastructure, installations and common areas required for passenger boarding, disembarkation and hospitality and are based on the number of departing passengers, as well as whether they are bound for destinations within or outside the EU, with reductions for minors;
- <u>take-off and landing fees</u>: these fees are due for all aircraft that take off and land and are calculated on the basis of the aircraft's maximum authorised weight at take-off and the type of flight (commercial or general aviation);
- <u>aircraft parking fees</u>, calculated according to maximum weight at take-off;
- <u>freight fees for boarding and disembarking cargos</u> based on the weight of the cargo carried by aircraft;
- <u>refuelling fees</u>, assessed per cubic metre of fuel supplied to aircraft.

The Aviation SBU's other major revenue sources are:

- <u>departing passenger security fees</u>: these fees are due for providing security check services, including the personnel and equipment used by the manager to provide this service;

- checked baggage security fees: these fees are due for the equipment and personnel responsible for performing such checks;
- PRM fees: they include the fees paid for services for passengers with reduced mobility and are based on the number of departing passengers (PRM and otherwise);
- fees for the exclusive use of premises: they include fees for using airport infrastructure dedicated to individual carriers or operators (check-in desks, offices, operating premises), calculated according to the duration of use, floor area and/or location and type of the premises used;
- centralised infrastructure fees: these fees refer solely to aircraft de-icing services and are based on the number of winter flights;
- cargo handling and general aviation fees and fees due for the related activities such as customs clearance and refuelling.

Non-Aviation SBU
The Non-Aviation SBU's main activities relate to parking management, retail sub-concessions, advertising, services for passengers and real estate management.

Parking
Bologna airport's directly operated paid parking areas offer approximately 5,400 available car parking spaces, located in three parking areas: the first close to the terminal, the second close to airport grounds and the third located at approx. 1.5 KM away. The airport's increasing popularity in recent years has also driven a number of private companies to enter the market, creating competing parking lots in the vicinity of the airport, with shuttle bus services to the terminal.

Retail
Bologna airport's retail offerings include internationally recognised brands with local ties and some of the leading local, domestic and international retail and catering chains. The shopping area extends over approximately 4,500 m² and includes 42 shops. The airport upgrade developed the Duty-free areas – one of the SBU's main revenue sources.

Advertising
Advertising is managed using digital and large-format back-lit displays located in areas of the terminal's interior and exterior where the advertisements are highly visible. Campaigns involving the personalisation of particular areas or furnishings located in the airport are sometimes conducted.

Passenger services
Passenger services include a business lounge operated directly by the Parent Company. The *Marconi Business Lounge* (MBL) is an exclusive, comfortable environment used mostly by business passengers travelling with major airlines. In addition, the "You First" service provides arriving and departing passengers with access to exclusive services such as check-in and baggage collection assistance, porterage, gate assistance and priority boarding.
The other services available to passengers include car rentals. Ten rental companies are based at Bologna airport, offering a total of 16 specialised brands and 484 vehicles available at the airport.

Real Estate
Real estate activity is divided into two general areas: sub-concession revenues for aviation-related commercial activities, above all express couriers, and sub-concession revenues for handling services, which are subject to regulated tariffs.
The total commercial premises under sub-concession extend to over 90,000 square metres, of which over 70,000 square metres of offices, warehouses, technical service areas and hangars and approximately

20,000 square metres of outdoor space used for parking operating vehicles, manoeuvring in loading and loading areas and aircraft refuelling vehicle areas.

1 STRATEGIES AND RESULTS

1.1 AIR TRANSPORT GENERAL SECTOR AND PERFORMANCE: G. MARCONI AIRPORT OVERVIEW AND POSITIONING

Growth in the leading advanced economies strengthened in the second quarter, with further improvements expected in Q3 2018. Global trade however slowed significantly, with a sharp decline for imports in Latin America, Russia and Turkey, slowing imports in Asia - with the exception of China and India - and generally poor performances for the advanced economies.

The trade tensions arising from the protectionist measures implemented or announced by the United States and the reactions of its trade partners may impact global economic growth prospects where a deterioration in confidence on foreign orders is followed by investment reviews by enterprises.

In the first half of 2018, Eurozone growth - although continuing - slowed.
Specifically, in the second quarter of 2018 Eurozone GDP grew 0.4% - in line with the first three months of the year and particularly thanks to domestic demand, while the significant slowdown in global trade was accompanied by weakening overseas demand.

According to the International Monetary Fund's most recent forecasts, in 2018 and 2019 global GDP will expand 3.7% and Eurozone GDP respectively by 2.0% and 1.9%.

In the second quarter of 2018, Italian economic activity continued to grow at a contained pace (+0.2%), slightly contracting on the preceding period, thanks to the investment recovery following the drop in the initial months of the year. Household consumption however again stagnated in the wake of the strong gains in the first quarter, while overseas trade again made a negative contribution on the basis of stable exports against a sustained increase in imports. (*Source: Bank of Italy Economic Bulletin, October 2018*).

In this economic environment, in the initial months of 2018 **global** passenger traffic grew 6.7% against the same period of 2017, in line with recent years although slightly declining on the preceding month. Global cargo traffic also performed strongly, with volumes up 3.7%, despite potential risks from international trade tensions.

In **Europe**, passenger traffic advanced 6.2% in the first nine months of 2018, thanks to the strong general economy. Cargo traffic also performed well, with volumes up 3.6% in the first nine months of 2018.
(Air Passenger Market Analysis and Air Freight Market Analysis, September 2018).

The **Italian** market in the same period saw passenger traffic growth of 5.3% (Source: Assaeroporti, September 2018).

1.2 STRATEGIC OBJECTIVES

The Group in 2018 continues to pursue the strategic objectives underlying all operations. The core strategic guidelines are:

"Connect"
The Group seeks to maintain a varied range of flight offerings suited to various types of users by adding to the number of airlines operating out of the airport, while continuing to maintain good margins also on the new traffic generated. In terms of traffic development, the Group targets the adding of routes, with the introduction of new Eastern and long-haul destinations, while boosting frequencies to existing destinations. The Group also focuses on improving airport accessibility, through the development of ground connections and the expansion of its catchment area.

"Develop"
The investments outlined in the Master Plan and Regulatory Agreement are fundamental to the development of the company's business. The strategy in question calls for an efficient use of the existing infrastructure's capacity and modular implementation of new investments to ensure that infrastructure capacity keeps pace with expected traffic development. The passenger terminal expansion project is a key part of the infrastructure development plan, permitting the development of - in particular - the security control areas and the boarding gates, in addition to extending dedicated commercial space.
The Group also plans to develop non-aviation business with the opening of new stores, new car spaces and the extension of the range of services available to passengers.

"Experience"
The Group is focused on ensuring the constant improvement of the services offered to airport users in its fields of operation, both directly and indirectly, while also constantly improving its standards of security, quality and respect for the environment. In order to support and improve all aspects of operations and generate Customer loyalty, the Group considers it key to develop a culture of innovation which revolves around the installation of technology that facilitates greater interaction with passengers and optimises the airport travelling experience.

"Care"
The Group is committed to all aspects of sustainability, ranging from those of an environmental nature to compliance with ethical and social principles, in view of the important role which Bologna airport plays as a vital hub for the region. The Group also strives to develop those who work at the Airport and build an organisation which responds to the evolving demands of the market and which supports the individual in their work.

The Group has furthermore identified two overarching guidelines to the strategic objectives identified above which are viewed as a touchpoint for company operations:

"Maximise financial performance"
The Group is focused on consistently improving the financial performance and on ensuring an adequate return for shareholders.

"Performing corporation"
In order to boost company performances, the Group seeks to improve the efficiency and efficacy of its processes and its internal structure through projects which increasingly involve the interested parties.

1.3 SHARE PERFORMANCE

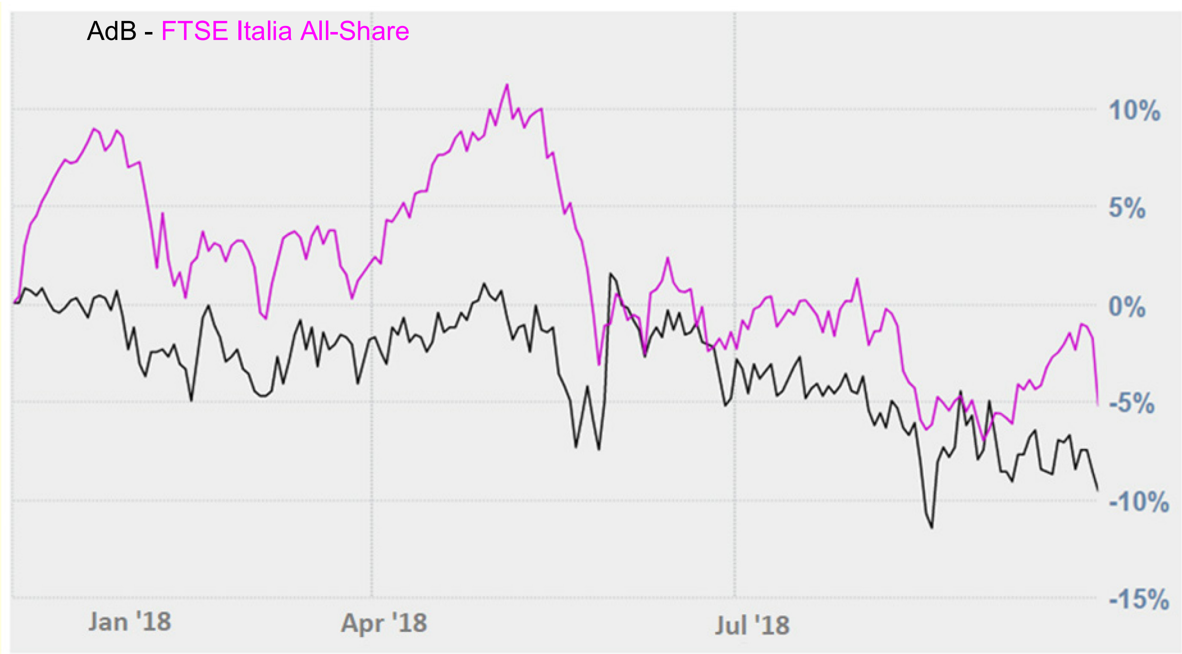
AdB's shares began trading on the STAR segment of the Milan Stock Exchange on July 14, 2015.
The following graphs present:

- the share performance between January 1, 2018 and September 30, 2018;
- tracking of the company's share performance against the FTSE Italia all-share index.

On September 30, 2018, the official share price was Euro 14.46 per share, resulting in an AdB Group market capitalisation of Euro 522 million at that date.

AdB Share performance (01/01/2018-30/09/2018)

AdB and FTSE Italia All-Share performance (01/01/2018-30/09/2018)



2. 2. KEY OPERATING RESULTS ANALYSIS

2.1 AVIATION STRATEGIC BUSINESS UNIT

2.1.1 AVIATION STRATEGIC BUSINESS UNIT: TRAFFIC DATA

The first nine months of 2018 featured strong traffic growth at Bologna airport. Specifically, **Passengers** in fact numbered 6,441,857, including transits and General Aviation - up 2.3% on the same period of 2017. Volume growth slowed, mainly due to the four-day runway closure in the middle of September, resulting in a loss of approx. 100 thousand passengers. **Movements** therefore also slightly decreased (53,891, -1.6%). **Tonnage** (3,529,177, +1.4%) rose due to the use of larger legacy carrier aircraft. This strong performance across-the-board was supported by the introduction of new destinations and the development of existing routes. The average load factor also grew slightly, from 81.5% in 9M 2017 to 81.8% in 9M 2018, as a result of the passenger number increase outstripping the additional number of seats offered.

	January-September 2018	January-September 2017	% Change
Passengers	6,441,857	6,299,489	2.3%
Movements	53,891	54,776	-1.6%
Tonnage	3,529,177	3,479,413	1.4%
Cargo	38,804,463	42,011,261	-7.6%

Data includes General Aviation and transits
Note: the General Aviation figures were recalculated considering only paying traffic

Passenger traffic growth stems from the development of both of the key components - legacy traffic and low-cost traffic.

Legacy traffic was up 3.2% in passenger volume terms in the first nine of 2018, thanks to the introduction of new routes and the addition of flights to existing routes by some of the main international carriers. In particular, new flights have been introduced to Athens (Aegean Airlines, with three weekly flights from May 18), to Kiev (Ernst Airlines, with three weekly flights from June 23) and to six Russian destinations (Ural Airlines, with a weekly flight from April 7). We also report, among the additional summer season flights introduced, the fourth daily flight to Amsterdam operated by KLM, and the third daily flight to Moscow operated by Aeroflot.

Ongoing investment by the **low-cost** carriers at the airport continued, with Ryanair extending its operations (continuing also during Summer 2018 the Winter 2017/2018 connections introduced to Bratislava, Cologne, Naples and Prague and increasing frequencies to Manchester).
Vueling added connections on its Bologna-Barcelona route (from 7 to 12 weekly flights) from May 1, 2018.
In the first nine months of 2018, the low cost component overall grew 0.6%.

Charter segment traffic significantly increased thanks also to a cautious recovery of flights to Egypt. The contribution of this segment to overall airport traffic remained however marginal.

Passenger traffic breakdown	Jan - Sept. 2018	% of total	Jan- Sept. 2017	% of total	% Change
Legacy	2,751,849	*42.7%*	2,666,045	*42.3%*	*3.2%*
Low cost	3,580,196	*55.6%*	3,560,123	*56.5%*	*0.6%*
Charter	96,215	*1.5%*	60,281	*1.0%*	*59.6%*
Transits	7,906	*0.1%*	6,895	*0.1%*	*14.7%*
Total Commercial Aviation	**6,436,166**	*99.9%*	**6,293,344**	*99.9%*	*2.3%*
General Aviation	5,691	*0.1%*	6,145	*0.1%*	*-7.4%*
Total	**6,441,857**	***100.0%***	**6,299,489**	***100.0%***	***2.3%***

In terms of routes operated, Catania is the main destination in terms of passenger traffic volumes, followed by Barcelona, London LHR, Frankfurt and Rome FCO (reporting significant growth on 2017).

The main destinations again reflect the solidity of the traffic mix as at the same time acting as hubs for the traditional carriers and point to point destinations of the low-cost carriers.

Main passenger traffic routes	Jan - Sept. 2018	Jan - Sept. 2017	% Change
Catania	293,313	273,372	7.3%
Barcelona	255,775	227,462	12.4%
London LHR	226,345	209,579	8.0%
Frankfurt	226,171	237,584	-4.8%
Rome FCO	223,640	169,043	32.3%
Paris CDG	219,604	210,545	4.3%
Palermo	216,249	199,806	4.2%
Madrid	209,257	211,296	-1.0%
Amsterdam	171,326	151,053	13.4%
London STN	164,103	165,507	-0.8%

Passenger traffic including transits

Cargo Traffic

(in KG)	Jan - Sept. 2018	Jan - Sept. 2017	% Change
Air cargo of which	29,661,546	31,172,107	-4.8%
Cargo	29,619,387	31,082,629	-4.7%
Mail	42,159	89,478	-52.9%
Road cargo	9,142,917	10,839,154	-15.6%
Total	**38,804,463**	**42,011,261**	**-7.6%**

In the first nine months of 2018, cargo traffic amounted to 38,804,463 KG, reducing 7.6% on the same period of 2017. This follows in particular an absence of extraordinary volumes, evident in the comparative period.

2.1.2 AVIATION STRATEGIC BUSINESS UNIT: FINANCIAL HIGHLIGHTS

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change	% Change
Passenger Revenues	40,186	38,868	1,318	3.4%
Carrier Revenues	16,935	17,147	(212)	-1.2%
Airport Operator Revenues	2,731	2,504	227	9.1%
Traffic Incentives	(17,550)	(17,976)	426	-2.4%
Revenues from Construction Services	7,681	2,407	5,274	219.1%
Other revenues	1,051	1,075	(24)	-2.2%
Aviation and FSC Revenue Reduction	0	(125)	125	n.a.
Total AVIATION SBU Revenues	**51,034**	**43,900**	**7,134**	**16.3%**

The Aviation Strategic Business Unit's revenues consist of fees paid by users (passengers and airlines) and airport operators for the use of the infrastructure and services provided on an exclusive basis by the Group for landing, take-off, lighting, aircraft parking and passenger and cargo operations, in addition to centralised infrastructure and exclusive-use premises.
Given the public utility aspect of airport services, airport charges are regulated by both national and EU legislation. The new regulations and implementation measures – including the models approved by the Transport Regulation Authority – require that changes to the system or amount of airport fees be made with the consent, on the one hand, of the airport manager, and of the airport's users on the other.
The increase in the first nine months of 2018 over the same period in 2017 is due to a number of factors, including the differing increase in the main drivers of traffic and revenues from construction services.

Group revenues from the Aviation Strategic Business Unit were overall up 16.3% on 2017. The individual accounts broke down as follows:

- Passenger Revenues (+3.4%): the growth in passenger revenues outstripped the increase in passenger traffic (+2.3%) due to the tariff update applied from January 1, 2018, which resulted in a slight increase in tariffs for this category of revenues;
- Carrier Revenues (-1.2%): despite the increase in total tonnage, Carrier revenues decreased - mainly due to the reduction in cargo traffic;
- Airport Operator Revenues: growth of 9.1% following an increase in aviation fuel revenues;
- Incentives: decreasing on 2017 despite traffic growth due to contractual renegotiations;
- Revenues from Construction Services: growth (219.1%) related to greater investment than the same period of the previous year.

2.2 NON-AVIATION STRATEGIC BUSINESS UNIT

2.2.1 NON-AVIATION STRATEGIC BUSINESS UNIT: FINANCIAL HIGHLIGHTS

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change	% Change
Retail and Advertising	10,682	10,098	584	5.8%
Parking	12,234	11,496	738	6.4%
Real Estate	1,791	1,713	78	4.6%
Passenger services	4,211	3,855	356	9.2%
Revenues from Construction Services	1,312	923	389	42.1%
Other revenues	1,919	1,491	428	28.7%
Total NON-AVIATION SBU Revenues	**32,149**	**29,576**	**2,573**	**8.7%**

Total non-aviation business revenues in the period rose 8.7%, with all the revenue items increasing.
The individual areas of this business unit performed as follows.

Retail and Advertising

Revenues from this component were up 5.8% on the same period of 2017, thanks in particular to Food&Beverage growth and the improved penetration of existing sales points, which benefitted from a greater focus on the range of options available.

Parking

Parking revenues grew 6.4% on the same period of the previous year, due to the increase in passenger numbers and the conversion of most of this growth, the slight increase in certain tariffs and the return of car spaces from the People Mover site.

Real Estate

This segment expanded 4.6%, due to the leasing of a number of buildings located off airport grounds which produced effects only for a part of the same period of the previous year, and the renegotiation of contracts at the end of 2017.

Passenger services

In the first nine months of 2018, passenger services were up 9.2% in the first nine months of 2018 on 2017, mainly due to premium (*lounge and accessory services*) and self-hire services, whose performance is outlined below.

Premium services

This business grew on the basis of increased passenger numbers which reflect also the gaining popularity of directly managed lounges and those managed through specialised airport lounge channels.

Self-hire sub-concessions

The entire car rental segment benefitted from the traffic growth and the renegotiation of the sub-concession contracts.

Revenues from Construction Services
This item's growth (42.1%) relates to increased investment in the business unit over the same period of the previous year.

Other revenues: this growth mainly owes to energy efficiency security sales revenues.

3 ANALYSIS OF THE OPERATING RESULTS, FINANCIAL POSITION AND CASH FLOWS

3.1 CONSOLIDATED OPERATING RESULTS ANALYSIS

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change	% Change
Revenues from aeronautical services	42,596	40,669	1,927	4.7%
Revenues from non-aeronautical services	30,795	29,021	1,774	6.1%
Revenues from construction services	8,993	3,330	5,663	170.1%
Other operating revenues and income	799	456	343	75.2%
REVENUES	**83,183**	**73,476**	**9,707**	**13.2%**
Consumables and goods	(1,532)	(1,399)	(133)	9.5%
Service costs	(15,084)	(13,285)	(1,799)	13.5%
Construction service costs	(8,565)	(3,171)	(5,394)	170.1%
Leases, rentals and other costs	(6,072)	(5,728)	(344)	6.0%
Other operating expenses	(2,451)	(2,707)	256	-9.5%
Personnel costs	(20,172)	(19,631)	(541)	2.8%
COSTS	**(53,876)**	**(45,921)**	**(7,955)**	**17.3%**
EBITDA	**29,307**	**27,555**	**1,752**	**6.4%**
Amortisation of concession rights	(4,320)	(4,246)	(74)	1.7%
Amortisation of other intangible assets	(704)	(508)	(196)	38.6%
Depreciation of tangible assets	(1,624)	(1,528)	(96)	6.3%
DEPRECIATION, AMORTISATION AND IMPAIRMENT	**(6,648)**	**(6,282)**	**(366)**	**5.8%**
Provisions for doubtful accounts	(57)	(62)	5	-8.1%
Provisions for renewal of airport infrastructure	(2,000)	(1,184)	(816)	68.9%
Provisions for other risks and charges	(233)	(563)	330	-58.6%
PROVISIONS FOR RISKS AND CHARGES	**(2,290)**	**(1,809)**	**(481)**	**26.6%**
TOTAL COSTS	**(62,814)**	**(54,012)**	**(8,802)**	**16.3%**
OPERATING RESULT	**20,369**	**19,464**	**905**	**4.6%**
Financial income	576	374	202	54.0%
Financial expenses	(453)	(605)	152	-25.1%
RESULT BEFORE TAXES	**20,492**	**19,233**	**1,259**	**6.5%**
TAXES FOR THE PERIOD	**(5,882)**	**(5,433)**	**(449)**	**8.3%**
Profit (loss) for the period	**14,610**	**13,800**	**810**	**5.9%**
Profit (loss) for the period - Minority interests	**156**	**177**	**(21)**	**-11.9%**
Profit (loss) for the period – Group	**14,454**	**13,623**	**831**	**6.1%**

Consolidated net profit of Euro 14.6 million is reported for the first nine months of 2018, up 5.9% on Euro 13.8 million in 2017.

This result follows the increase in passenger traffic - despite the four days of closure for runway works in September - and the knock-on benefit for all the main business components, with a multiplier effect on operating results.
In particular, improved results were supported by the traffic mix, the measures taken to drive the margin and the development of the managed traffic units to maximise the impact also on the non-aviation component; the improvement was therefore also supported by a closer focus on operating costs, whose numbers bore out the measures undertaken.

Operating **revenues** overall grew 13.2% on 2017. Specifically:
- **revenues from aeronautical services** were up 4.7%, mainly due to improved traffic and the tariff update;
- **revenues from non-aeronautical services** rose 6.1% due to the good performance of all category components, as outlined in the relative section;

- **revenues from construction services** increased 170.1% following the rolling out of investments regarding concession rights;
- other **operating revenues and income**: these revenues grew (+75.2%) due to the presence of energy efficiency certificate sales revenues (absent in the comparative period).

Period **costs** overall rose 17.3% on the same period of 2017. These break down as follows:

- ✓ **consumables and goods** increased (+9.5%), mainly due to the greater use of aviation fuel to support higher sales;
- ✓ **service costs** rose 13.5%, particularly due to:
  - maintenance in terms of increased works on buildings, signage and additional actions due also to snow;
  - the considerable increase in snow clearance operations on 2017, due to snowfalls and particularly harsh temperatures in February and March;
  - the reversal, in the first nine months of 2017, of "one-off" System Charges for AdB's Cogeneration plant, recognised to the 2016 Annual Accounts for Euro 627 thousand;
- ✓ higher **construction service costs** (+170.1%) due to greater investment;
- ✓ the 6% increase in **lease, rentals and other costs** is mostly due to the increased traffic upon which the concession and security fees are calculated, in addition to increased fees for certain technology investments;
- ✓ **other operating expenses** reducing 9.5%, principally due to the absence of accessory charges and the exercise of the purchase option on a building in June 2017.

Reference should be made to the personnel costs section of this report for further details.

EBITDA was up Euro 1.8 million (+6.4%) in the first nine months of 2018 against the same period in 2017.

In terms of **overheads**, amortisation and depreciation (+5.8%) on the basis of the amortisation and depreciation schedule and new Group investments and provisions (+26.6%) rose, with the latter mainly concerning the higher provisions for renewal of airport infrastructure.

The 16.3% increase in overall costs against the 13.2% increase in revenues resulted in the **Operating Result** rising 4.6%: from Euro 19.5 million in the first nine months of 2017 to Euro 20.4 million in 9M 2018.

Net financial income amounted to Euro 0.1 million, compared to net charges of Euro 0.2 million in 9M 2017. The improvement is due to the reduction in bank interest charges on the basis of a lower debt and the review of the financial conditions applied to the loan maturing in 2024, agreed on April 6, 2017.

As a result of that outlined above, the **Result before taxes** for 9M 2018 was Euro 20.5 million, against Euro 19.2 million in the same period of 2017 (up 6.5%).

Taxes for the period of Euro 5.9 million compared to Euro 5.4 million, with the increase substantially owing to the higher result before taxes.
The rates utilised for the calculation of deferred taxes, which reflect the expected rates on the basis of national legislation in force, are the following:

- IRES 24%;
- IRAP 4.2% (Airport Companies);
- IRAP (3.9%).

Finally, the period **profit** amounts to **Euro 14.6 million,** compared to Euro 13.8 million (+5.9%): the Group share was Euro **14.5** million, against Euro 13.6 million in 9M 2017.

In the first nine months of 2018, investments relating to concession rights were higher than in the same period of 2017 (+170%).
The impact on financial results is evident in the following table presenting revenues, costs and EBITDA, adjusted respectively for the revenues, costs and margin for construction services and the reversal of "one-off" system charges in the comparative period.

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change	% Change
Revenues from aeronautical services	42,596	40,669	1,927	4.7%
Revenues from non-aeronautical services	30,795	29,021	1,774	6.1%
Other operating revenues and income	799	456	343	75.2%
ADJUSTED REVENUES	**74,190**	**70,146**	**4,044**	**5.8%**
Consumables and goods	(1,532)	(1,399)	(133)	9.5%
Service costs	(15,084)	(13,905)	(1,179)	8.5%
Leases, rentals and other costs	(6,072)	(5,728)	(344)	6.0%
Other operating expenses	(2,451)	(2,707)	256	-9.5%
Personnel costs	(20,172)	(19,631)	(541)	2.8%
ADJUSTED COSTS	**(45,311)**	**(43,370)**	**(1,941)**	**4.5%**
ADJUSTED GROSS OPERATING PROFIT (ADJUSTED EBITDA)	**28,879**	**26,776**	**2,103**	**7.9%**
Revenues from construction services	8,993	3,330	5,663	170.1%
Construction service costs	(8,565)	(3,171)	(5,394)	170.1%
Construction Services Margin	**428**	**159**	**269**	**169.2%**
Utilities - "One-off" system charges	0	620	(620)	n.a.
EBITDA	**29,307**	**27,555**	**1,752**	**6.4%**

3.2 CASH FLOW ANALYSIS

The Group net financial position at September 30, 2018, compared to December 31, 2017 and September 30, 2017, is presented below:

	In thousands of Euro	As at 30.09.2018	As at 31.12.2017	As at 30.09.2017	Change 30.09.2018 31.12.2017	Change 30.09.2018 30.09.2017
A	Cash	23	27	26	(4)	(3)
B	Other cash equivalents	31,527	16,182	30,759	15,345	768
C	Securities held for trading	0	0	0	0	0
D	**Liquidity (A)+(B)+(C)**	**31,550**	**16,209**	**30,785**	**15,341**	**765**
E	**Current financial receivables**	**9,604**	**20,617**	**12,948**	**(11,013)**	**(3,344)**
F	Current bank debt	(170)	(54)	(191)	(116)	21
G	Current portion of non-current debt	(5,808)	(5,807)	(5,806)	(1)	(2)
H	Other current financial debt	(2,400)	(1,806)	(2,617)	(594)	217
I	**I. Current financial debt (F)+(G)+(H)**	**(8,378)**	**(7,667)**	**(8,614)**	**(711)**	**236**
J	**Net current financial position (I)-(E)-(D)**	**32,776**	**29,159**	**35,119**	**3,617**	**(2,343)**

	In thousands of Euro	As at 30.09.2018	As at 31.12.2017	As at 30.09.2017	Change 30.09.2018 31.12.2017	Change 30.09.2018 30.09.2017
K	Non-current bank debt	(16,092)	(19,109)	(21,884)	3,017	5,792
L	Bonds issued	0	0	0	0	0
M	Other non-current debt	0	0	0	0	0
N	**Non-current financial debt (K)+(L)+(M)**	**(16,092)**	**(19,109)**	**(21,884)**	**3,017**	**5,792**
O	**Net financial position (J)+(N)**	**16,684**	**10,050**	**13,235**	**6,634**	**3,449**

The Group **Net Financial Position** at September 30, 2018 was a cash position of Euro 16.7 million, compared to Euro 10 million at December 31, 2017 and Euro 13.2 million at September 30, 2017.

In particular, **liquidity** and **current financial receivables** (D+E) increased on December 31, 2017 (Euro 41.2 million compared to Euro 36.8 million at December 31, 2017), thanks to cash flows from operations of Euro 22.5 million and divestments of Euro 9.5 million of maturing financial instruments which funded the absorption of cash from:

- Euro 10.9 million of investment, particularly infrastructural;
- Euro 14.2 million for the payment of dividends;
- Euro 3 million for debt repayments.

In addition to the stated debt repayment, the period financial debt altered due to the change in the payable for boarding fee surtaxes classified to account H (other current financial debt), which increased on the preceding period (Euro 2.4 million against Euro 1.8 million).

The improved net financial position compared to September 30, 2017 (+Euro 3.4 million) is due to the approaching contractual maturity of financial investments (Euro 10.3 million at September 30, 2018 of non-current financial assets, compared to Euro 19.8 million at September 30, 2017) and the lower current debt due to its gradual settlement.

The consolidated cash flow statement, indicating cash flows generated/absorbed from operating, investing and financing activities, is summarised below:

In thousands of Euro	As at 30.09.2018	As at 30.09.2017	Change
Cash flow generated / (absorbed) by operating activities before working capital changes	**28,967**	**27,667**	**1,300**
Cash flows generated/(absorbed) by net operating activities	**22,456**	**16,016**	**6,440**
Cash flow generated/(absorbed) by investment activities	**10,085**	**7,702**	**2,383**
Cash flow generated/(absorbed) by financing activities	**(17,200)**	**(13,043)**	**(4,157)**
Change in closing cash flow	**15,341**	**10,675**	**4,666**
Cash and cash equivalents at beginning of period	**16,209**	**20,110**	**(3,901)**
Change in closing cash flow	**15,341**	**10,675**	**4,666**
Cash and cash equivalents at end of period	**31,550**	**30,785**	**765**

Cash flows generated by operating activities amount to Euro 22.5 million, increasing Euro 6.4 million on the same period of 2017 due to:

- the increase in cash flows generated from core operations of Euro 1.3 million. Before working capital changes in fact, cash flows from operating activities generated funding of Euro 29 million, against Euro 27.7 million in 9M 2017;
- the lesser absorption of resources by net working capital, equal to Euro 6.5 million, against Euro 11.6 million in the same period of 2017. Working capital absorbed less resources, mainly due to reduced outgoings to settle trade payables and income taxes and due to increased trade receivable collection. On the other hand, utilisations of the provisions for renewal of airport infrastructure rose due to works carried out on the runway in September.

Investment activities generated cash flow of Euro 10 million; infrastructure investment of Euro 10.9 million (Euro 8 million in 9M 2017) was offset by the use of current and non-current assets for Euro 20.5 million (Euro 15 million in 9M 2017) and the sale of the investee Bologna Congressi for Euro 117 thousand and of energy certificates for Euro 389 thousand.

Finally, **financing activities** absorbed cash of Euro 17.2 million (Euro 13 million in 9M 2017), due to the payment of dividends of Euro 14.2 million (Euro 10 million in 2017) and the settlement of loan instalments maturing in the period (Euro 3 million in both periods).

Consequently, the **change in closing cash flow** in the period indicates a generation of Euro 15.3 million, against a generation of Euro 10.7 million in the comparative period.

3.3 FINANCIAL POSITION ANALYSIS

The Group financial position, classified according to "sources" and "uses", is presented below:

USES	As at 30.09.2018	As at 31.12.2017	As at 30.09.2017	Change 30.09.2018-31.12.2017	Change 30.09.2018-30.09.2017
- Trade receivables	15,304	13,220	17,167	2,084	(1,863)
- Tax receivables	173	334	234	(161)	(61)
- Other Receivables	5,022	3,854	4,768	1,168	254
- Inventories	527	538	521	(11)	6
Sub-total	**21,026**	**17,946**	**22,690**	**3,080**	**(1,664)**
- Trade payables	(17,916)	(16,208)	(13,130)	(1,708)	(4,786)
- Tax payables	(4,558)	(1,671)	(4,454)	(2,887)	(104)
- Other payables	(23,657)	(22,503)	(22,463)	(1,154)	(1,194)
Sub-total	**(46,131)**	**(40,382)**	**(40,047)**	**(5,749)**	**(6,084)**
Assets held-for-sale	0	117	0	(117)	0
Net operating working capital	**(25,105)**	**(22,319)**	**(17,357)**	**(2,786)**	**(7,748)**
Fixed assets	182,023	177,709	175,321	4,314	6,702
- Deferred tax assets	6,187	6,799	6,893	(612)	(706)
- Other non-current assets	11,825	21,367	12,959	(9,542)	(1,134)
Total fixed assets	**200,035**	**205,875**	**195,173**	**(5,840)**	**4,862**
- Provisions for risks, charges & sever.	(16,235)	(18,743)	(18,591)	2,508	2,356
- Deferred tax liabilities	(2,416)	(2,371)	(2,265)	(45)	(151)
- Other non-current liabilities	(168)	(169)	(168)	1	0
Sub-total	**(18,819)**	**(21,283)**	**(21,024)**	**2,464**	**2,205**
Fixed Operating Capital	**181,216**	**184,592**	**174,149**	**(3,376)**	**7,067**
Total Uses	**156,111**	**162,272**	**156,792**	**(6,161)**	**(681)**

SOURCES	As at 30.09.2018	As at 31.12.2017	As at 30.09.2017	Change 30.09.2018-31.12.2017	Change 30.09.2018-30.09.2017
Net financial position	**16,684**	**10,050**	**13,235**	**6,634**	**3,449**
- Share Capital	90,314	90,314	90,314	0	0
- Reserves	67,050	65,218	65,306	1,832	1,744
- Profit (loss) for the period	14,454	15,969	13,623	(1,515)	831
Group Shareholders' Equity	**171,818**	**171,501**	**169,243**	**317**	**2,575**
Minority Interests	977	821	784	156	193
Total Shareholders' Equity	**172,795**	**172,322**	**170,027**	**473**	**2,768**
Total Sources	**(156,111)**	**(162,272)**	**(156,792)**	**6,161**	**681**

The Group statement of financial position indicates a reduction in **operating net working capital** at September 30, 2018 compared to December 31, 2017, due to the increase in trade receivables and the boarding fee surtaxes and accrued income recognised to "other receivables" more than offset by the increase in payables. Trade receivables and boarding fee surtaxes increased on the basis of higher revenues, with accrued income increasing as an interim result for the first nine months. "Other payables" increased on December 31, 2017 due to the payable for surtaxes and for accrued liabilities and deferred income.
Compared to the first nine months of 2017, net operating working capital decreased due to lower trade receivables and increased trade payables. "Other payables" increased, mainly due to the Fire Service fee.

Operating fixed capital reduced against December 31, 2017 due to the reduction in "other non-current assets", as a result of the upcoming maturity of short-term liquidity uses with the consequent reclassification to current assets and/or receipts; this decrease was greater than the increase in fixed assets. Compared to September 2017, **operating fixed capital** increased on the basis of investments.

At September 30, 2018, **Consolidated Shareholders' Equity** amounts to Euro 172.8 million, compared to Euro 172.3 million at December 31,2017, against a **net financial position** of Euro 16.7 million.

3.4 INDICATORS

The Directors deemed the Group's major income statement and statement of financial position indicators at and for the period ended September 30, 2018 to be immaterial due to their interim nature.

3.5 INVESTMENTS

Investments in the first nine months of 2018 totalled Euro 10.9 million, both in execution of the airport Masterplan and in support of airport operations.

The state of progress of the main investments in the Masterplan is illustrated below:

- **Runway upgrade:** during the four days of the airport's closure in September, a structural and functional upgrade to the runway and of a taxiway was undertaken, in addition to initial works to upgrade other taxiways;
- **Existing terminal works**: the design of the existing terminal extension was completed and is currently being considered for approval by the Competent bodies;
- **New de-icing apron and building**: construction of the de-icing apron is ongoing;
- **People Mover**: works by Marconi Express on the "Airport" People Mover are in the concluding phase. AdB also began the works on the moving walkway between the Airport Station and Terminal;

- **New Multi-story car park**: the design of the parking lot close to the terminal concluded and is currently being considered for approval by the Competent bodies;
- **Express parking extension:** the design of the Express Parking extension concluded;
- **AdB offices extension (Training Center)**: works on the new "Training Center", supporting also training as per EASA Reg. EC 139/2014, are being concluded;
- **Cargo Building:** the executive design of a specialist operators dedicated building is in the concluding phase.

Furthermore, in terms of other investments in airport operations, the following work was carried out to improve the service offered to passengers and increase the efficiency of company processes:

- 4 new bag drop desks;
- 4 new help phone video stations for reduced mobility passenger assistance;
- new flight information monitors to improve and extend public communication;

in addition to the renewal works on the terminal access pedestrian walkway.

Provisions for renewal

A total of Euro 4.3 million was drawn down from the renewal provision during the first nine months of 2018. In particular, we report the renewal of a section of the runway and the extraordinary maintenance of the taxiway during the four days of airport closure, in addition to miscellaneous works, including the renewal of the terminal roofing and of the cargo building, and the upgrading of the toilet facilities at the Marconi Business Lounge.

3.6 PERSONNEL

Workforce breakdown

	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change	% Change
Full Time Equivalent average workforce	**466**	**452**	**14**	**3%**
Executives	10	10	0	0%
Managers	29	29	0	0%
White-collar	331	318	13	4%
Blue-collar	96	95	1	1%

	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change	% Change
Average workforce	**509**	**497**	**12**	**2%**
Executives	10	10	0	0%
Managers	29	29	0	0%
White-collar	370	358	12	3%
Blue-collar	100	100	0	0%

Source: Data from the Company

The increase in the workforce of 14 full-time equivalent employees compared to 9M 2017 is mainly due to the hiring of security and operating area personnel in line with the increase in traffic.

Costs

	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change	% Change
Personnel costs	20,172	19,631	541	2.8%

Source: Data from the Company

The increase in personnel costs of 2.8% compared to the same period of 2017 is mainly due to the expanded workforce, as described above, in addition to normal salary increases.

TRADE UNION RELATIONS

The company has applied since 2014 an agreement negotiated with the trade unions for the introduction of flexible benefits. In view of the conclusion of this agreement at the end of 2017 and the new welfare legislation approved at national level in 2017, the company sought at the beginning of the year to sign a new agreement regarding these benefits.

During the first half of 2018, a supplementary Result-based bonus agreement was in addition signed.

4 MAIN NON-FINANCIAL RESULTS

4.1 THE ENVIRONMENT

The Group remains focused on all major environmental issues, from its impact on air quality, to noise pollution, energy conservation and alternative energy.
The Parent Company, through the Regional Agreement for a Low-Carbon Airport, signed with regional authorities in 2015, has committed to perform work with a total cost of Euro 6.5 million. These investments will be carried out over a period consistent with the timeframe for implementation of the airport Master Plan.
In the first nine months of 2018, the air quality monitoring system installation was completed and the relative technical testing carried out, which now permits the system to operate continuously.

4.2 QUALITY

As part of its development strategies, Bologna airport combines a strong focus on passengers' needs with a vision open to new trends in the industry. The Group's goal is to offer passengers airport infrastructure and services that make the travel experience as pleasant as possible.

User satisfaction

The Bologna Airport quality performance was good in the first nine months of 2018 and improved on the same period of the previous year. Customer Satisfaction Index in fact increased, as did satisfaction in terms of service regularity and general cleanliness.
From an operational viewpoint, check-in and security control waiting times improved further. The significant commitment to developing these operations contributed to the results and included the hiring of process facilitators.
Baggage delivery, managed by the handling companies, reported a further increase in waiting times, despite the facilitation, information and support measures taken on the ground by the Parent Company, in collaboration with the handlers. In this regard, Bologna Airport continued to bolster its monitoring and facilitation of the service, in close collaboration with the handlers.

Key Quality Indicators		January-September 2018	January-September 2017
Customer Satisfaction Index	% of satisfied passengers	98.5%	97%
Service regularity and speed	% of satisfied passengers	**97.2%**	**96%**
General cleaning level perception	% of satisfied passengers	**98.3%**	**96.6%**
Toilet cleanliness and functionality level perception	% of satisfied passengers	**95.7%**	**92.2%**
Check-in queue waiting	Time in 90% of cases	**16'05''**	**20'05''**
Waiting time for baggage screening control	Time in 90% of cases	**6'17''**	**6'33''**
First/last bag return time from aircraft block-on (from system)	First bag (time in 90% of cases)	**26'**	**24'**
	Last bag (time in 90% of cases)	**34'**	**32'**

Source: Data from the Company

Bologna Airport performances as per the Airport Service Quality programme of ACI World remained in line with the same period of 2017: overall satisfaction reached 3.79 on its scale of 1 to 5.
Improved security and check-in, passenger information and signage and airport staff courtesy and professionalism performances were reported.

5 REGULATORY FRAMEWORK

5.1 REGULATORY AGREEMENT

On February 19, 2016, the Regulatory Agreement for the 2016-2019 four-year period was signed with ENAC. The new Regulatory Agreement, based on the applicable regulations, governs the various aspects of the relationship between ENAC and AdB and covers the infrastructure action plan, the achievement of the quality and environment plan objectives, in addition to the monitoring and control of their development by the National Body for Civil Aviation (ENAC).
The Regulatory Agreement calls for the Parent Company to invest a total of approximately Euro 112.4 million over the four-year period, of which Euro 84 million for the Masterplan and Euro 28.4 million of investment in support of commercial areas, operating processes and improvement of the passenger experience.

5.2 TARIFF REGULATION 2016-2019

In accordance with the current regulatory framework and the tariff models created by the Transport Regulation Authority ("ART"), in 2015 AdB launched and successfully completed the tariff-setting process for the period 2016-2019, closely coordinated and supervised by the said Authority.

In October 2018, in accordance with the Authority's Model, consultation was conducted with the airlines and the tariff levels applicable from January 1, 2019 adjusted.

5.3 FIRE PREVENTION FUND

For further details on this issue, reference should be made to Chapter 6 Disputes.

5.4 PRIVACY COMPLIANCE

By May 25, 2018 - the deadline established by European Regulation No. 679/2016 (GDPR - General Data Protection Regulation) - the Group completed the project initiated in 2017 to ensure adequate compliance and the necessary adjustment of the organisation, processes, company deeds and procedures, introducing an efficient and regulatory compliant data management model, to be applied and further developed according to the principles outlined in the GDPR of privacy by design and privacy by default. The company planned also appropriate Data Protection Impact Assessments, set out by the EU Regulation for application in highly complex and delicate environments (geo-location, video surveillance, Customer Relation Management systems), replacing the prior notifications and authorisations under the current Italian Privacy Code. The company finally appointed an outside Data Protection Officer (DPO), although further setting up an inter-departmental Data Protection Committee with personnel specialised in the range of pertinent GDPR issues, thereby ensuring appropriate governance to guarantee compliance with general and sector regulation.

On September 4, 2018, Legislative Decree No. 101 of August 10, 2018 was published in Official Gazette No. 205, which aligns the Personal Data Protection Code (Legislative Decree No. 196 of June 30, 2003) with Regulation (EC) 2016/679. The timing difference between the issue of this internal implementing provision and the European Regulation created a regulatory overlap and gave rise to an infringement risk regarding certain matters. Interpretation work upon the Privacy Code is ongoing for the issue of uniform and coherent guidelines. As agreed with the DPO, the Personal Data Protection Model adopted by AdB on May 14, 2018 was not amended significantly, even in the section covering risk analysis and the adoption of appropriate security measures following the entry into force of Legislative Decree 101/2018.

In addition to that outlined above, as there were no significant changes upon that commented upon in the 2017 Directors' Report, reference should be made to this document for additional information.

6 DISPUTES

6.1 FIRE PREVENTION FUND

With regards to the contribution to the fund established under the 2007 Finance Law to reduce the cost upon the State to organise and execute the **fire protection service** at Italian airports, the most significant new developments in the first half of 2018 concern the judgment of the Constitutional Court - following referral by the joint sittings of the Cassation Court with ordinance of December 28, 2016 - of July 3, 2018 declaring the unconstitutionality of Article 1, paragraph 478 of Law No. 208 of December 28, 2015 implementing "Provisions for the drawing up of annual and multi-year budgets of the State (2016 Stability Law)". This judgment No. 167/2018 of the Constitutional Court was published in Official Gazette No. 1 Special Series - Constitutional Court No. 30 of July 25, 2018 and, therefore, from July 26, 2018, as per Article 30 of Law No. 87 of 1953, the challenged provision of Article 1, paragraph 478 of Law No. 208 of December 28, 2015 may no longer be applied.

The company considers with its legal experts all appropriate actions to protect its positions in this regard. This follows the stated pronouncement of unconstitutionality and in addition follows the order of December 19, 2017 of the Bologna Court which, even before the pronouncement of the Constitutional Court on the content of paragraph 478, accepted and applied the interpretation provided by the Court of Cassation and the Joint Sittings with order No. 27074 of 28.12.16, recalling the declared fiscal nature of the Fire Protection Fund and declaring "its lack of jurisdiction, dealing with a dispute within the legal competence of the Tax Commissions". In summary, this order of lack of jurisdiction also repeals Injunction Decree No. 20278/14 for a value of Euro 4.1 million notified by the Authorities to AdB s.p.a., eliminating *ab origine* any risk of additional actions by the Tax Authorities.

In addition to that outlined above, as there were no significant changes upon that commented upon in the 2017 Directors' Report, reference should be made to this document for additional information.

7 MAIN RISKS AND UNCERTAINTIES

In accordance with the disclosure requirements set out in Art. 2428, paragraph 2, No. 6-*bis* of the Italian Civil Code, the Group holds financial instruments that qualify as significant in quantitative terms. However, considering the criteria that inform its choice of investments, such as:

- minimising the risk of the return of invested capital;
- the differentiation of the credit institutions;
- the duration, normally less than two years;
- the return offered;

the Group believes the **financial risks** – understood as the risks of changes in the value of the financial instruments – to be limited.

The Group is not subject to **foreign exchange risk** since it does not undertake transactions in foreign currencies.

In view of the significant commitments to infrastructure development, **liquidity risk** could manifest as difficulty in obtaining timely, cost-effective financing. To meet the needs deriving from its investment plan, the Group has taken comprehensive steps to obtain the medium-term financial resources required for its development. In particular, the Parent Company's recent IPO has improved the Group's liquidity and financial profile. Finally, the cash flows, funding requirements and the liquidity of the Group companies are constantly monitored in order to ensure the efficient management of financial resources.

The Group has sought to minimise **interest rate risk**, in view of its outstanding financing, by entering into both fixed-rate and floating-rate facilities.

Finally, the Group's **credit risk** is moderately concentrated, in that 50% of its accounts receivable are claimed from its top ten clients. This risk is offset through specific and trade payable management and control tools and procedures, in addition to adequate provisioning for doubtful accounts, according to the principles of prudency and in compliance with the new accounting standards IFRS 15 and IFRS 9, on the basis of which the credit risk assessment processes were revised, with an improvement of the *ex-ante* analysis approach rather than in terms of existing receivable recovery.
The commercial policies pursued by the Group to limit its exposure involve:

- requesting immediate payment for transactions with end consumers or occasional counterparties (i.e., parking areas);
- requesting advance payment from occasional airlines or airlines without an appropriate credit profile or collateral;
- requesting performance bonds from sub-concessionaire clients.

Risks related to a dependence on Ryanair traffic volumes

Group operations are significantly based on relations with the leading airlines at the airport and to which the Group offers its services, including - in particular - Ryanair. Due to the large proportion of total passenger flights at the airport operated by Ryanair, the Group is exposed to the risk that the airline may scale back or discontinue entirely its operations at the airport. Ryanair passengers accounted for 44.1% of the airport's total traffic volumes in 9M 2018. AdB and Ryanair strengthened their partnership on October 27, 2016 by entering into a long-term agreement set to expire in 2022, whereby they undertook to increase the number of destinations served by Bologna airport, in addition to achieving a consistently high standard of service due to the airport's continuing investments and the airline's “Always Getting Better” programme. The agreement lays out a scheme relating to the airport's traffic development policy and Ryanair's commitment to abide by it, in addition to a contractual safeguard mechanism that ensures that the objectives will be met. Although in the Company's opinion Bologna airport is of strategic importance to the airline, it is still possible that Ryanair may decide to change the routes served, significantly reducing or discontinuing entirely its flights at the airport, or that at some point in the future the agreement might not be renewed, in whole or in part, or might contain conditions less favourable for the Group. Any reduction or stoppage of flights by the afore-mentioned airline or the stoppage or change to flights with other destinations with high passenger traffic volumes may impact - even to a significant degree - the Group financial statements. In the light of the interest shown by low-cost carriers in Bologna airport and of general traffic development at the airport, the Company believes that the Group could reasonably weather a possible discontinuation or limitation of flights by Ryanair through the possible redistribution of passenger traffic to the other airlines operating at the airport and the airport's ability to attract new carriers. However, there remains the possibility that if a significant period of time were to elapse from the discontinuation of flight operations and the partial or complete replacement of the lost flights by other carriers, or if such replacement were to prove more difficult than expected or wholly or partially infeasible, such a discontinuation or reduction of flights could have an adverse effect, including to a material degree, on the Group's financial performance and financial position.

Risk related to the effect of incentives on revenue margins

The Parent Company is exposed to the risk of a decrease in the margins of its Aviation Business Unit due to an increase in traffic volumes by airlines that receive incentives. In accordance with its incentive policy aimed at developing traffic and routes at the Airport, the Company pays some airlines – including both legacy and low-cost carriers – incentives tied to passenger traffic volumes and new routes. This policy limits incentives to levels compatible with positive revenue margins for the Group on each airline's operations. However, should passenger traffic and the routes operated by airlines receiving incentives increase over time, the Aviation Business Unit's positive margins could decline proportionally, with a negative impact, possibly to a material degree, on the Group's financial performance and financial position.
Although the low-cost segment's share of the Italian national market is increasing, the Group manages this risk by actively developing a traffic mix that permits it to maintain positive margins.

Risks related to implementation of the Action Plan

The Parent Company invests in the Airport on the basis of an Action Plan approved by the Italian Civil Aviation Authority (ENAC). AdB could encounter difficulties in implementing the investments provided for under the Action Plan in a timely manner due to unforeseeable events or delays in the process of obtaining authorisation for and/or executing the works, with positive adverse effects on the amount of the tariffs that may be applied and possible risks of withdrawal from or termination of the Agreement. The Action Plan was drafted on the basis of the investments envisaged in the Master Plan according to a modular approach, the main driver of which is air traffic performance.

Risks concerning the regulatory framework

The Aeroporto Guglielmo Marconi di Bologna S.p.A. Group's core business involves acting as concession holder operating under special exclusive rights to the Bologna airport grounds. Primarily for this reason, it operates in an industry that is highly regulated at the domestic, supranational and international levels. Any change to the regulatory framework (and in particular any changes in relations with the state, public bodies and sector authorities, the determination of airport fees and the amount of concession fees, the airport tariff system, the allocation of slots, environmental protection and noise pollution) may impact operations and Company and Group results.

Risk related to the high level of intangible assets in proportion to the Group's total assets and shareholders' equity

In the Group Consolidated Financial Statements at December 31, 2017, non-current assets include, among others, concession rights for Euro 157 million and Euro 156 million at December 31, 2016. They accounted for 60.02% of total assets at December 31, 2017 and for 59.83% at December 31, 2016. Concession Rights accounted respectively for 91.27% of Group shareholders' equity at December 31, 2017 and for 93.34% at December 31, 2016. These amounts represent the values of the concession rights as determined in accordance with the application of interpretation IFRIC 12 – *Service Concession Arrangements* ("IFRIC 12") to all assets set to revert to the grantor, ENAC, received in 2004.
When preparing the Group's Consolidated Financial Statements, the concession rights were tested for impairment in accordance with IAS 36.
The impairment test performed did not identify any impairment of the carrying amounts of the concession rights in 2017 and no impairment losses were therefore recognised on the assets concerned.
For further details, reference should be made to the "Test on the recoverability of assets and group of assets" paragraph at Note 1 of the 2017 Consolidated Financial Statements.

Seasonality of revenues

Due to the cyclical nature of the sector in which the Group generally operates, higher revenues and operating results are expected in the third quarter rather than in the first and final quarters of the year. Higher revenues are concentrated in June-September, during the peak summer vacation period experiencing maximum usage levels. In addition, there is a strong business passenger component, due to the characteristics of the local business community and the presence of internationally renowned trade fair events, which offsets the seasonal peaks of tourist activity. Accordingly, financial performance figures for interim periods may not be representative of the Group's financial performance and financial position situation at the annual level.

8 ALTERNATIVE PERFORMANCE INDICATORS

In this Directors' Report, various performance indicators are presented in order to permit a better assessment of operating performance and financial position.
On December 3, 2015, Consob published Communication No. 92543/15, rendering applicable the Guidelines issued on October 5, 2015 by the European Security and Markets Authority (ESMA) regarding the presentation of such indicators in regulated information circulated or financial statements published on or after July 3, 2016. These Guidelines, updating the previous CESR Recommendation (CESR/05-178b), seek to promote the utility and transparency of alternative performance indicators included in regulated information or financial statements within the scope of application of Directive 2003/71/EC in order to improve their comparability, reliability and comprehensibility.

The criteria utilised for these indicators, in line with the above communications, are provided below:

- **EBITDA:** EBITDA (earnings before interest, taxation, depreciation and amortisation) is defined by management as the result before taxes for the year, financial income and charges, income and charges from equity investments, depreciation, amortisation and impairment. It therefore coincides, in this case, with the gross operating margin. EBITDA is not identified as an accounting measure as per IFRS and therefore should be considered as an alternative measure for the evaluation of the Group's performance. Since calculation of this indicator is not governed by the accounting standards that form the basis of preparation of the Group's Consolidated Financial Statements, the criterion used to determine and measure the indicator might not be uniform with that adopted by other groups. Accordingly, the figure in question might not be comparable with that presented by such other groups;
- **Adjusted EBITDA:** this is a measure used by the Group's management to monitor and assess the Group's operating and financial performance. This is calculated by subtracting from EBITDA:
  - the margin calculated as the difference between the Group's construction revenues and construction costs as the Airport's manager;
  - for the comparative period, the reversal of "one-off" system charges.
- **Net Financial Position**: the composition of net financial position is represented in accordance with the Consob Communication of July 28, 2006 and ESMA recommendation ESMA/2011/81.

9 GUARANTEES PROVIDED

The following table summarises the guarantees granted by the Group.

in thousands of Euro	30/09/2018	30/09/2017	Change	% Change
Sureties	6,348	9,348	(3,000)	-32.1%
Pledge on Equity Financial Instruments	10,873	10,873	0	0.0%
Patronage letters	3,906	2,316	1,590	68.7%
Total guarantees granted	**21,127**	**22,537**	**(1,410)**	**-6.3%**

At September 30, 2018, the guarantees granted by the Group total approx. Euro 21.1 million and principally concern:

- sureties, mainly:
  - to ENAC (the Italian Civil Aviation Authority) pursuant to the Full Management Agreement (Euro 4.4 million);
  - to Marconi Express S.p.A. for the proper fulfilment of the obligations assumed by the Parent Company by entering into the incentive agreement dated September 30, 2016 (Euro 0.87 million against Euro 3.87 million at September 30, 2017);

- a pledge of the equity financial instrument issued by Marconi Express S.p.a. and subscribed for by the Parent Company for a nominal value of Euro 10.87 million, securing the obligations of Marconi Express to the credit institutions that financed the People Mover project, settled at September 2018 for Euro 10 million. The Pledge on Equity Financial Instruments agreement was signed on September 30, 2016;

- a letter of patronage concerning the mortgage loan granted to the subsidiary Tag Bologna S.r.l. by Banca Agricola Mantovana (now Monte dei Paschi di Siena), equal to the residual principal, which at the end of the period amounted to Euro 3.9 million.

10 SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

No events have occurred subsequent to period end that would require changes in terms of the presented performance or equity and financial position and that would therefore necessitate adjustments and/or additional disclosures in the financial statements.
However, some significant events occurred after the end of the period or are set to occur in the coming months.

Traffic performance and launch of new connections

The airport reports 747,354 passengers for October 2018, up 4.6% on the same month in 2017.
In January-October 2018, Marconi airport passengers numbered 7,183,520, up 2.5% on the same period of 2017.
Movements totalled 56,776, decreasing 0.8% on the previous year.

With regards to the launch of new connections and the addition of flights:

- Ryanair introduced a new connection to Amman with two weekly flights, a new connection to Kaunas with two weekly flights and a new daily connection to London Luton from Winter 2018/2019.
- Lauda Air introduced a new connection with four weekly flights to Vienna from Winter 2018/2019;
- Lufthansa introduced an additional daily flight to Frankfurt (increasing from four to five daily flights) from Winter 2018/2019.

TAG Bologna Srl – changes to the ownership structure

On October 2, the Parent Company finalised the strategic acquisition of 49% of TAG Bologna S.r.l., which is now therefore wholly-owned.

Inter-company and other related party transactions

Reference should be made to the specific paragraph of the Notes to the consolidated financial statements at September 30, 2018 for information concerning transactions undertaken during the period with subsidiaries, associates and related parties.

Business Outlook

The indications of general economic recovery are cause for cautious optimism for the coming months, while the potential risks stemming from an uncertain geopolitical environment which may impact air traffic numbers should be kept in mind.

The Chairman of the Board of Directors
(Enrico Postacchini)

Bologna, November 14, 2018

Consolidated Financial Statements at September 30, 2018

Statement of Consolidated Financial Position
Consolidated Income Statement
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Statement of Consolidated Financial Position

In thousands of Euro	Note	As at 30.09.2018	As at 31.12.2017
Concession Rights		161,195	156,523
Other intangible assets		1,879	1,784
Intangible assets	**1**	**163,074**	**158,307**
Property, plant and equipment		14,217	14,670
Investment property		4,732	4,732
Tangible assets	**2**	**18,949**	**19,402**
Investments	**3**	43	43
Other non-current financial assets	**4**	10,331	19,827
Deferred tax assets	**5**	6,187	6,799
Other non-current assets	**6**	1,451	1,496
Other non-current assets		**18,012**	**28,165**
NON-CURRENT ASSETS		**200,035**	**205,874**
Inventories	**7**	527	538
Trade receivables	**8**	15,304	13,220
Other current assets	**9**	5,195	4,188
Current financial assets	**10**	9,604	20,617
Cash and cash equivalents	**11**	31,550	16,209
CURRENT ASSETS		**62,180**	**54,772**
Assets held-for-sale	**12**	**0**	117
TOTAL ASSETS		**262,215**	**260,763**

In thousands of Euro	Note	As at 30.09.2018	As at 31.12.2017
Share capital		90,314	90,314
Reserves		67,050	65,218
Profit (loss) for the period		14,454	15,969
GROUP SHAREHOLDERS' EQUITY	**13**	**171,818**	**171,501**
MINORITY INTERESTS	**13**	**977**	**821**
TOTAL SHAREHOLDERS' EQUITY		**172,795**	**172,322**
Severance and other personnel provisions	**14**	4,372	4,405
Deferred tax liabilities	**15**	2,416	2,371
Provisions for renewal of airport infrastructure	**16**	9,461	9,575
Provisions for risks and charges	**17**	1,496	1,265
Non-current financial liabilities	**18**	16,092	19,109
Other non-current liabilities		168	169
NON-CURRENT LIABILITIES		**34,005**	**36,894**
Trade payables	**19**	17,916	16,208
Other liabilities	**20**	28,215	24,174
Provisions for renewal of airport infrastructure	**21**	906	3,498
Current financial liabilities	**22**	8,378	7,667
CURRENT LIABILITIES		**55,415**	**51,547**
TOTAL LIABILITIES		**89,420**	**88,441**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**262,215**	**260,763**

Consolidated Income Statement

In thousands of Euro	Note	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017
Revenues from aeronautical services		42,596	40,669
Revenues from non-aeronautical services		30,795	29,021
Revenues from construction services		8,993	3,330
Other operating revenues and income		799	456
Revenues	**23**	**83,183**	**73,476**
Consumables and goods		(1,532)	(1,399)
Service costs		(15,084)	(13,285)
Construction service costs		(8,565)	(3,171)
Leases, rentals and other costs		(6,072)	(5,728)
Other operating expenses		(2,451)	(2,707)
Personnel costs		(20,172)	(19,631)
Costs	**24**	**(53,876)**	**(45,921)**
Amortisation of concession rights		(4,320)	(4,246)
Amortisation of other intangible assets		(704)	(508)
Depreciation of tangible assets		(1,624)	(1,528)
Depreciation, amortisation and impairment	**25**	**(6,648)**	**(6,282)**
Provisions for doubtful accounts		(57)	(62)
Provisions for renewal of airport infrastructure		(2,000)	(1,184)
Provisions for other risks and charges		(233)	(563)
Provisions for risks and charges	**26**	**(2,290)**	**(1,809)**
Total Costs		**(62,814)**	**(54,012)**
Operating result		**20,369**	**19,464**
Financial income	**27**	576	374
Financial expenses	**27**	(453)	(605)
Result before taxes		**20,492**	**19,233**
Taxes for the period	**28**	(5,882)	(5,433)
Profit (loss) for the period		**14,610**	**13,800**
Minority interest profit (loss)		**156**	**177**
Group profit (loss) for the period		**14,454**	**13,623**
Undiluted earnings/(loss) per share (in Euro)		**0.40**	**0.38**
Diluted earnings/(loss) per share (in Euro)		**0.40**	**0.38**

Consolidated Statement of Comprehensive Income

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017
Profit (loss) for the period (A)	**14,610**	**13,800**
Other profits (losses) that will be reclassified in the net result for the period		
Total other profits (losses) that will be reclassified in the net result for the period (B1)	**0**	**0**
Other profits (losses) that will not be reclassified in the net result for the period		
Actuarial profits (losses) on severance and other personnel provisions	49	158
Tax impact on actuarial profits (losses) on severance and other personnel provisions	(12)	(38)
Total other profits (losses) that will not be reclassified in the net result for the period (B2)	**37**	**120**
Total other profits (losses) net of taxes (B1 + B2) = B	**37**	**120**
Total comprehensive profits (loss) net of taxes (A + B)	**14,647**	**13,920**
of which Minority Interest	**155**	**177**
of which Group	**14,492**	**13,743**

Consolidated Cash Flow Statement

In thousands of Euro	As at 30.09.2018	As at 30.09.2017
Core income-generating operations		
Result for the period before taxes	20,492	19,233
Adjustments to items with no impact on cash and cash equivalents		
- Margin from construction services	(428)	(159)
+ Depreciation and amortisation	6,648	6,282
+ Provisions	2,290	1,933
+ Interest expense on discounting provisions and severance	(370)	(93)
+/- Interest income and financial charges	248	324
+/- Losses/gains and other non-monetary costs/revenues	(1)	61
+/- Severance provisions and other personnel costs	88	86
Cash flow generated/(absorbed) by operating activities before changes in working capital	**28,967**	**27,667**
Change in inventories	11	(1)
(Increase)/decrease in trade receivables	(2,123)	(3,571)
(Increase)/decrease in other receivables and current/non-current assets (non-financial)	(922)	(1,272)
Increase/(decrease) in trade payables	1,708	(2,672)
Increase/(decrease) in other liabilities, various and financial	2,176	1,972
Interest paid	(286)	(409)
Interest collected	120	286
Taxes paid	(2,752)	(3,351)
Severance paid	(138)	(75)
Use of provisions	(4,305)	(2,558)
Cash flows generated/(absorbed) by net operating activities	**22,456**	**16,016**
Purchase tangible assets	(1,174)	(4,111)
Payment from sale of tangible assets	6	0
Purchase of intangible assets/concession rights	(9,753)	(3,867)
Payment from sale of intangible assets	389	0
Purchase/capital increase of equity investments	0	0
Payment from sale of equity investments	117	668
Change in investment in current and non-current financial assets	20,500	15,012
Cash flow generated/(absorbed) by investment activities	**10,085**	**7,702**
Proceeds from the issuance of shares and other equity instruments	0	0
Dividends paid	(14,161)	(10,007)
Loans received	0	0
Loans repaid	(3,039)	(3,036)
Cash flow generated/(absorbed) by financing activities	**(17,200)**	**(13,043)**
Change in closing cash flow	**15,341**	**10,675**
Cash and cash equivalents at beginning of period	**16,209**	**20,110**
Change in closing cash flow	**15,341**	**10,675**
Cash and cash equivalents at end of period	**31,550**	**30,785**

Statement of Changes in Consolidated Shareholders' Equity

in thousands of Euro	*Share capital*	*Share Premium Reserve*	*Legal Reserve*	*Other res.*	*FTA Reserve*	*Actuarial profits/(losses) reserve*	*Profit (losses) carried forward*	*Profit (loss) for the period*	*Group shareholders' equity*	*Minority interests*	*Shareholders' Equity*
Shareholders' Equity as at 31.12.2016	**90,314**	**25,683**	**5,018**	**34,923**	**(3,222)**	**(933)**	**2,413**	**11,311**	**165,507**	**607**	**166,114**
Allocation of the 2016 financial year result	0	0	527	677	0	0	10,107	(11,311)	0	0	0
Dividends paid	0	0	0	0	0	0	(10,007)	0	(10,007)	0	(10,007)
Total comprehensive profit (loss)	0	0	0	0	0	120	0	13,623	13,743	177	13,920
Shareholders' Equity as at 30.09.2017	**90,314**	**25,683**	**5,545**	**35,600**	**(3,222)**	**(813)**	**2,513**	**13,623**	**169,243**	**784**	**170,027**

In thousands of Euro	*Share capital*	*Share Premium Reserve*	*Legal Reserve*	*Other res*	*FTA Reserve*	*Actuarial profits/(losses) reserve*	*Profit (losses) carried forward*	*Assets held-for-sale reserve*	*Profit (loss) for the period*	*Group shareholders' equity*	*Minority interests*	*Shareholders' Equity*
Shareholders' Equity as at 31.12.2017	**90,314**	**25,683**	**5,545**	**35,600**	**(3,222)**	**(914)**	**2,513**	**13**	**15,969**	**171,501**	**821**	**172,322**
Allocation of the 2017 financial year result	0	0	752	837	0	0	14,379	0)	(15,969)	0	0	0
Share capital increase	0	0	0	0	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	(14,161)	0	0	(14,161)	0	(14,161)
Assets held-for-sale	0	0	0	0	0	0	0	(13)	0	(13)	0	(13)
Total comprehensive profit (loss)	0	0	0	0	0	37	0	0	14,454	14,491	156	14,647
Shareholders' Equity as at 30.09.2018	**90,314**	**25,683**	**6,297**	**36,437**	**(3,222)**	**(877)**	**2,731**	**0**	**14,454**	**171,818**	**977**	**172,795**

Notes to the consolidated financial statements

Information on Group activities

The Group operates in the airport management business. In particular:

- Aeroporto Guglielmo Marconi di Bologna S.p.A. (hereinafter "AdB" or the "Parent Company") is full manager of Bologna airport under Full Management Agreement No. 98 of July 12, 2004 and subsequent additional instruments, approved by Decree of the Ministry of Transport and Infrastructure and the Ministry of the Economy and Finance on March 15, 2006, with a term of 40 years from December 28, 2004. Its registered office is located at Via del Triumvirato 84, Bologna and it is registered with the Bologna Companies Register.
- Fast Freight Marconi S.p.A. (hereinafter "FFM") operates in the cargo and mail handling business at Bologna airport. Its registered office is located at Via del Triumvirato 84, Bologna and it is registered with the Bologna Companies Register. It is subject to management and coordination by Aeroporto Guglielmo Marconi di Bologna S.p.A.
- TAG Bologna S.r.l. (hereinafter "TAG") operates in the general aviation business as a handler and manager of the related infrastructure at the Bologna airport. Its registered office is located at Via del Triumvirato 84, Bologna and it is registered with the Bologna Companies Register. It is subject to management and coordination by Aeroporto Guglielmo Marconi di Bologna S.p.A.

Accounting Standards adopted for the preparation of the Condensed Consolidated Interim Financial Statements at September 30, 2018

Basis of preparation

The condensed consolidated interim financial statements of the Group (hereafter "the condensed consolidated interim financial statements of the Group" or "consolidated financial statements") were prepared for the nine months ended September 30, 2018 and include the comparative figures for the year ended December 31, 2017, limited to the Consolidated Statement of Financial Position and the comparative figures for the nine months January 1, 2017-September 30, 2017, limited to the Consolidated Income Statement, Consolidated Statement of Comprehensive Income and Consolidated Cash Flow Statement. The consolidated financial statements were prepared under the historic cost convention, except for financial assets held-for-sale, and Intangible Assets comprising Energy Certificates, which were recognised at fair value, and in accordance with the going concern principle. The Group considers that no significant uncertainties exist (as defined by paragraph 25 of IAS 1) on the going concern.

The consolidated financial statements are presented in Euro, which is also the Group functional currency, and all amounts are rounded to the nearest thousands of Euro, where not otherwise indicated.

The publication of the condensed consolidated interim financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A. and the two subsidiaries (the Group) for the first nine months of 2018 was approved by the Board of Directors on November 14, 2018.

Content and form of the condensed consolidated financial statements

The Condensed Consolidated Interim Financial Statements at September 30 were prepared as per IAS 34 "Interim Financial Statements" including condensed explanatory notes in accordance with the above-mentioned international accounting standard and supplemented in order to provide greater disclosure where considered necessary. These Consolidated Financial Statements must therefore be read together with the Consolidated Financial Statements for the year 2017 prepared in accordance with IFRS International Accounting Standards issued by the International Accounting Standards Board ("IASB") and prepared considering the transition date to IFRS (First Time Adoption "FTA") as January 1, 2012.

The accounting standards and policies utilised are those adopted for the preparation of the financial statements at December 31, 2017 with the exception of the new accounting standards, amendments and interpretations which entered into force from January 1, 2018, applied for the first time by the Group at the obligatory effective date and summarised in this document in the paragraph "Accounting standards, amendments and interpretations endorsed by the European Union adopted by the Group".
In particular, the Group applied the new accounting standard on revenues IFRS 15 from the obligatory effective date adopting the modified retrospective method; as indicated in the Explanatory Notes to the 2017 Annual Accounts, the application of the new standard did not result in any significant impacts, similar to the application of IFRS 9. Given the insignificant impacts deriving from the application of these two new IFRS's the Group did not restate the comparative figures, but will provide information in the Explanatory Notes on each of the individual accounts impacted by the introduction of these accounting standards.

The Group opted to apply the Separate and Comprehensive Income Statements, as permitted by IAS 1, considering such more representative of operations. In particular, the Consolidated Statement of Financial Position has been prepared by separating assets and liabilities into current and non-current categories.
An asset is considered current where:

- it is expected to be realised, or is intended for sale or consumption, in the normal operating cycle;
- it is held principally for trading;
- it is expected to be realised within twelve months from the balance sheet date; or
- it comprises cash or cash equivalents, upon which no prohibition exists on their exchange or utilisation to settle a liability for at least 12 months from the balance sheet date.

All other assets are classified as non-current.

A liability is considered current where:

- it is expected to be settled within the normal operating cycle;
- it is held principally for trading;
- it is expected to be settled within twelve months from the year-end;
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified respectively under non-current assets and liabilities.
The Consolidated Income Statement has been prepared by classifying income and expenses by their nature, whereas the Consolidated Cash Flow Statement has been prepared using the indirect method, according to which cash flows are classified into operating, investing and financing categories.

Consolidation Scope

The consolidated financial statements were prepared based on the financial statements of the Parent Company and its subsidiaries, directly and indirectly held, approved by the respective shareholders' meetings or executive bodies, appropriately adjusted in line with IFRS. The subsidiary companies are fully consolidated from the date of acquisition, or from the date in which the Group acquires control, and ceases to be consolidated at the date on which the Group no longer has control.

The following table summarises the information on the subsidiaries at September 30, 2018 and December 31, 2017 in terms of the Group's direct and indirect holding.

In thousands of Euro	Currency	Share capital	as at 30.09.2018	as at 31.12.2017
Fast Freight Marconi S.p.a. Società Unipersonale	Euro	520	100.00%	100.00%
Tag Bologna S.r.l	Euro	316	51.00%	51.00%

On October 2, 2018, AdB acquired 49% of Tag Bologna Srl, becoming the sole shareholder.

The following table summarise the information on the associated companies at September 30, 2018 and December 31, 2017 in terms of the Group's direct and indirect holding.

In thousands of Euro	Currency	Share capital	as at 30.09.2018	as at 31.12.2017
Ravenna Terminal Passeggeri S.r.l.	Euro	165	24.00%	24.00%

Operating Segment information

The Aeroporto Guglielmo Marconi di Bologna Group, in application of IFRS 8, identified its operating segments as the business areas which generate revenues and costs, whose results are periodically reviewed by the highest decision-making level in order to evaluate the outcome of the decisions concerning the allocation of resources and for which separate financial statements are available.
The Group operating segments as per IFRS 8 - Operating Segment are as follows:

- Aviation;
- Non-Aviation;
- Other.

The disclosure concerning operating segments for the Continuing Operations is outlined to reflect the future organisational structure of the Group, with separate disclosure for Discontinued Operations.

In relation to the operating segments, the Group evaluates their performance based on passenger revenues, separating those concerning the aviation sector from those concerning the non-aviation sector.

The account "Other" residually includes those businesses not directly attributable to the identified segments.

In Group operations, financial income and charges and taxes are not allocated to the individual operating segments.

The segment assets are those employed by the segment for operating activities or which may be allocated reasonably for the carrying out of operating activities.

The segment assets presented are measured utilising the same accounting policies adopted for the presentation of the Group interim consolidated financial statements.

In thousands of Euro	For the nine months ended 30.09.2018 *Aviation*	For the nine months ended 30.09.2018 *Non-Aviation*	For the nine months ended 30.09.2018 Other	Total for the nine months ended 30.09.2018
Revenues	51,034	32,149	0	83,183
Costs	(39,054)	(14,822)	0	(53,876)
EBITDA	**11,980**	**17,327**	**0**	**29,307**
Depreciation, amortisation & impairment	(4,477)	(2,171)	0	(6,648)
Provisions	(1,983)	(307)	0	(2,290)
Operating result	**5,520**	**14,849**	**0**	**20,369**
Financial income	0	0	576	576
Financial expenses	0	0	(453)	(453)
Result before taxes	**5,520**	**14,849**	**123**	**20,492**
Taxes for the period	0	0	(5,882)	(5,882)
Profit (loss) for the period	**5,520**	**14,849**	**(5,759)**	**14,610**
Minority interests profit (loss)	**0**	**0**	**0**	**156**
Group profit (loss)	**0**	**0**	**0**	**14,454**

In thousands of Euro	For the nine months ended 30.06.2017 *Aviation*	For the nine months ended 30.06.2017 *Non-Aviation*	For the nine months ended 30.09.2017 Other	Total for the nine months ended 30.09.2017
Revenues	43,900	29,576	0	73,476
Costs	(31,751)	(14,170)	0	(45,921)
EBITDA	**12,149**	**15,406**	**0**	**27,555**
Depreciation, amortisation & impairment	(4,234)	(2,048)	0	(6,282)
Provisions	(1,445)	(364)	0	(1,809)
Operating result	**6,470**	**12,994**	**0**	**19,464**
Financial income	0	0	374	374
Financial expenses	0	0	(605)	(605)
Result before taxes	**6,470**	**12,994**	**(231)**	**19,233**
Taxes for the period	0	0	(5,433)	(5,433)
Profit (loss) for the period	**6,470**	**12,994**	**(5,664)**	**13,800**
Minority interests profit (loss)	**0**	**0**	**0**	**177**
Group profit (loss)	**0**	**0**	**0**	**13,623**

The table below presents the segment information for assets:

In thousands of Euro	As at 30.09.2018 Aviation	As at 30.09.2018 Non-Aviation	As at 30.09.2018 Other	Total As at 30.09.2018
Non-current assets	**155,818**	**26,304**	**17,913**	**200,035**
Intangible assets	**149,872**	**13,202**	**0**	**163,074**
Concession Rights	148,877	12,318	0	161,195
Other intangible assets	995	884	0	1,879
Tangible assets	**5,878**	**13,071**	**0**	**18,949**

In thousands of Euro	As at 30.09.2018 Aviation	As at 30.09.2018 Non-Aviation	As at 30.09.2018 Other	Total As at 30.09.2018
Property, plant and equipment	5,878	8,339	0	14,217
Investment property	0	4,732	0	4,732
Other non-current assets	**68**	**31**	**17,913**	**18,012**
Investments	0	0	43	43
Other non-current financial assets	0	0	10,331	10,331
Deferred tax assets	0	0	6,187	6,187
Other non-current assets	68	31	1,352	1,451
Current assets	**15,286**	**5,200**	**41,694**	**62,180**
Inventories	309	218	0	527
Trade receivables	11,142	4,162	0	15,304
Other current assets	3,835	820	540	5,195
Current financial assets	0	0	9,604	9,604
Cash and cash equivalents	0	0	31,550	31,550
Total assets	**171,104**	**31,504**	**59,607**	**262,215**

In thousands of Euro	As at 30.09.2017 Aviation	As at 30.09.2017 Non-Aviation	As at 30.09.2017 Other	Total As at 30.09.2017
Non-current assets	**149,916**	**25,543**	**19,714**	**195,173**
Intangible assets	**143,945**	**11,980**	**0**	**155,924**
Concession Rights	143,287	11,333	0	154,620
Other intangible assets	657	647	0	1,304
Tangible assets	**5,881**	**13,517**	**0**	**19,397**
Property, plant and equipment	5,881	8,785	0	14,665
Investment property	0	4,732	0	4,732
Other non-current assets	**91**	**47**	**19,714**	**19,852**
Investments	0	0	147	147
Other non-current financial assets	0	0	11,326	11,326
Deferred tax assets	0	0	6,893	6,893
Other non-current assets	91	47	1,348	1,486
Current assets	**16,681**	**5,487**	**44,254**	**66,423**
Inventories	306	214	0	521
Trade receivables	12,821	4,345	0	17,167
Other current assets	3,554	928	521	5,002
Current financial assets	0	0	12,948	12,948
Cash and cash equivalents	0	0	30,785	30,785
Total assets	**166,597**	**31,030**	**63,968**	**261,596**

Segment disclosure regarding the identified operating segments is undertaken as outlined below.

- Aviation: refers to the airport's core business. This includes aircraft landing, take-off and parking fees, passenger boarding fees, freight fees, in addition to passenger security control fees and hand-carry and checked baggage control fees. It includes also cargo handling, customs clearance and fueling operations. Finally, this segment includes all centralised infrastructure and exclusive assets:

the centralised infrastructure represents revenues received in relation to infrastructure under the exclusive operation of the airport management company for reasons of safety, security or in view of their economic impact. Exclusive assets concern check-in desks, the gates and spaces assigned to airport operators.

- Non-Aviation: operations not directly connected to the aviation business. This include sub-concession, retail, catering, self-hire and parking management operations, the Marconi Business Lounge and advertising.

The breakdown of revenues and costs between the Aviation and Non-Aviation SBU's follows ENAC's guidelines for analytic/regulatory reporting for airport management companies, in line with Article 11 *decies* of Law No. 248/05 and the Ministry of Transport Guidelines of December 31, 2006.

The residual accounts excluded from regulatory reporting were subsequently allocated according to the operating criteria.

The main differences were as follows:

- accounts not considered relevant for regulatory accounting purposes which are allocated through a specific review of the individual cost/revenue items;
- revenues and costs for construction services allocated according to an analytical breakdown of investments in the year between the two SBU's according to regulatory criteria;
- incentives for the development of air traffic, allocated entirely to the Aviation SBU in accordance with the financial statement breakdown.

COMMENTS ON THE MAIN ITEMS ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

1. Intangible assets

The following table breaks down intangible assets at September 30, 2018 (compared with December 31, 2017).

In thousands of Euro	As at 30.09.2018	As at 31.12.2017	Change
Concession Rights	161,195	156,523	4,672
Software, licences and similar rights	1,082	1,105	(23)
Other intangible assets	67	71	(4)
Energy Certificates	0	321	(321)
Intangible assets in progress	730	287	443
TOTAL INTANGIBLE ASSETS	**163,074**	**158,307**	**4,767**

Concession rights increased at September 30, 2018 by Euro 9 million (equal to the fair value of construction services provided in the period), principally due to:

- resurfacing works on an extensive runway section, of the entire "Golf" taxiway and of a number of sections of the "Charlie-Delta-Echo" taxiway , with the upgrading of the relative horizontal signage and the installation of new lighting (AVL). These works were undertaken in September, during the four days of the airport's closure;
- works in progress for the new de-icing apron and the relative service building;
- works to extend the new offices at the couriers building;
- upgrading of peripheral network hubs for the improvement of the IT network ahead of the Terminal extension and of new services;
- building and installation of a monitoring and video surveillance system monitoring the airport perimeter, in application of the National Safety Programme;
- construction works on the new "Training Center" building which, following ENAC certification in application of EC regulation 139/2014, will house the training center which will centralise all airport personnel technical training;
- other activities to prepare for the passenger terminal extension.

We in addition highlight the supply and installation of new flight information monitors to improve information to the public.
Finally, in the first nine months of 2018, definitive and executive design operations were carried out for works execution and management with regard to the protection of buildings currently used by State Agencies.
Amortisation of Concession rights in the period amounted to Euro 4.25 million, according to the residual duration of the concession in the first nine months of 2018, in addition to write-downs of Euro 70 million.

Software, licenses and similar rights increased Euro 0.7 million. This increase mainly considers the harmonisation and integration of the human resource management systems, the acquisition software licenses for various operating systems and of operating applications, in addition to design and analysis services ahead of the construction of the human-like robot "Pepper" used in the check-in area to provide verbal information to passengers.

The increase in the account "Energy certificates" concerns the valuation of 194 White Certificates relating to the Trigeneration plant, recorded under Other revenues and income in the Income Statement.

Other intangible assets in progress includes software development not concluded at September 30, 2018, among which we highlight the renewal of the website and the modernisation of the GSTAR operating system.

Test on the recoverability of assets and group of assets

With regards to the preparation of the interim consolidated financial statements, as indicators of impairment as defined by IAS 36 are not evident and considering that Group economic-financial performances are in line with the 2018-2044 economic-financial forecast drawn up by the Board of Directors and utilised in the impairment tests at December 31, 2017 and in previous years, impairment tests were not carried out as no such indicators have emerged in terms of the Concession rights recognised at September 30, 2018.

2. Tangible assets

The following table breaks down tangible assets at September 30, 2018 (compared with December 31, 2017).

In thousands of Euro	As at 30.09.2018	As at 31.12.2017	Change
Land	2,763	2,763	0
Buildings, light constructions and improvements	4,245	4,500	(255)
Machinery, equipment & plant	2,879	3,299	(420)
Furniture, EDP and transport	1,897	1,952	(55)
Building plant and machinery in progress and advances	2,433	2,156	277
Investment property	4,732	4,732	0
TOTAL TANGIBLE ASSETS	**18,949**	**19,402**	**(453)**

In the first nine months of 2018, this category increased overall by Euro 1.17 million and mainly concerns, in addition to furniture and EDP, the purchase and installation of:

- digital advertising equipment;
- explosives recorders, equipment and devices to analyse and control liquids at the customs desks;
- office equipment, such as a lifttrucks and a display platform;
- service vehicles to replace those reaching technical end-of-life.

Tangible fixed assets in progress include amounts incurred for projects not concluded at September 30, 2018, among which the first two tranches totalling Euro 1.78 million of the contributions granted to the Parent Company for the Marconi Express Spa for the construction of the People Mover "Airport" station following completion of 66% of the airport area works.

Investment property includes the total value of land owned by the Group earmarked for the construction of investment property; these amounts were initially recorded at purchase cost and subsequently measured using the cost method.
This land is not subject to amortisation but, as per IAS 40, a technical report is undertaken to support the fair value. The technical report undertaken internally by the Parent Company confirms that the value of the inscription cost approximates, for nature and strategic value of the investment, its fair value. At the preparation date of the consolidated financial statements, there were no impairment indicators on these assets.

3. Investments

The following table breaks down investments at September 30, 2018 (compared with December 31, 2017) and the movements in the period:

In thousands of Euro	As at 31.12.2017	Increases / Acquisitions	Decreases / Disposals	Write-downs	As at 30.09.2018
Other investments	43	0	0	0	43
TOTAL INVESTMENTS	**43**	**0**	**0**	**0**	**43**

In detail:

In thousands of Euro	Holding	As at 30.09.2018	As at 31.12.2017	Change
Consorzio Energia Fiera District	14.3%	3	3	0
CAAF dell'Industria Spa	0.07%	0	0	0
Bologna Welcome Srl	10%	40	40	0
TOTAL OTHER INVESTMENTS		**43**	**43**	**0**

4. Other non-current financial assets

The following table shows the movements in other non-current financial assets for the period ended September 30, 2018 (compared with December 31, 2017).

In thousands of Euro	As at 31.12.2017	Increases / Acquisitions	Decreases / Disposals	Write-downs	As at 30.09.2018
Equity Financial Instruments	10,000	0	0	0	10,000
Deposit accounts/Saving bonds	9,570	0	(9,500)	0	70
Other financial assets	257	4	0	0	261
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	**19,827**	**4**	**(9,500)**	**0**	**10,331**

At September 30, 2018 the account "Other non-current financial assets" mainly comprised:

- Euro 10 million of equity financial instruments in Marconi Express Spa, concession holder for the construction and management of the rapid rail link infrastructure between the Airport and Bologna Central Station called People Mover. This financial instrument, subscribed on January 21, 2016 for a total value of Euro 10.9 million, is recorded at September 30, 2018 for Euro 10 million, corresponding to the amount effectively paid or rather the cost incurred at that date. The investment, in addition to the strategic/operating interest related to improving accessibility to the airport, meets the Group's objective both in relation to the collection of the contractual cash flows and to any future sale of the financial asset. In accordance with the new standard IFRS 9, this is therefore classified to the financial asset category "Held to collect and sell - HTC&S". This financial instrument does not comply with the SPPI test and consequently this asset must be measured at fair value through profit or loss. Specifically, considering the difficulty in measuring the fair value of this Equity Financial Instrument, the Group availed of the exemption permitted for equity financial instruments where the fair value may not be reliably measured. Consequently, the subsequent valuations of this SFP are at cost and any reductions in value, quantified comparing the book value with the present value of the expected cash flows discounted at the market rate for similar instruments, are recorded in the Income Statement and may not be written back. In summary, the application of the new accounting standard on the financial instruments does not modify the valuation of the Equity Financial Instruments in Marconi Express.

- Euro 0.26 million of a capitalisation product with a duration of 5 years which the Group has classified in accordance with the new standard IFRS 9 in the category "Held to collect – HTC", as this complies with the Group's need to invest temporary liquidity held in order to collect the contractual cash flows. In this specific case, the maturity is defined contractually, but the return is related to the capital management performance and therefore this financial instrument is measured at fair value through profit or loss. Also in this case there are no changes compared to the previous accounting treatment.

In relation to the movements in the period the category "Deposit accounts/Savings bonds", which decreased Euro 9.5 million, comprises temporary investments of liquidity undertaken by the Group in order to collect the contractual cash flows. As per IFRS 9, these investments are classified in the category "Held to collect - HTC". The contractual maturity defined, the yield defined and calculated on the notional amount permits the achievement of the SPPI tests and therefore the valuation at amortised cost in continuity with that undertaken in previous years in application of IFRS 9. The change in the period is due to the reclassification from non-current to current financial assets deriving from the reduced contractual maturity of Euro 8 million of Time Deposits acquired in December 2017 and with maturity June 2019 and of Euro 1.5 million of Time Deposits acquired in November 2017 and maturity May 2019.

5. Deferred tax assets

The following table presents the movements in deferred tax assets for the period ended September 30, 2018, compared with December 31, 2017.

In thousands of Euro	As at 31.12.2017	Provisions	Utilizations	As at 30.09.2018
DEFERRED TAX ASSETS	**6,799**	**657**	**(1,269)**	**6,187**

6. Other non-current assets

The following table breaks down other non-current assets at September 30, 2018 (compared with December 31, 2017).

In thousands of Euro	As at 30.09.2018	As at 31.12.2017	Change
Non-current prepaid expenses and accrued income	59	108	(49)
Guarantee deposits	88	84	4
Non-current tax receivables	1,304	1,304	0
OTHER NON-CURRENT ASSETS	**1,451**	**1,496**	**(45)**

The main account relates to non-current tax receivables concerning the receivable recorded following the IRES reimbursement request for the non-deduction of IRAP on personnel costs (Legislative Decree 201/2011 and Tax Agency Decision No. 2012/140973 of 2012) for Euro 1 million. This amount includes the share of the subsidiaries Tag Bologna and Fast Freight Marconi and the former subsidiary Marconi Handling within the Group fiscal consolidation whose settlement will be undertaken directly by the Parent Company based on the tax consolidation agreement in the year the amounts are recorded in the financial statements.

7. Inventories

The following table breaks down inventories at September 30, 2018 (compared with December 31, 2017).

In thousands of Euro	As at 30.09.2018	As at 31.12.2017	Change
Inventories of raw materials, supplies and consumables	504	487	17
Inventories of finished products	23	51	(28)
INVENTORIES	**527**	**538**	**(11)**

Ancillary and consumable inventories concern inventories held of workshop materials, heating fuel and de-icing liquid as well as stationary and printing material. Finished product inventories concerns aviation fuel.

8. Trade receivables

The table below illustrates the trade receivables and the relative provisions for doubtful accounts at September 30, 2018 compared to December 31, 2017.

In thousands of Euro	As at 30.09.2018	As at 31.12.2017	Change
Trade receivables	16,251	14,128	2,123
Provisions for doubtful accounts	(947)	(908)	(39)
TRADE RECEIVABLES	**15,304**	**13,220**	**2,084**

At September 30, 2018 trade receivables for Euro 15.3 million were recorded net of the provisions for doubtful accounts of Euro 1 million, whose valuation was impacted, although not significantly, by the new accounting standards and in particular IFRS 9 with the adoption from January 1, 2018 of the Provision Matrix method. As illustrated in the Explanatory Notes to the 2017 Annual Report concerning the new accounting standards, the impact is not significant considering the most significant part of the provision comprises write-downs based on specific analysis of overdue amounts and/or disputes, whose probability of recovery is estimated also through the support of legal advisors and taking into account guarantees received from clients. On the residual debtor balance, classified by customer category and overdue period, the simplified parameter method was applied permitted by IFRS 9 to companies with a diversified and fragmented client portfolio.

The movements in the provisions for doubtful accounts were as follows:

In thousands of Euro	As at 31.12.2017	Provisions	Utilizations	Releases	As at 30.09.2018
PROVISIONS FOR DOUBTFUL ACCOUNTS	**(908)**	**(59)**	**18**	**2**	**(947)**

9. Other current assets

The following table breaks down other current assets at September 30, 2018 (compared with December 31, 2017).

In thousands of Euro	As at 30.09.2018	As at 31.12.2017	Change
VAT Receivable	143	303	(160)
Direct income tax receivables	30	5	25
Other tax receivables	0	26	(26)
Employee receivables	77	74	3
Other receivables	4,945	3,780	1,165
OTHER CURRENT ASSETS	**5,195**	**4,188**	**1,007**

The most significant changes in other current assets as illustrated below refer to prepayments and accrued income, significantly higher at September 30 than the end of the previous year due to the difference in timing between payment and recognition.

In thousands of Euro	As at 30.09.2018	As at 31.12.2017	Change
Prepayments and accrued income	777	316	461
Advances to suppliers	205	14	191
Pension and social security institutions	77	60	17
Municipal surtax receivable	4,455	3,897	558
Other current receivables provisions for doubtful accounts	(1,084)	(1,085)	1
Other current receivables	515	578	(63)
TOTAL OTHER RECEIVABLES	**4,945**	**3,780**	**1,165**

The account “other current receivables provisions for doubtful accounts” includes the provision for municipal surtax obtained for reclassification under assets in the statement of financial position, as a deduction of the respective receivable, of the municipal surtax to the carriers which in the meantime were subject to administration procedures or which contested the charge. This account:

- is exclusively an asset account,
- does not involve any provisions to the Income Statement,
- was classified as a deduction of the respective receivables due to the high improbability of recovery

and the changes in the period are as shown in the table below:

In thousands of Euro	As at 31.12.2017	Provisions/Increases	Utilizations	Releases	As at 30.09.2018
Municipal surtax receivable provision	(1,085)	(9)	0	10	(1,084)
TOTAL OTHER RECEIVABLES PROVISIONS FOR DOUBTFUL ACCOUNTS	**(1,085)**	**(9)**	**0**	**10**	**(1,084)**

10.Current Financial Assets

The following table breaks down current financial assets at September 30, 2018 (compared with December 31, 2017).

In thousands of Euro	As at 30.09.2018	As at 31.12.2017	Change
Bonds	0	4,574	(4,574)
Deposit accounts	9,500	16,000	(6,500)
Other financial receivables	104	43	61
CURRENT FINANCIAL ASSETS	**9,604**	**20,617**	**(11,013)**

The changes in the period in other current financial assets are illustrated in the table below.

In thousands of Euro	As at 31.12.2017	Increases / Acquisitions	Decreases / Disposals	Write-downs	As at 30.09.2018
Bonds	4,574	0	(4,574)	0	0
Deposit accounts	16,000	9,500	(16,000)	0	9,500
Other financial receivables	43	61		0	104
TOTAL CURRENT FINANCIAL ASSETS	**20,617**	**9,561**	**(20,574)**	**0**	**9,604**

In detail, at September 30 current financial assets comprise:

- deposits accounts: this account concerns temporary investments in time deposits for:
    - Euro 8 million Time deposits acquired in December 2017 with maturity June 2019 (reclassified from non-current financial assets note 4);
    - Euro 1.5 million Time deposits acquired in November 2017 with maturity May 2019 (reclassified from non-current financial assets note 4);

  This category of financial investments also meets the Group's temporary needs to invest liquidity in order to obtain the contractual cash flows. As per IFRS 9, these investments are classified in the category "Held to collect - HTC". The contractual maturity defined, the yield defined and calculated on the notional amount permits the passing of the SPPI tests and therefore the valuation at amortised cost in continuity with that undertaken in previous years in application of IAS 39.

  In addition to the above-mentioned reclassifications (Euro +9.5 million from non-current to current financial assets), the changes in the period are due to:
    - the sale in May of Euro 4 million of savings bonds subscribed in March 2017 and with maturity September 2018. The advance settlement was undertaken in view of the payment maturities, among which the distribution of dividends on the 2017 result for Euro 14.2 million, as approved by the Shareholders' Meeting of April 24, 2018. The advance sale does not reflect a change in the business model underlying the purchase of this financial instrument, but represents an opportunity to maximise financial income;
    - the maturity in September 2018 of Euro 4 million of savings bonds subscribed in August 2016 and a senior bond of Euro 4.5 million also acquired in 2016;
    - the reclassification to cash and cash equivalents (note 11) of deposit certificates for Euro 7 million subscribed in December 2017 and with December 2018 maturity, and of time deposits for Euro 1 million subscribed in April 2017 and with October 2018 maturity.

11. Cash and cash equivalents

In thousands of Euro	As at 30.09.2018	As at 31.12.2017	Change
Bank and postal deposits	31,527	16,182	15,345
Cash in hand and similar	23	27	(4)
CASH AND CASH EQUIVALENTS	**31,550**	**16,209**	**15,341**

"Bank and postal deposits" represent the bank current account balances in addition to bank deposits readily convertible to cash, as outlined at note 10.

12.Assets held-for-sale

The following table shows the breakdown of the assets held-for-sale:

In thousands of Euro	As at 30.09.2018	As at 31.12.2017	Change
Investment in Bologna Congressi Spa	0	117	(117)
ASSETS HELD-FOR-SALE	**0**	**117**	**(117)**

At December 31, 2017 this account comprises the investment of 10% in Bologna Congressi Spa, which was sold on February 23, 2018 to Bologna Fiera Spa, majority shareholder of Bologna Congressi spa. At December 31, 2017, the capital profit of Euro 0.013 million was recorded as a shareholders' equity reserve. At September 30, 2018, given the completion of the operation, the reserve was eliminated and the profit recorded under financial income in account 27 of the Income Statement.

LIABILITIES

13. Shareholders' Equity

The following table breaks down the Shareholders' Equity at September 30, 2018 (compared with December 31, 2017).

In thousands of Euro	As at 30.09.2018	As at 31.12.2017	Change
Share capital	90,314	90,314	0
Reserves	67,050	65,218	1,832
Profit (loss)	14,454	15,969	(1,515)
SHAREHOLDERS' EQUITY	**171,818**	**171,501**	**317**

i. Share capital

The share capital of the Parent Company at September 30, 2018 amounts to Euro 90,314,162, entirely paid-in and comprising 36,125,665 ordinary shares without par value.

The following table outlines the calculation of the undiluted and diluted earnings per share:

in Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017
Group profit (loss)	14,491,813	13,742,961
Average number of shares outstanding	36,125,665	36,125,665
Undiluted earnings per share	**0.40**	**0.38**
Diluted earnings per share	**0.40**	**0.38**

The undiluted earnings and diluted earnings per share of the AdB Group at September 30, 2018 and September 30, 2017 are the same due to the absence of potential dilutive instruments.

ii. Reserves

The following table breaks down the Reserves at September 30, 2018 (compared with December 31, 2017).

In thousands of Euro	As at 30.09.2018	As at 31.12.2017	Change
Share premium reserve	25,683	25,683	0
Legal reserve	6,297	5,545	752
Extraordinary reserve	36,437	35,600	837
FTA Reserve	(3,222)	(3,222)	0
Profits/(losses) carried forward	2,731	2,513	218
OCI Reserve	(877)	(914)	37
Assets held-for-sale reserve	0	13	(13)
TOTAL RESERVES	**67,050**	**65,218**	**1,832**

The share premium reserve comprises:

- Euro 14.35 million following the paid-in share capital increase approved by the Shareholders' Meeting of February 20, 2006;
- Euro 11.33 million following the public offering of shares in 2015.

Pursuant to Article 2431 of the Civil Code this reserve is available but may not be distributed until the legal reserve has reached the limit established as per article 2430 of the Civil Code.

The legal reserve and the extraordinary reserve increased due to the allocation of the profit in the previous year and, in relation to the Parent Company, net of the distribution of dividends approved by the Shareholders' Meeting of April 24, 2018 for Euro 14.2 million corresponding to a gross dividend of Euro 0.392 for each of the 36,125,665 ordinary shares in circulation at the dividend coupon date. The extraordinary reserve entirely comprises profits from previous years.

The profits carried forward increased due to the allocation of the profits deriving from the IAS accounting entries of the subsidiary companies, in addition to the share of the result for the year of Tag.

The OCI reserve records the changes deriving from the discounting of the severance provision in accordance with IAS 19 revised (note 14), net of the relative tax effect.

The assets held-for-sale reserve, which at December 31, 2017 included the profit arising from the difference in the carrying value of the investment in Bologna Congressi Spa and the sales value, was eliminated due to the completion of the operation on February 23, 2018, with recognition of the higher value under financial income in the Income Statement.

The following table breaks down the OCI reserve at September 30, 2018 and the comparative period:

In thousands of Euro	As at 30.09.2018	As at 31.12.2017	Change
IAS 19 actuarial profits/losses	(1,160)	(1,209)	49
Deferred taxes on actuarial profits/losses - IAS 19	278	289	(11)
OCI RESERVE	**(882)**	**(920)**	**38**
of which minority interest	**(5)**	**(6)**	**1**
of which Group	**(877)**	**(914)**	**37**

The Minority interest shareholders' equity concerns the share of Shareholders' equity and the net result for the period of the subsidiaries not fully held as follows:

In thousands of Euro	As at 30.09.2018	As at 31.12.2017	Change
Share Capital - Minority interests	155	155	0
Reserves - Minority interests	666	451	215
Profit/Loss - Minority interests	156	215	(59)
MINORITY INTEREST SHAREHOLDERS' EQUITY	**977**	**821**	**156**

The changes in minority interest shareholders' equity is due to the allocation of the result reported in the previous year in addition to the profit matured in the current period.

14.Severance and other personnel provisions

The following table breaks down severance and other personnel provisions at September 30, 2018 (compared with December 31, 2017).

In thousands of Euro	As at 30.09.2018	As at 31.12.2017	Change
Severance	4,177	4,287	(110)
Other personnel provisions	195	118	77
SEVERANCE AND OTHER PERSONNEL PROVISIONS	**4,372**	**4,405**	**(33)**

The table below shows the movements in the provisions from December 31, 2017 to September 30, 2018.

In thousands of Euro	As at 31.12.2017	Service cost	Net interest	Benefits paid	Actuarial profits/(losses)	As at 30.09.2018
Severance	4,287	11	66	(138)	(49)	4,177
Other personnel provisions	118	77	0	0	0	195
SEVERANCE AND OTHER PERSONNEL PROVISIONS	**4,405**	**88**	**66**	**(138)**	**(49)**	**4,372**

The other personnel provisions at September 30, 2018 concern the long-term incentive plan and the non-competition agreement of the Chief Executive Officer/General Manager of the Parent Company.

15. Deferred Tax Liabilities

The following table breaks down the deferred tax liabilities at September 30, 2018 (compared with June 30, 2017).

In thousands of Euro	As at 31.12.2017	Provisions	Utilizations	As at 30.09.2018
DEFERRED TAX LIABILITIES	**2,371**	**45**	**0**	**2,416**

16.Provisions for renewal of airport infrastructure (non-current)

The provisions for renewal of airport infrastructure includes the provision allocated to cover the conservation maintenance expenses and renewal of the assets held under concession which the Group must return at the end of the concession period, scheduled in 2044, in perfect functioning state.
The following table presents the movements for the periods ended September 30, 2018 and 2017 of the provision:

In thousands of Euro	As at 31.12.2017	Provisions	Utilizations	Reclassifications	As at 30.09.2018
PROVISIONS FOR RENEWAL OF AIRPORT INFRASTRUCTURE (NON-CURRENT)	**9,575**	**1,579**	**(787)**	**(906)**	**9,461**

The increases in the period totalled Euro 1.6 million, of which Euro 2 million classified under provisions in the income statement and net of Euro 0.4 million recorded under financial income from discounting. The decreases from reclassifications concern the periodic reclassification to current liabilities of the disbursements expected in the twelve months subsequent to period end. The other utilisations of the provision in the period are recorded under current liabilities at note 21.

17.Provisions for risks and charges (non-current)

The following table shows the movements for the period ended September 30, 2018 of the provision for risks and charges:

In thousands of Euro	As at 31.12.2017	Provisions	Utilisation/Release	As at 30.09.2018
Risk provision for disputes	842	26	(2)	866
Employee back-dated provision	270	207	0	477
Provisions for other risks and charges	153	0	0	153
PROVISIONS FOR RISKS AND CHARGES - NON-CURRENT	**1,265**	**233**	**(2)**	**1,496**

The main change concerns the employee back-dated provision on which, within the framework of the renewal of the Airport Operators Trade Union Agreement expired on December 31, 2016 and of the Assohandlers Trade Union Agreement expired on June 30, 2017, an estimate of the liabilities for a One-off/back-dated employee payments was accrued for the period.

Contingent liabilities

On July 26, 2016, on the completion of a general review commenced on May 18, 2016 for the year 2013 of the Parent Company, the Bologna Tax Agency prepared a tax assessment highlighting one issue. The issue concerned a presumed non-recognition of the deductibility for income taxes of the loss of Euro 5 million following the bankruptcy declaration in May 2013 of the company SEAF, Società di Gestione dell'Aeroporto di Forlì. This examination process resulted in the enforcement of the surety related to the letter of patronage issued in 2007 by AdB to the credit institutions of SEAF against an unsecured loan, which the Parent Company executed by means of a repayment plan to the Institutions. This was completed in April 2016 following the full repayment of the residual instalments.

The Directors, taking account of the factual and legal arguments of the Parent Company, as formalised in the petitions forwarded to the Tax Agency concerning the financial and therefore tax reasoning behind the choices made, categories the liability as potential and therefore only includes appropriate disclosure in the Notes.

In relation, finally, to the extraordinary administration of Alitalia, the Group assessed the potential liability related to the revocation of receivables arising in the six months before the procedure, for an amount of Euro 1.49 million, net of municipal surtaxes. At the preparation date of this document, taking account of the information noted and the defensive arguments arising in the case in which this request is advanced, the Directors considered it appropriate to provide disclosure in the Notes, without making any accrual, although while at the same time continuing to closely monitor the airline's situation.

18. Non-current financial liabilities

The following table breaks down non-current financial liabilities at September 30, 2018 (compared with December 31, 2017).

In thousands of Euro	As at 30.09.2018	As at 31.12.2017	Change
Bank loans – non-current	16,092	19,109	(3,017)
NON-CURRENT FINANCIAL LIABILIITES	**16,092**	**19,109**	**(3,017)**

Bank loans - non-current comprise medium/long-term loans contracted by the Group. The decrease in the period is mainly due to repayments totalling Euro 3 million.

Total bank loans at September 30, 2018 amount to Euro 21.9 million, of which Euro 16.1 million non-current and Euro 5.8 million current (note 22).

The contractual conditions of the loans in place at September 30, 2018 are illustrated below:

Credit Institution	Type of loan	Interest rate applied	Rate	Maturity	Covenant
Intesa San Paolo S.p.A (former Banca OPI S.p.A)	Loan	Rate applied by EIB to the Bank + 0.45%	Half-Year	2019	No
Intesa San Paolo S.p.A.	Loan	Fixed rate until 10/4/2017 of 3.693%; from 11/04 to 10/06/2017 of 3.3%; from 11/06/2017 to 10/06/2024 of 3%	Half-Year	2024	Yes
Monte dei Paschi di Siena (former Banca Agricola Mantovana)	Loan	Euribor variable 3 Months + spread 0.9%	Quarterly	2026	No

The loans are not covered by secured guarantees.

With reference to the cross default clauses on the loan contracts of the Company, these include both clauses where the benefits are no longer applicable and where the Company financed is not in compliance with obligations of a credit or financial nature, or guarantees assumed with any party. We report that at September 30, 2018 the Group has not received any communication for application of cross default clauses by any of its lenders.

19.Trade payables

In thousands of Euro	As at 30.09.2018	As at 31.12.2017	Change
Trade payables	17,916	16,208	1,708
TRADE PAYABLES	**17,916**	**16,208**	**1,708**

Trade payables principally concern Italian suppliers.

20.Other Liabilities

The following table breaks down current liabilities at September 30, 2018 (compared with December 31, 2017).

In thousands of Euro	As at 30.09.2018	As at 31.12.2017	Change
Current tax payables	4,558	1,671	2,887
Employee payables and social security institutions	4,363	4,034	329
ENAC concession fee and other State payables	14,012	14,556	(544)
Other current liabilities, accrued liabilities and deferred income	5,282	3,913	1,369
TOTAL OTHER CURRENT LIABILITIES	**28,215**	**24,174**	**4,041**

The principal changes were as follows:

i. Current tax payables

The following table breaks down tax payables at September 30, 2018 (compared with December 31, 2017).

In thousands of Euro	As at 30.09.2018	As at 31.12.2017	Change
VAT payable	299	0	299
Direct income taxes	3,219	762	2,457
Other tax payables	1,040	909	131
CURRENT TAX PAYABLES	**4,558**	**1,671**	**2,887**

Other tax payables mainly relate to employee withholding taxes and local taxes.

ii. Employee payables and social security institutions

The following table breaks down employee payables and social security institutions at September 30, 2018 (compared with December 31, 2017).

In thousands of Euro	As at 30.09.2018	As at 31.12.2017	Change
Employee salaries	1,024	921	103
Employee deferred compensation	2,189	2,069	120
Social security payables	1,150	1,044	106
EMPLOYEE PAYABLES AND SOCIAL SECURITY INSTITUTIONS	**4,363**	**4,034**	**329**

iii. ENAC concession fee and other State payables

The ENAC concession fees and other State payables mainly comprises:

- Euro 12.4 million (Euro 11.36 million at December 2017) concerning the fire protection service as governed by Article 1, paragraph 1328 of the 2007 Finance Act, modified by Article 4, paragraph 3bis of Law No. 2/2009. This amount, subject to dispute, refers to the years 2009-2017, in addition to the portion matured to September 30, 2018. For further details, reference should be made to the Directors' Report;
- Euro 1.55 million (Euro 2.87 million at December 31, 2017) as the airport concession fee.

iv. Other current liabilities, accrued liabilities and deferred income

The following table breaks down current liabilities, accrued liabilities and deferred income at September 30, 2018 (compared with December 31, 2017).

In thousands of Euro	As at 30.09.2018	As at 31.12.2017	Change
Municipal surtax payable	3,371	2,811	560
Other current liabilities	957	986	(29)
Current accrued liabilities and deferred income	954	116	838
TOTAL OTHER CURRENT LIABILITIES, ACCRUED LIABILITIES AND DEFERRED INCOME	**5,282**	**3,913**	**1,369**

The main account concerns the municipal surtax on passenger boarding fees relating to the receivables from carriers not yet received at September 30, for Euro 3.4 million. The portion of the municipal surtax payable relating to receivables collected from carriers, not yet paid to the creditor entities on the other hand is classified under current financial liabilities (Note 22). Other current liabilities include deposits and advances received from customers in addition to deferred income and miscellaneous payables. The increase in current accruals and deferred income is due to the invoicing process which provides for the advance invoicing of sub-license fees and other services.

21. Provisions for renewal of airport infrastructure (current)

The following table shows the movement of the provisions for renewal of airport infrastructure at September 30, 2018.

In thousands of Euro	As at 31.12.2017	Provisions	Utilizations	Reclassifications	As at 30.09.2018
PROVISIONS FOR RENEWAL OF AIRPORT INFRASTRUCTURE (CURRENT)	**3,498**	**0**	**(3,498)**	**906**	**906**

The account includes the provisions for renewal of airport infrastructure - current portion. The utilisations in the first nine months of 2018 mainly refer to the renovation of the flight runway (phase A executed from September 14 - 18, 2018), in addition to the definitive/executive design project in course for the renovation of the flight runway (Phases B+C scheduled in 2020). Additional actions involve, among others, building plant and roofing.
The provisions for renewal of airport infrastructure are reported at Note 16 (non-current portion).

22.Current financial liabilities

The following table breaks down current financial liabilities at September 30, 2018.

In thousands of Euro	As at 30.09.2018	As at 31.12.2017	Change
Bank loans – current	5,808	5,807	1
Municipal surtax	2,400	1,806	594
Other current financial debt	170	54	116
CURRENT FINANCIAL LIABILITIES	**8,378**	**7,667**	**711**

For a breakdown of the Loans - current portion account, reference should be made to account 18 Non-current Financial Liabilities which presents the outstanding Group loans at September 30, 2018.
Municipal surtax on passenger boarding rights payables concern the portion received by airlines in the month of September and reversed to the credit institutions in October 2018.

NOTES TO THE MAIN INCOME STATEMENT ACCOUNTS

The principal 9M 2018 income statement accounts are compared with 9M 2017 below.

REVENUES

23. Revenues

The application of the new accounting standard IFRS 15, applied to all contracts with customers since January 1, 2018, resulted in the identification of the following revenue streams:

1. Airport rights
2. Commercial/non-comm. sublicense/lease
3. Parking
4. Construction Services
5. Others

Airport fees concern the fees paid for the making available of infrastructure and services exclusively provided by the Group for landing, take-off, lighting and parking, passenger boarding, disembarkation and information and cargo, in addition to the use of centralised infrastructure.
These comprise:

- passenger boarding rights;
- aircraft landing and departure rights;
- aircraft parking and storage rights;
- goods loading and unloading rights;
- departing passenger safety control rights;
- checked baggage safety control rights;
- PRM contributions;
- fees for the use of some centralised infrastructure

For further details, reference should be made to the description of the business in the Directors' Report. The Airport Rights, in consideration of the public utility nature of the airport services, are subject to regulation in compliance with current legislation and the tariff models elaborated by the Airport Regulatory Authority ("ART").

The Group complies with its obligations in relation to airport rights making available to carriers airport infrastructure for the landing, take off, lighting and parking of aircraft, the departure and embarkment of passengers and goods as well as the utilisation of centralised infrastructure (e.g. de-icing). These services are invoiced bi-monthly and/or monthly with standard payment terms of 30 days from invoice date end of month, with the exception of the municipal surtax for passenger boarding fees whose payment is on demand.

Commercial and non-commercial sub-license/leasing revenues concerns the provision of spaces and commercial areas and premises within the airport area (so-called sub-licenses) and externally to the airport area (so-called leasing).
This category includes sub-license/leasing with commercial tariffs (retail sub-licenses, parking sub-licenses etc.) and administrated tariffs (payments for the exclusive use of assets or payments for the use of a dedicated airport infrastructure to the individual carriers or operators (check-in counters, offices, operating premises).
The Group complies with its obligations in relation to these services making available to its customers (carriers, handlers, others) operating and/or commercial premises. Invoicing is normally quarterly and/or half-yearly in advance with standard payment terms on these contracts of 30 days from invoice date end of month.

The sub-license contracts between the Group and its customers are within the definition of IAS 17 - Leasing and are therefore excluded from the application of IFRS 15 (reference IFR15.5). From January 1, 2019, these contracts therefore are within the scope of IFRS 16 which replaces IAS 17.
The application of the new standard is therefore centred on verification that the sub-license contracts principally involve the leasing of well-defined spaces/premises, and not including other services such as advertising and administration/utility services within the definitions contained in IFRS 15. In this case a reclassification was made in the financial statements for Revenue Streams within the scope of IFRS 15.

Parking revenues are represented by the provision of parking spaces internally and externally to the airport area based on public tariffs which are applied to all sales made.
The Group complies with its obligations in relation to these services making available to its customers parking facilities. Invoicing of this service is only made on the request of the customer; the parking service is normally settled in cash. There were no effects from the application of IFRS 15.

Revenues from Construction Services concern the construction services undertaken by the Group on behalf of the Granting Body for the investments concerning the Concession Rights. The Group, as not a construction company, contracts with third parties responsible for constructing and improving the infrastructure. Accordingly, the fair value of the fees for the construction/improvement services rendered by the Group is the fair value of the fees for the construction/improvement service rendered by third parties, plus a "Project Management" mark-up representative of the internal costs of planning and coordination of the work by a specific internal unit. The application of IFRS 15 did not result in any change in the recognition of construction service revenues.

Other revenues: this revenue stream concerns the residual obligations compared to the previous contractual categories (security services, MBL services, training courses, cart collection services, baggage depot services, etc.). The invoicing of the various services in this category is normally aggregated monthly for continual services and/or individual orders. Some services also provide for immediate invoicing. The standard payment terms of these services are 30 days from invoice date end of month. For some types of services (training courses, badge issuance), advanced payment is requested.

In summary, in addition to that illustrated above, the analysis of the contracts and the aggregation of revenue accounts in accordance with the new revenue streams requiring separation of the payments underlying various contractual obligations, identified the following effects:

- Breakdown of the aggregated revenues based on the new revenue streams (see tables below);
- Breakdown on the revenue streams related to the changes in the relative receivable (see tables below);
- Contracts with customers do not include significant financial components as the payment conditions are normally 30 days from invoice date end of month;
- There were no instances where payment was settled other than on a monetary basis;
- No modification in the timing of the recognition of the revenues.

In relation to contracts which provide for variable payments we report as follows: the commercial incentive contracts with carriers recorded as a decrease of revenues for airport rights may provide for variable payments related to the achievement of traffic volumes and/or number of routes in the period (typically measured based on IATA seasons).

From 2018 also the “one-off” promotional incentives, such as incentives for the start-up of new flights, up to now recorded under service costs, are recorded as a direct reduction of airport rights revenues, as already applied for the variable incentives recognised based on traffic. In the first nine months of 2017, these costs amounted to Euro 0.1 million, compared to Euro 75 thousand in 9M 2018.

The reclassification of Group revenues based on revenue streams defined by IFRS 15 is shown in the following table:

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change
Airport fees	37,476	35,419	2,057
Parking	12,234	11,496	738
Revenues from construction services	8,993	3,330	5,663
Others	8,499	8,053	446
TOTAL IFRS 15 REVENUE STREAMS	**67,202**	**58,298**	**8,904**

The reconciliation between IFRS 15 revenue streams and total revenues (note 23 of the Income Statement) is shown in the following table:

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change
Airport fees	37,476	35,419	2,057
Parking	12,234	11,496	738
Revenues from construction services	8,993	3,330	5,663
Others	8,499	8,053	446
TOTAL IFRS 15 REVENUE STREAMS	**67,202**	**58,298**	**8,904**
Commercial/non-comm. sub-licenses	15,871	15,073	798
TOTAL NON IFRS 15 REVENUE STREAMS	**15,871**	**15,073**	**798**
Residual revenues (NON IFRS 15)	110	105	5
TOTAL REVENUES	**83,183**	**73,476**	**9,707**

Finally, the tables below show the revenues by revenue stream (note 23 of the Income Statement) for 9M 2018 and 9M 2017.

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change
Revenues from aeronautical services	42,596	40,669	1,927
Revenues from non-aeronautical services	30,795	29,021	1,774
Revenues from construction services	8,993	3,330	5,663
Other operating revenues and income	799	456	343
TOTAL REVENUES	**83,183**	**73,476**	**9,707**

For the revenue performance in the period, reference should be made to the Directors’ Report.

i. Revenues from aeronautical services

The table below shows revenues from aeronautical services in 9M 2018 and 9M 2017.

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change
Centralised infra./other airport services	380	397	(17)
Exclusive use revenues	947	930	17
Airport fee revenues	51,550	50,025	1,525
PRM revenues	3,369	3,282	87
Air traffic development incentives	(17,550)	(17,976)	426
Handling services	1,869	2,185	(316)
Other aeronautical revenues	2,031	1,826	205
TOTAL REVENUES FROM AERONAUTICAL SERVICES	**42,596**	**40,669**	**1,927**

The breakdown of revenues from aeronautical services is illustrated below and concerning which reference should be made to the Directors' Report.

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change
Passenger boarding fees	25,933	25,324	609
Landing, take-off and parking fees	14,094	13,943	151
Passenger security fees	8,478	8,011	467
Baggage stowage control fees	2,406	2,251	155
Cargo loading and unloading fees	593	621	(28)
Reduction for provision	46	(125)	171
TOTAL AVIATION FEE REVENUES	**51,550**	**50,025**	**1,525**

ii. Revenues from non-aeronautical services

The table below shows revenues from non-aeronautical services in 9M 2018 and 2017.

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change
Commercial premises and spaces sub-license	13,855	13,014	841
Parking	12,234	11,496	738
Other commercial revenues	4,706	4,511	195
TOTAL REVENUES FROM NON-AERONAUTICAL SERVICES	**30,795**	**29,021**	**1,774**

Other commercial revenues are broken down as follows:

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change
Ticketing	33	36	(3)
Marconi Business Lounge	1,897	1,689	208
Advertising	1,163	1,130	33
Misc. commercial revenues	1,613	1,656	(43)
TOTAL OTHER COMMERCIAL REVENUES	**4,706**	**4,511**	**195**

iii. Revenues from construction services

Revenues from construction services concern the construction services undertaken by Aeroporto Guglielmo Marconi di Bologna S.p.A. on behalf of the ENAC granting entity for the capital investments previously commented upon in relation to the Concession Rights in Note 1.
These revenues amount to Euro 9 million, significantly increasing on Euro 3.3 million in 2017 for the greater investments undertaken.

iv. Other Revenue and Income

The table below shows other revenues and income in 9M 2018 and 2017.

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change
Indemnities, reimbursement and misc. income	781	428	353
Operating grants	16	28	(12)
Capital gains	2	0	2
TOTAL OTHER OPERATING REVENUES AND INCOME	**799**	**456**	**343**

COSTS

24. Costs

i. Consumables and goods

The table below presents consumables and goods in 9M 2018 and 2017.

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change
Consumables and goods	369	353	16
Maintenance materials	156	144	12
Fuel and gasoline	1,007	902	105
TOTAL CONSUMABLES AND GOODS	**1,532**	**1,399**	**133**

ii. Service costs

The following table shows the breakdown of services costs for 9M 2018 and 2017.

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change
Maintenance expenses	3,627	2,972	655
Utilities	1,707	1,242	465
Cleaning and accessory services	1,579	1,441	138
Services	4,749	4,292	457
MBL Services	251	222	29
Advertising, promotion and development	499	663	(164)
Insurance	584	538	46

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change
Professional and consultant services	1,332	1,209	123
Statutory board fees and expenses	439	431	8
Other service costs	317	275	42
TOTAL SERVICE COSTS	**15,084**	**13,285**	**1,799**

Service costs increased on 9M 2017 mainly due to charges for:

- maintenance for works on buildings, signage and additional actions due also to snow;
- services, in particular, snow removal costs for the particularly difficult weather conditions at the beginning of the year;
- the absence, in 2018, of the reversal of "one-off" System Charges for AdB's Cogeneration plant, recognised to the 2016 Annual Accounts for Euro 627 thousand and reversed, with a positive effect on 2017 utility costs.

The savings in advertising, promotion and development (Euro 164 thousand) reduced to Euro 22 thousand, taking into account the one-off traffic development charges incurred in the first nine months of 2017 which, in accordance with the new accounting standard IFRS 15, from January 1, 2018 are recorded as a decrease in aeronautical revenues.

A further breakdown in maintenance expenses is provided below:

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change
Owned asset maintenance expenses	774	665	109
Airport infrastructure maintenance expenses	2,454	1,961	493
Third party asset maintenance expenses	399	346	53
TOTAL MAINTENANCE EXPENSES	**3,627**	**2,972**	**655**

The breakdown of services is illustrated below:

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change
Snow clearance	679	265	414
Porterage, transport third party services	438	296	142
PRM assistance service	1,187	1,157	30
De-icing and other public service charges	197	235	(38)
Security service	893	908	(15)
Other outsourcing	1,355	1,431	(76)
TOTAL SERVICES	**4,749**	**4,292**	**457**

iii. Construction service costs

Construction service costs concern the construction costs incurred by Aeroporto Guglielmo Marconi di Bologna S.p.A. for the capital investments previously commented upon in relation to the Concession Rights in Note 1.

iv. Leases, rentals and other costs

The following table shows the breakdown of leases, rentals and other costs for 9M 2018 and 2017.

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change
Concession fees	4,518	4,326	192
Hire charges	245	287	(42)
Rental charges	427	405	22
EDP processing charges	908	783	125
Other rental & hire costs	(26)	(73)	47
LEASES, RENTALS AND OTHER COSTS	**6,072**	**5,728**	**344**

The increase in this account is mainly related to the rise in traffic on which the airport concession and security service fees are calculated and EDP processing charges for technological investments.

v. Other operating expenses

The following table shows the breakdown of other operating expenses for 9M 2018 and 2017.

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change
Misc. and local taxes	1,014	989	25
Fire prevention services contribution	1,063	1,106	(43)
Capital losses	1	46	(45)
Other operating expenses	373	566	(193)
TOTAL OTHER OPERATING EXPENSES	**2,451**	**2,707**	**(256)**

Operating expenses decreased due to the absence of accessory charges on the exercise of the option to acquire a building, which was acquired in 2017.

vi. Personnel costs

The following table shows the breakdown of personnel costs for 9M 2018 and 2017.

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change
Wages and salaries	13,983	13,669	314
Social security expenses	3,847	3,687	160
Severance provisions	1,034	999	35
Retirement pension and others	142	143	(1)
Other personnel costs	1,166	1,133	33
TOTAL PERSONNEL COSTS	**20,172**	**19,631**	**541**

Personnel costs increased, mainly due to the increase in the Group workforce (+12 in terms of the average headcount and +14 full-time equivalent) for activities strictly related to the growth in traffic, such as security controls and the operating area.
In addition to the increase in the workforce, the increase in personnel costs is attributable to normal salary increases.

Other personnel costs are broken as follows:

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change
Employee canteen	439	428	11
Personnel training	164	193	(29)
Employee expenses	167	157	10
Other personnel provisions	77	77	0
Misc. personnel costs	319	278	41
TOTAL OTHER PERSONNEL COSTS	**1,166**	**1,133**	**33**

The average headcount by category in the two periods under consideration is shown below:

Average workforce (number)	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change
Executives	10	10	0
White-collar	399	387	12
Blue-collar	100	100	0
TOTAL PERSONNEL	**509**	**497**	**12**

The headcount at the end of the two periods under consideration was as follows:

Workforce (number)	As at 30.09.2018	As at 30.09.2017	Change
Executives	10	10	0
White-collar	411	395	16
Blue-collar	103	99	4
TOTAL PERSONNEL	**524**	**504**	**20**

25.Depreciation, amortisation and impairment

The following table shows the movement of depreciation, amortisation and impairment for the periods ended September 30, 2018 and 2017.

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change
Amortisation/write-downs Concession rights	4,320	4,246	74
Amortisation of other intangible assets	704	508	196
Depreciation of tangible assets	1,624	1,528	96
TOTAL DEPRECIATION AND AMORTISATION	**6,648**	**6,282**	**366**

The increase in depreciation and amortisation is due to the effects of the full year application from the progressive roll-out of investments over the last twelve months.
The account includes Euro 6.58 million of depreciation and amortisation and Euro 0.07 million of write-downs on Concession Rights for the write-off of projects no longer utilisable and other costs recorded under intangible assets in progress at December 31, 2017.

26. Provisions for risks and charges

The following table shows the movement of the provisions for risks and charges for the periods ended September 30, 2018 and 2017.

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change
Provisions for doubtful accounts	57	62	(5)
Provisions for renewal of airport infrastructure	2,000	1,184	816
Provisions for risks and charges	233	563	(330)
TOTAL PROVISIONS	**2,290**	**1,809**	**481**

Provisions total Euro 2.3 million (Euro 1.8 million in 9M 2017). The increase is due to higher provisions for renewal of airport infrastructure (reference Notes 16 and 21). For further information on the relative provisions, reference should be made to notes 8, 16, 17 and 21.

27. Net financial income and expenses

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change
Profits on sale of equity investments	13	0	13
Income from securities and similar	24	31	(7)
Other income	118	187	(69)
Discounting income on provisions	421	156	265
TOTAL FINANCIAL INCOME	**576**	**374**	**202**
Interest expenses and bank charges	(396)	(513)	117
Discounting charges on provisions	(50)	(63)	13
Other financial expenses	(7)	(29)	22
TOTAL FINANCIAL EXPENSES	**(453)**	**(605)**	**152**
TOTAL FINANCIAL INCOME AND EXPENSES	**123**	**(231)**	**354**

Financial management improved due to the increase in income from the discounting of provisions and the decrease in financial expenses due to both lower overall debt and the reduction in the interest rate on the Intesa San Paolo loan which matures in 2024.

28. Taxes for the period

The following table shows the taxes for the period for 9M 2018 and 2017.

In thousands of Euro	For the nine months ended 30.09.2018	For the nine months ended 30.09.2017	Change
Current and deferred taxes	5,882	5,433	449
TOTAL TAXES FOR THE PERIOD	**5,882**	**5,433**	**449**
% taxes on pre-tax result	**28.70%**	**28.25%**	**0.46%**

The effective tax rate for the first nine months of 2018 was 28.7% of the pre-tax result, in line with 28.25% in 2017.

Related party transactions

For the definition of "Related Parties", reference should be made to IAS 24, approved by Regulation (EC) No. 1725/2003.

Intercompany transactions are carried out within the scope of ordinary operations and at normal market conditions. Related party transactions principally concern commercial and financial transactions, in addition to participation in the tax consolidation.

None of these have particular economic or strategic significance for the Group, as the receivables, payables, revenues and costs regarding related parties do not account for a significant percentage of the total financial statement amounts. The Bologna Chamber of Commerce shareholders were identified as a Government party, therefore exempt from the disclosure regarding related parties as defined by IAS 24. The categorisation of the Bologna Chamber of Commerce as a Government party therefore limited the checks required for the identification of related parties to the mere identification of the Bologna Chamber of Commerce. No additional information is reported in the financial statements concerning transactions undertaken by the Group with the Bologna Chamber of Commerce as no significant transactions are undertaken with this shareholder. On January 29, 2018 with the co-option of Director Livio Fenati, thereafter resigning on September 26, Telepass Spa became a related party. During the period, costs were reported for services and trade payables regarding Telepass of Euro 112 thousand, related to the contract for the management of Telepass parking receipts. Inter-company transactions are in addition considered; these are undertaken as part of ordinary operations and at normal market conditions, are of a commercial and financial nature, while also relating to participation in the tax consolidation. The main transactions are outlined below.

During the period, commercial transactions between the Parent Company and the subsidiary Tag Bologna Srl, in terms of receivables, principally concern the twenty-year sub-concession of the General Aviation traffic assistance infrastructure and the provision of services for Euro 26 thousand. Adb payables to the subsidiary mainly concern the capital grant for the covering of General Aviation terminal infrastructure operation and maintenance costs for the boarding and disembarking of passengers, against the financial advantage for AdB of including these costs in the calculation of passenger boarding fees. Costs in the period from the subsidiary amount to Euro 143 thousand. Non-commercial transactions with Tag concerned:

- the tax consolidation contract renewed in January 2018 for the years 2018-2020;
- the patronage letter issued by the Parent Company, in favour of Monte dei Paschi di Siena relating to the long-term loan granted by the bank to Tag. At September 30, 2018, the guaranteed portion of the loan amounts to Euro 3.9 million.

During the period, commercial transactions between the Parent Company and the subsidiary Fast Freight Marconi Spa concern the provision of the following services:

- sub-concession of offices, areas and operating rooms;
- management and staffing, including the following staff services: accounting, administration, finance, operating control, management reporting, personnel, legal, ICT, personnel secondment and Sole Director;
- packages and goods x-ray controls.

Revenues in the period from the subsidiary amount to Euro 308 thousand.

Non-commercial transactions with FFM included:

- the tax consolidation contract renewed in January 2018 for the years 2018-2020;
- the co-obligation of AdB on a surety of Euro 0.9 million issued by Assicurazioni Generali in favour of the Bologna Customs Agency for various customs deposits of FFM.

* * *

For the type and management of Group financial risks, reference should be made to the specific section of the Directors' Report (Chapter 7), also with regards to the comment upon the other risks to which the Group is subject.

The Chairman of the Board of Directors
(Enrico Postacchini)

Bologna, November 14, 2018

Annex 1

Statement pursuant to article 154-bis, paragraph 2 of the TUF

Interim Directors' Report at 3 0 September 2018

The officer in charge of preparing the corporate accounting documents, Patrizia Muffato, hereby declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Finance (TUF), that the accounting information contained in this Report corresponds to information contained in documents, accounting registers and entries.

Executive in Charge of the
Preparation of Company
Accounting Documents
(Patrizia Muffato)

Aeroporto di Bologna

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