

Consolidated Financial Statements **2016**

Save S.p.A.



2016

SAVE Group Consolidated Financial Statements
at December 31, 2016

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Chairman's letter

Dear Shareholders,

2016 was a key year for the SAVE Group, featuring particularly strong financial results and traffic and confirming the Group's importance to the economy and connectivity of the extensive basin served. The airports of Venice and Treviso grew both as a System and individually at over double the national average, thanks to consolidated synergies which extended also to the Garda airports.

We also delivered this year to the city and the region works which add value to Venice airport and the service provided to our passengers, building infrastructure which marries traditional Venetian architecture with the most advanced technologies available.

November in fact saw the opening of the Water Terminal and the Moving Walkway, an elegant 365 metre link between the Terminal and the docks, with 22,350 sq. metres of both covered and uncovered areas and 24 covered berths; in addition, the new Finance Police and Fire Services' buildings were turned over, in addition to the Trigeneration Station which will produce thermal, cooling and electrical energy in service of the airport, permitting significant primary energy and atmospheric emissions savings. This all falls within the wider investment plan of approx. Euro 800 million between 2012 and 2021, which will significantly transform Venice airport over the coming years.

Additional works will be delivered in 2017, the most important being the first terminal extension, expanding the landside area to even more efficiently welcome the consistently rising number of passengers.

The design of the new works and their execution - in close correlation with the development of passenger traffic - brings pride and also an awareness of our role for the showcasing of enterprise in the region and as a motor for economic development and jobs creation.

Infrastructure is undoubtedly a crucial factor for the country's growth and the airports are - in addition to a fundamental transport service for people and goods - a major driver of the region's prosperity. The commitment of the SAVE Group in this regard is reflected in the results delivered through exact management of the complexity that airports present - microcosms in which the widest range of professions interact to manage a set of circumstances which only permit the delivery of excellent results through teamwork.

As expected, in terms of traffic 2016 for Venice airport was a crucial year, with our position as the third Italian intercontinental gateway strengthened, thanks also to Etihad Airways operations with Abu Dhabi, which were added to those of Emirates to Dubai and Qatar Airways to Doha - three key hubs for connections with the Middle East, the Indian Subcontinent, Oceania and Asia. At the same time, European volumes also developed significantly with the opening of the easyJet base.

Treviso's Canova airport confirmed its low-cost focus, while Catullo airport of Verona finally fulfilled its potential within the North-Eastern airport hub. For Brescia Montichiari airport - with a greater cargo focus - an all-cargo connection with Hong Kong recently opened which will significantly assist the relaunch of the terminal and the airport system to which it belongs.

The results submitted to the Shareholders' AGM entirely reflect the developments outlined above, with the consolidated financial statements reporting Revenue growth of 13.1% and a net profit of over Euro 42 million – up 43.9% on the previous year.

With warmest regards

Enrico Marchi

March 10, 2017

SAVE S.p.A.

Share capital: Euro 35,971,000.00 fully paid-in

Registered Office: Marco Polo Airport - Venice Tessera

Viale G. Galilei n. 30/1

Venice REA No.: 201102

Venice Company Registration Office No.: 29018, Tax Code and VAT No.: 02193960271

Based on the shareholders' register, through communications received in accordance with Article 120 of Legislative Decree No. 58/98 and other information available to the company, the shareholders of SAVE S.p.A. with holdings of greater than 3% at December 31, 2016 were the following (in addition to treasury shares held at that date):

	%
	HELD
MARCO POLO HOLDING S.R.L.	51.23
ATLANTIA S.P.A.	22.10
AGORA' INVESTIMENTI SPA	7.82
METROPOLITAN CITY OF VENICE	4.78
MARKET	12.88
SAVE SPA	1.19

The share percentage holdings of Companies belonging to Finanziaria Internazionale Holding S.p.A. as the majority shareholder are reported below.

	%
	HELD
MARCO POLO HOLDING SRL	51.23
AGORA' INVESTIMENTI SPA	7.82
FINANZIARIA INTERNAZIONALE HOLDING SPA	0.59
TOTAL	59.64

Board of Directors

The Board of Directors appointed by the Shareholders' AGM of April 21, 2015 and in office at December 31, 2016 were:

Name	Office
Enrico Marchi	Chairman & CEO
Monica Scarpa	CEO
Alberto Angeloni	Director *
Luigi Brugnaro(**)	Director
Maurizio Cereda	Director * (B)
Massimo Colli	Director *
Alberto Donzelli	Director (B)
Maria Leddi	Director *
Francesco Lorenzoni	Director
Giorgio Martorelli	Director * (A)
Ronald P. Spogli	Director * (B)
Paola Tagliavini	Director * (A)
Sandro Trevisanato	Director * (A)

- * Independent Director.
- (**) The director Mr. Luigi Brugnaro was co-opted to the Board on December 21, 2016. In accordance with Article 2386 of the Civil Code, he will remain in office until the next appropriate Shareholders' Meeting.
- (A) Member of the Control & Risks Committee.
- (B) Member of the Remuneration Committee.

Board of Statutory Auditors

The Board of Statutory Auditors appointed by the Shareholders' AGM of April 21, 2015 and in office until December 31, 2016 were:

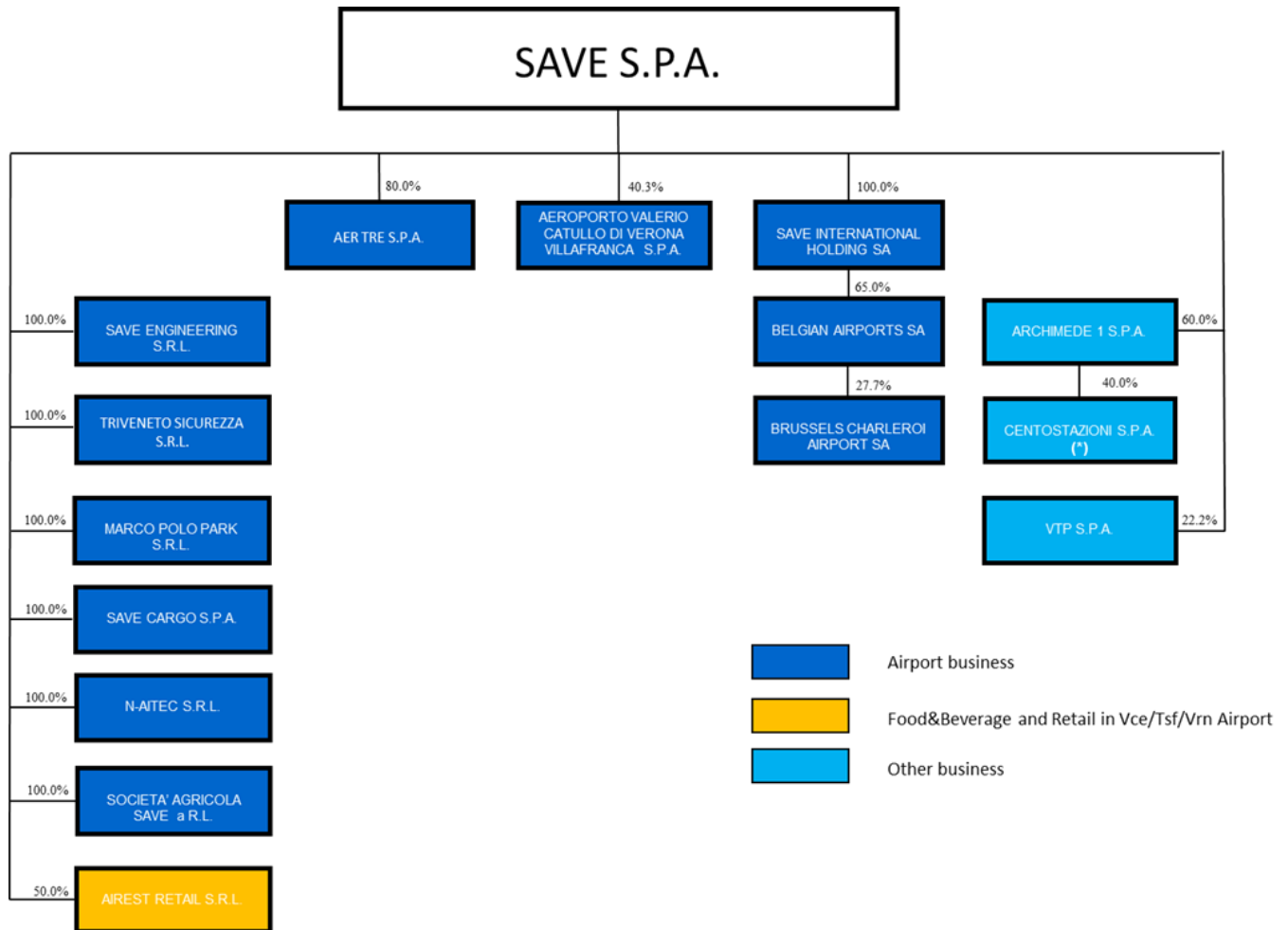
Name	Office
Antonio Aristide Mastrangelo	Chairman
Arcangelo Boldrin	Statutory Auditor
Lino De Luca	Statutory Auditor
Paola Ferroni	Statutory Auditor
Nicola Serafini	Statutory Auditor
Paola Cella	Alternate Auditor
Marco Salvatore	Alternate Auditor

Independent Audit Firm

Deloitte & Touche S.p.A. (appointed by the Shareholders' AGM of April 29, 2014)

The SAVE Group by Business Area

The following chart outlines the structure of the SAVE Group at December 31, 2016 concerning the main operating companies.



(*) The investment in Centostazioni S.p.A. has been classified and presented in accordance with IFRS 5; reference should therefore be made to the “Assets held-for-sale” paragraph for further details on the disposal of this investment.

SAVE S.p.A. (“Save” or the “Parent Company”) is an investment holding company which mainly operates as an airport manager. It directly manages Venice Marco Polo Airport and controls Treviso Antonio Canova Airport. The company also has significant holdings in Verona Valerio Catullo Airport and in Charleroi Airport (Belgium), in addition to airport management and related services companies.

Share performance

The Save share performance in 2016 is outlined below and tracked against the FTSE IT All-Share index. The official price at December 30, 2016 was Euro 17.383 per share. The Stock market capitalisation at that date was approx. Euro 962 million.



Save



Save - Ftse It All Share

Consolidated Financial Highlights

	2016	2015	CGE. %
<i>(in Euro millions)</i>			
Revenues	188.2	166.4	13.1%
EBITDA	87.7	73.7	19.0%
EBIT	63.9	53.5	19.5%
Group Net Profit	42.0	29.2	43.9%
Fixed Capital Employed	501.3	496.8	0.9%
Net operating working capital	(76.5)	(67.7)	13.1%
Net capital employed from Discontinued Operations	65.2	0.0	N.A.
Net capital employed	489.9	429.2	14.2%
- Own Funds	222.5	211.5	5.2%
- Minority shareholders	29.3	28.7	1.8%
SHAREHOLDERS' EQUITY	251.8	240.2	4.8%
NET FINANCIAL POSITION	238.2	189.0	26.0%
EBIT/Revenues (ROS)	34.0%	32.2%	
EBIT/Net capital employed - Continuing Operations (ROI)	15.1%	12.5%	
NFP/Net equity - Gearing	0.95	0.79	

The application of IFRS 5 to the investment in Centostazioni S.p.A. resulted in the restatement of the comparative income statement, through reclassification of the related economic effects to "Profit/Loss from discontinued operations/assets held-for-sale". This accounting treatment is in line with the agreement signed on November 15, 2016 with Ferrovie dello Stato Italiane S.p.A. for the disposal of the 40% holding in Centostazioni S.p.A.. On January 30, 2017, following the receipt of authorisation from the Anti-trust Authority the disposal of this investment to Ferrovie dello Stato Italiane S.p.A. was completed.

Alternative performance indicators not governed by IFRS are utilised in this Annual Report, as described in the dedicated paragraph of the Directors' Report.

Directors' Report

SAVE S.p.A.

Share capital: Euro 35,971,000.00 fully paid-in

Registered Office: Marco Polo Airport - Venice Tesserà

Viale G. Galilei n. 30/1

Venice REA No.: 201102

Venice Company Registration Office No.: 29018, Tax Code and VAT No.: 02193960271

Directors' Report

Dear Shareholders,

in reporting the Group performance, we also illustrate the operations directly managed by SAVE S.p.A. (the Parent Company). Therefore, in the present document we also report upon the significant events concerning SAVE S.p.A., as required by Article 2428 of the Civil Code.

Significant events in the year

The market

Global economic conditions slightly improved in 2016, although the outlook is still clouded by a number of uncertainties: the economic impacts of the new US administration are not yet clear amid a declared expansive economic policy set against the possible unfavourable repercussions of trade protection measures. Geopolitical uncertainty persists in various countries and threatens growth prospects.

Eurozone growth continues at a contained pace, although is gradually consolidating. Deflationary risks have eased and the European Central Bank in order to maintain appropriate expansive monetary conditions to facilitate inflation extended the bond purchase programme until at least December 2017, or beyond where necessary.

In Italy, according to the latest available indicators¹, a slight recovery was evident in the autumn thanks to the relaunch of investment and improved household spending. Amid continued contained long-term yields and looser lending conditions, Italian GDP is expected to improve on average 1% per year in the 2017-2019 period, supported by domestic demand and gradually rising exports.

Operating within the general economic environment outlined above, the airlines in 2016 - benefitting from the low cost of oil and increased traffic - generated record profits of approx. USD 36 billion (according to IATA estimates), in confirmation of the sector's expansion. Oil price rises, which already by Q4 2016 had eaten into profits, may in the near future put weaker airlines into difficulties, leading to a consolidation of the sector and a reframing of the rules of engagement.

In addition, the extraordinary performances of the low-cost carriers indicate a shift in outlook among the average passenger, particularly for point-to-point traffic between "secondary" airports and facilitating this segment's continued development. The opening of "operating bases" by the major low cost carriers also at the major European hubs point towards a future in which short-medium range traffic will increasingly concentrate among these airlines.

¹ Source: Bank of Italy Bulletin

European airport passenger traffic² reported average growth of 5.1%, with EU airports up 6.7% and Non-EU airports contracting 0.9% - principally relating to the very poor result of the Turkish airports (-6.6%) due to terrorism and the political instability of last summer.

This strong traffic result - up over 5% for the third consecutive year amid generally weak growth – raises the issue of the correlation between the general economic growth of an area and passenger traffic numbers and indicates the increasing use of air transport among the public at large.

The North-Eastern airport system (Venice, Treviso, Verona and Brescia) in 2016 reported traffic growth at twice the Italian average (+4.6%), exceeding 15 million passengers and up 9.9% on 2015.

Group Structure

The Group pursued during the year - also through the disposal of non-strategic assets - its airport management concentration strategy and the development of the North-Eastern airport hub which includes, in addition to Venice and Treviso, Verona and Brescia airports.

The subsidiary Archimede 1 in fact in November signed a contract with Ferrovie dello Stato Italiane S.p.A. for the disposal of its 40% investment in Centostazioni S.p.A.. The contract was subsequently closed on January 30, 2017 through the transfer of shares and the receipt by the subsidiary of the sales price of Euro 65.6 million.

Also during the year, the reorganization of the Airst Group was completed, a partnership with the Lagardere Group for the management of over 50 direct and indirect sales points at the Venice, Treviso and Verona airports.

In fact, in August 2016 the corporate structure was further simplified through the merger of the holding companies Airst S.p.a. and V.T.V. S.r.l. into the operating subsidiary Airst Retail S.r.l., a company which directly manages the sales points and which therefore became a direct investee of SAVE S.p.A..

On June 1, 2016, the cargo management and movement activities were in addition conferred by SAVE S.p.A. to SAVE Cargo S.p.A. in order to concentrate these operations within a single legal entity, in line with sector regulations.

² Source: ACI Europe – Airport Traffic Report

Consolidated Operational Overview

The SAVE Group consolidated reclassified income statement is reported below (in thousands of Euro):

EURO / 1000	2016		2015		CHANGE	
Operating revenue and other income	188,166	100.0%	166,386	100.0%	21,780	13.1%
Raw materials and goods	1,875	1.0%	1,790	1.1%	85	4.7%
Services	38,764	20.6%	36,329	21.8%	2,435	6.7%
Lease and rental costs	9,986	5.3%	9,218	5.5%	768	8.3%
Personnel costs	48,420	25.7%	43,735	26.3%	4,685	10.7%
Other operating charges	1,399	0.7%	1,591	1.0%	(192)	-12.1%
Total operating costs	100,444	53.4%	92,663	55.7%	7,781	8.4%
EBITDA	87,722	46.6%	73,723	44.3%	13,999	19.0%
Amortisation & write-down of intangible assets	10,428	5.5%	8,366	5.0%	2,062	24.6%
Depreciation & write-down of tangible assets	7,908	4.2%	7,149	4.3%	759	10.6%
Replacement provision	4,621	2.5%	3,620	2.2%	1,001	27.7%
Losses & doubtful debt provision	209	0.1%	207	0.1%	2	1.0%
Provision for risks and charges	613	0.3%	863	0.5%	(250)	-29.0%
Total amortisation, depreciation and write-downs	23,779	12.6%	20,205	12.1%	3,574	17.7%
EBIT	63,943	34.0%	53,518	32.2%	10,425	19.5%
Net financial income/(charges)	(3,819)	-2.0%	(4,005)	-2.4%	186	4.6%
Profit from associates carried at equity	1,954	1.0%	1,608	1.0%	346	21.5%
Profit before taxes	62,078	33.0%	51,121	30.7%	10,957	21.4%
Income taxes	19,412	10.3%	22,657	13.6%	(3,245)	-14.3%
Profit from Continuing Operations	42,666	22.7%	28,464	17.1%	14,202	49.9%
Profit/(loss) from Discontinued Operations/Held-for-sale	(99)	-0.1%	1,391	0.8%	(1,490)	-107.1%
Net Profit	42,567	22.6%	29,855	17.9%	12,712	42.6%
Minorities	(518)	-0.3%	(626)	-0.4%	108	17.3%
Group Net Profit	42,049	22.3%	29,229	17.6%	12,820	43.9%

The application of IFRS 5 to the investment in Centostazioni S.p.A. resulted in the restatement of the comparative income statement, through reclassification of the related economic effects to "Profit/Loss from discontinued operations/assets held-for-sale".

Operating revenues and other income increased 13.1% - from Euro 166.4 million in 2015 to Euro 188.2 million in 2016. This is broken down as follows:

EURO / 1000	2016				2015				CHANGE				CHANGE %
	TOTAL	VENICE	TREVISIO	OTHERS	TOTAL	VENICE	TREVISIO	OTHERS	TOTAL	VENICE	TREVISIO	OTHERS	TOTAL
Aviation fees & tariffs	124,990	111,778	13,212	0	105,990	93,935	12,055	0	19,000	17,843	1,157	0	17.9%
Cargo Handling Depot	3,069	3,067	2	0	2,932	2,931	1	0	137	136	1	0	4.7%
Handling	2,173	893	1,280	0	2,350	1,202	1,148	0	(177)	(309)	132	0	-7.5%
Aviation revenue	130,232	115,738	14,494	0	111,272	98,068	13,204	0	18,960	17,670	1,290	0	17.0%
Ticketing	93	33	60	0	107	36	71	0	(14)	(3)	(11)	0	-13.1%
Parking	14,795	13,238	1,557	0	12,736	11,403	1,333	0	2,059	1,835	224	0	16.2%
Advertising	2,173	2,037	136	0	2,380	2,259	121	0	(207)	(222)	15	0	-8.7%
Commercial	29,532	26,584	2,948	0	27,884	25,217	2,667	0	1,648	1,366	282	0	5.9%
Non-Aviation revenue	46,593	41,892	4,701	0	43,107	38,915	4,192	0	3,486	2,977	509	0	8.1%
Other income	11,341	5,030	389	5,922	12,007	6,975	431	4,602	(666)	(1,945)	(41)	1,320	-5.5%
Total Revenue	188,166	162,660	19,584	5,922	166,386	143,958	17,826	4,602	21,780	18,702	1,758	1,320	13.1%

The most significant events impacting revenues were:

- growth of *aviation revenues* of approx. Euro 19 million (+17%) due to the increase in tariffs applied for Venice airport and improved overall passenger traffic of 10.1%;
- growth of *non-aviation revenues* of approx. Euro 3.5 million (+8.1%), thanks to the particularly strong parking performance (+16.2%) which offset the drop in advertising revenues impacted by the major construction works in the year;
- reduction in *other revenues* of approx. Euro 0.7 million due to, although amid increased Internal Capitalisations and Cost Recharges (respectively +Euro 0.9 million and +Euro 0.5 million), the provision by directors against the dispute concerning the contribution to the "Fire Prevention Service Fund" of approx. Euro 2.5 million.

EBITDA of Euro 87.7 million grew 19% compared to Euro 73.7 million in 2015. Group operating costs rose approx. Euro 7.8 million in 2016 due to increased activity at our airports, resulting in a higher concession fee (+Euro 0.8 million), increased personnel costs (+Euro 4.7 million), service costs (in particular maintenance and cleaning) and advertising costs (relating particularly to parking management).

EBIT of approx. Euro 63.9 million improved 19.5% compared to Euro 53.5 million in 2015. The increased EBITDA was partially absorbed by higher amortisation/depreciation and replacement provisions, respectively of Euro 2.8 million and Euro 1 million, due to the roll out of major investments over the last two years.

Net financial charges amounted to Euro -1.9 million, improving on Euro -2.4 million in 2015. This was generated for Euro 0.2 million from the management of financial resources, which benefitted in the year from lower debt costs and for Euro 0.3 million from the results of investee companies.

The result of the investees, which improved from an aggregate profit of Euro 1.6 million to Euro 2.0 million, benefitted from the valuation at equity of the main holdings such as Airst, whose contribution increased from Euro 0.8 million to Euro 1.0 million and VTP whose contribution increased from Euro 0.6 million to Euro 0.7 million. The holdings in the management companies of Charleroi airport and the Verona-Brescia system contributed in line with 2015 at respectively +Euro 0.5 million and -Euro 0.2 million.

Income taxes amounted to Euro 19.4 million, compared to Euro 22.7 million in 2015. In the previous year, the Group reported non-recurring effects of approx. Euro 7 million relating to the settlement of a tax dispute (“Ristop”) and the recalculation of deferred tax assets and liabilities to take account of the change in the IRES rate from 2017.

The **profit/loss from discontinued operations/assets held-for-sale** was a loss of Euro 0.1 million, due for approx. Euro 0.7 million to the gain from the valuation of the disposed investment in Centostazioni and for approx. Euro 0.8 million to the provision for risks, net of the tax effect, on the guarantees issued to the Lagardere Group against the disposal of the investment in the Airst Group.

The **Group Net Profit** totalled Euro 42 million, up Euro 12.8 million (+43.9%) compared to Euro 29.2 million in 2015.

Group Reclassified Balance Sheet

EURO / 1000	12/31/2016	12/31/2015	CHANGE
Property, plant & equipment	63,505	59,442	4,063
Airport concession rights	358,989	288,887	70,102
Intangible fixed assets	11,568	11,073	495
Financial fixed assets	82,232	149,337	(67,105)
Deferred tax assets	27,425	26,343	1,082
TOTAL FIXED ASSETS	543,719	535,082	8,637
Post-employment benefits	(3,696)	(3,630)	(66)
Provision for liabilities and deferred taxes	(38,735)	(34,862)	(3,873)
Other non-current financial assets	0	254	(254)
Fixed Capital Employed from assets held-for-sale	65,600	0	65,600
FIXED CAPITAL EMPLOYED	566,888	496,844	70,044
Inventories	1,239	1,285	(46)
Trade receivables	34,282	33,514	768
Tax assets	4,180	4,943	(763)
Other receivables and other current assets	1,537	2,670	(1,133)
Trade payables and advances	(72,842)	(66,909)	(5,933)
Tax payables	(4,053)	(6,067)	2,014
Payables to social security institutions	(3,547)	(3,119)	(428)
Other payables	(37,337)	(33,971)	(3,366)
Net working capital from assets held-for-sale	(399)	0	(399)
TOTAL NET WORKING CAPITAL	(76,940)	(67,654)	(9,286)
TOTAL CAPITAL EMPLOYED	489,948	429,190	60,758
Group Net Equity	222,504	211,462	11,042
Minority interest	29,250	28,733	517
SHAREHOLDERS' EQUITY	251,754	240,195	11,559
Cash and current assets	(23,827)	(69,624)	45,797
Current bank payables	40,483	21,887	18,596
Non-current bank payables	214,573	230,137	(15,564)
Other lenders	316	368	(52)
Financial receivables from group & related companies	(172)	(185)	13
Financial payables to group & related companies	6,821	6,412	409
TOTAL NET FINANCIAL POSITION	238,194	188,995	49,199
TOTAL FINANCING SOURCES	489,948	429,190	60,758

The comparison of the SAVE Group balance sheet at December 31, 2016 with December 2015 highlights the impacts of the major investments by the Group again this year - and in particular by SAVE S.p.A.. During the year in fact, the capex of the parent company alone was approx. Euro 92.5 million (Euro 94.8 million at Group level), resulting in a net increase in Group Fixed Capital of approx. Euro 70 million.

The negative Net Working Capital increased approx. Euro 9.3 million due to the higher suppliers for investments, with trade receivables substantially in line with the previous year, although against an increase in business volumes of 13.1%.

The **Net Financial Position** saw an increase in the debt from Euro 189 million at the end of 2015 to Euro 238.2 million at the end of 2016, due - as stated above - to the significant investment in the year.

The main Group ratios, with a Debt/EBITDA ratio of 2.7 and a Debt/Net Equity ratio of 0.95, therefore remained within the general market averages and satisfied the loan contract financial covenants.

Shareholders' equity of Euro 251.8 million increased Euro 11.6 million compared to December 31, 2015, reporting the following principal movements:

- the payment of dividends to shareholders in the first half of the year of Euro 30 million;
- the reduction of Euro 0.9 million following the treasury share buy-back;
- the net profit, excluding minority interests, of Euro 42 million.

Net Financial Position

The Group **net financial position** increased to Euro 238.2 million from Euro 189 million at December 31, 2015.

(EURO THOUSANDS)		12/31/2016	12/31/2015
	Cash and cash equivalents	23,827	69,624
	Other financial assets	172	185
	Financial assets	23,999	69,809
**	Bank payables	40,483	21,887
*	Other financial liabilities - current portion	7,071	6,673
	Current liabilities	47,554	28,560
**	Bank payables – less current portion	214,573	230,137
	Other lenders – less current portion	66	107
	Non-current liabilities	214,639	230,244
	Net Financial Position	(238,194)	(188,995)
*	of which net liabilities for derivative contracts carried at fair value	209	225
**	Total gross payables to banks	255,056	252,024

Current assets therefore totalled Euro 24 million, compared to Euro 69.8 million in December 2015 and comprised cash and cash equivalents related to the use of the credit lines granted for group investments.

During the year, the Group received new medium-term loans for a total amount of approx. Euro 40 million, while settling loans for approx. Euro 37.6 million against the repayment plans in place.

In terms of the cash flow statement, available liquidity (the difference between “Cash and cash equivalents” and “Current bank payables”, excluding the current portion of loans) decreased from approx. Euro 69.6 million at the end of 2015 to Euro 23.8 million at December 31, 2016. Loan instalment repayments totalled approx. Euro 37.6 million, offset by the issue of new loans for approx. Euro 40 million. Operating activities generated cash flows of approx. Euro 72.4 million, while capital expenditure and intangible assets absorbed cash of approx. Euro 94.8 million.

Additional outflows in the year concerned the payment of dividends of Euro 30 million.

Financial liabilities for the fair value measurement of interest rate risk hedging amounted to Euro 209 thousand, compared to net payables of Euro 225 thousand at the end of the previous year and are categorised as “Other current financial liabilities”.

Group bank loans, measured under the amortised cost method, totalled Euro 255 million, with the current portion due in the next twelve months totals Euro 40.5 million, of which Euro 37.8 million concerning the Parent Company. Loans due beyond one year totalled Euro 214.5 million, of which none due beyond five years.

Medium/long-term loans are subject to hedging (IRS) against interest rate increases for approx. 11.7% of their total principal value.

Investments at Venice and Treviso airports

Investments totalled approx. Euro 94.8 million, of which approx. Euro 1.6 million allocated to the assets under concession replacement provision.

The main investments in 2016 included:

Euro 44.2 million for the design, extension and adjustment of the Venice terminal; Euro 14.7 million for the conclusion of the Moving Walkway installation; Euro 9.8 million for tri-generation station construction conclusion costs; Euro 5.9 million for existing airport infrastructure works; Euro 4.1 million for the development of runways and aircraft stands; Euro 2.3 million for the new Fire Service and Finance Police buildings.

Alternative performance indicators

In addition to the financial indicators established by IFRS, a number of alternative performance indicators are presented to provide more complete disclosure on the operating performance and financial position.

“EBITDA” measures the result before amortisation, depreciation, provisions for risks and the replacement provision, write-downs, financial income and charges, taxes and non-recurring operations.

“EBIT” measures the result excluding financial income and charges, income taxes and non-recurring operations.

The “Profit before taxes” concerns the profit before the “Profit/Loss from discontinued operations/held-for-sale”.

The “Gross profit” concerns the profit before taxes net of the “Profit/Loss from discontinued operations/held-for-sale”.

The “Net financial position” includes liquidity, financial receivables and current securities, net of financial payables (current and non-current) and the fair value of financial debt hedging derivatives.

“Net working capital” includes inventory, trade receivables, tax and social security receivables and payables, other assets and liabilities and trade payables.

“Net capital employed” measures the sum of “Net working capital” as defined above and fixed assets, net of the Post-Employment benefit provision and risks provisions and added to Other non-current non-financial assets.

“ROS” is the ratio between EBIT, as defined above, and Revenues.

“ROI” is the ratio between EBIT, as defined above, and Net capital employed.

“Gearing” is the ratio between the Net Financial Position and Net equity.

“Total Workforce” is the number of employees enrolled to the employee register on the last day of the period.

“Movements” relates to the total number of arriving/departing aircrafts.
 “Passengers” concerns the total number of arriving/departing passengers.

Guarantees granted

The following table summarises the guarantees granted by the SAVE Group at December 31, 2016.

GUARANTEES GRANTED (EURO THOUSANDS)	AMOUNT
SURETIES:	215
- AS A GUARANTEE FOR LEASE CONTRACTS	64
- AS A GUARANTEE FOR PUBLIC GRANTS	-
- AS A GUARANTEE FOR TAX RECEIVABLES/PAYABLES	113
- OTHER	38
MORTGAGES	5,300
TOTAL GUARANTEES GRANTED	5,515

At December 31, 2016, the guarantees granted by the SAVE Group total approx. Euro 5.5 million and principally concern mortgages for Euro 5.3 million, in guarantee of the loan fully repaid at December 31, 2016. The procedure for the cancellation of the mortgage was consequently initiated.

In addition, as part of the disposal of the investment in Centostazioni, SAVE S.p.A. provided a guarantee to the purchaser Ferrovie dello Stato Italiane S.p.A. through providing the subsidiary Archimede 1, the vendor, with the funding necessary to fulfil its obligations under the sales contract. This specifically concerns the usual guarantees granted as part of the disposal of a significant investment; these guarantees shall not however exceed 25% of the selling price.

Human Resources

An analysis of the Group workforce follows.

WORKFORCE	12/31/2016		12/31/2015		CHANGE	
	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME
Executives	20	0	19	0	1	0
Managers	49	1	42	1	7	0
White-collar	542	211	511	211	31	0
Blue-collar	139	65	143	61	(4)	4
TOTAL	750	277	715	273	35	4
TOTAL WORKFORCE	1,027		988		39	

Airport operation employees at December 31, 2016, including both full-time and part-time, in addition to fixed contract employees, totalled 1,027, increasing 39 compared to December 31, 2015, principally due to extended security operations and improvements to the quality of service provided to airport passengers.

The workforce full-time equivalent at December 31, 2016 was 935, compared to 922 in 2015.

Group Airport Management Review

Domestic airport traffic

Traffic performance

According to the Assaeroporti figures, in 2016 Italian airports saw passenger traffic growth of 4.6% on 2015, with over 164 million passengers carried through 36 domestic airports, for approx. 1.5 million movements (+2.6% on 2015). Passengers to international destinations in particular grew (+6.2% in 2015).

	2016	CGE. % '16/'15
Rome Fiumicino	41,744,769	3.2%
Milan Malpensa	19,420,690	4.5%
Bergamo	11,159,631	7.3%
Milan Linate	9,682,264	-0.1%
Venice	9,624,748	10.0%
Catania	7,914,117	11.4%
Bologna	7,680,992	11.5%
Naples	6,775,988	9.9%
Rome Ciampino	5,395,699	-7.5%
Palermo	5,325,559	8.4%
Others	39,966,602	3.6%
Total	164,691,059	4.6%

The Venice Airport System was again confirmed in 2016 as the third largest Italian airport system after Rome and Milan, with over 12 million passengers carried at the two airports (+10.1% on 2015 - ahead both of the national average and the average of airports with over 5 million passengers).

Venice was the fifth largest Italian airport after Rome Fiumicino, Milan Malpensa, Bergamo and Milan Linate, with over 9.6 million passengers (+10%).

Treviso performed strongly with growth of 10.5% on 2015 and over 2.6 million passengers.

THE VENICE - TREVISO AIRPORT SYSTEM

The Venice Airport System reports over 12 million passengers for 2016, up 10.1% on 2015, with nearly 110 thousand total movements (+9.2% on 2015).

The following table reports the key traffic data for 2016 (compared to 2015):

VENICE AIRPORT SYSTEM

Year to December

	2016	% of system	2015	% of system	CGE. % '16/'15
SAVE					
Movements	90,084	82%	81,946	82%	9.9%
Passengers	9,624,748	79%	8,751,028	79%	10.0%
Tonnage	6,355,439	85%	5,700,271	85%	11.5%
Cargo (Tonnage)	57,973	100%	50,961	100%	13.8%
AERTRE					
Movements	19,518	18%	18,402	18%	6.1%
Passengers	2,634,397	21%	2,383,307	21%	10.5%
Tonnage	1,102,224	15%	1,016,465	15%	8.4%
Cargo (Tonnage)	1	0%	0	0%	N.A.
SYSTEM					
Movements	109,602		100,348		9.2%
Passengers	12,259,145		11,134,335		10.1%
Tonnage	7,457,663		6,716,736		11.0%
Cargo (Tonnage)	57,974		50,961		13.8%

The breakdown of traffic by type was as follows:

VENICE AIRPORT SYSTEM

Year to December

	2016	CGE. % '16/'15
Commercial Aviation		
Scheduled + Charter		
Movements (no.)	100,177	11.6%
Passengers (no.)	12,241,482	10.1%
Cargo (tonnes)	57,861	13.8%
Mail (tonnes)	112	3.8%
Aircraft (tonnes)	7,336,052	11.6%
General Aviation		
Movements (no.)	9,425	-11.0%
Passengers (no.)	17,663	-9.8%
Aircraft (tonnes)	121,611	-14.1%
Overall		
Movements (no.)	109,602	9.2%
Passengers (no.)	12,259,145	10.1%
Cargo/Mail (tonnes)	57,974	13.8%
Aircraft (tonnes)	7,457,663	11.0%

VENICE

Venice airport passenger traffic was up 10% in 2016, with over 9.6 million passengers carried - for over 90 thousand movements (+9.9% on 2015).

Both domestic (+5.3%) and international (+10.8%) passenger traffic performed strongly. The international focus of the airport was again prominent, with 86% of passengers moving between Venice and European and intercontinental destinations, against an Italian airport system average of 63% (Assaeroporti figures).

Passengers between Venice and the long-haul destinations (United States, Canada, United Arab Emirates and Qatar) numbered over 860 thousand, up 7% on the previous year - particularly thanks to the full operativity of the seasonal flights to New York, Newark of United Airlines and of the Alitalia/Etihad connection to Abu Dhabi, the increased number of Air Canada rouge flights to Canada and the improved capacity of Qatar Airways to Doha.

27% of departing traffic from Venice travelled through an intermediate airport for onward global end destinations, with the number of passengers travelling to their end destination on direct flights increasing thanks to the greater number of destinations available to airport users. Frankfurt is the leading intermediate airport for passengers departing from Venice, followed by Rome Fiumicino and Paris CDG.

A number of new operations were again launched in 2016.

easyJet, which opened a base at Venice (its third Italian base) in the first six months of the year, located four aircraft at the airport, operating 10 new destinations: Bordeaux, Bristol, Copenhagen, Edinburgh, Minorca, Mykonos, Olbia, Prague, Santorini and Stuttgart, in addition to its Budapest and Krakow winter flights.

Volotea, the other carrier based at Venice, in summer 2016 extended its network, flying also to Alghero, Asturias and Dubrovnik and increasing its total number of domestic and international summer connections to 32.

LOT returned to Venice, directly connecting the Laguna airport with Warsaw.

Ukraine International Airlines, a new carrier at the airport, introduced during the year nine new flights to Kiev and subsequently to the Ukrainian destination of Ivano-Frankovsk.

In addition, from the winter season the new airline Flyone began flights between Venice and Chisinau.

Vueling introduced from May new flights to Paris CDG, strengthening its presence at Venice.

On the German market, Transavia launched new flights to Munich during the year and Air Berlin expanded operations between Venice and Düsseldorf with three daily flights.

In addition, Alitalia will connect Venice to Catania in the peak season of August and September.

In September, Ryanair began operations also from Venice, with flights to Bristol.

Aegean Airlines, in addition to the existing operations with Athens, introduced the new seasonal routes of Heraklion and Rodi.

The direct long-haul operations to the Middle East (Abu Dhabi, Doha, Dubai), Canada (Montreal, Toronto) and the United States (Atlanta, New York EWR, New York JFK, Philadelphia) also became fully operative.

The traffic breakdown at Venice between domestic, EU and non-EU destinations is outlined below.

Origin/destination - Venice
Year to December

	2016	CGE. % '16/'15
Domestic traffic	1,313,008	5.3%
EU Traffic	6,318,003	13.0%
Non-EU Traffic	1,980,159	4.4%
Total commercial aviation	9,611,170	10.0%
General Aviation	13,578	-10.4%
Total	9,624,748	10.0%

Non-EU passenger traffic accounts for 21% of total airport traffic. We particularly note the following:

- Passengers carried between Venice and the Middle East overall numbered over 460 thousand, up 10% on 2015 thanks to the full operation of the Alitalia/Etihad connection to Abu Dhabi and the increased Qatar Airways capacity; 86% of passengers travelling to the Middle East transited through Abu Dhabi, Doha and Dubai for final destinations across the globe; these three airports are the main intermediate hubs for passengers travelling between Venice and the Far East;
- With approx. 280 thousand passengers carried from and to US destinations (New York JFK, New York EWR, Atlanta and Philadelphia) by the three airlines based at the airport, the performance was in line with 2015. The seasonal flights to New York Newark of United Airlines were fully operative in the year;
- Canadian traffic increased 16%, with over 120 thousand passengers between Venice and Toronto and Montreal, following the expanded operations of an Air Canada route;
- Turkish Airlines, due to the difficult situation both domestically and internationally, saw a 4% contraction in passenger numbers between Venice and Istanbul on 2015 (with approx. 290 thousand passengers carried in 2016); the airline discontinued flights with Istanbul Sabiha from winter season 2016; in 2016 Istanbul was the largest international hub for Middle Eastern, Indian Subcontinent and African final destinations;
- Nearly 80 thousand passengers travelled to Morocco, up 60% on the previous year, thanks to the full operation of Royal Air Maroc flights to Casablanca (route introduced by the airline in the 2015 winter season); in addition, nearly 27 thousand passengers were carried by Tunisair between Venice and Tunis;
- The Israeli market reported double digit total traffic growth in the year, increasing both direct and indirect traffic and allowing El Al to capitalise on the opportunities presented by the market. The airline therefore introduced an additional flight with Tel Aviv, permitting additional growth (transported passengers numbered approx. 50 thousand in 2016, +30% on 2015);
- Traffic numbers between Venice and the Ukraine were of interest, with over 30 thousand passengers carried thanks to the new connections of Ukraine International Airlines to Kiev and Ivano-Frankovsk, principally for Ukrainian passenger and business travel;
- Passenger numbers between Venice and Russia declined 9% (approx. 160 thousand passengers carried in 2016). Transaero discontinued operations with Moscow and Aeroflot reported stable results compared to 2015.

The following table completes that outlined above, with breakdown by country of origin/destination of Venice airport traffic.

Main destination/origin countries - Venice
Year to December

COUNTRY	2016	CGE. % '16/'15
France	1,460,550	10.0%
Great Britain	1,407,466	17.7%
Germany	1,319,017	9.3%
Italy	1,313,008	5.3%
Spain	681,283	13.0%
Holland	524,858	7.0%
Switzerland	346,812	8.9%
United Arab Emirates	319,999	5.3%
Turkey	289,524	-4.7%
United States	277,739	-0.9%
Other	1,670,914	14.6%
General Aviation	13,578	-10.4%
Total	9,624,748	10.0%

Passengers to domestic destinations represented 14% of the total, up 5.3% on the previous year, thanks to increases for easyJet (Naples and Olbia) and Volotea (Catania and Alghero), in addition to the summer flights of Alitalia with Catania.

The leading 5 origin/destination markets represent 64% of total airport traffic.

The table below highlights the breakdown of Venice airport traffic by major airline (passengers transported).

Principal Venice airlines
Year to December

<u>Airline</u>	2016	CGE. % '16/'15
Easyjet	2,199,269	32.0%
Alitalia	721,456	-2.8%
Volotea	652,747	6.5%
Air France	473,148	-8.0%
British Airways	468,584	14.1%
Lufthansa	444,457	-2.7%
Vueling	357,913	33.6%
Klm	343,012	1.8%
Iberia	294,673	7.0%
Turkish Airlines	287,883	-4.2%
Other	3,368,028	6.8%
General Aviation	13,578	-10.4%
Total	9,624,748	10.0%

The airlines based at Venice (easyJet and Volotea) accounted for 30% of traffic, with nearly 3 million passengers carried. easyJet consolidated its position as the largest carrier at Venice, with nearly 2.2 million passengers (+32% on the previous year) and a market share of 23%. Volotea carried over 650 thousand passengers, up 6.5% on 2015.

Venice general aviation traffic in 2016, as is the case in years in which the Venice Biennial Arts Festival is not held, saw a decline of 10.4% (movements -15.3%).

Overall cargo traffic (including the operations of couriers and the postal service) increased 13.8% on 2015 thanks to cargo transported by air (+14.6%). Exports grew 9%, with imports stable on 2015.

Emirates was confirmed as the leading cargo airline at Venice airport (+8.5% on 2015 quantities). The full operability of the United Airlines seasonal flights with New York Newark and of Alitalia with Abu Dhabi contributed to the strong air cargo performance in 2016.

After a number of years in operation, Air Canada has begun to benefit from the cargo capacity on its aircraft, assisting the growth of cargo moved (+80% on 2015).

Courier operations at the airport continue to grow (+8% on the previous year), principally thanks to the exponential growth of e-commerce which requires these airlines for the delivery of products.

TREVISO

Treviso airport carried over 2.6 million passengers in 2016, increasing 10.5% on the previous year - for over 19 thousand movements (+6.1% on 2015).

Treviso airport (Aertre) accounted for 21% of total System passengers.

Ryanair carried nearly 2.3 million passengers (up 12% on 2015), with an 87% share of total traffic.

The Spanish (+35%), English (+22%) and German (+44%) markets expanded in 2016.

From the summer season, the airline connected Treviso also with Corfù, Ibiza and Wrocław. In addition, in the winter season a new flight with Sofia was launched, in addition to the extension to the winter months of the Budapest and Malaga flights.

Wizzair traffic contracted 4% due to the discontinuation of Ukrainian market operations. Traffic between Treviso and Romania increased 5% in the year.

From the winter season, Treviso was directly connected also with Tirana thanks to new flights operated by Albawings/Blue Panorama.

VERONA

Verona airport carried over 2.8 million passengers in 2016, up 8.4% on 2015, for over 28 thousand total movements (+4.8% on 2015).

International traffic at the airport represented 68% of the total, confirming the potential of the airport basin both in tourism and business terms.

Volotea, which opened its third Italian base at Verona airport in 2015, became the leading airline in terms of passenger numbers, with over 400 thousand (+47% on 2015) and a market share of 16%. The airline connected Verona to 13 destinations (of which 8 domestic) in 2016.

The second largest airline was Ryanair, which doubled traffic out of the airport to nearly 300 thousand passengers travelling to 7 destinations (of which 2 domestic).

The third largest airline at the airport is Neos, a leisure carrier, which carried 280 thousand passengers, principally to Spain, Greece, Israel and domestic destinations, in addition to medium/long-haul tourist markets such as Cape Verde, Tanzania, Mexico and Madagascar.

An interesting development was seen on the leisure market with the combining of scheduled flights with packages offered by tour operators. In fact, in 2016 the carrier Neos categorised 86% of its traffic from Verona as scheduled.

A significant number of new flights were introduced in 2016: Transavia began connections between Verona and Paris Orly, with Ryanair adding the new destinations of Birmingham, Cagliari and Madrid and increasing flights with London Stansted, while Volotea launched new flights to Palma de Mallorca, Ibiza, Santorini and Olbia, while Norwegian introduced a new flight between Verona and Oslo for the summer months. During the year, Flyone operated flights to Chisinau and Flybe flew to Cardiff. In addition, Alitalia flew between Verona and Catania in the peak summer season.

STRATEGY

Venice

- ➔ In the initial months of 2016, easyJet's base was opened with the positioning of four aircraft and the launch of new destinations from Venice. In 2017, the established airlines (easyJet and Volotea) will further consolidate operations. easyJet in particular shall position an additional aircraft at the airport in the first half of 2017. One of the main objectives is therefore the opening of new direct destinations both for tourist and business passengers.
- ➔ 2016 overall saw a decline in the yield and a similar number of intercontinental flights. However, O&D (direct and indirect) traffic from Venice continued to grow. The prime objective for North America is to extend the seasons for all flights, in particular operations from Atlanta which feature a shorter season (despite high flight loads). For the Middle East, in 2016 we experimented with consolidating capacity, with Qatar Airways and Emirates flight loads returning to traditional levels (both airlines operate wide-body aircraft). In the latter part of the year, the Alitalia flight to Abu Dhabi was replaced by an Etihad Airways flight using a narrow-body aircraft. As Etihad Airways is a carrier with significant connectivity potential, the objective is to transfer to a wide-body aircraft as soon as possible, at least for the summer season. For the Asian market, the strategy is focused on the launch of a new route in 2018. While China saw a slight slowdown after years of major growth, Seoul, Tokyo and Bangkok continue to develop, as does Hong Kong to a lesser extent.
- ➔ In the short/medium-term, domestic market volumes will consolidate (+5.3% in 2016).

Treviso

The main objective is to manage new routes and existing flights as best as possible in order to limit daily peaks and troughs.

The strategy continues to focus on further improving flight loads and the launch of new routes, with the delivery of a strong traffic performance in 2016.

Verona

Thanks to the new flights launched in 2016 and also on the medium/long-haul market, point-to-point traffic has begun to grow, supported by recovering leisure traffic from the final months of 2016.

The short/medium-term strategy of Verona airport is focused on:

- ➔ Increasing traffic volumes, particularly with regards to incoming destinations serving the region. In the coming summer season, Germany (the main source of Lake Garda tourist volumes) will play an increasingly important role thanks to Ryanair's operations to Berlin, Hamburg and Nuremberg.
- ➔ Expansion of the number of European hubs connected to the airport, with the consequent improvement of Verona airport's connectivity to the rest of the world.

- ➔ Improvement of Verona's positioning on the leisure market (Verona is already a major leisure airport), through strengthening relationships with the airport's airlines who will confirm the key importance of the airport for the new destinations to be proposed.

CHARLEROI AIRPORT

Passengers carried at Charleroi airport in 2016 numbered over 7.3 million. An increase of over 347 thousand (+5%) was reported.

Ryanair was confirmed as the leading airline at the airport with over 5.8 million passengers carried (+6%). Ryanair in 2016 added new destinations, including: Verona, Glasgow, Tolosa, Timisoara and Sofia. With the addition of these new routes, Ryanair increased its number of regular destinations to 79, consolidating its market share at 80%.

Wizzair, operating out of the airport with 9 routes at December 31, 2016, carried approx. 679 thousand passengers (+3%).

Jetairfly (TUI fly Airlines Belgium), which is the second leading airline in terms of routes (22), in 2016 consolidated operations and reports approx. 650 thousand passengers. TUI fly announces for 2017 the addition of one aircraft to the four already located at the airport. With the arrival of the fifth aircraft, TUI fly will be able to increase flight numbers on existing routes, although particularly will be able to launch new destinations. In fact, nine new destinations have been announced, including: Sarajevo (Bosnia and Herzegovina), Hurghada (Egypt), Naples and Trieste (Italy) and Essaouira and Ouarzazate (Morocco).

2017 will be a year of traffic development. In fact, in addition to the growth announced by TUI fly, from March 2017 two new routes (Bastia and Ajaccio) will be introduced by Air Corsica, expanding therefore the range of airlines and destinations departing from Charleroi.

Regulatory framework developments

Regulatory Agreement

As previously stated, Article 17, paragraph 34-*bis* of Legislative Decree 78/2009, enacted into Law 102/2009, as amended by Article 47, paragraph 3-*bis*, letters a) and b) of Legislative Decree 78/2010, enacted with amendments into Law 122/10, authorised ENAC to undertake, for airports of national importance and however with traffic of greater than 8 million passengers annually, long-term Regulatory Agreements with options for updating throughout their applicability. ENAC recognised the applicability of the regulation to Venice, based on the Venice/Treviso System, as also recognised by Italian and European legislation.

With Presidential Decree of December 28, 2012, published in the Official Gazette No. 303/2012, the Regulatory Agreement signed on October 26, 2012 between ENAC and SAVE was approved. In accordance with the above-stated Presidential Decree, ENAC and SAVE signed an Additional Agreement which introduced the conditions of the President of the Governmental Council of Ministers. The new tariff system entered into force on March 11, 2013.

Under the Regulatory Agreement, three appeals - all suspension appeals - were proposed before the Veneto Regional Administrative Court, respectively by the Municipality of Venice, the Aeroterminal S.p.A. in liquidation bankruptcy and Assaereo (the National Association of Airlines and Air Transport Operators). With judgements Nos. 136/2014 and 223/2014, the Veneto Regional Administrative Court rejected the appeals of the Municipality of Venice and the Aeroterminal S.p.A. in liquidation bankruptcy. Assaeroporti, which represents the major Italian airports, among others, intervened in defence of SAVE and the other cited parties. The hearing date for the appeal proposed by Assaereo has not yet been fixed. The Municipality of Venice appealed against judgement No. 136/2014 before the Council of State (No. 6950/2014), while the hearing date has not yet been fixed.

We highlight finally that the European Commission, within the EU Pilot No. 4424/12/MOVE (Communication system concerning the application of Directive 2009/12/EC on airport fees by

Italy), in July 2013 requested from the Italian Authorities further information to verify the correct transposition into national law of the above-stated directive. The request for information from the European Commission concerns the obligation for full collaboration by member states under Article 4, paragraph 3 on the European Union treaty and the right of the Commission to launch an infraction procedure in accordance with Article 258 of the TFEU for any non-compliance with this obligation. In October 2014, in order to avoid the opening of an infraction procedure, ENAC adopted the Guidelines for the consultation procedure between the manager and airport users for the supplementary regulatory agreements. In the initial months of 2015, the General Mobility and Transport section of the European Commission requested the Italian Authorities to provide additional information, which was communicated in the letter of April 24, 2015.

Latterly, the General Secretary of the European Commission sent to the Italian Ministry for Foreign Affairs a letter of formal notice - Infraction No. 2014/4187, dated October 22, 2015, through which the Commission communicated that it does not consider that Italian law (on the basis of which the Regulatory Agreements for the airports of Milan, Rome and Venice have been agreed) complies with Article 6, paragraph 3 and Article 11, paragraphs 1 and 6 of the directive and in relation to which the Italian Government has been invited within two months to communicate observations with regard to the contestations put forward. In particular, the Commission does not consider Italian law compatible with the European directive as disputes between managers and airport users may not be submitted before the Oversight Authority with regard to the airports of Rome, Milan and Venice. In addition, according to the Commission, there will be no legal basis for ENAC to continue its oversight functions in the area of airport fees for airports subject to the directive, following the beginning of operations of the TRA in January 2014.

The Commission has reserved the right to issue, after considering the observations of the Italian Government (or where such are not communicated), an opinion in accordance with Article 258 of the TFEU.

Ministry of Infrastructure and Transport Guidelines No. 267 of August 5, 2016 clarified (Article 6, paragraph 2) that “...ENAC acts as the Oversight Authority, in accordance with Directive 2009/12/EC of March 11, 2009, for the setting of the long-term tariff levels applicable to airports operating under regulatory agreements, following verification of the state of advancement of investments set out under such contracts and of operating costs and associated increases”.

Where the State does not agree with the opinion of the Commission, a dispute phase of the infraction procedure may be initiated, which would be held before the Court of Justice (Article 258, section 2, TFEU). In the case in which the EU court agrees with the assessment of the Commission, the judgement would declare the existence of an infraction and the State will be held to comply, adopting the necessary measures to adjust Italian law to that of the Union (Article 260, section 1, TFEU). Where the European directives are not incorporated, the Commission may request the Court to declare non-fulfilment of an obligation and to judge payment against the non-compliant State of a monetary sanction or a non-performance penalty before completion of any subsequent pre-litigation phase.

As yet the Commission has not yet expressed its view.

Airport fees

As stated above, from March 11, 2013, SAVE has applied the airport fees established by the Regulatory Agreement, approved by Presidential Decree of December 28, 2012.

Following the initiation of an infraction procedure against the Italian Republic by the European Commission (Note C (2013) 3048 of May 30, 2013), the Italian Government standardised the take-off and landing fees applied at Italian airports. Specifically, in relation to Venice airport, the President of the Council of Ministers, with Decree of October 29, 2013 (communication published in Official Gazette No. 256 of October 31, 2013) approved the new standardised take-off and landing fees for EU and non-EU flights, included as annexes to the Regulatory Agreement in force between ENAC and SAVE.

On April 20, 2015, an extraordinary appeal was notified to SAVE by the Head of State, proposed by AICAI (Associazione Italiana Corrieri Aerei Internazionali) and the major carriers, for the

cancellation, following suspension of efficacy, of the provisions under which the cargo loading and unloading fees for 2015 were increased, communicated on January 15, 2015, in addition to, for that applicable, of the Regulatory Agreement and the relative approving provisions. SAVE notified opposition to the extraordinary appeal in accordance with Article 10 of Presidential Decree No. 1199/1971, so that the appeal should be decided before the Veneto Regional Administrative Court, where SAVE may put forward the inadmissibility and lack of foundation of the appeal. With deed notified on July 1, 2015, the appeal was transposed before the Veneto Regional Administrative Court, with re-preposition of the suspension of the challenged provisions. Following the application of the plaintiffs for the reconsideration of the case (i.e. the suspension), the Veneto Regional Administrative Court, at the hearing of October 7, 2015 postponed further consideration to a later date.

The fees are updated annually in accordance with Article 15 of the Regulatory Agreement. The latest tariff update entered into force on February 16, 2016.

Regulation EC No. 139/2014 and the new rules for the certification of European airports.

Regulation EC No. 139/2014, in establishing the technical requirements and administrative procedures for the certification of airports in accordance with Regulation (EC) No. 216/2008, conferred to airport operators the role of “responsibility for airport functioning”, with the duty to directly or indirectly supply airport operating services.

The Regulation, which requires the conversion of the current airport certificates by December 31, 2017, is an innovative development and contributes to establishing a new definition of roles and responsibilities within airports. In particular, the new rules concerning first aid and fire protection and the air navigation services are particularly significant which, in domestic law, are carried out by third parties (ENAV and the Fire Services). The Regulation however establishes the option for specific agreements with these parties in order to ensure the necessary co-ordination between parties and the establishment of the respective roles and responsibilities.

In May 2016, Venice airport was selected, together with the main Italian airports (Fiumicino, Malpensa, Linate, Bergamo and Naples), to convert its certificate by 31.12.2016 and therefore one year in advance of the deadline established by the Regulation.

The conversion of Venice airport’s certificate took place on December 23, 2016 (among the first in Europe).

Fire Service Fund contribution

Article 1, paragraph 478 of Law No. 208 of December 28, 2015 amended Article 39-bis of Legislative Decree No. 159/2007, establishing that “The provisions with regard to [...] payments by airport managers concerning the fire protection services at airports, as per Article 1, paragraph 1328 of Law No. 296 of December 25, 2006, are considered not to impose tax obligations”. The regulation is in opposition to the case law developed to date (Lazio Regional Administrative Court Judgement No. 4588/2013, Court of Rome No. 10137/51/14, Court of Ancona No. 849/2015 and Court of Florence No. 2975/2015) which verified the jurisdiction of the disputes taken with regard to the contribution to the Fund as per Article 1, paragraph 1328 of Law No. 296 of December 25, 2006 before the Tax Court.

Finally, the Court of Cassation, with regards to the case taken by a number of airport operating companies against the Lazio Regional Tax Commission judgement (252/10/2011) which declared the lack of jurisdiction of the Tax Court on the basis that “*jurisdiction in terms of airport fees and contributions lies with the ordinary Court and consequently the lack of jurisdiction of this Regional Tax Commission is declared*”, with Interim Order No. 2704/16 of 28.12.16 sent to the Constitutional Court the question of the unlawfulness of Article 1, paragraph 478 of Law No. 208/2015 in view of Articles 3, 24, 25, 102, 111 and 117 of the constitution. Publication in the Official Gazette of the Italian Republic on the referral ruling to the Constitutional Court is currently awaited. Ahead of its pronouncement, the Cassation judgement has been suspended.

Municipal surtax

The Decree of the Ministry for Infrastructure and Transport, together with the Ministry for the Economy and Finance, of October 29, 2015, No. 357, published in Official Gazette No. 300 of 28-12-2015, quantified the amount of the municipal surtax increase on passenger fees to be allocated to the INPS, as per Article 13, paragraph 23 of Legislative Decree No. 145 of December 23, 2014, converted into Law No. 9 of February 21, 2014, as Euro 2.50 per paying passenger from January 1, 2016, Euro 2.42 for 2017 and Euro 2.34 for 2018.

The new Article 13-*ter* of Legislative Decree No. 113/2016, Local Entities Decree, inserted through Conversion Law No. 160 of August 7, 2016, suspended (paragraph 1) the application of the municipal surtax on passenger fees (in accordance with Article 13, paragraph 23 of Legislative Decree No. 145 of December 23, 2013, converted, with amendments, by Law No. 9145/2016 of February 21, 2014) for the period between September 1 and December 31, 2016. The provision has the objective of supporting air sector growth and reducing passenger charges.

For 2019, the municipal surtax on passenger fees, as per Article 6-*quater*, paragraph 2 of Legislative Decree No. 7 of January 31, 2005, converted with amendments by Law No. 43 of March 31, 2005, increased Euro 0.32. This increase may be recalculated downwards in view of air transport and airport system sector Solidarity Fund inflows and benefits.

On September 13, 2016, judgment No. 9692/2016 was filed, under which the Lazio Regional Administrative Court partially accepted the appeals presented by easyJet and Ryanair for the repeal of Ministerial Decree of October 29, 2015. The judgement repealed the Ministerial Decree with regards to the section concerning the application of the municipal surtax for the January 1, 2016 - February 20, 2016 period, as incompatible with Article 3, paragraph 21 of Law No. 212/2000 which states that *“tax provisions may not establish requirements upon contributors whose deadline precedes the sixtieth day following its entry into force or the adoption of the expressly established enactment provisions”*. The result of the appeal by the State Attorney General against the above judgement is awaited.

Finally, Article 1, paragraph 378 of Law No. 232 of December 11, 2016 (State budget for financial year 2017 and long-term budget for the 2017-2019 three-year period) established that *“In order to support air sector growth and reduce passenger charges, the increase of the municipal surtax on passenger fees established in accordance with Article 13, paragraph 23 of Legislative Decree No. 145 of December 23, 2013, converted, with amendments, by Law No. 9 of February 21, 2014, is suspended from January 1, 2017”*.

National Airport Development Plan

Decree No. 201 of the President of the Republic of September 17, 2015 entered into force from January 2, 2016, concerning the identification of airports of national interest (the “Airports Plan”). Decree of the President of the Republic No. 201 of September 17, 2015 (Official Gazette No. 294 of 18/12/2015), in application of the criteria established by Article 698 of the navigation code, identified the airports and airport systems of national interest, as essential hubs for the exercise of exclusive authority of the State, for each of the ten traffic basins identified in the national network, as specified below.

Airport traffic basins of national interest:

- North West (Milan Malpensa, Milan Linate, Turin, Bergamo, Genoa, Brescia, Cuneo); - North East (Venice, Verona, Treviso, Trieste);
- Central North (Bologna, Pisa, Florence, Rimini, Parma, Ancona);
- Central Italy (Rome Fiumicino, Ciampino, Perugia, Pescara);
- Campania (Naples, Salerno);
- Mediterranean/Adriatic (Bari, Brindisi, Taranto);
- Calabria (Lamezia Terme, Reggio Calabria, Crotone);
- Eastern Sicily (Catania, Comiso);
- Western Sicily (Palermo, Trapani, Pantelleria, Lampedusa);
- Sardinia (Cagliari, Olbia, Alghero).

Within the above-stated airports of national interest, the following airports have particular strategic importance, on the basis of the criteria established by Article 698 of the navigation code:

- North West (Milan Malpensa, Turin);
- North East (Venice);
- Central North (Bologna, Pisa /Florence);
- Central Italy (Rome Fiumicino);
- Campania (Naples);
- Mediterranean/Adriatic (Bari).

The following airports are considered as intercontinental gateways due to their capacity to respond to the demand of extensive traffic basins and their high degree of connectivity with European and international destinations:

- a) Rome Fiumicino, main national hub;
- b) Milan Malpensa;
- c) Venice.

The airports of national interest, excluding those of particular strategic importance, should satisfy the following conditions:

- exercise a well-defined role within the basin, with a specialisation and a recognisable commitment to the area served, ensuring its promotion;
- demonstrate, through an industrial plan, together with a financial plan, the achievement of financial equilibrium, even on a year-on-year basis, and adequate solvency indicators, over at least a three-year period.

Airport management fees

The Decree of the State Property Office of December 14, 2015 (Official Gazette No. 296 of 21.12.2015) concerns the “Establishment of airport management fees for the 2016-2018 three-year period”. The Decree confirms, also for the 2016-2018 three-year period, the method for the quantification of the fees due by airport management companies, as per Article 1 of inter-departmental decree of June 30, 2003, based on Work Load Units.

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

With Decree No. 275 of August 11, 2016, the Ministry for Infrastructure and Transport amended the Guidelines for the incentivised introduction and development of air routes by airlines, in accordance with Article 13, paragraphs 14 and 15 of Legislative Decree No. 145/2013, converted with amendments by Law No. 9/2014, to overcome a number of interpretative issues arising on application and to support economic development through incentivising air traffic at the regional airports.

In particular, the Guidelines clarify that Article 13, paragraphs 14 and 15 of Legislative Decree No. 145/2013 are implemented “in line with the European Commission guidelines and the previous rulings of the European Courts, including the Charleroi case”. Doubts and complexities arising on initial application with regards to the compatibility with European Law of the provisions contained in the 2014 Guidelines are therefore overcome.

In very brief summary, the Guidelines set transparency and competition principles only for the identification of the beneficiaries of subsidies which, not satisfying the MEO (Market Economy Operator) test, constitute State aid.

On the other hand, under the previous Guidelines, whose scope of application did not coincide with that regarding state aid governed by European Commission Communication 2014/C 99/03, applied to any type of incentive offered by airport managers to airlines.

The purpose of the new guidelines is therefore to ensure greater transparency and accessibility to incentives which do not satisfy the MEO test and therefore constitute state aid.

In addition, in order to assess a measure in favour of an airline under the MEO test, the new Guidelines expressly establish that account should be taken of, in addition to the airport fees and

non-aviation revenues from the operations of the airline benefitting from the subsidy, also where possible, benefits accruing outside of the network such as the increase in the value of the airport or the capacity to attract new airlines.

The means to guarantee the widest possible transparency and accessibility of incentives which do not satisfy the MEO test remain substantially unchanged. Managers in particular are held to: publish on a half-yearly basis on their website the complete programme of incentives which do not satisfy the MEO test and which they intend to introduce for the year or subsequent years; in the case of changes, update the programme; ensure mandatory publication following the granting of an incentive.

Compliance with the transparency and competition principles is verified under the law in question by the Transport Regulation Authority and ENAC subject to, naturally, the powers of the Anti-trust Authority within its respective areas of authority.

Following the amendment of the Guidelines for the incentivised introduction and development of air routes by airlines, sent on August 8, 2016 by the Ministry for Infrastructure and Transport, the Transport Regulation Authority published its position on September 9, 2016. In assessing the legal profiles, the Authority, noting that “the Ministry seems intent on exempting airport managers and airlines from the obligation to adopt, for those incentive systems which pass the MEO test, the procedures established by the 2014 Guidelines”, stated that differing domestic and EU provisions exist which establish the principle of non-discrimination among airlines by an airport manager. Among the mentioned provisions, the Transport Regulation Authority firstly recalls its incorporating law, in addition to various provisions of Legislative Decree No. 1/2012 enacting Directive 2009/12/EC and in particular Articles 75, 79 and 80. According to the Transport Regulation Authority, it is the Authority’s duty to broadly assess the actions of airport managers in terms of the incentivisation and development of air routes and its oversight function should not be limited to incentives which have not passed the MEO test. For this, the Authority, in exercising its oversight power upon the obligation for transparency and equal access to all airline incentive schemes, requires: the investigatory documentation proving both favourable and non-favourable results of the MEO tests; the documentation concerning the incentive granting procedures. Finally, the Transport Regulation Authority reserves the right to provide airport operators with additional operating indications and those required by the MEO test in order to facilitate the exercise of the above oversight functions.

Charleroi Airport – Decision of the European Commission on State Aid

On October 1, 2014, the European Commission (the “Commission”) adopted a decision declaring that a series of measures granted by the Belgian state in favour of the company Brussels South Charleroi Airport (BSCA), the Charleroi Airport management company, constitute state aid under the European regulation. In particular, the agreement and subsequent addendum between BSCA and Sowaer/Region of Wallonia establishes a concession fee which, according to the Commission (and contrary to the position of BSCA), is not sufficiently remunerative. The Commission consequently requested the Belgian State to recover the amounts due from BSCA (which holds such are not due) on the basis of these measures from April 4, 2014. In addition, the Commission has requested that in future such aid is interrupted through increasing the concession fee.

On December 19, 2014, BSCA presented an appeal before the European Court of Justice for the partial cancellation of the Commission decision. BSCA in fact considers that the Commission has committed errors of fact and of law, in addition to various manifest assessment errors. In particular, in the appeal to the General Court of the European Union, BSCA underlines how, in addition to procedural errors, the Commission was erroneous in, among other matters, the fixing of the current value of the measures taken and the establishment of the additional concession fee which must be paid by BSCA in future and in its definition of the applicable market. The dispute is still in progress, with further petitions presented by BSCA at the end of June 2016. The Commission’s observations are awaited in this regard.

Parent Company Financial Highlights

(EURO MILLIONS)	2016	2015	CGE. %
Revenues	158.5	140.0	13.2%
EBITDA	78.7	65.4	20.4%
EBIT	58.6	48.9	19.9%
Gross Profit	58.3	47.7	22.1%
Net Profit	39.8	30.3	31.4%
Fixed capital	466.4	392.8	18.7%
Net operating working capital	(72.3)	(62.5)	15.7%
Net capital employed	394.1	330.3	19.3%
SHAREHOLDERS' EQUITY	174.0	165.1	5.4%
NET FINANCIAL POSITION	(220.1)	(165.2)	33.3%
EBIT/Revenues (ROS)	37.0%	34.9%	
EBIT/Net capital employed (ROI)	14.9%	14.8%	
NFP/Net equity - Gearing	1.27	1.00	

Alternative performance indicators not governed by IFRS are utilised in this Annual Report, as described in the dedicated paragraph of the Directors' Report.

Parent Company Operating Results

We present below the reclassified income statement of SAVE S.p.A.

EURO / 1000	2016		2015		CGB.	
Operating revenue and other income	158,501	100.0%	139,996	100.0%	18,505	13.2%
Raw materials and goods	1,348	0.9%	1,279	0.9%	69	5.4%
Services	42,867	27.0%	40,060	28.6%	2,807	7.0%
Lease and rental costs	8,737	5.5%	8,054	5.8%	683	8.5%
Personnel costs	25,478	16.1%	23,915	17.1%	1,563	6.5%
Other operating charges	1,336	0.8%	1,274	0.9%	62	4.9%
Total operating costs	79,767	50.3%	74,582	53.3%	5,185	7.0%
EBITDA	78,734	49.7%	65,414	46.7%	13,320	20.4%
Amortisation	8,878	5.6%	6,938	5.0%	1,940	28.0%
Depreciation	6,985	4.4%	6,350	4.5%	635	10.0%
Replacement provision	3,630	2.3%	2,800	2.0%	830	29.6%
Losses & doubtful debt provision	200	0.1%	200	0.1%	0	0.0%
Provisions for risks	401	0.3%	209	0.1%	192	91.9%
Total amortisation, depreciation and provisions	20,094	12.7%	16,497	11.8%	3,597	21.8%
EBIT	58,640	37.0%	48,917	34.9%	9,723	19.9%
Financial income/(charges)	(355)	-0.2%	(1,200)	-0.9%	845	-70.4%
Profit before taxes	58,285	36.8%	47,717	34.1%	10,568	22.1%
Income taxes	17,679	11.2%	19,193	13.7%	(1,514)	-7.9%
Profit from Continuing Operations	40,606	25.6%	28,524	20.4%	12,082	42.4%
Profit/(loss) from Discontinued Operations/Held-for-sale	(805)	-0.5%	1,772	1.3%	(2,577)	-145.4%
Net Profit	39,801	25.1%	30,296	21.6%	9,505	31.4%

The Parent Company reports **operating revenue and other income** of approx. Euro 158.5 million, up 13.2% on Euro 140 million in 2015. This increase was principally due to the growth (+16.9%) of aviation revenues following the passenger traffic increase of 10% and the annual adjustment of the contractually applied tariffs. The reduction in “Cargo Handling Depot” revenues follows the conferment of operations to the subsidiary SAVE Cargo S.p.A. from June 2016; *non-aviation revenues* grew in line with traffic numbers, up approx. Euro 3.6 million (+10.8%), thanks to the various commercial operations at the airport (revenues up 12.4%, +Euro 3.8 million), while advertising (revenues of Euro 2 million compared to Euro 2.3 million in 2015) was impacted by the reduced manageable space available at the airports due to the major construction works in 2016;

The breakdown is as follows:

EURO / 1000	2016	%	2015	%	CHANGE	CHANGE %
Aviation fees & tariffs	112,674	71.1%	93,934	67.1%	18,740	20.0%
Cargo Handling Depot	1,094	0.7%	2,933	2.1%	(1,840)	-62.7%
Handling	892	0.6%	1,202	0.9%	(310)	-25.7%
Aviation revenue	114,660	72.3%	98,069	70.1%	16,591	16.9%
Ticketing	33	0.0%	36	0.0%	(3)	-8.3%
Advertising	2,037	1.3%	2,259	1.6%	(222)	-9.8%
Commercial	34,322	21.7%	30,537	21.8%	3,786	12.4%
Non-Aviation revenue	36,393	23.0%	32,832	23.5%	3,561	10.8%
Other income	7,448	4.7%	9,095	6.5%	(1,647)	-18.1%
Total Revenues	158,501	100.0%	139,996	100.0%	18,505	13.2%

The reduction in “Other revenues” of Euro 1.6 million is considered in view of non-recurring revenues in 2015 of approx. Euro 2.5 million, as described in the comments to the reclassified consolidated income statement above and to which reference should be made.

EBITDA of Euro 78.7 million grew 20.4% compared to Euro 65.4 million in 2015. Costs in the year increased Euro 5.2 million, following increased service costs for Euro 2.8 million (+7%) due to higher security costs and operations, including maintenance and cleaning, related to increased passenger traffic, higher Personnel Costs for Euro 1.6 million (+6.5%) and the increase in the Concession fee for Euro 0.7 million (+8.5%). With regards to the increase in Personnel Costs to meet airport operating demands, in comparison to 2015 they were affected by the conferment of the cargo management business unit to SAVE Cargo S.p.A. (-Euro 1.2 million) from June 1, 2016 and the departure of a Chief Executive Officer, with a net effect on 2015 of approx. Euro 510 thousand.

EBIT of Euro 58.6 million increased 19.9% compared to Euro 48.9 million in 2015, due to the improved EBITDA, partially absorbed by increased amortisation, depreciation and replacement provisions of approx. Euro 3.4 million.

The **profit before taxes** was Euro 58.3 million compared to Euro 47.7 million in the previous year. **Net financial charges** of Euro -0.4 million improved approx. Euro 0.8 million, as a combined effect of the substantially similar net balance of financial charges and income and the Euro 0.8 million improvement of the result from investments due to increased dividends received from the associate VTP, combined with reduced write-downs on investments in associates.

Income taxes of Euro 17.7 million (Euro 19.2 million in 2015) reduced Euro 1.5 million, due to the offsetting of the increased assessable base against the recognition, in the previous year, of approx. Euro 4.8 million from the settlement with the Tax Agency with regards to the Ristop dispute.

The **profit/(loss) from discontinued operations operations/assets held-for-sale** includes the provisions for risks, net of the tax effect, on guarantees issued to the Lagardere Group against the disposal of the Airst Group investment. The year benefitted from a gain of approx. Euro 1.7 million from the disposal of the residual 50% of Airst Group assets relating to airports not managed by our Group.

The **net profit** of Euro 39.8 million compared to Euro 30.3 million in 2015 (up 31.4%).

Parent Company Reclassified Balance Sheet

EURO /1000	12/31/2016	12/31/2015	CHANGE	CHANGE %
Property, plant & equipment	51,099	47,397	3,702	7.8%
Intangible assets	321,217	250,272	70,945	28.3%
Financial fixed assets	116,865	115,938	927	0.8%
Deferred tax assets	10,344	9,028	1,316	14.6%
TOTAL FIXED ASSETS	499,525	422,635	76,890	18.2%
Post-employment benefits	(2,261)	(2,256)	(5)	0.2%
Provision for liabilities and deferred taxes	(30,899)	(27,843)	(3,056)	11.0%
Other non-current financial assets	0	247	(247)	-100.0%
FIXED CAPITAL	466,365	392,783	73,582	18.7%
Inventories	1,036	1,059	(23)	-2.2%
Trade receivables	27,758	28,203	(445)	-1.6%
Tax receivables	3,843	4,529	(686)	-15.1%
Other receivables and other current assets	2,178	2,759	(581)	-21.1%
Trade payables and advances	(71,729)	(64,461)	(7,268)	11.3%
Tax payables	(3,577)	(5,643)	2,066	-36.6%
Payables to social security institutions	(1,850)	(1,726)	(124)	7.2%
Other payables	(29,921)	(27,183)	(2,738)	10.1%
TOTAL WORKING CAPITAL	(72,262)	(62,463)	(9,799)	15.7%
TOTAL CAPITAL EMPLOYED	394,103	330,320	63,783	19.3%
SHAREHOLDERS' EQUITY	173,982	165,139	8,843	5.4%
Cash and current assets	(22,492)	(68,612)	46,120	-67.2%
Current bank payables	37,823	15,342	22,481	146.5%
Non-current bank payables	209,676	222,582	(12,906)	-5.8%
Other lenders	316	368	(52)	-14.1%
Financial receivables from group companies	(16,076)	(15,664)	(412)	2.6%
Financial payables to group companies	10,874	11,165	(291)	-2.6%
TOTAL NET FINANCIAL POSITION	220,121	165,181	54,940	33.3%
TOTAL FINANCING SOURCES	394,103	330,320	63,783	19.3%

The **fixed capital employed** increased in the year Euro 73.6 million, due to investments of approx. Euro 92.5 million, of which Euro 1.5 million allocated to the assets under concession replacement provision.

The **net working capital**, negative for Euro 72.3 million, further reduced due to the increase in the suppliers' item, following significant investment during the final months of the year, with the substantial stability of "Trade Receivables" although against a revenue increase of approx. 13.2%.

Shareholders' equity of approx. Euro 174 million increased approx. Euro 8.8 million on December 31, 2015. The principal movements in the year concern reductions for the distribution of dividends of Euro 30 million and the purchase of treasury shares for approx. Euro 0.9 million, offset by the net profit of Euro 39.8 million.

Net Financial Position

(EURO THOUSANDS)	12/31/2016	12/31/2015
Cash and cash equivalents	22,492	68,612
** Financial assets	-	-
Financial receivables from group companies	16,076	15,664
Current assets	38,568	84,276
* Bank payables	37,823	15,342
** Other financial liabilities – current portion	250	261
Financial payables to group companies	10,874	11,165
Current liabilities	48,947	26,768
* Bank payables – less current portion	209,676	222,582
Other lenders – less current portion	66	107
Non-current liabilities	209,742	222,689
Net Financial Position	(220,121)	(165,181)
** of which net liabilities for derivative contracts carried at fair value	209	225
* Total gross payables to banks	247,499	237,924

The net financial position with banks and other lenders, including Group financial receivables and payables, was a net debt of Euro 220.1 million compared to a net debt of Euro 165.2 million at the end of the previous year. New medium-term loans were issued totalling approx. Euro 40 million, with short-term loans repaid for approx. Euro 31 million.

Reconciliation of equity and the net result

Under Consob Communication No. DEM/6064293 of 28.07.2006, we report below the reconciliation between the net equity and the net result of the Parent Company SAVE S.p.A. and the corresponding figures reported in the consolidated financial statements of the SAVE Group.

(EURO THOUSANDS)	NET EQUITY 12/31/2015	RESULT FOR YEAR	NET EQUITY 12/31/2016
SAVE S.p.A. Financial Statements (Parent Company)	165,139	39,801	173,982
Derecognition of the value of consolidated equity investments	25,772	3,414	26,737
Derecognition of profits earned on sale of assets & intra-group eq. invests.	289	(54)	236
Derecognition of dividends	0	(2,100)	0
Effect of equity investments carried at equity	20,260	988	21,548
Net equity and result pertaining to the Group	211,462	42,049	222,504
Minority interest	28,733	518	29,250
Net equity and result for year of consolidated financial statements	240,195	42,567	251,754

Management and co-ordination activities

SAVE is not subject to the direction and co-ordination of any other party or entity. Following the communication of Finanziaria Internazionale Holding S.p.A. (also “FININT”) concerning the de facto control of SAVE sent to the Anti-trust Authority and to SAVE (also the “Company”) in July 2011, this latter carried out the required verifications in accordance with Article 2497 and subsequent of the Civil Code and established the absence under jurisprudence and legal theory of significant indicators of the management and co-ordination of FININT over SAVE, annually declaring that the Parent Company has never imposed on the subsidiary market strategies or instructed upon the handling of relations with public and private institutions on behalf of the Parent Company, declaring that the Company and its Board operates with full independence in the definition of the strategic, industrial, and financial plans, the examination and approval of its financial and borrowing policies, in addition to the evaluation of the adequacy of its organisational, administrative, and accounting structure.

Financial Risks

The management of financial risks is carried out by the Parent Company, in line with Company objectives and focuses on the minimisation of interest rate risk and the relative optimisation of the cost of debt, the credit risk and the liquidity risk. The management of these risks is made in accordance with prudent principles and “best market practices”. For further information, reference should be made to Note 38 “Type and management of financial risk” of the Explanatory Notes to the Consolidated Financial Statements.

Other principal risks and uncertainties to which SAVE S.p.A. and the Group are exposed

Risks associated with economic conditions

The economic and financial situation of the Group is affected by various factors related to the general economic environment (including the increase or the decrease of GDP, the level of consumer and business confidence, interest rates for consumer credit, the cost of raw materials and the unemployment rate) in the countries in which the Group operates.

The present report contains a number of forward looking statements. These statements are based on current Group expectations and projections concerning future events, including the general conditions of the economy described above, subject to an intrinsic degree of risk and uncertainty and, by their nature, outside of the Group's control.

Risks deriving from a reduction in the number of passengers or the quantity of cargo transported through airports managed by the Group

The volume of passenger traffic and cargo in transit at the SAVE Group managed airports represents a key factor in the results achieved by the Group. In particular, any reduction or interruption to flights by one or more airlines (particularly those operating at the airports managed by the SAVE Group), also as a result of the continued economic - financial difficulties of such airlines, the stoppage or alteration to connections with destinations with a particularly high level of passenger numbers, the discontinuation or alteration of airline alliances or the occurrence of events which may impact upon the general quality perception of users, of services provided at the airports managed by the SAVE Group (due, for example, to a reduction in service quality standards provided by the handling companies operating at the airports, or the interruption to the activities

exercised), in addition to the occurrence of unforeseeable natural events, may result in a decrease in traffic, with a consequent impact on the activities and the results of the Group.

The Group however, based on past experience, considers that - although no certainty may be assured - the risk of a reduction or suspension of flights by one or more airlines operating out of the airports managed by the SAVE Group does not pose a significant threat, also in consideration of the redistribution of passengers among airlines present on the market and the capacity of the SAVE Group to attract new airlines to the airports managed by the Group. However, such redistribution of traffic may require a certain period of time and may temporarily affect traffic volumes.

Risks connected with the importance of certain key figures

The success of the SAVE Group depends on a number of key figures who have contributed significantly to the Group's development. The Group considers that it has in place an adequate operational and managerial structure to ensure continuity of general and operational management. However, in the case where such key figures discontinued their working relationship with the SAVE Group, there is no guarantee that a suitable replacement may be found in such a time period so as to ensure the same contribution in the short-term, with consequent possible implications for the SAVE Group.

Risks concerning the regulatory framework

The SAVE Group operates within a sector governed by an extensive domestic and international regulatory framework. 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.

For greater details on the principal amendments to the regulatory framework and sector developments, reference should be made to the dedicated paragraph of the Directors' Report.

Treasury shares or parent company shares in portfolio

In accordance with Article 2428, paragraphs 2, 3 and 4 of the Civil Code, it is communicated that the Company and the Group hold at December 31, 2016, directly through SAVE S.p.A., 658,470 treasury shares for a book value of Euro 5.8 million.

The acquisitions complied with the limits and procedures set out under Shareholders' Meeting motion of April 27, 2016 in approval of the Treasury share purchase and sale plan, in addition to the applicable legal and regulatory provisions.

In 2016, SAVE S.p.A. purchased 72,643 treasury shares for a nominal value of Euro 47 thousand, comprising 0.131% of the share capital for a total amount of Euro 0.9 million.

Shares held by Directors and Statutory Auditors

Based on the legally required communications, the Directors and Statutory Auditors of SAVE S.p.A. directly and/or indirectly holding shares at December 31, 2016 were:

- Directors:
 - Enrico Marchi (Chairman, Board of Directors): 573,756 shares;
 - Francesco Lorenzoni (Director): 1,239 shares.

Corporate Governance

The SAVE Group complies with the Self-Governance Code for Italian listed companies, published in March 2006 and subsequently amended, and promoted by Borsa Italiana S.p.A..

The Company, as required by applicable regulations, has prepared the “Corporate governance and ownership structure report” which contains a general description of the corporate governance system adopted and discloses information on the shareholder structure and compliance with the Self-Governance Code. This document also describes the governance practices applied and the principal features of the risk management and internal control system. The document, approved by the Board of Directors and published jointly with the Directors’ Report, is attached to the present financial statements; it may also be viewed on the Company website (www.grupposave.it) in the section “Investor relations/Shareholders’ Meetings”. The Self-Governance Code is available on the website of Borsa Italiana S.p.A.: www.borsaitaliana.it.

Organisation, management and control model in accordance with Legs. Decree 231/2001

The Organisation, Management and Control Model as per Legislative Decree 231/2001 of the Company was adopted with SAVE Board of Directors’ motion of June 30, 2009 and subsequently updated on a number of occasions – latterly on July 28, 2016 – in particular in line with the introduction of new offenses and the changes to the corporate structure.

The current Supervisory Board of SAVE was appointed by the Board of Directors’ meeting of June 4, 2015 and comprises an external member in the role of Chairman, the Chairman of the Board of Statutory Auditors and the Internal Audit Manager.

The Supervisory Board was appointed in particular, in line with Legislative Decree 231/2001, to oversee the operation and compliance of the Model, ensuring its continuous updating and that all parties receive and are aware of the model, also through training activities.

The Organisation, Management and Control Model as per Legislative Decree 231/2001 of SAVE comprises a *General Part* which illustrates the principal organisational and functional components of the Model³ and a *Special Part* comprising two sections concerning control protocols to prevent the commission of the various types of offenses established by the Decree, in relation to which the Company decided to adopt specific prevention measures.

A cornerstone of Model 231 is the Ethics and Conduct Code of the SAVE Group, adopted in 2004 and subsequently updated in 2013, whose conduct principles and criteria, applicable to all Group companies, ensure the correctness and transparency of business and corporate conduct.

Inter-company and other related party transactions

Reference should be made to the specific paragraph of the Explanatory Notes to the consolidated financial statements for information concerning transactions undertaken during the year with subsidiaries, associated companies and related parties.

Subsequent events

Subsequent to the reporting date, as previously indicated, the operation concerning the 40% disposal of Centostazioni S.p.A. was concluded by the subsidiary Archimede 1 S.p.A. for consideration of Euro 65.6 million and in line with the value reported below in these consolidated financial statements. The full amount was received on January 30, 2017.

³ The “general part” of Model 231 illustrates in particular the regulatory framework, the governance and organisation of the SAVE Group, the objectives and functioning of the model, the duties of the Supervisory Board, the governance system, the training and communication plan and the means for the updating and adjustment of the Model.

In addition, on February 7, 2017, the parent company acquired the 40% minority holding of Archimede 1 S.p.A. from the shareholders Manutencoop Soc. Coop., Banco Popolare Soc. Coop and Pulitori ed Affini S.p.A. for an amount in line with the net equity at December 31, 2016 of the company totalling Euro 19.8 million.

Outlook

The development of the airport business, with the rolling out of the major Venice airport investment plan and increased traffic, is the key operating objective for 2017 for our Group and which we expect to deliver further growth to shareholders.

Allocation of the result for the year

The Board of Directors proposes to Shareholders the distribution of a dividend totalling Euro 35,000,000, entirely from the Parent Company net profit, amounting to Euro 0.63245 for each share with profit rights, excluding therefore treasury shares held by the Company in compliance with Article 2357-ter, paragraph 2 of the Civil Code and whose dividend will proportionally increase that of the other shares.

Dear Shareholders,

we trust that you will be in agreement with the criteria for the preparation of the financial statements for the year ended December 31, 2016 and we invite you to approve them.

The Chairman of the Board of Directors

Mr. Enrico Marchi

Consolidated Financial Statements at December 31, 2016

Consolidated Balance Sheet
Consolidated Income Statement
Consolidated Comprehensive Income Statement
Consolidated Cash Flow Statement
Statement of changes in Consolidated Shareholders' Equity

Consolidated Balance Sheet

Assets (Euro thousands)	NOTE	12/31/2016	12/31/2015
Cash and cash equivalents	1	23,827	69,624
Other financial assets	2	172	185
<i>of which related parties</i>	2	172	185
Tax assets	3	4,180	4,943
Other receivables	4	1,537	2,670
<i>of which related parties</i>	4	0	2
Trade receivables	5-30	34,282	33,514
<i>of which related parties</i>	5-30	6,825	6,762
Inventories	6	1,239	1,285
Total current assets		65,237	112,221
Assets held-for-sale		65,600	0
Property, plant & equipment	7	63,505	59,442
Airport concession rights	8	358,989	288,887
Other intangible fixed assets with finite useful life	8	4,591	4,096
Goodwill - other intangible fixed assets with indef. useful life	8	6,977	6,977
Equity investments in associates & JV's carried at equity	9	78,178	145,236
Other equity investments	9	1,144	1,194
Other assets	10	2,910	3,161
Deferred tax assets	11	27,425	26,343
Total non-current assets		543,719	535,336
TOTAL ASSETS		674,556	647,557

Liabilities (Euro thousands)	NOTE	12/31/2016	12/31/2015
Trade payables	12	72,842	66,909
<i>of which related parties</i>	12	2,793	2,692
Other payables	13	37,337	33,971
<i>of which related parties</i>	13	1,315	1,311
Tax payables	14	4,053	6,067
Social security institutions	15	3,547	3,119
Bank payables	16	40,483	21,887
Other financial liabilities – current portion	17	7,071	6,673
<i>of which related parties</i>	17	6,821	6,412
Total current liabilities		165,333	138,626
Liabilities related to assets held-for-sale		399	0
Bank payables – less current portion	18	214,573	230,137
Other lenders – less current portion	19	66	107
Deferred tax liabilities	20	10,319	10,319
Post-employment benefits and other employee provisions	21	3,696	3,630
Other provisions for risks and charges	22-32-33	28,416	24,543
Total non-current liabilities		257,070	268,736
TOTAL LIABILITIES		422,802	407,362

Shareholders' Equity (Euro thousands)	NOTE	12/31/2016	12/31/2015
Share capital	23	35,971	35,971
Share premium reserve	23	57,851	57,851
Legal reserve	23	7,194	7,194
Reserve for treasury shares in portfolio	23	(5,839)	(4,912)
Other reserves and retained earnings	23	85,278	86,129
Net Profit	23	42,049	29,229
Total Group shareholders' equity		222,504	211,462
Shareholders' equity - minority interest	23	29,250	28,733
TOTAL SHAREHOLDERS' EQUITY	23	251,754	240,195
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		674,556	647,557

Consolidated Income Statement

(Euro thousands)	NOTE	2016	2015
Operating revenue	24	178,509	155,810
Other income	24	9,657	10,576
Total operating revenue and other income		188,166	166,386
Costs of Production			
Raw and ancillary materials, consumables and goods	25	1,839	1,896
Services	26	38,764	36,329
Lease and rental costs	27	9,986	9,218
Personnel costs:			
wages and salaries and social security charges	28	44,990	41,311
post-employment benefits	28	2,143	2,012
other costs	28	1,287	412
Amortisation, depreciation & write-downs			
amortisation	29	10,428	8,366
depreciation	29	7,908	7,149
Write-downs of current assets	30-5	209	207
Change in inventories of raw and ancillary materials, consum. & goods	31	36	(106)
Provisions for risks	32-22	613	863
Replacement provision	33-22	4,621	3,620
Other charges	34	1,399	1,591
Total costs of production		124,223	112,868
EBIT		63,943	53,518
Financial income and revaluation of financial assets	35	735	1,330
Interest, other financial charges and write-down of financial assets	35	(4,554)	(5,335)
Profit/losses from associates & JV's carried at equity	35	1,954	1,608
		(1,865)	(2,397)
Profit before taxes		62,078	51,121
Income taxes	36	19,412	22,657
<i>current</i>		20,223	21,946
<i>deferred</i>		(811)	711
Profit on Continuing Operations		42,666	28,464
Profit/(loss) from Discontinued Operations/Held-for-sale	37	(99)	1,391
Net Profit		42,567	29,855
Minority interest		518	626
Group Net Profit		42,049	29,229
Earnings per share			
- not diluted		0.769	0.563
- diluted		0.769	0.563
Earnings per share excluding discontinued operations			
- not diluted		0.776	0.549
- diluted		0.776	0.549

The application of IFRS 5 to the investment in Centostazioni S.p.A. resulted in the restatement of the comparative income statement, through reclassification of the related economic effects to "Profit/Loss from discontinued operations/assets held-for-sale".

Consolidated Comprehensive Income Statement

(EURO THOUSANDS)	NOTE	2016	2015
Net Profit		42,567	29,855
Continuing Operations			
Other comprehensive income/(expenses)	2		(54)
Hedging instruments (cash flow hedges)	38	6	(157)
Total Gains/(Losses) on other comprehensive income statement items net of taxes which may be reclassified to the income statement		6	(211)
Actuarial gains/(losses) of employee defined plans	21	(87)	75
Total Gains/(Losses) on other comprehensive income statement items net of taxes which may not be reclassified to the income statement		(87)	75
Total comprehensive income		42,486	29,719
Minority comprehensive income		516	632
Total comprehensive income pertaining to the Group		41,970	29,087

Consolidated Cash Flow Statement

(EURO THOUSANDS)	2016	2015	Note
Operating activities			
Profit on continuing operations	42,148	27,838	
- Amortisation, depreciation & write-downs	18,336	15,515	29
- Net changes in post-employment benefit provisions	(22)	(141)	21 - 28
- Net changes in provisions for risks and charges	4,502	4,360	22 - 32 - 33
- (Gains)/Losses on disposal of assets	(92)	(48)	
- (Income)/Charges from securities and other financial assets	707	843	
- Valuation of investments under the equity method	(1,089)	(1,275)	35
- Change in deferred taxes	(801)	579	11 - 20
Sub-total self-financing (A)	63,689	47,672	
Decrease (increase) in trade receivables	(768)	3,785	5 - 30
Decrease (increase) in other current assets	1,431	373	4 - 6 - 10
Decrease (increase) in tax assets/liabilities	(1,235)	4,043	3 - 14
Increase (decrease) in trade payables	5,004	421	12
Increase (decrease) in social security payables	443	(38)	15
Increase (decrease) in other liabilities	3,884	1,115	13
Sub-total (B)	8,759	9,699	
CASH FLOW FROM OPERATING ACTIVITIES (A + B) = (C)	72,448	57,371	
Investing activities			
(Acquisition) of property, plant & equipment	(10,906)	(11,096)	7 - 29
Divestments of property, plant & equipment	186	68	7 - 29
(Acquisition) of intangible fixed assets	(83,846)	(92,780)	8 - 29
Divestments of intangible fixed assets	32	19	8 - 29
Trade payables for investments	920	24,419	9
Decrease in financial fixed assets		0	9
(Increase) in financial fixed assets		(423)	9
CASH FLOW FROM INVESTING ACTIVITIES (D)	(93,614)	(79,792)	
Financing activities			
New loans from other lenders	409	2,609	17 - 19
(Repayment) to other lenders	(43)	(40)	17 - 19
(Repayment) and other changes in loans	(37,594)	(50,848)	16 - 18
New loans proceeds	39,916	82,745	16 - 18
(Increase)/Decrease in financial assets	13	137	2
Dividends paid	(30,000)	(28,000)	23
Purchase of treasury shares	(927)	(2,513)	23
Change in net debt arising from change in consolidation scope	44	39	
CASH FLOW FROM FINANCING ACTIVITIES (E)	(28,182)	4,130	
CASH FLOW FROM DISCONTINUED OPERATIONS (F)	3,550	6,190	
NET CASH FLOW FOR THE YEAR (C+D+E+F)	(45,797)	(12,101)	
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	69,622	81,723	
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	23,825	69,622	
Additional information:			
Interest paid	3,724	3,897	
Taxes paid	21,151	17,687	

The application of IFRS 5 to the investment in Centostazioni S.p.A. resulted in the restatement of the comparative period, through reclassification of the related effects to “Cash flows from discontinued operations”.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Refer to Note 23

(Euro thousands)	Share capital	Legal reserve	Share premium reserve	Treasury shares reserve	Other reserves and retained earnings	Group Shareholders' Equity	Minority interest	Total Net Equity
Balance at January 1, 2015	35,971	7,194	57,851	(27,903)	139,777	212,890	28,123	241,013
Result of separate income statement					29,229	29,229	626	12,176
Other comprehensive profits / losses					(142)	(142)	6	(136)
Result of comprehensive income statement					29,087	29,087	632	29,719
Distribution dividends					(28,000)	(28,000)		(28,000)
Acquisition of minority interest in subsidiaries					(3)	(3)	(21)	(24)
Scrip issue of treasury shares				25,504	(25,504)			
Treasury shares				(2,513)		(2,513)		(2,513)
Balance at January 1, 2015	35,971	7,194	57,851	(4,912)	115,358	211,462	28,733	240,195

(Euro thousands)								
Balance at January 1, 2016	35,971	7,194	57,851	(4,912)	115,358	211,462	28,733	240,195
Result of separate income statement					42,049	42,049	518	42,567
Other comprehensive profits / losses					(79)	(79)	(2)	(81)
Result of comprehensive income statement					41,970	41,970	516	42,486
Distribution dividends					(30,000)	(30,000)		(30,000)
Acquisition of treasury shares				(927)		(927)		(927)
Balance at December 31, 2016	35,971	7,194	57,851	(5,839)	127,328	222,504	29,250	251,754

Notes to the Consolidated Financial Statements
at December 31, 2016

Group activities

SAVE S.p.A. (“Save” or the “Parent Company”) is an investment holding company which principally operates as an airport manager. It directly manages Venice Marco Polo Airport and controls Treviso Antonio Canova Airport. The company also has significant holdings in Verona Valerio Catullo Airport and in Charleroi Airport (Belgium), in addition to airport management and related services companies.

The Parent Company’s registered offices are in Tessera (Venice), at Viale G. Galilei No. 30/1.

Accounting Standards adopted for the preparation of the Consolidated Financial Statements at December 31, 2016

Basis of preparation

The present consolidated financial statements concern the year ended December 31, 2016.

The consolidated financial statements were prepared under the historic cost convention, except for derivative financial instruments and financial assets held-for-sale, which were recognised at fair value, and in accordance with the going concern principle.

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.

Compliance with IAS/IFRS and the enacting provisions of Article 9 of Legislative Decree 38/2005

The consolidated financial information at December 31, 2016 was prepared in compliance with International Financial Reporting Standards (IFRS), adopted by the European Union and in force at the preparation date of the financial statements, in addition to the provisions issued in enactment of Article 9 of Legislative Decree 38/2005 (Consob Motions No. 15519 and 15520 of July 27, 2006).

Content and form of the consolidated financial statements

The present financial statements were prepared by the Board of Directors on the basis of the consolidation and accounting records updated to December 31, 2016.

For comparative purposes, the financial statements are presented with the comparative balance sheet at December 31, 2015 and the 2015 income statement.

The company opted to apply the Separate and Comprehensive Income Statements, as permitted by IAS 1, considering such more representative of operations. In particular, the balance sheet was broken down between current and non-current assets and liabilities, the income statement with allocation of income and charges by type and the cash flow statement using the indirect method, with breakdown of operating, investing and financing activities.

Consolidation Scope

Subsidiaries

The consolidated financial statements at December 31, 2016 include, through the line-by-line method, the companies in which the Parent Company SAVE S.p.A. holds, directly or indirectly, control, as defined by IFRS 10, or the majority of share capital and voting rights.

All inter-company balances and transactions, including any unrealised gains and losses deriving from transactions between Group companies, are fully eliminated.

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 book value of the investments included in the consolidation scope is eliminated against the net equity of the investee companies according to the line-by-line method. Any difference between the acquisition cost and the book value of the net equity of the investees on the acquisition of the investment, is allocated to the specific assets, liabilities or contingent liabilities of the acquired companies, based on their fair value at the acquisition date and for the residual part, where fulfilling the requirements, to Goodwill. In this case, these amounts are not amortised but subject to an impairment test at least annually and where indicators of impairment exist.

Minority interests represent the part of profits or losses and of net assets not held by the Group and are shown in a separate income statement account and in the balance sheet under equity, separately from the Group net equity. The acquisition of minority interests in previous years are recognised utilising the “parent entity extension method”, on the basis of which the difference between the price paid and the book value of the share of net assets acquired is recorded as goodwill. Changes in ownership not resulting in a loss of control were treated as equity transactions and therefore recognised to net equity. The Group holds investments in subsidiaries which however are not consolidated as currently not considered operative, whose balance sheet and income statement effects from full consolidation would substantially be in line with the carrying value in the financial statements of the Group.

The companies included in the consolidation scope through the line-by-line method are listed below:

COMPANY	CURRENCY	SHARE CAPITAL	GROUP % HOLDING	
			12/31/2016	12/31/2015
PARENT COMPANY:				
SAVE S.p.A.	Euro	35,971,000		
<i>its subsidiaries:</i>				
Marco Polo Park S.r.l.	Euro	516,460	100	100
Save International Holding SA	Euro	7,450,000	100	100
<i>its subsidiary:</i>				
Belgian Airports SA	Euro	5,600,000	65	65
Save Engineering S.r.l.	Euro	100,000	100	100
N-AITEC S.r.l.	Euro	50,000	100	100
Aer Tre S.p.A.	Euro	13,119,840	80	80
Società Agricola Save a r.l.	Euro	75,000	100	100
Triveneto Sicurezza S.r.l.	Euro	100,000	93	93
Archimede 1 S.p.A.	Euro	25,000,000	60	60
Save Cargo S.p.A. (*)	Euro	1,000,000	100	100
Archimede 3 S.r.l.	Euro	50,000	100	100
<i>its subsidiary:</i>				
Idea 2 S.r.l.	Euro	10,000	100	100

(*) Company fully consolidated from 2016 Half-Year Report.

During the year, the consolidation scope did not change significantly compared to December 31, 2015; the company Save Cargo S.p.A. (previously 3A – Advanced Airport Advisory S.r.l.) was however included in the consolidation scope from the 2016 Half-Year Consolidated Report. On May 31, 2016, SAVE S.p.A. conferred the cargo business unit to the company Save Cargo S.p.A. with effect from June 1, 2016. Therefore, from that date all cargo operations were transferred to this company.

With regards to the investment in Archimede 1 S.p.A., amounting to 60% at December 31, 2016, on February 7, 2017 this was increased to 100% through the acquisition by the parent company of the minority holdings of the shareholders Manutencoop Soc. Coop., Banco Popolare Soc. Coop and Pulitori ed Affini S.p.A.. Archimede 1 S.p.A. is the vehicle company which until January 30, 2017 held 40% of Centostazioni S.p.A.. This investment, as previously mentioned, was in fact thereafter sold by Archimede 1 S.p.A. to Ferrovie dello Stato Italiane S.p.A..

Associates and JV's

Where control of an activity is assigned jointly to two or more operators a Joint Arrangement is deemed to be in place and as such is classified as a Joint Operation (JO) or as a Joint Venture (JV) on the basis of the contractually-established underlying rights and obligations. In particular, a JV is a Joint Arrangement in which the participants, although having control over the main strategic and financial decisions through voting mechanisms which provide for the unanimous approval of decisions, do not have significant legal rights over the individual assets and liabilities of the JV. In this case, joint control concerns the net assets of the JV. This form of control is represented in the financial statements through valuation at equity. Joint Operations are however Joint Arrangements in which the participants have rights upon assets and direct obligations for the liabilities. In this case, the individual assets and liabilities and the relative costs and revenues are recognised to the financial statements of the participant on the basis of the rights and obligations of each, independently of the interest held. The Group's Joint Arrangements have all been classified as Joint Ventures.

The companies over which significant influence is exercised, generally accompanied by a holding of between 20% and 50% (investments in associates) and Joint Ventures (as previously qualified) are valued at equity.

For the application of the equity method the value of the investment is aligned with the adjusted equity, where necessary, to reflect the application of international financial reporting standards and includes the recognition of the higher amount paid and subject of the purchase price allocation identified on acquisition, and the effects of the adjustments required by the standards relating to the preparation of the consolidated financial statements.

In the case in which the Group establishes losses in value in the investment greater than already recognised through the equity method, the existence of an impairment is assessed to be recognised to the income statement, as the difference between the recoverable amount of the investment and its carrying amount.

The associates and JV's are detailed below:

COMPANY	CURR	SHARE CAPITAL	GROUP % HOLDING	
			12/31/2016	12/31/2015
Associates				
Airest S.p.A. (***)	Euro	10,629,000	-	50
Airest Retail S.r.l.	Euro	1,000,000	50	-
GAP S.p.A.	Euro	510,000	49.87	49.87
Venezia Terminal passeggeri S.p.A.	Euro	3,920,020	22.18	22.18
Nicelli S.p.A.	Euro	1,987,505	40.23	40.23
Brussels South Charleroi Airport SA (**)	Euro	7,735,740	27.65	27.65
Joint Venture				
2A - Airport Advertising S.r.l.	Euro	10,000	50	50
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	Euro	52,317,408	40.3	40.3
Centostazioni S.p.A. (*)	Euro	8,333,335	40	40

(*) through Archimede 1 S.p.A.

(**) through Belgian Airport SA

(***) merged into its subsidiary Airest Retail S.r.l.

With merger deed of July 20, 2016, in addition, the company Airest S.p.A. was merged through incorporation into the subsidiary Airest Retail S.r.l..

Reference should be made to "Discontinued operations/assets held-for-sale" with regards to the disposal on January 30, 2017 of the investment in Centostazioni S.p.A..

CONSOLIDATION PRINCIPLES

Change of accounting standards

The accounting standards adopted for the preparation of the consolidated financial statements conform with those for the preparation of the annual financial statements of the Group at December 31, 2015, with the exception of the adoption of the new standards and interpretations applicable from January 1, 2016, listed below.

IFRS standards, amendments and interpretations applied from January 1, 2016

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from January 1, 2016:

- Amendments to **IAS 19 “Defined Benefit Plans: Employee Contributions”** (published on November 21, 2013): requires the recognition in the financial statements of contributions made by employees or third parties to defined benefit plans. The adoptions of these amendments do not have any effects on the Group consolidated financial statements.
- Amendments to **IFRS 11 - “Accounting for acquisitions of interests in joint operations”** (published on May 6, 2014): requires the recognition of the acquisition of interests in a joint operation, in which the activity of the joint operation constitutes a business. The adoptions of these amendments do not have any effects on the Group consolidated financial statements.
- Amendments to **IAS 16 and IAS 41 “Bearer Plants”** (published on June 30, 2014): relating to bearer plants, therefore plants creating annual harvests (for example vines and hazelnuts plants) must be recognised according to IAS 16 (rather than IAS 41). The adoptions of these amendments do not have any effects on the Group consolidated financial statements.
- Amendments to **IAS 16 and IAS 38 Intangibles Assets – “Clarification of acceptable methods of depreciation and amortisation”** (published on May 12, 2014): amortisation or depreciation based on revenue recognition is generally not appropriate, as according to the amendment revenues generated by an asset which includes the use of an asset subject to amortisation or depreciation generally reflects factors other than the sole consumption of economic benefits from the asset itself, which is however a requirement for amortisation or depreciation. The adoption of this amendment does not have effects on the consolidated financial statements of the Group.
- Amendment to **IAS 1 - “Disclosure Initiative”** (published on December 18, 2014): the amendment seeks to provide clarification on disclosure elements which may be considered impediments to a clear preparation of the financial statements. The adoption of this amendment does not have effects on the consolidated financial statements of the Group.
- Amendments to **IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”** (published on December 18, 2014), containing amendments to the issues emerging following the application of the consolidation exception granted to investment entities. The adoption of this amendment does not have effects on the company’s separate financial statements.

Finally, within the annual improvement process, on December 12, 2013, the IASB published the **“Annual Improvements to IFRS: 2010-2012 Cycle”** document (among which IFRS 2 Share-Based Payments – Definition of vesting condition, IFRS 3 Business Combination – Accounting for contingent consideration, IFRS 8 Operating segments – Aggregation of operating segments and Reconciliation of total of the reportable segments’ assets to the entity’s assets, IFRS 13 Fair Value Measurement – Short-term receivables and payables) and on September 25, 2014 **“Annual Improvements to IFRS: 2012-2014 Cycle”** (of which: IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 – Financial Instruments: Disclosure and IAS 19 – Employee Benefits) which partially supplements the pre-existing standards. The adoptions of these amendments do not have any effects on the Group consolidated financial statements.

IFRS and IFRIC Accounting Standards, Amendments and Interpretations approved by the EU, not yet mandatory and not adopted in advance by the Group at December 31, 2016

- Standard **IFRS 15 – Revenue from Contracts with Customers** (published on May 28, 2014 and supplemented with further clarifications on April 12, 2016) which replaces IAS 18 - Revenue and IAS 11 - Construction Contracts, in addition to the interpretations IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18- Transfers of Assets from Customers and SIC 31 - Revenues-Barter Transactions Involving Advertising Services. The standard establishes a new revenue recognition model, which will apply to all contracts with clients, with the exception of those falling under the application of other IAS/IFRS such as leasing, insurance contracts and financial instruments. The essential issues for the recognition of revenues according to the new model are:
 - the identification of the contract with the client;
 - the identification of the performance obligations of the contract;
 - the establishment of the price;
 - the allocation of the price to the performance obligations of the contract;
 - the recognition criteria of the revenue where the entity satisfies the performance obligations.

The standard will be effective from January 1, 2018, although advance application is permitted. The amendments to IFRS 15, Clarifications to IFRS 15– Revenue from Contracts with Customers, published by the IASB on April 12, 2016, have not yet been approved by the European Union. The directors consider that the application of IFRS 15 may have an impact on the amounts recognised as revenues and on the relative disclosure in the Group consolidated financial statements. However, it is not possible to provide a reasonable estimate of the effects until the Group has completed the detailed analysis underway.

- Final version of **IFRS 9 - Financial Instruments** (published on July 24, 2014). The document incorporates the results of the IASB project to replace IAS 39:
 - the standard introduces new criteria for the classification and measurement of financial assets and liabilities;
 - The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model, utilising supporting information, available without unreasonable charges or effort, which includes historic, current and projected figures;
 - introduces a new hedge accounting model (increase in the types of transactions eligible for hedge accounting, changes in the accounting method of forward contracts and options when included in a hedge accounting relationship, change in the effectiveness test).

The new standard must be applied for financial statements beginning on or after January 1, 2018.

The directors do not consider that the application of IFRS 9 may have a significant impact on the amounts and the relative disclosure in the consolidated financial statements. However, it is not possible to provide a reasonable estimate of the effects until the Group has completed the detailed analysis underway.

IFRS Standards, Amendments and Interpretations not yet approved by the European Union

At the reporting date, the relevant bodies of the European Union had not yet concluded the process necessary for the implementation of the amendments and standards described below.

- **IFRS 16 - Leases** (published on January 13, 2016) which replaces IAS 17 – Leases, as well as the interpretations IFRIC 4 Determining whether an Arrangement contains a Lease,

SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The new standard provides a new definition of leases and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts, identifying essential differences: the identification of the asset, the right of replacement of the asset, the right to obtain substantially all the economic benefits from the use of the asset and the right to use the asset underlying the contract.

The standard establishes a single model to recognise and measure leasing contracts for the lessee (lessees) which provides also for the recognition of operating leases under assets with a related financial payable, providing the possibility not to be recognise as leasing contracts “low-value assets” and leasing contracts less than 12 months. This Standard does not contain significant amendments for lessors.

The standard is effective from January 1, 2019, although advance application is permitted, only for companies which have applied in advance IFRS 15 - Revenue from Contracts with Customers. The directors consider that the application of IFRS 16 may have a significant impact on the recognition of leasing contracts and on the relative disclosure in the Group consolidated financial statements. However, it is not possible to provide a reasonable estimate of the effects until the Group has completed a detailed analysis.

- Amendment to **IAS 12 “Recognition of Deferred Tax Assets for Unrealised Losses”** (published on January 19, 2016). The document provides clarifications on the recognition of deferred tax assets on unrealised losses on the occurrence of certain circumstances and on estimates of assessable income for future years. The amendments are effective from January 1, 2017, although advance application is permitted. The Directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.
- Amendment to **IAS 7 “Disclosure Initiative”** (published on January 29, 2016). The document provides clarifications to improve disclosure on financial liabilities. In particular, the amendments require the provision of disclosure which enables readers of the financial statements to understand the changes to liabilities following funding operations. The amendments are effective from January 1, 2017, although advance application is permitted. The presentation of comparative disclosure relating to preceding periods is not required. The Directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.
- Amendment to **IFRS 2 “Classification and measurement of share-based payment transactions** (published on June 20, 2016) , which contains clarifications upon the recognition of the effects of vesting conditions in the presence of cash-settled share-based payments, on the classification of share-based payments with characteristics of net settlement and the recognition of the amendments to the terms and conditions of a share-based payment which changes the classification from cash-settled to equity-settled. The amendments are effective from January 1, 2018, although advance application is permitted.
- **“Annual Improvements to IFRSs: 2014-2016 Cycle”**, published on December 8, 2016 (including IFRS 1 First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters, IAS 28 Investments in Associates and Joint Ventures – Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice, IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of the Standard) which partially integrates the pre-existing standards.
- **Interpretation IFRIC 22 “Foreign Currency Transactions and Advance Consideration”** (published on December 8, 2016). The interpretation provides guidelines for transactions in foreign currencies where advances or non-monetary payments on account are recorded in the financial statements, before the recognition of the relative asset, cost or

revenue. This document provides indications on how an entity should determine the date of a transaction, and consequently, the exchange rate to be utilised concerning operations in foreign currencies concerning payments made or received in advance. IFRIC 22 is applicable from January 1, 2018, but advanced application is permitted. The Directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

- Amendment to **IAS 40 “Transfers of Investment Property”** (published on December 8, 2016). These amendments clarify the transfers of a building to, or from, investment property. In particular, an entity shall reclassify a building to, or from, investment property only when there is a clear indication of a change in the use of the building. This change must be attributable to a specific event and shall not therefore be limited to only a change in intention by management of the entity. The amendments are applicable from January 1, 2018, although advance application is permitted. The Directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.
- On September 11, 2014, the IASB published an amendment to **IFRS 10 and IAS 28 “Sales or Contribution of Assets between an Investor and its Associate or Joint Venture”**. The document was published in order to resolve the current conflict between IAS 28 and IFRS 10 relating to the measurement of the gain or loss from the sale or conferment of a non-monetary asset to a joint venture or associate in exchange for a share of the capital of this latter. Currently, the IASB has suspended the application of this amendment.

Seasonal activities

Due to the cyclical nature of the sector in which the Group generally operates, higher revenues and operating results are expected in the second and third quarters rather than in the first and final quarters of the year. Higher revenues are concentrated in June-September, during the peak summer vacation period and the maximum usage levels of the directly managed infrastructure (airports).

Significant accounting estimates

The key future assumptions and those concerning other important sources of uncertainty in the estimates at the reporting date, that could result in adjustments to the carrying value of the assets and liabilities within the next financial year, are illustrated below.

Impairment on goodwill and other intangible assets

An impairment test is carried out on goodwill on an annual basis; this test requires an estimate of the value in use from the cash generating units of the cash flows to which the goodwill is attributed, in turn based on the expected future cash flows of the unit and discounted in accordance with an adequate discount rate. At December 31, total goodwill recognised amounted to Euro 7 million, principally concerning AerTre S.p.A.; for further details, reference should be made to Note 8.

The group undertakes an impairment test on goodwill recognised in the financial statements in accordance with the methods described in the paragraph “Impairments of intangible assets and property, plant and equipment”. The cash flows of the cash generating units attributable to the individual goodwill recognised was taken from the Business Plan approved by the Board of Directors.

In relation to the other intangible assets with finite useful life, an impairment test was carried out annually on the residual value, resulting from the allocation of the higher value paid on acquisition.

For more in-depth information and analysis of the impairment tests undertaken at December 31 on the individual goodwill amounts and other intangible assets, reference should be made to the paragraph “Tests on the recoverability of assets and groups of assets”, illustrated in the accounting principles.

Deferred tax assets

Deferred tax assets refer to the temporary differences between the amounts recorded in the financial statements and those recorded for tax purposes, attributable to the deferred deductibility of costs, principally relating to risk provisions, and tax losses carried forward by some Group companies.

These assets are recognised in the financial statements on the basis of a discretionary assessment by the Directors on the probability of their recovery, with particular regard to the capacity of the Parent Company and of the subsidiaries, also based on the effect of the “tax consolidation” option, to generate future assessable income. They must estimate the probable timeframe and amount of future assessable income.

The calculation was made based on the expected tax rates for the year in which the temporary differences are expected to reverse. At December 31, deferred tax assets amounted to Euro 27.4 million and further information is provided in Note 11.

Doubtful debt provision

The doubtful debt provision is based on a specific analysis of receivables in dispute and also an analysis of overdue receivables. The overall valuation of the realisable value of trade receivables requires estimates on the probability of recovery of the above-mentioned receivables and is therefore subject to uncertainty. At December 31, the doubtful debt provision amounted to Euro 1.7 million and further information is provided in Note 5.

Assets under concession replacement provision

A provision was established against buildings held under concession by a number of Group companies including the amounts necessary for the maintenance or replacement of assets constituting the infrastructure held which must be returned to the State in optimal operating condition at the end of the concession.

The Replacement Provision is updated annually based on a technical evaluation of the estimated future charges relating to the cyclical maintenance of the assets which will be returned free at the end of the concession and is utilised based on the maintenance undertaken during the year. At December 31, the provision amounted to Euro 22.9 million.

Pension provision and other post-employment benefits

The cost of defined benefit plans and post-employment benefits are determined utilising actuarial valuations. The actuarial valuations require the consideration of statistical hypothesis concerning discount rates, the expected return on plan assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, these estimates are subject to a significant degree of uncertainty. Further details are shown at Note 21.

Current income taxes

Current income taxes are valued at the amount expected to be recovered or paid to the tax authorities. The tax rates and regulations used to calculate such amounts are those issued or substantially issued as at the reporting date of the consolidated financial statements. Current income taxes relating to items recorded directly in equity are charged directly to net equity and not to the income statement.

Test on the recoverability of assets and group of assets

With the assistance of an independent advisor and through internal analysis, impairment tests were undertaken to assess the existence of impairments on the amounts allocated to Goodwill or Concessions, recognised in the present and previous years.

The impairment test compares the carrying value of the asset or group of assets of the cash generating unit (CGU) with the recoverable value, arising from the higher between the fair value (net of selling costs) and the discounted net cash flows which are expected to be produced from the asset or group of assets of the CGU (value in use).

Value of goodwill from the acquisition of a further minority shareholding in Aer Tre S.p.A.

An impairment test was undertaken to determine the existence of any impairment loss on the Euro 6.9 million allocated to “Goodwill” on acquisition from third party shareholders, in 2007, of a 35% stake in the share capital of Aer Tre S.p.A..

The cash flows of the Cash Generating Unit were taken from the Business Plan which covers a time period between 2016 and 2052, based on the following key factors: (i) the presence of a forty-year full management concession, (ii) growth of commercial revenues, thanks to incisive investments, based on traffic development, (iii) the prudent consideration, in light of the continued challenging economic environment, of a number of growth drivers and related investments.

The period of the plan was broken down into two phases: the first phase (2016-2030) refers to the explicit cash flows prepared by SAVE S.p.A. Management, while the second phase (2031-2052) refers to the cash flows from the application of a “g” growth rate of 1% on revenues of the year 2030, until the conclusion of the Concession.

The gross Weighed Average Cost of Capital (WACC) utilised for the discounting of cash flows was 8.8%, corresponding to a post-tax WACC of 6.8%.

From the analyses, the value in use exceeds the carrying value of the CGU by approx. 20%.

The identified value in use is Euro 42.4 million, compared to a carrying value of approx. Euro 35 million, which includes the value of the capital invested related to the CGU for approx. Euro 26.3 million. The sensitivity analysis applied to the changes in the discount rate within the Plan shows that the post-tax WACC rate which renders the value in use of the CGU equal to the relative carrying amount is approx. 8.1%.

Value of Concession from the acquisition of a further minority shareholding in Aeroporto Valerio Catullo S.p.A.

An impairment test was undertaken to establish the existence of any impairment loss on the Euro 15.7 million allocated to “Goodwill” on the undertaking of a stake in Aeroporto Valerio Catullo di Verona Villafranca S.p.A. (“Catullo S.p.A.”), a company which holds concessions for the management of the Verona Villafranca and Brescia airports, between 2014 and 2015.

The operation, carried out through an initial acquisition from the Municipality of Villafranca of 2% of the Share Capital, with subsequent subscription to a share capital increase and finally the exercise of the pre-emption right on a further 5.3% following the exercise of the right to withdrawal by shareholders, resulted in a holding at December 31, 2015 of 40.31% in the company Aeroporto Valerio Catullo di Verona Villafranca S.p.A..

The cash flows of the Cash Generating Unit were taken from the Business Plan approved by the Board of Directors of Catullo S.p.A., which covers a time period between 2017 and 2021, based

on the following key factors: (i) development of Verona airport within its catchment area and the recovery therefore of a level of traffic in line with the regions potential through the entry of new carriers in a position to ensure significant traffic growth, the development of point-to-point destinations currently not served or significantly underserved (also through low-cost carriers), improved connectivity with hubs by network carriers; (ii) the improvement of operations at Brescia with increased courier traffic, the growth of the general cargo segment and the consolidation of postal traffic; (iii) the growth of commercial revenues, thanks to targeted investments on the basis of increased traffic.

The second reference period of the plan, which runs from 2022 to the conclusion of the concessions (2048 for Verona and 2053 for Brescia) concerns cash flows from the application of a “g” growth rate of 1% on revenues and costs of the year 2021, until the conclusion of the Concession.

For the discounting of cash flows the following was utilised: i) a gross Weighted Average Cost of Capital (WACC) of 8.7%, corresponding to a WACC net of taxes of 6.8%, with regard to the valuation of consolidated cash flows which considers the most conservative cash flow scenario for Brescia airport, and ii) a higher gross WACC of 17.8%, corresponding to a WACC net of taxes of 14.3%, with regard to the valuation of differential cash flows between the conservative hypothesis and the original hypothesis of the cash flow plan for Brescia airport.

The analysis highlights that the value in use established as outlined exceeds approx. 59% of the carrying value of the C.G.U. reported in the consolidated financial statements of SAVE S.p.A. and approx. 56% of the carrying value of the C.G.U. reported in the separate financial statements of SAVE S.p.A..

The identified value in use is Euro 47.3 million, compared to a carrying value in the consolidated financial statements of Euro 29.8 million and in the separate financial statements of approx. Euro 30.4 million. The sensitivity analysis applied to the change of the two discount rates utilised highlights that the values of the WACC's net of taxes which results in a value in use of the CGU equal to the relative carrying amount are respectively approx. 8.9% (compared to 6.8%) and 16.2% (compared to 14.3%).

Value of Concession relating to the minority investment in the Airst Group

Under the shareholder agreements with the Lagardère Group within the sale of the Airst Group, on May 6, 2015, LSTR Food Services Italia S.r.l. exercised the call option on 50% of Lagardère Food Services S.r.l., the company resulting from the spin-off from Airst S.p.A. on May 1, 2015 and including all of the Airst Group operations, excluding the commercial activities at the airports in which the SAVE Group operates. Airst S.p.A., in fact, following the corporate operations in 2015 controls three companies in the Food & Beverage and Retail sectors, operating at Venice, Treviso and Verona airports. In order to simplify the Airst Group structure, in 2016 a merger was undertaken by a number of companies resulting in Airst Retail becoming the parent company which wholly-owns Collezioni Venezia S.r.l..

The cash flows of the Cash Generating Unit were taken from the 2017 budget approved by the Board of Directors of Airst Retail, on the basis of which a finance plan was drawn up which covers a time period between 2016 and 2028, coinciding with the duration of the concession contract for the F&B and Retail spaces at Venice and Treviso airports.

The gross Weighted Average Cost of Capital (WACC) utilised for the discounting of cash flows was 12.4%, corresponding to a post-tax WACC of 7%.

From the analyses, the value in use exceeds the carrying value of the CGU by approx. 20%.

The identified value in use is Euro 25.2 million, compared to a carrying value of approx. Euro 21 million. The sensitivity analysis applied to the changes in the discount rate within the Plan shows

that the post-tax WACC rate which renders the value in use of the CGU equal to the relative carrying amount is approx. 9.3%.

Accounting policies

The IAS/IFRS accounting principles applied are illustrated below.

Intangible assets

An intangible asset is an asset without physical substance, identifiable, under control of the entity and capable of generating future economic benefits, and those derived from business combinations.

The useful life of the intangible assets is measured as finite or indefinite.

Intangible assets with a finite useful life are recorded at acquisition or production cost or, where deriving from business combinations, are capitalised at the fair value at the acquisition date; these assets include accessory charges, amortised on a straight-line basis for the period of their residual useful life in accordance with IAS 36 and undergo an impairment test whenever there are indications of loss in value.

The residual value at the end of the useful life is presumed to be zero unless there is a commitment by a third-party purchaser of the asset at the end of the useful life or an active market for the asset exists. The Directors review the estimate of the useful life of intangible assets at each reporting date.

The amortisation of finite intangible assets is recorded in the income statement under the category of costs relating to intangible assets.

The indefinite intangible assets undergo an impairment test for loss in value at individual level or at cash generating unit level.

The recoverability of the value recorded is verified adopting the criteria indicated below.

These assets are not amortised. The useful life of an indefinite intangible asset is reviewed on an annual basis in order to assess whether the conditions exist for it to remain in this classification.

The useful life of the various intangible asset categories is illustrated below:

Category	Amortisation period
Patents and intellectual property rights software	3 years
Airport Concession rights	Duration of Airport concession
Patents and intellectual property rights	5 years
Licences, brands and similar rights	Duration of contract

“Patents and intellectual property rights” principally refers to costs for the implementation and tailoring of operational software.

“Airport concession rights” refer to the amount recognised under intangible assets against the airport infrastructure assets held in relation to the concession rights acquired for the management of the infrastructures which permits the right to charge for the utilisation of such infrastructure, in execution of a public service, in accordance with the provisions of IFRIC 12 – Service Concession Arrangements.

Business combinations and goodwill

Business combinations before January 1, 2010

Business combinations are recorded in accordance with the purchase method. The cost of the business combination is measured as the aggregate of the present values, at the date of exchange, of assets sold, liabilities incurred or assumed, and equity instruments issued by the purchaser, in

exchange for control of the company acquired, plus any costs directly attributable to the business combination. The acquisition cost is allocated to the assets, liabilities and contingent liabilities of the company acquired measured at fair value at the acquisition date, which satisfy the criteria as per IFRS 3. The difference recorded between the business combination cost and the amount acquired at net fair value of the assets, liabilities and contingent liabilities is recorded as goodwill. Goodwill acquired in a business combination is not amortised; an impairment test is undertaken annually to verify any loss in value, or more frequently if specific events or changed circumstances indicate the possibility of an impairment, in accordance with IAS 36 “Impairment of assets”. In the determination of the fair value of the assets and liabilities and the impairment tests, the evaluations of the Directors are supported by opinions from independent experts. The minority interests in the companies acquired are initially measured at the fair value of the assets, liabilities and contingent liabilities recognised.

Business combinations after January 1, 2010

Following the introduction of IFRS 3 Revised, from January 1, 2010, date of first prospective application of the standard, business combinations are recognised utilising the acquisition method. The acquisition cost is calculated as the total of the fair value at the date of acquisition and the value of any minority equity holding in the acquisition. For every business combination, the buyer must measure any minority holding at fair value or in proportion to the amount held in the identifiable net assets of the acquisition. The acquisition costs are expensed and classified under administration expenses. When the group acquires a business, the financial assets acquired or liabilities assumed under the agreement are classified or designated in accordance with the contractual terms, the economic conditions and the other conditions at the acquisition date. This includes the verification to establish whether an embedded derivative must be separated from the host contract. If the business combination is realised in a series of phases, the purchaser recalculates the fair value of the holding previously held and measures under the equity method and records to the income statement any resulting profit or loss. Every potential payment is recorded by the purchaser at fair value at the acquisition date. The change in the fair value of the potential payment classified as an asset or liability will be recorded in accordance with IAS 39, in the income statement or in the statement of comprehensive income. If the potential payment is classified under equity, the value must not be recalculated until its elimination is recorded against equity. Goodwill is initially valued at cost calculated as the difference between the sum of the amount paid and the amount recognised for the minority interest holdings compared to the net identifiable assets acquired and liabilities assumed by the Group. If the amount is lower than the fair value of the net assets of the subsidiary acquired, the difference is recorded in the income statement. After initial recognition, goodwill is measured at cost, less any accumulated loss in value. For the purpose of impairment testing, goodwill acquired in a business combination must, from the acquisition date, be allocated to each of the Group’s cash-generating units which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the entity are assigned to those units.

If the goodwill is allocated to a cash-generating unit and the entity sells part of the activities of this unit, the goodwill associated with the activity sold is included in the book value of the activity when determining the gain or loss deriving from the sale. The goodwill associated to assets sold is calculated based on the relative values of the asset sold and the part maintained by the cash-generating unit.

Property, plant & equipment

Property, plant and equipment are initially recognised at purchase price or construction cost or, where deriving from business combinations, at fair value at the acquisition date; the value includes the price paid to acquire or construct the asset (net of discounts) and any directly attributable costs to the acquisition and necessary for the asset to enter into service. The assets held by third parties are measured at fair value on the basis of a specific valuation. The purchase

price or construction cost is net of public grants which are recognised when the conditions for their concession are verified. Land, both constructible and relating to civil and industrial buildings, is accounted for separately and is not depreciated in that it has an indefinite useful life. Tangible assets are presented net of accumulated depreciation and any losses in value, calculated as described below. Depreciation is calculated, on a straight-line basis, based on the estimated useful life.

Losses in value are charged to the income statement under depreciation costs. Such losses are restated when the reasons for their write-down no longer exist.

At the time of sale, or when there are no expected future economic benefits from the use of an asset, it is eliminated from the financial statements and any loss or profit (calculated as the difference between sale's price and book value) is charged to the income statement in the year of its elimination.

Where a tangible fixed asset comprises a number of significant components with differing useful lives, the depreciation is carried out separately for each component. Land is not depreciated and fixed assets held-for-sale are valued at the lower of the subscription value and the fair value net of selling costs.

Maintenance and repair expenses, which do not increase the value and/or extend the residual useful life of the asset are expensed in the year in which they are incurred; where they increase the value and/or extend the residual life of the assets, they are capitalised.

Property, plant and equipment are depreciated on a straight-line basis based on the residual useful life of the asset, as follows:

CATEGORY	%
Buildings	3%
Runway vehicles and equipment	31.5%
Office machinery	12.5%
Other machinery/plant	15.0%
Communication plant	25.0%
Alarm systems	30.0%
Operating/loading/unloading machinery	10.0%
Equipment	35% - 15% - 12.5%
Motor vehicles	20% - 25%
Ordinary office machinery	12.0%
Furniture and fittings	15.0%
Telephones and EDP	20.0%

Leased fixed assets

Assets acquired through finance lease contracts, which substantially transfer the majority of the risks and benefits related to the ownership of an asset to the Group, are capitalised at commencement of the lease at the fair value of the asset or, if lower, at the present value of the minimum lease payments on the recording of a liability to the leasing company. Lease instalments are allocated to principal and interest to obtain application of a constant interest rate on the balance of the debt (principal). Financial expenses are charged to the income statement. Capitalised lease assets are depreciated over their estimated useful life.

Impairments on intangible assets and property, plant and equipment

The carrying amount of intangible assets and property, plant and equipment undergo an impairment test whenever there are signs internal or external to the entity which indicate the possibility of a loss in value of the assets or group of assets (defined as the Cash Generating Unit or CGU).

The recoverable value is the higher between the fair value of the asset or cash generating unit, net of selling costs, and its value in use. The recoverable value is determined by individual asset except when this asset generates cash flows which are not sufficiently independent from those generated by other assets or groups of assets.

If the carrying amount of an asset is higher than its recoverable value, this asset has incurred a loss in value and is consequently written down to the recoverable value. In the determination of the value in use, the estimated future cash flows are discounted by the Group at a pre-tax rate that reflects the market assessment of the current value of money and the risks specific to the asset. In determining the fair value less selling costs, an adequate valuation model is utilised. These calculations are made utilising appropriate valuation multipliers, listed equity prices for publicly traded securities and other fair value indicators available.

The losses in value incurred by operating assets are recorded in the income statement in the category of costs relating to those assets.

At each reporting date, the Group also evaluates, in relation to the assets other than goodwill, the existence of indicators of a recovery in the loss of value previously recorded and, where these indicators exist, makes an estimate of the recoverable value. The value of an asset previously written down may be restated only if there have been changes in the estimates used to determine the recoverable value of the asset after the last recording of a loss in value. The recovery of value cannot exceed the book value which would have been calculated, net of amortisation, where no such loss in value was recorded in previous years. This recovery is recorded in the income statement unless the fixed asset is recorded at revalued amount, in which case the recovery is treated as a revaluation gain.

The value of goodwill may not be reversed following an increase in the recoverable value.

The following criteria are utilised for the recording of impairments on specific categories of assets:

Goodwill

The Group undertakes an impairment test on goodwill annually or more frequently if events or changes in circumstances indicate that the carrying amount may have incurred a loss in value.

The loss in value on such intangible assets is determined through a valuation of the recoverable value of the cash-generating unit (or group of units) to which they relate. When the recoverable value of the cash-generating unit (or group of units) is lower than the carrying value of the cash-generating unit (or group of cash-generating units) to which the intangible assets are allocated, a loss in value is recognised.

The decrease in the value of goodwill cannot be restated in future years.

The Group undertakes the annual impairment test on the value of the above-mentioned intangible assets close to the end of the year.

The impairment test compares the carrying amount of the asset or of the cash-generating unit (CGU) with the recoverable value of the asset, arising from the higher between the fair value (net of selling costs) and the value of the net discounted cash flows which are expected to arise from the asset or from the CGU.

Each unit or Group of units to which the intangible asset is allocated represents the lowest level within the Group to which the goodwill is monitored at internal management level.

The conditions and the methods for any write-back of an asset previously written down applied by the Group, excluding in any case any recovery in the value of goodwill, are those as per IAS 36.

Non-current assets held-for-sale and discontinued operations

Non-current assets and discontinued groups classified as held-for-sale are measured at the lower of their carrying value and the fair value less selling costs. Non-current assets and discontinued groups are classified as held-for-sale when the carrying value will be recovered through a sales operation rather than through their continual use. This condition exists only when the sale is highly probable and the asset or discontinued group is available for an immediate sale in its current conditions. Management must be committed to the sale, whose completion must be expected within one year from the date of the classification.

In the consolidated income statement and the previous year comparative period, the gains and losses of discontinued operations must be classified separately from profits and losses from continuing operations, shown after taxes, even when the Group maintains a minority interest in the subsidiary after the sale. The resulting profit or loss, after income taxes, is shown separately in the income statement.

Plant, property and equipment and intangible assets once classified as held-for-sale are no longer amortised or depreciated.

Other financial assets

IAS 39 provides for the following types of financial instruments: financial assets measured at fair value with changes recorded in the Income Statement, loans and receivables, investments held to maturity and assets available-for-sale.

Initially all the financial assets are recorded at fair value. In the case of assets other than those valued at fair value with changes recorded in the Income Statement, the fair value is increased by accessory charges. On subscription, the Group considers if a contract contains embedded derivatives.

The embedded derivatives are separated from the host contract if this is not valued at fair value when the analysis shows that the economic characteristics and the risks of the embedded derivative are not strictly correlated to the host contract.

The Group determines the classification of its financial assets after the initial recording and, where appropriate and permitted, reviews this classification at the end of each year.

Financial assets at fair value with changes recognised to the income statement

This category includes financial assets held-for-trading and assets designated on first recognition as financial assets valued at fair value with changes recorded to the Income Statement.

The assets held-for-trading are all assets acquired to be sold in the short-term. The derivatives, including underlying derivatives, are classified as financial instruments held for trading unless they are designated as effective hedging instruments. Gains or losses on assets held for trading are recognised to the Income Statement.

Where a contract contains one or more incorporated derivatives, the entire hybrid contract can be designated as a financial asset valued at fair value with changes recorded to the Income Statement, with exception for those cases in which the implicit derivative does not significantly change the cash flows or it is evident that the separation of the derivative is not permitted.

On initial recognition, the financial assets can be classified as financial assets valued at fair value with changes recorded in the income statement where the following conditions exist: (i) the designation eliminates or significantly reduces the treatment which would otherwise result from valuing the assets or recording the gains and losses which the assets generate, in accordance with a different criteria; or (ii) the activities are a part of a group of financial assets managed and their return is valued on the basis of their fair value, based on a documented risk management strategy;

or (iii) the financial assets contain an embedded derivative which must be separated and recorded separately.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not listed on an active market. After initial recognition, these assets are measured in accordance with the amortised cost criteria using the effective discount rate method net of all provisions for loss in value.

The amortised cost is calculated taking into consideration all discounts or purchase premiums and includes the commissions which are an integral part of the effective interest rate and of the transaction costs. The gains and losses are recognised to the income statement when the loans and receivables are eliminated or if there is a loss in value, also through the amortisation process.

Available-for-sale financial assets

The financial assets available-for-sale are those financial assets, excluding derivative financial instruments, which were designated as such or are not classified in any of the other preceding categories. After initial recognition, the financial assets held for sale are measured at fair value and the gains and losses are recorded in a separate equity reserve. The fair value is determined with reference to the market value (bid price) at the reporting date; in the case of non-quoted instruments they are determined through technical financial valuation methods commonly used. When the assets are eliminated, the gains or losses accumulated in equity are recognised in the Income Statement. Interest matured or paid on these investments is recorded as interest income or expense, utilising the effective interest rate. Dividends matured on these investments are recognised in the Income Statement as “dividends received” when the right for collection arises.

Fair value

In the case of shares widely traded in regulated markets, the fair value is determined with reference to the stock market prices recorded at the end of trading at the reporting date. For the investments for which no active market exists, the fair value is determined through valuation techniques based on recent transaction prices between independent parties; the current market value of a substantially similar instrument; the analysis of the discounted cash flows; option pricing models.

Loss in value of financial assets

The Group at each reporting date assesses whether a financial asset or group of financial assets has incurred a loss in value.

Assets measured under the amortised cost criteria

If there is any indication that a loan or receivable recorded at amortised cost has incurred a loss in value, the amount of the loss is measured as the difference between the book value of the asset and the present value of the estimated future cash flows (excluding losses on future receivables not yet incurred) discounted at the original effective interest rate of the financial asset (the effective interest rate calculated at date of the initial recognition). The book value of the asset is reduced through the use of a provision and the amount of the loss recognised in the income statement.

The Group evaluates the existence of indications of loss in value at individual level for the financial assets which are individually significant and at individual or collective level for the financial assets which are not. In the absence of indications of loss in value for a financial asset valued individually, whether it is significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and this group is assessed for loss in value collectively. The assets measured at individual level - and for which a loss in value is recorded or continues to be the recorded - will not be included in the collective valuation.

If, in a subsequent year, the size of the loss in value is reduced and this reduction can be identified as an event occurring after the recording of the loss in value, the previous value reduced is restated. Any restated value is recorded in the income statement - not greater than the amortised cost of the asset at the restated date.

With reference to trade receivables, a doubtful debt provision is recorded when there are clear indications (such as, for example, the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to recover all the amounts due according to the original conditions of the invoice. The carrying value of the receivable is reduced through an appropriate provision. Receivables which have incurred a loss in value are reversed when it is determined that they are irrecoverable.

AFS financial assets

When there is a loss in value of a financial asset available-for-sale, the amount is transferred from equity to the income statement equal to the difference between its cost (net of the repayment of the principal and interest) and its present value, net of any loss in value previously recorded in the income statement.

The restatement relating to capital instruments classified as available-for-sale is not recorded in the income statement. The recovery in value of debt instruments is recorded in the income statement if the increase in the fair value of the instrument can be attributable to an event which occurred after the recording of the loss in the income statement.

Treasury shares

Treasury shares acquired are recorded at cost and as a reduction of shareholders' equity. The purchase, sale or cancellation of treasury shares does not give rise to any profit or loss in the income statement. The difference between the carrying value and the payment received is recorded in the share premium reserve. The voting rights related to treasury shares are cancelled, as are the rights to receive dividends. In the case of the exercise of options on shares in the period, such are settled with treasury shares.

Inventories

Inventories, excluding contract work-in-progress, are recorded at the lower of purchase or production cost and realisable value represented by the amount that the Company expects to obtain from their sale in the normal course of operations. The cost of inventories is calculated using the weighted average cost method.

Contract work-in-progress is measured on the basis of the payments agreed in relation to the advancement of the work, determined utilising the cost-to-cost method. The payments on account paid by clients are deducted from inventories up to the payments matured; the remaining part is recorded under liabilities. Any losses deriving from the completion of the contracts are recognised fully in the period in which such is ascertained.

Cash and cash equivalents

Cash and cash equivalents include those values which are available on demand at short notice, certain in nature and with no payment expenses.

Employee benefits

The benefits guaranteed to employees paid on the conclusion of employment or other long-term benefits are recognised in the period the right matures.

The liability, net of any plan assets, is calculated on the basis of actuarial assumptions and is recorded by the accrual method consistent with the years of employment necessary to obtain such benefits. The liability is calculated by independent actuaries utilising the projected unit credit method. The amount not only reflects the payables matured at the consolidated balance sheet

date (only for companies with less than 50 employees) but also the future salary increases and related statistical data.

Provisions for risks and charges

Provisions for risks and charges relate to costs and expenses of a defined nature and of certain or probable existence whose amount or date of occurrence is uncertain at the present consolidated balance sheet date. The provisions are recorded when:

- (i) it is probable the existence of a current obligation, legal or implicit, deriving from a past event;
- (ii) it is probable that compliance with the obligation will result in a charge;
- (iii) the amount of the obligation can be estimated reliably.

Provisions are recorded at the value representing the best estimate, supported by expert opinion, of the amount that the Company would rationally pay to discharge the obligation or to transfer it to a third party at the balance sheet date. When the financial effect of the time is significant and the payment dates of the obligations can be reliably estimated, the provision shall be discounted at the average cost of debt to the company; the increase of the provision due to the passing of time is recorded in the income statement in the account “Net financial income/(charges)”.

If the liability relates to a tangible asset (demolition of assets), the provision is recognised in line with the asset to which it refers; the recognising of the charge to the income statement is made through depreciation.

The provisions are periodically updated to reflect the changes in the estimate of the costs, of the time period and of the discounting rate; the revision of estimates is recorded in the same income statement accounts in which the provision was recorded, when the liability relates to tangible fixed assets, and in the asset account to which it refers.

Trade payables and other non-financial liabilities

Payables, which mature within the normal commercial terms, are recognised at cost (their nominal value). The payables in foreign currencies are recorded at the transaction exchange rate and, subsequently, translated at the year-end rate. The gains and losses deriving from the conversion are recorded in the income statement.

The other liabilities are recorded at cost (identified as nominal value).

Loans

Other financial liabilities, with the exception of the derivatives, are recognised initially at cost, corresponding to the fair value of the liability plus transaction costs that are directly attributable at the issue of the liability.

After initial recognition, the financial liabilities are measured at amortised cost using the original effective interest rate, which is the rate that renders equal, on the initial recognition, the present cash flow value and the initial recognition value (amortised cost method).

All gains and losses are recognised in the income statement when the liability is settled, in addition through the amortisation process.

Derecognition of financial assets and liabilities

Financial assets

Financial assets (or, where applicable, part of a financial asset or part of a group of similar financial assets) are derecognised from the financial statements when:

- the right to receive the financial flows of the asset terminate;
- the Group retains the contractual right to receive the cash flows from the asset, but assumes a contractual obligation to pay the cash flows fully and without delay to a third party;
- the Group has transferred its right to receive the cash flows from the asset and (a) has transferred substantially all of the risks and rewards of ownership of the financial asset or (b) has

not transferred or retained substantially all of the risks and rewards of the asset, but has transferred control over same.

Where the Group has transferred all the contractual rights to receive the cash flows from an asset and has not transferred or withheld substantially all of the risks and rewards or has not lost control, the asset is recorded in the financial statements of the Group up to the amount of its residual holding in the asset. Residual involvement that takes the form of a guarantee on the transferred asset is valued at the asset's initial book value or the maximum consideration that the Group could be required to pay, whichever is less.

Financial liabilities

A financial liability is derecognised from the financial statements when the underlying liability is settled or cancelled.

Derivative financial instruments and hedging operations

The Group holds financial derivatives in order to cover its exposure to interest rate risk regarding specific liabilities.

In line with the strategy chosen, the Group does not carry out operations and derivatives for speculative purposes. However, in the case where these operations may not be accounted for as hedging operations, they are recorded as speculative operations.

The derivatives are classified as hedging instruments when the relation between the derivative and the hedged item is formally documented and the effectiveness of the hedge, periodically verified, is high. When the hedged derivatives cover the risk of change of the fair value of the instruments hedged (fair value hedge; e.g. hedge in the variability of the fair value of asset/liabilities at fixed rate), these are recorded at fair value through the income statement; therefore, the hedging instruments are adjusted to reflect the changes in fair value associated to the risk covered. When the derivatives hedge the risk of changes in the cash flows of the hedge instrument (cash flow hedge; e.g. coverage of changes in cash flow of asset/liabilities at variable interest rate due to changes in the interest rates), the changes in the fair value are initially recognised under equity and subsequently through the income statement in line with the economic effects produced from the operation hedged.

The changes in the fair value of the derivatives compared to their initial value, which do not satisfy the conditions for hedge accounting, are recorded through the income statement.

Measurement of income components

Revenues are recognised to the extent that their fair value can be reliably calculated and based on the probability that their economic benefits will be received.

According to this type of operation, the revenues are recognised on the basis of the specific criteria indicated below:

- revenues from the sale of goods are recognised when the significant risks and benefits of the ownership of the assets are transferred to the purchaser;
- revenues deriving from services are recognised when the service is rendered;
- revenues from services related to contract work-in-progress are recorded with reference to the stage of completion of the activities on the basis of the same criteria as work-in-progress on orders.

Revenues are recorded net of returns, discounts and premiums and promotional charges directly related to the sales revenue, in addition to direct sales taxes.

Commercial discounts, recorded as a direct deduction of revenues, are measured on the basis of contracts signed with airlines and tour operators.

Royalties are recorded based on the accruals principle in accordance with the contracts in force.

Interest income is recognised in accordance with the accruals principle, which takes into account the effective yield of the assets to which it refers.

Dividends are recorded when the shareholders have the right to receive them.

Measurement of costs and expenses

Costs are recorded when relating to goods and services sold or consumed in the year or when there is no future utility.

Income taxes

Current income taxes

Current income taxes are valued at the amount expected to be recovered or paid to the tax authorities. The tax rates and regulations used to calculate such amounts are those issued or substantially issued as at the reporting date of the consolidated financial statements. Current income taxes relating to items recorded directly in equity are charged directly to net equity and not to the income statement.

Deferred taxes

Deferred taxes are calculated using the liability method on temporary differences between values used for fiscal purposes and the assets and liabilities reported in the present consolidated financial statements. Deferred tax liabilities derive from all temporary timing differences, except for the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, has no effects on the profit for the year calculated for the financial statements or on the profit or loss calculated for tax purposes.

The reversal of the temporary differences, related to investments in subsidiaries, associates and joint ventures, can be controlled and it is probable that such will not occur in the foreseeable future.

Deferred tax assets are recorded against all temporary deductible differences and fiscal losses carried forward, up to the amount it is probable there exists adequate future assessable profits against the utilisation of the temporary deductible differences and of the assets or liabilities carried forward, except in the case where the deferred tax asset related to the temporary deductible differences derives from the initial recording of an asset or a liability in a transaction that is not a business combination and that, at the time of the transaction, does not impact on the profit of the period calculated for the accounts or on the losses calculated for tax purposes. In the case of temporary differences related to investments in subsidiaries, associates and joint ventures, the deferred tax assets are only recognised to the probable extent that the temporary differences will reverse in the foreseeable future and there are sufficient assessable amounts to utilise such temporary differences.

The rates utilised for the calculation of deferred taxes, which reflect the expected rates on the basis of national legislation in force, are mainly the following:

IRES	27.50% - 24%
IRAP	4.20% (Airport Companies)
IRAP	3.90%

Translation of accounts in foreign currencies

The present consolidated financial statements are presented in Euro, which is the Company's operational currency. Each Group company decides the operative currency to be used to value the accounts in the financial statements. Transactions in foreign currency are initially recorded at the exchange rate (referred to the operative currency) at the transaction date. Monetary assets and liabilities in foreign currency are translated to the operative currency at the exchange rate at the consolidated balance sheet date. All exchange differences are recognised in the income statement. Non-monetary items valued at historical cost in foreign currency are translated by using the exchange rates in effect on the date the transaction was first recorded. Non-monetary items recorded at fair market value in foreign currency are translated by using the exchange rate on the date the value was calculated.

Earnings per share

The earnings per share is calculated by dividing the net profit for the period attributable to the Group's ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

In order to calculate the diluted earnings per share, the average weighted number of shares outstanding is adjusted assuming the conversion of all shares with potential dilution effect. The Group's net result is also adjusted to account for the effects of conversion, net of taxes.

There were no share-based payment operations (stock option plans).

Operating Segment information

The Group operating segments in accordance with IFRS 8 – Operating Segments relate to the two locations in which the group operates as airport manager, Venice and Treviso, and the investments in other airports.

The Save 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 operational segments are as follows:

- Venice (Marco Polo Airport);
- Treviso (Canova Airport);
- Other Airports.
- Other: where residually the group assets are allocated and not directly concerning airport management activities.

In relation to the Venice and Treviso operating segments, the Group evaluates their performance based on passenger revenues, separating those concerning the aviation sector from those concerning the non-aviation sector and analysing the figures for the two locations independently. Non-aviation revenues include parking management revenues at the two locations, which is carried out through Marco Polo Park S.r.l..

The Group in addition evaluates the performance of the operating segments based on the “Operating result” of the respective two locations. Operating costs on the one hand consider costs related to parking management at the two locations and on the other security costs, activities which are carried out at the differing locations through the company Triveneto Sicurezza S.r.l..

The other airports operating segment principally concerns the investment in the company B.S.C.A. s.a., which manages Charleroi Airport and the investment in Valerio Catullo di Villafranca S.p.A., which manages Verona Airport. These investments in associates/joint ventures are carried at equity and the relative income statement effect recognised to the financial management result.

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

For Group operations, financial income and charges and taxes are not allocated to the individual operating segments; within each operating segment in addition, financial income and charges and income taxes are not separately categorised in terms of ordinary, investing and financing activities.

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 Liabilities are those which derive directly from segment operating activities and those reasonably allocated based on operating activities.

The segment assets and liabilities presented are measured utilising the same accounting standards adopted for the presentation of the Group consolidated financial statements.

For a detailed analysis of the income statement and the segments, reference should be made to the Directors' Report. The balance sheet by segment and the key profitability indicators are reported below.

EURO / 1000	2016					2015						
	VENICE	TREVISO	OTHER	ELIMINATIONS / ADJUSTMENTS	TOTAL CONSOLIDATED	VENICE	TREVISO	OTHER	ELIMINATIONS / ADJUSTMENTS	TOTAL CONSOLIDATED	TOTAL CHANGE	% TOTAL CHANGE
Aviation Revenues	115,738	14,494	0	0	130,232	98,068	13,204	0	0	111,272	18,960	17.0%
Non-Aviation Revenues	42,027	4,701	0	(134)	46,593	39,016	4,192	0	(100)	43,107	3,486	8.1%
Other Revenues	6,489	394	5,700	(1,242)	11,341	8,447	433	4,394	(1,267)	12,007	(666)	-5.5%
Total Revenues	164,254	19,588	5,700	(1,376)	188,166	145,531	17,828	4,394	(1,367)	166,386	21,780	13.1%
Total Costs	82,705	15,098	4,017	(1,376)	100,444	75,457	15,027	3,546	(1,367)	92,663	7,781	8.4%
EBITDA	81,549	4,490	1,683	0	87,722	70,074	2,801	848	0	73,723	13,999	19.0%
	49.6%	22.9%	29.5%	0.0%	46.6%	48.2%	15.7%	19.3%	0.0%	44.3%		
EBIT	60,455	2,022	1,466	0	63,943	52,180	588	750	0	53,518	10,424	19.5%
	36.8%	10.3%	25.7%	0.0%	34.0%	35.9%	3.3%	17.1%	0.0%	32.2%		
Profit before taxes					62,078					51,121	10,958	21.4%
					33.0%					30.7%		
Profit from Continuing Operations					42,666					28,464	14,203	49.9%
					22.7%					17.1%		

EURO/1000 AT DECEMBER 31, 2015

	VENICE	TREVISO	OTHER AIRPORTS	OTHER	ELIMINATIONS / ADJUSTMENTS	TOTAL CONSOLIDATED
Total fixed assets	372,222	46,588	48,375	79,089	(11,191)	535,082
Fixed capital employed	338,202	42,913	48,374	78,546	(11,191)	496,844
Total working capital	(62,268)	(6,095)	118	591		(67,654)
Net working capital - discontinued operations						0
Total capital employed	275,934	36,818	48,492	79,137	(11,191)	429,190
Non-current assets & liabilities held-for-sale					0	0
Total net financial position	161,390	14,843	(3,762)	27,714	(11,191)	188,995
Total financing sources	275,933	36,818	48,492	79,137	(11,191)	429,190
Total assets	492,678	53,016	53,421	85,449	(37,008)	647,557
Total liabilities	378,135	31,041	1,167	34,027	(37,008)	407,362

EURO/1000 AT DECEMBER 31, 2016

	VENICE	TREVISO	OTHER AIRPORTS	OTHER	ELIMINATIONS / ADJUSTMENTS	TOTAL CONSOLIDATED
Total fixed assets	448,840	46,020	48,585	11,426	(11,152)	543,719
Fixed capital employed	411,632	41,428	48,585	10,796	(11,153)	501,288
Total working capital	(71,310)	(6,060)	137	691		(76,541)
Net working capital - discontinued operations				65,201		65,201
Total capital employed	340,321	35,368	48,722	76,688	(11,151)	489,948
Non-current assets & liabilities held-for-sale					0	0
Total net financial position	217,171	12,192	(3,942)	23,925	(11,152)	238,194
Total financing sources	340,322	35,369	48,722	141,889	(76,353)	489,948
Total assets	521,542	53,168	53,780	83,949	(37,884)	674,556
Total liabilities	398,392	29,992	1,117	31,186	(37,884)	422,802

Information concerning the Principal Clients

In relation to the Parent Company SAVE S.p.A., no cases are reported of revenues from operations with a single external client equating to or exceeding 10% of total revenues; however, the subsidiary Aer Tre S.p.A. derives approx. 62.8% of its revenues from the airline Ryanair and approx. 9.9% from Wizz Air.

Net Financial Position

The net financial position according to Consob Communication 6064293, which follows Consob Motion 15519 of July 27, 2006, is reported below.

(EURO THOUSANDS)		12/31/2016	12/31/2015
	Cash and cash equivalents	23,827	69,624
	Other financial assets	172	185
	Financial assets	23,999	69,809
**	Bank payables	40,483	21,887
*	Other financial liabilities - current portion	7,071	6,673
	Current liabilities	47,554	28,560
**	Bank payables - less current portion	214,573	230,137
	Other lenders - less current portion	66	107
	Non-current liabilities	214,639	230,244
	Net Financial Position	(238,194)	(188,995)
*	of which net liabilities for derivative contracts carried at fair value	209	225
**	Total gross payables to banks	255,056	252,024

ANALYSIS OF THE MAIN BALANCE SHEET ACCOUNTS

(where not otherwise specified, the amounts are expressed in thousands of Euro)

ASSETS

Current Assets

The components of the above-stated account are as follows:

at

12.31.2016	€	65,237
12.31.2015	€	112,221
Change	€	(46,984)

1. Cash and cash equivalents

at

12.31.2016	€	23,827
12.31.2015	€	69,624
Change	€	(45,797)

These concern the bank current accounts available and cash and cash equivalents at the reporting date. The principal asset balances are held by the parent company with Euro 22.5 million.

Cash and cash equivalents are reported at their book value, which is considered a reasonable approximation of the fair value at the date of the present consolidated financial statements.

2. Other financial assets

at

12.31.2016	€	172
12.31.2015	€	185
Change	€	(13)

The balance at December 31, 2016 comprised a financial receivable from a Group company.

3. Tax receivables

at

12.31.2016	€	4,180
12.31.2015	€	4,943
Change	€	(763)

The account includes for Euro 2.5 million the receivable relating to the IRES repayment request from IRAP for the 2007-2011 period, presented by SAVE S.p.A. as the parent company of the tax consolidation in accordance with Article 2, paragraph 1-*quater* of Legislative Decree No. 201/2011.

The account also includes for Euro 0.3 million the IRAP receivable arising in the year, Euro 0.4 million concerning the receivable for the tax break on new investments under Legislative Decree No. 91 of June 24, 2014 (so-called Tremonti Quater) and Euro 1.0 million for VAT in the year.

4. Other receivables

at

12.31.2016	€	1,537
12.31.2015	€	2,670
Change	€	(1,133)

The analysis is as follows:

(Euro thousands)	12.31.16	12.31.15	CGE.
Veneto region for grants	619	1,643	(1,024)
Suppliers for advances	449	376	73
Other receivables	469	651	(182)
Total other receivables	1,537	2,670	(1,133)

Receivables from the Region of Veneto for grants approved under Decree No. 59/2009 concern the “Completion of the Rainwater runoff system and the First flush treatment system within the airport” for the part of the works completed at Venice.

5. Trade receivables

at

12.31.2016	€	34,282
12.31.2015	€	33,514
Change	€	768

The breakdown of trade receivables is outlined below:

(Euro thousands)	12.31.16	12.31.15	CGE.
Trade receivables – third parties	27,457	26,752	705
Trade receivables - related parties	6,825	6,762	63
Total trade receivables	34,282	33,514	768

This principally concerns receivables from airlines for aviation activities and receivables from sub-agents for commercial spaces.

The table below illustrates the trade receivables and the relative doubtful debt provision:

(Euro thousands)	12.31.16	12.31.15	CGE.
Trade receivables	29,133	30,263	(1,130)
Doubtful debt provision	(1,676)	(3,511)	1,835
Total trade receivables	27,457	26,752	705

The Group doubtful provision amounts to Euro 1.7 million; this considers both the analysis of individual positions, for a number of which a credit recoverability risks exists, and an analysis concerning the aging of the receivable. This is in line with the valuation methods applied over time.

The movements in the doubtful debt provision during the year were as follows:

(Euro thousands)	
Balance at 12/31/2015	(3,511)
Utilisations and other movements	2,044
Provisions	(209)
Balance at 12/31/2016	(1,676)

During the year, the conditions were met to deduct receivables fully written down in previous years.

An analysis of the aging of the Group's net trade receivables from third parties at December 31, 2016 is reported below (in thousands of Euro):

TRADE RECEIV. FROM THIRD PARTIES	TOTAL	NOT YET DUE	DUE < 30 DAYS	DUE 30-60 DAYS	DUE 60-90 DAYS	DUE 90-120 DAYS	DUE > 120 DAYS
12/31/2016							
Net receivables	27,457	13,677	7,615	1,956	1,571	394	2,244

TRADE RECEIV. FROM THIRD PARTIES	TOTAL	NOT YET DUE	DUE < 30 DAYS	DUE 30-60 DAYS	DUE 60-90 DAYS	DUE 90-120 DAYS	DUE > 120 DAYS
12/31/2015							
Net receivables	26,752	11,498	6,866	2,958	1,673	1,913	1,844

The monitoring and reminder activities continued in order to limit credit risk.

It is considered in fact that, following the actions, also of a legal nature, undertaken for credit protection and receipt, based on the information currently available, supported by the legal experts handling the relative disputes and in view of the guarantees received, including sureties, the net value indicated above prudently reflects the expected realisable value.

Trade receivables are reported at their book value net of write-downs; it is considered that this value reasonably approximates the fair value of such receivables, as at Group level there are no medium/long-term receivables which require discounting.

Trade receivables from related parties entirely concern investee companies not consolidated line-by-line:

(Euro thousands)	12.31.16	12.31.15	CGE.
Airest Group	5,740	5,379	361
2A - Airport Advertising S.r.l.	677	796	(119)
Centostazioni S.p.A.	-	310	(310)
Nicelli S.p.A.	169	19	150
Aeroporto Valerio Catullo S.p.A.	224	251	(27)
Aeroporto Civile di Padova S.p.A. in liquidation	5	4	1
Other minor	10	3	7
Total	6,825	6,762	63

6. Inventories

at

12.31.2016	€	1,239
12.31.2015	€	1,285
Change	€	(46)

The value of inventories substantially relates to the Parent Company and concerns material inventories for airport activities.

Assets held-for-sale

at

12.31.2016	€	65,600
12.31.2015	€	-
Change	€	65,600

On November 15, 2016, Archimede 1 S.p.A. signed a contract with Ferrovie dello Stato Italiane S.p.A. for the disposal of its 40% investment in Centostazioni S.p.A..

Held 40% by Archimede 1 and 60% by Ferrovie dello Stato Italiane, Centostazioni manages assets owned by Rete Ferroviaria Italiana S.p.A. (R.F.I.), comprising the property complexes of the 103 Italian mid-size railway stations, based on a forty-year contract concluding in 2042, allocating to Centostazioni the usage and economic benefit right of the assets and their integrated management, improvement and business development.

The closing on January 30, 2017 stipulated selling price of Euro 65.6 million, which was received on the same date. The contract in addition provides for a supplementation of consideration where, within 18 months, Ferrovie dello Stato sells the company to third parties at a price higher than that recognised under the above-stated agreement - an eventuality of which Archimede 1 is not aware. In this regard SAVE S.p.A. provided a guarantee to the purchaser Ferrovie dello Stato Italiane S.p.A. through providing the subsidiary Archimede 1, the vendor, with the funding necessary to fulfil its obligations under the sales contract. This specifically concerns the usual guarantees granted as part of the disposal of a significant investment; these guarantees shall not however exceed 25% of the selling price.

In addition, on February 7, 2017, the parent company acquired the 40% minority holding of Archimede 1 from the shareholders Manutencoop Soc. Coop., Banco Popolare Soc. Coop and Pulitori ed Affini S.p.A. for an amount in line with the net equity at December 31, 2016 of the company totalling Euro 19.8 million.

The investment in Centostazioni S.p.A. was therefore categorised and presented as per IFRS 5, resulting in the restatement of the comparative income statement, through reclassification of the related economic effects to “Profit/Loss from discontinued operations/assets held-for-sale”.

For the present year however, the value of the investment was therefore presented as an “Asset held-for-sale” and the related liabilities as “Liabilities related to assets held-for-sale” in accordance with IFRS 5.

These operations are considered as Discontinued Operations, with consequent separate presentation in the consolidated financial statements of discontinued operations and continuing operations, as established by IFRS 5. During the year, Archimede 1 S.p.A. received dividends totalling Euro 3.7 million (Euro 2.1 million in 2015).

Non-current assets

at

12.31.2016	€	543,719
12.31.2015	€	535,336
Change	€	8,383

The account is comprised as follows:

7. Property, plant & equipment

at

12.31.2016	€	63,505
12.31.2015	€	59,442
Change	€	4,063

The increase relates mainly to new investments of approx. Euro 11 million, net of depreciation.

The composition of these tangible assets is outlined in Attachment “B”, which highlights the historic cost, accumulated depreciation and net values, for each asset category.

8. Intangible assets

at

12.31.2016	€	370,557
12.31.2015	€	299,960
Change	€	70,597

The accounts “Airport Concession rights”, “Intangible assets with finite useful life” and “Goodwill - other intangible assets with indefinite useful life” are reported separately.

In particular:

(Euro thousands)	12.31.16	12.31.15	CGE.
Airport Concession rights	358,989	288,887	70,102
Other intangible fixed assets with finite useful life	4,591	4,096	495
Goodwill – other intangible assets with indefinite life	6,977	6,977	-
Total intangible assets	370,557	299,960	70,597

The composition of these intangible assets is outlined in Attachment “A”, which highlights the historic cost, accumulated amortisation and net values, for each asset category. In relation to significant investments in the year, reference should be made to the Directors’ Report.

The breakdown of Goodwill is as follows:

(Euro thousands)	12.31.16	12.31.15	CGE.
Aer Tre S.p.A.	6,937	6,937	-
N-Aitec S.r.l.	40	40	-
Total Goodwill	6,977	6,977	-

The account comprises:

- for Euro 6,937 thousand, the higher value paid compared to net equity, entirely allocated to “Goodwill” on acquisition from minority shareholders of 35% of the investment held by the Group in the company Aertre S.p.A. in 2007. The Group therefore increased its investment in the company to 80%;
- for Euro 40 thousand the higher amount paid in 2006, compared to the relative share of net equity, deriving from the acquisition from minority shareholders of 49% of N-aitec S.r.l.. The Group therefore increased its holding to 100%.

In order to establish the recoverability of the principal amounts, the Company carried out impairment tests, the results of which are outlined in the paragraph “Recoverability of assets or group of assets”, to which reference should be made.

9. Investments

at

12.31.2016	€	79,322
12.31.2015	€	146,430
Change	€	(67,108)

The “Investments in companies carried at equity” and “Other investments” are reported separately.

(Euro thousands)	12.31.16	12.31.15	CGE.
Investments in associates and joint ventures	78,178	145,236	(67,058)
Other investments	1,144	1,194	(50)
Total investments	79,322	146,430	(67,108)

“Investments in associates & JV’s carried at equity” are outlined below.

(Euro thousands)	% HELD	12.31.16	12.31.15	CGE.
Nicelli S.p.A.	49.23	41	67	(26)
Venezia Terminal Passeggeri S.p.A.	22.18	8,335	8,335	-
GAP S.p.A.	49.87	310	307	3
Centostazioni S.p.A.	40	-	68,146	(68,146)
Brussels South Charleroi Airport SA	27.65	17,701	17,338	363
2A – Airport Advertising S.r.l.	50	45	120	(75)
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	40.3	29,761	29,913	(152)
Airest S.p.A.	50	-	21,010	(21,010)
Airest Retail S.r.l.	50	21,986	-	21,986
Tot. Investments carried at equity		78,178	145,236	(67,058)

As described in the “Assets held-for-sale” paragraph, the investment in Centostazioni S.p.A. was categorised and presented according to IFRS 5 and reference should therefore be made to the paragraph for greater details on the disposal of this investment.

The restructuring of the Airest Group continued during 2016, following on from the corporate operations undertaken since 2014 with the entry of the Lagardère Group.

On May 12, 2016, the Shareholders’ Meeting in fact approved the reverse merger through incorporation of the companies Airest S.p.A. and Airest VTV S.r.l. – already wholly-owning Airest Retail S.r.l. – with accounting and tax effects from January 1, 2016. The merger deed was drawn up on July 20 with legal effect from August 1, 2016.

In addition, the valuation at equity of the company Brussels South Charleroi Airport SA resulted in an increase in the value of the investment of Euro 0.4 million, the effect of the valuation at equity of the company Aeroporto Valerio Catullo di Verona Villafranca S.p.A. results in a decrease of the investment of Euro 0.2 million, while the investment in the associate VTP S.p.A. was impacted by the combined effect of the pro-rata revaluation following the net profit recorded in the year and the approval of a dividend equating to the entire net profit.

10. Other Assets

at

12.31.2016	€	2,910
12.31.2015	€	3,161
Change	€	(251)

The breakdown of the account is as follows:

(Euro thousands)	12.31.16	12.31.15	CGE.
Other guarantee deposits	34	31	3
ENAC guarantee deposits	2,876	2,876	-
Other assets	-	254	(254)
Total	2,910	3,161	(251)

ENAC guarantee deposits concerns the receivable for the amounts paid to ENAC by Aer Tre S.p.A. under advanced airport occupancy and totals approx. Euro 2.9 million, calculated as 10% of the monthly fees. The Directors, despite the delay in the receipt of this deposit from ENAC and supported by the opinion of the legal consultants involved in the case, still consider it collectible.

11. Deferred tax assets

at

12.31.2016	€	27,425
12.31.2015	€	26,343
Change	€	1,082

Deferred tax assets have a total value of Euro 27.4 million and are fully utilisable in the medium/long-term period. The principally temporary differences on which deferred tax assets are recognised concern:

- deferred tax assets on the realignment of the higher tax values of the investments in application of Article 15, paragraphs 10 *bis* and 10 *ter* of Legislative Decree No. 185/2008;
- fiscally deductible provisions in subsequent periods such as the assets under concession replacement provision, the risks and charges provision and the doubtful debt provision;
- tax losses carried forward;
- adjustments related to the application of international accounting standards (principally non-capitalised non-current charges);
- write-down of intangible assets and other amortisation deductible in subsequent periods;
- adjustments relating to the discounting of pension provisions in line with international accounting standards;
- other consolidation adjustments which generate deferred tax assets.

The tables below outline the categories which result in the recognition of deferred tax assets, broken down between IRES and IRAP.

Deferred tax assets were calculated at the IRES rate of 24% applicable from 01/01/2017, as per paragraph 61 of Law No. 208 of December 28, 2015 (2016 Stability Law).

(amounts in thousands)

Rate 27.5%	ASSESSABLE				TAX			
	12/31/2015	INCREASES	DECREASES	12/31/2016	12/31/2015	INCREASES	DECREASES	12/31/2016
Doubtful debt provision	3,518	109	2,240	1,387	967	26	616	377
Amortisation, depreciation & write-downs	3,523	2,794	76	6,241	836	671	24	1,483
Deferred charges	809	1,427	87	2,149	193	346	25	514
Tax losses carried forward	3,483		818	2,665	857		217	640
Assets under concession replacement provision	17,673	2,373	452	19,594	4,633	562	124	5,071
Risks provision and other future deductible costs	4,010	2,144	1,229	4,925	1,022	521	337	1,206
Goodwill amortisation	6,937			6,937	1,686			1,686
Concessions amortisation	62,877			62,877	15,089			15,089
Post-employment benefits	78	127		205	22	31		53
Other	49	31		80	14	9		23
IRES Deferred tax assets	102,957	9,005	4,902	107,060	25,319	2,166	1,343	26,142

(amounts in thousands)

Rate 3.9%- 4.2%	ASSESSABLE				TAX			
	12/31/2015	INCREASES	DECREASES	12/31/2016	12/31/2015	INCREASES	DECREASES	12/31/2016
Amortisation, depreciation & write-downs	3,196	2,520	2	5,714	134	106		240
Deferred charges	809	11	98	722	32		3	29
Assets under concession replacement provision	11,839	4,285	1,879	14,245	544	185	79	650
Risks provision and other future deductible costs	903	1,190		2,093	38	50		88
Goodwill amortisation	6,937			6,937	271			271
Other	126		2	124	5			5
IRAP Deferred tax assets	23,810	8,006	1,981	29,835	1,024	341	82	1,283
TOTAL MOVEMENTS IN DEFERRED TAX ASSETS					26,343	2,507	1,425	27,425

LIABILITIES

Current Liabilities

at

12.31.2016	€	165,333
12.31.2015	€	138,626
Change	€	26,707

The account is comprised as follows:

12. Trade payables

at

12.31.2016	€	72,842
12.31.2015	€	66,909
Change		5,933

Trade payables principally concern Italian suppliers and are reported at their book value, which approximates their reasonable fair value, as at Group level the amount of medium/long-term payables are insignificant and therefore do not require discounting processes.

The breakdown of trade payables is shown below:

(Euro thousands)	12.31.16	12.31.15	CGE.
Trade payables – third parties	70,049	64,217	5,832
Trade payables - related parties	2,793	2,692	101
Total trade payables	72,842	66,909	5,933

The breakdown of trade payables to related parties is as follows:

(Euro thousands)	12.31.16	12.31.15	CGE.
Airest Group	714	255	459
2A - Airport Advertising S.r.l.	1,896	2,365	(469)
Brussels South Charleroi Airport (BSCA) SA	1	21	(20)
Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	175	8	167
Other related parties	7	43	(36)
Total	2,793	2,692	101

13. Other payables

at

12.31.2016	€	37,337
12.31.2015	€	33,971
Change		3,366

The account is comprised as follows:

(Euro thousands)	12.31.16	12.31.15	CGE.
Payables to related parties	1,315	1,311	4
Payments on account	200	212	(12)
Personnel for deferred compensation	5,260	4,169	1,091
Airport concession fee	19,633	16,955	2,678
Municipal surtax	8,929	7,754	1,175
Other payables	2,000	3,570	(1,570)
Total	37,337	33,971	3,366

Payables to related parties are broken down as follows:

(Euro thousands)	12.31.16	12.31.15	CGE.
Payables to the Airst Group	1,315	1,293	22
Payables to Aeroporto Civile di Padova in Liquidation	-	18	(18)
Total other payables to related parties	1,315	1,311	4

14. Tax payables

at

12.31.2016	€	4,053
12.31.2015	€	6,067
Change	€	(2,014)

(Euro thousands)	12.31.16	12.31.15	CGE.
Employee withholding taxes	789	1,127	(338)
Other tax payables	830	649	181
Payables for direct taxes/income taxes	2,434	4,291	(1,857)
Total	4,053	6,067	(2,014)

15. Payables to social security institutions

at

12.31.2016	€	3,547
12.31.2015	€	3,119
Change	€	428

16. Bank payables

at

12.31.2016	€	40,483
12.31.2015	€	21,887
Change	€	18,596

The account is comprised as follows:

(Euro thousands)	12.31.16	12.31.15	CGE.
Ordinary current accounts	3	3	-
Current portion of bank loans	40,480	21,884	18,596
Total	40,483	21,887	18,596

The portion of loans due within 12 months totals Euro 40.5 million.

The following table provides a breakdown of bank credit lines utilised and available at December 31, 2016.

TYPE	GRANTED	USED	RESIDUAL
CASH CREDIT FACILITIES	45,127	0	45,127
ENDORSEMENT CREDIT	11,075	(111)	10,964
CASH AND CREDIT COMMITMENT	22,500	0	22,500
LEASING	112	(112)	0
MORTGAGES / LOANS	256,116	(256,116)	0
TOTAL	334,930	(256,339)	78,591

17. Other financial liabilities – current portion

at

12.31.2016	€	7,071
12.31.2015	€	6,673
Change	€	398

The account principally includes payables of the subsidiary Archimede 1 S.p.A. to minority shareholders for loans for a total of Euro 6.8 million. The account residually includes the current portion of the residual payable for leasing contracts in place at December 31, 2016 and

the payable deriving from the fair value measurement of I.R.S. derivative financial instruments for a total of Euro 0.2 million.

The following table provides a breakdown of the account:

(Euro thousands)	12.31.16	12.31.15	CGE.
Fin. payables fair value deriv. instruments	209	225	(16)
Fin. payables leasing contracts – current portion	41	36	5
Payables to minority shareholders for loans	6,821	6,412	409
Total	7,071	6,673	398

The Group holds financial derivatives in order to cover its exposure to interest rate risk regarding specific liabilities.

In line with the strategy adopted, the Group does not carry out operations and derivatives for speculative purposes. However, in the case where these operations may not be accounted for as hedging operations, they are recorded as speculative operations.

The accounting policies applied establish that derivative financial instruments are recorded in accordance with the “hedge accounting” method only when at the beginning of the hedge the formal designation and documentation relating to the hedge exists and it is presumed that the hedge is highly effective initially and over the accounting periods. In the absence of these requirements, if the hedge accounting cannot be applied, the profits or losses deriving from the fair value of the derivative financial instruments are immediately recognised in the income statement, as per IAS 39.

For a breakdown of derivative instruments at Group level, reference should be made to Note 38 of the financial statements concerning “Type and management of financial risks”.

Liabilities related to assets held-for-sale

at

12.31.2016	€	399
12.31.2015	€	-
Change	€	399

As previously stated, the investment in Centostazioni S.p.A. was categorised and presented as per IFRS 5, resulting in the classification of the investment to “Assets held-for-sale” and the related liabilities to “Liabilities related to assets held-for-sale” in accordance with IFRS 5.

These operations are considered as Discontinued Operations, with consequent separate presentation in the consolidated financial statements of discontinued operations and continuing operations, as established by IFRS 5.

Non-current liabilities

at

12.31.2016	€	257,070
12.31.2015	€	268,736
Change	€	(11,666)

The account is comprised as follows:

18. Bank payables – less current portion

at

12.31.2016	€	214,573
12.31.2015	€	230,137
Change	€	(15,564)

Non-current bank payables comprise the medium/long-term portion of loans undertaken by the Group and outstanding at December 31, 2016.

The value of loan instalments due within one year totals Euro 40.5 million and beyond one year amount to Euro 214.6 million, of which none beyond five years.

Medium-long-term bank loans, including the portion maturing within 12 months, amount overall to Euro 255.1 million, inclusive of Euro 1.1 million for up-front fees paid on the signing of loan contracts and recognised as a reduction in value of such loans, based on the amortised cost criterion.

Medium/long-term loans are subject to hedging against interest rate risk for approx. 11.7% of their overall capital portion value.

During the year, loans were repaid for Euro 37.6 million and new loans issued totalling Euro 40 million. The additional change concerns the transfer from long to short-term of loans with irregular payment schedules.

The breakdown, by calendar year, of medium-long-term loans including the current portion, was as follows:

MATURITY	CAPITAL PORTION	UP-FRONT FEES	INTEREST(*)	TOTAL
12/31/2018	41,192	(711)	2,820	43,301
12/31/2019	199,192	(303)	1,247	200,136
12/31/2020	15,732	(49)	104	15,787
TOTAL MEDIUM/LONG-TERM BANK LOANS	256,116	(1,063)	4,171	259,224

(*) the interest indicated is estimated based on the last rate applied to the various loans outstanding.

Medium/long-term loans in place at December 31, 2016 comprise:

- a loan undertaken by Save S.p.A. for an original value of Euro 12.5 million, subscribed in 2005 and issued in December 2006 for the purchase of lands adjacent to the Venice airport for future development. This loan provides for payment in bi-annual instalments between June 2007 until December 2016 and is covered by a mortgage guarantee on land purchased in 2005. The rate applied considers a spread on the Euribor at 6 month rate. At December 31, 2016, the loan had been fully repaid;

- in July 2012, a loan held by Save S.p.A. was converted from short to medium/long-term for Euro 5 million. The loan will be repaid in 8 half-yearly instalments, beginning January 17, 2013 and concluding June 17, 2016. On amendment, an up-front fee was paid calculated according to the amortised cost criterion. The interest rate applied is based on the Euribor increased by a spread. At December 31, 2016, the payable was settled, as was the related non-speculative hedge undertaken against interest rate movements (I.R.S.) for 100% of the loan;
- in October 2012, a further loan was drawn down by Save S.p.A. amounting to Euro 35 million. The loan will be repaid in 13 half-yearly instalments, beginning October 9, 2013 and concluding October 9, 2019. An up-front fee was paid upon issue, calculated at amortised cost. The interest rate applied is based on the Euribor increased by a spread. The loan provides for the compliance with financial covenants concerning (i) an NFP and equity ratio lower than or equal to 1 (ii) an NFP and EBITDA ratio lower than or equal to 3 and (iii) an EBITDA and gross financial charges ratio of above or equal to 5. Unsecured or secured guarantees were not issued against this loan. In December 2014 this loan was renegotiated, lowering the spread, with the total residual loan amounting to Euro 30 million, repayment through 10 half-yearly instalments concluding on December 2, 2019 and amendment, finally, also of the first two financial covenants with new parameters for point (i) of 1.2 and point (ii) of 3.5. Against these amendments, a commission was paid. At the reporting date, these covenants have been complied with. At December 31, 2016, the residual payable amounted to Euro 18 million;
- Aer Tre S.p.A. drew down at the end of 2012 two loans respectively of Euro 6 million and Euro 11.5 million, fully disbursed in the year. Both loans provide for repayment over 7 years through half-yearly instalments and interest calculated at a variable rate based on the Euribor at 6 months increased by a spread; the loan of Euro 6 million issued with support of EIB funds provides however for a lower spread than the other loan. On issue, an up-front fee recognised to the Consolidated Financial Statements in line with the valuation of financial liabilities at amortised cost was paid. In guarantee of these loans, SAVE S.p.A. committed to repay up to 50% of the residual debt. There are no related covenants. The residual value at December 31, 2016 respectively was Euro 2.3 million and Euro 5.3 million;
- on May 28, 2014, Save S.p.A. undertook a new medium-term loan with bullet repayment on May 31, 2018. The loan, totalling Euro 183 million, comprises a number of tranches with various usage periods: in 2015 the loan was partially repaid and therefore at December 31, 2016 Euro 130 million had been disbursed. The interest rate applied is based on the Euribor increased by a spread. The loan provides for financial covenants concerning (i) a Net Debt to Net Equity ratio of equal to or lower than 1.2; (ii) a Net Debt to EBITDA ratio of equal to or below 3.5. The covenants are verified on a rolling half-yearly basis and had been complied with at the reporting date. Unsecured or secured guarantees were not issued against this loan;
- in June 2015, Save S.p.A. undertook a new medium-term loan with bullet repayment on May 31, 2018. The loan, for a total of Euro 53 million, was issued in a single payment in June 2015. The interest rate applied is based on the Euribor increased by a spread. The loan provides for financial covenants concerning (i) a Net Debt to Net Equity ratio of equal to or lower than 1.2; (ii) a Net Debt to EBITDA ratio of equal to or below 3.5. The covenants are verified on a rolling half-yearly basis and had been complied with at the reporting date. Unsecured or secured guarantees were not issued against this loan;
- on December 2, 2014, Save S.p.A. undertook a new loan contract for Euro 30 million, which may be disbursed in a single payment by December 2015 and is repayable in 8 half-yearly instalments beginning 2016, with the final payment in 2019. An up-front fee was paid on

undertaking the loan. The interest rate applied is based on the Euribor increased by a spread. The loan provides for the compliance with financial covenants concerning (i) a Net Debt and Net Equity ratio lower than or equal to 1.2 (ii) a Net Debt and EBITDA ratio lower than or equal to 3.5 and (iii) an EBITDA and gross financial charges ratio of above or equal to 5. At the reporting date, these covenants have been complied with. Unsecured or secured guarantees were not issued against this loan. At December 31, 2016, the residual payable amounted to Euro 22.5 million;

- on December 22, 2014 Save S.p.A. signed a new loan agreement for a total maximum amount of Euro 40 million, which may be issued in a number of tranches by June 2016 and repayable subsequently in 3 half-yearly instalments, with final maturity in December 2017. An up-front fee was paid on undertaking the loan. The interest rate applied is based on the Euribor increased by a spread. The loan provides for financial covenants concerning (i) a Net Debt to Net Equity ratio of equal to or lower than 1.2; (ii) a Net Debt to EBITDA ratio of equal to or below 3.5. At the reporting date, these covenants have been complied with. Unsecured or secured guarantees were not issued against this loan. At December 31, 2016, the residual payable amounted to Euro 25 million;

- the loan held by Archimede 1 S.p.A. for an original amount of Euro 36 million to cover the financing of the acquisition of the investment in Centostazioni S.p.A. was fully repaid on June 30, 2016 and therefore the pro rata guarantee issued by shareholders was released at that date.

19. Other lenders – less current portion

at

12.31.2016	€	66
12.31.2015	€	107
Change	€	(41)

Payables to other lenders, less the current portion, comprised for Euro 0.1 million the medium/long-term portion of the residual leasing contract outstanding at that date.

20. Deferred tax liabilities

at

12.31.2016	€	10,319
12.31.2015	€	10,319
Change	€	-

Deferred tax liabilities amount to Euro 10.3 million.

The principal reasons for recognition of deferred tax liabilities include:

- adjustments concerning the first-time adoption of IFRIC 12 "Service Concession Arrangements";
- adjustments concerning the measurement of leases according to the finance criterion under IAS 17;
- amortisation & depreciation and other future deductible costs.

The following table highlights the basis for the recognition of deferred tax liabilities, broken down between IRES and IRAP.

Deferred tax liabilities were calculated at the IRES rate of 24% applicable from 01/01/2017, as per paragraph 61 of Law No. 208 of December 28, 2015 (2016 Stability Law).

(amounts in thousands)

Rate 27.5% - 24%	12/31/2015	ASSESSABLE		12/31/2016	12/31/2015	TAX		12/31/2016
		UTIL.	INCREASES			UTIL.	INCREASES	
Leasing	7,869	313	11	7,567	1,905	75		1,830
Other amortisation & depreciation	430	18		412	119	6		113
Assets under concession accumulated amortisation	28,105	482	878	28,501	6,767	133	212	6,846
Other provisions and other future deductible costs	156	8		148	40	2		38
IREs Deferred tax liabilities	36,560	821	889	36,628	8,831	216	212	8,827

(amounts in thousands)

Rate 3.9% - 4.20%	12/31/2015	ASSESSABLE		12/31/2016	12/31/2015	TAX		12/31/2016
		UTIL.	INCREASES			UTIL.	INCREASES	
Leasing	7,869	313		7,556	304	12		292
Assets under concession accumulated amortisation	28,108	485	878	28,501	1,180	21	37	1,196
Other Provisions	105	8		97	4	-		4
IRAP Deferred tax liabilities	36,082	806	878	36,154	1,488	33	37	1,492
TOTAL DEFERRED TAX LIABILITIES					10,319	249	249	10,319

21. Post-employment benefits and other employee provisions

at

12.31.2016	€	3,696
12.31.2015	€	3,630
Change	€	66

The change in the post-employment benefit liabilities at December 31, 2016 are outlined below:

(EURO THOUSANDS)	
BALANCE AT 12/31/2015	3,631
Utilisations and other changes	(94)
Advances granted in period and transfers	(148)
Payments to suppl. provision and INPS Treasury	(1,941)
Substitute tax	(10)
Provisions and revaluations	2,143
Change due to actuarial calculation	115
BALANCE AT 12/31/2016	3,696

The actuarial estimates of post-employment benefits is carried out on the basis of the "benefits accrued" using the Projected Interest Credit Method, as per IAS 19. Under this method the valuation is based on the average present value of the pension obligations matured based on the employment service up to the time of the valuation, without projecting the remuneration of the employee in accordance with the regulatory modifications introduced by the Pension Reform.

The method can be divided into the following components:

- projection for each employee in service at the measurement date, of the post-employment benefit already provisioned which will mature up to the payment date;
- determination for each employee of the probable post-employment benefit payments which will be made by the company in the case of the employee leaving due to dismissal, resignation, injury, death or pension, as well as the advanced payments requested;
- discounting, at the measurement date, of each probable payment.

For the actuarial calculation of the post-employment benefit provision, the Group utilised the valuations of an independent actuary, carried out on the basis of the following fundamental assumptions:

- mortality rate: table IPS55
- inability rate: table INPS - 2000
- employee turnover: 1.5%
- discount rate: 1.31%
- growth rate of salaries: 1.5%
- rate of advances: 1%
- inflation rate: airline inflation 1%

22. Other provisions for risks and charges

at

12.31.2016	€	28,416
12.31.2015	€	24,543
Change	€	3,873

The account comprises:

(Euro thousands)	12.31.16	12.31.15	CGE.
Provisions for risks and charges	5,499	4,373	1,126
Assets under concession replacement provision	22,917	20,170	2,747
Total other provisions for risks and charges	28,416	24,543	3,873

Provision for risks and charges

The movements in the provision during the year were as follows:

(Euro thousands)

Balance at 12/31/2015	4,373
Utilisations and other changes	(487)
Provision for risks and charges on Discontinued Operations	1,000
Provisions for risks and future charges	613
Balance at 12/31/2016	5,499

This account concerns the provisions to cover contingent liabilities of the company, principally potential and current disputes.

The provisions are considered sufficient to cover legal case and dispute risks of a specific nature where the Group is plaintiff or respondent, based on a reasonable estimate according to the available information and having consulted with legal experts.

Assets under concession replacement provision

at

12.31.2016	€	22,917
12.31.2015	€	20,170
Change	€	2,747

A provision was established against buildings held under concession by a number of Group companies including the amounts necessary for the maintenance or replacement of assets constituting the infrastructure held which must be returned to the State in optimal operating condition at the end of the concession.

The Replacement Provision is updated annually based on a technical evaluation of the estimated future charges relating to the cyclical maintenance of the assets which will be returned free at the end of the concession and is utilised based on the maintenance undertaken during the year. The entire provision concerns restoration and maintenance at the Venice and Treviso airports.

Shareholders' Equity

23. Shareholders' Equity

at

12.31.2016	€	251,754
12.31.2015	€	240,195
Change	€	11,559

The Shareholders' Equity comprises the Group Shareholders' equity of Euro 222.5 million and Minority interest shareholders' equity for Euro 29.3 million.

The Group Shareholders' equity is broken down as follows:

Share capital

at

12.31.2016	€	35,971
12.31.2015	€	35,971
Change	€	-

The share capital, amounting to Euro 36 million, comprises 55,340,000 shares of a nominal value of Euro 0.65 and is fully paid-in.

Share premium reserve

at

12.31.2016	€	57,851
12.31.2015	€	57,851
Change	€	-

This comprises the share premium recognised and paid following the initial public offering of 2005, net of the costs incurred for the stock market listing and the extraordinary distribution of Net Equity reserves approved by the Shareholders' Meeting of November 19, 2013.

Legal reserve

at

12.31.2016	€	7,194
12.31.2015	€	7,194
Change		-

Treasury shares reserve

at

12.31.2016	€	(5,839)
12.31.2015	€	(4,912)
Change		(927)

The Group holds at December 31, 2016, directly through SAVE S.p.A., 658,470 treasury shares for a book value of Euro 5.8 million. In 2016, SAVE S.p.A. purchased 72,643 treasury shares for a nominal value of Euro 47 thousand, comprising 0.131% of the share capital for a total amount of Euro 0.9 million.

The table below shows the reconciliation of the number of shares outstanding at the beginning and at the end of the year, as required by IAS 1, paragraph 79 (the nominal value of the shares in circulation are expressed in Euro):

	Total number of shares (A)	Treasury shares held (B)	Outstanding shares (C) = (A - B)	Par value per share D	Total par value of outstanding shares E = C*D
At 12/31/2015	55,340,000	585,827	54,754,173	0.65	35,590,212
Shares acquired in the year		72,643	(72,643)	0.65	(47,218)
At 12/31/2016	55,340,000	658,470	54,681,530	0.65	35,542,995

Other reserves and retained earnings

at

12.31.2016	€	85,278
12.31.2015	€	86,129
Change		(851)

The movement in "Other reserves and retained earnings" principally concerns the net profit in 2015 for Euro 29.2 million and the distribution of dividends approved by the Shareholders' Meeting of April 27, 2016 for Euro 30 million.

Minority interest shareholders' equity

The Minority interest shareholders' equity concerns the share of Shareholders' equity and the net result for the year of the subsidiaries not fully held.

at

12.31.2016	€	29,250
12.31.2015	€	28,733
Change		517

The movement in the account principally relates to the result for the year.

Reconciliation between Parent Company and Consolidated net equity and net profit

The reconciliation between the net equity and the net result of the Parent Company SAVE S.p.A. and the corresponding figures reported in the consolidated financial statements of the SAVE Group are reported below.

(EURO THOUSANDS)	NET EQUITY 12/31/2015	RESULT FOR YEAR	NET EQUITY 12/31/2016
SAVE S.p.A. Financial Statements (Parent Company)	165,139	39,801	173,982
Derecognition of the value of consolidated equity investments	25,772	3,414	26,737
Derecognition of profits earned on sale of assets & intra-group eq. invests.	289	(54)	236
Derecognition of dividends	0	(2,100)	0
Effect of equity investments carried at equity	20,260	988	21,548
Net equity and result pertaining to the Group	211,462	42,049	222,504
Minority interest	28,733	518	29,250
Net equity and result for year of consolidated financial statements	240,195	42,567	251,754

ANALYSIS OF THE PRINCIPAL INCOME STATEMENT ACCOUNTS

(where not otherwise specified, the amounts are expressed in thousands of Euro)

OPERATING REVENUE AND OTHER INCOME

24. Operating revenue and other income

2016	€	188,166
2015	€	166,386
Change	€	21,780

Operating revenue

2016	€	178,509
2015	€	155,810
Change	€	22,699

Other income

2016	€	9,657
2015	€	10,576
Change	€	(919)

This account principally includes revenues from the use of the airport spaces and the recharging of condominium costs to sub-licensees.

For a detailed analysis of revenues and income, reference should be made to the Director's Report.

COSTS OF PRODUCTION

2016	€	124,223
2015	€	112,868
Change	€	11,355

The costs of production are broken down in the following table:

25. Raw materials and goods

2016	€	1,839
2015	€	1,896
Change	€	(57)

26. Services

2016	€	38,764
2015	€	36,329
Change	€	2,435

They consist of:

(Euro thousands)	2016	2015	CGE.
Utilities	6,751	6,725	27
Maintenance	7,752	7,040	712
Professional fees	4,834	4,604	230
Cleaning and waste removal	4,178	3,671	507
Development charges and traffic promo	3,505	3,547	(42)
Other general services	3,124	2,818	305
Corporate board fees	1,566	1,542	24
Other personnel charges	1,653	1,464	189
Recovery of expenses	1,291	986	305
Insurance	1,196	1,196	0
Operating services	817	969	(152)
IT Systems	846	838	8
Other sales expenses	1,250	928	322
Total	38,764	36,329	2,435

The cost of insurance principally concerns the All Risk property premiums subscribed by the Group and the airport manager third party liability coverage, in addition to terrorism, pollution, aviation products and construction works liability coverage.

The following table, prepared in accordance with Article 149-duodecies of the Consob Issuers' Regulation, reports the fees concerning the auditing of accounts and other services

provided in relation to the 2016 financial statements of the SAVE Group by the Independent Audit Firm and its network.

(EURO THOUSANDS)			
TYPE OF SERVICE	PARTY PROVIDING THE SERVICE	COMPANY	TOTAL GROUP
Audit	Deloitte & Touche S.p.A.	Parent Company	110
Audit	Deloitte & Touche S.p.A.	Subsidiaries	42
Audit	Deloitte Bedrijfsrevisoren/Reviseurs d'entreprises	Subsidiaries	7
Other services	Deloitte & Touche S.p.A.	Parent Company	53
Other services	Deloitte ERS Enterprise Risk Services S.r.L.	Parent Company	22
Other services	Deloitte & Touche S.p.A.	Subsidiaries	15
Other services	Deloitte ERS Enterprise Risk Services S.r.L.	Subsidiaries	7
Total Remuneration			254

27. Lease and rental costs

2016	€	9,986
2015	€	9,218
Change	€	768

They consist of:

(Euro thousands)	2016	2015	CGE.
Airport concession fee	9,439	8,658	781
Rentals and other	547	560	(13)
Tot. Lease and rental costs	9,986	9,218	768

The airport concession fee rose Euro 0.8 million due to increased business volumes.

28. Personnel costs

2016	€	48,420
2015	€	43,735
Change	€	4,685

29. Amortisation, depreciation and write-downs

2016	€	18,336
2015	€	15,515
Change	€	2,821

This account is divided as follows:

(Euro thousands)	2016	2015	CGE.
Amortisation & write-down of intangible assets	10,428	8,366	2,062
Amortisation & write-down of tangible assets	7,908	7,149	759
Total amortisation, depreciation and write-downs	18,336	15,515	2,821

30. Write down of current assets

2016	€	209
2015	€	207
Change	€	2

The account "write-down of current assets" includes the doubtful debt provisions; in calculating the allocation, further account was taken of the provision compared to total overdue receivables.

The provisions cover the risk concerning specific positions for which payment difficulties may arise.

31. Changes in inventories of raw materials and goods

2016	€	36
2015	€	(106)
Change	€	142

Change in inventories principally concerns consumable material stores.

32. Provisions for risks

2016	€	613
2015	€	863
Change	€	(250)

Reference should be made to the note "Other risks and charges provisions" for further comment.

33. Assets under concession replacement provision

2016	€	4,621
2015	€	3,620
Change	€	1,001

34. Other charges

2016	€	1,399
2015	€	1,591
Change	€	(192)

Other operating charges comprise:

(Euro thousands)	2016	2015	CGE.
Sector association contributions	332	326	6
Taxes	554	597	(43)
Charitable donations	108	166	(58)
Other costs	405	502	(97)
Total other charges	1,399	1,591	(192)

FINANCIAL INCOME AND CHARGES AND PROFIT/LOSSES FROM ASSOCIATES & JV'S CARRIED AT EQUITY

35. Financial income and charges

2016	€	(1,865)
2015	€	(2,397)
Change	€	532

"Financial income and charges" are broken down as follows:

(Euro thousands)	2016	2015	CGE.
Financial income and revaluation of financial assets	735	1,330	(595)
Interest, other financial charges and write-down of financial assets	(4,554)	(5,335)	781
Profit/losses from associates carried at equity	1,954	1,608	346
Total financial income and charges	(1,865)	(2,397)	532

For a further breakdown of the nature of the accounts included in the previous categories, reference should be made to the following tables.

Financial income and revaluation of financial assets

(Euro thousands)	2016	2015	CGE.
Interest income from bank accounts	496	1,205	(709)
Other interest income (including in arrears)	229	-	229
Fair value measurement of hedging instruments recorded to P&L	7	27	(20)
Gain on sale of securities	-	93	(93)
Interest income from Group companies	3	5	(2)
Total	735	1,330	(595)

The principal changes in financial income compared to the previous year stemmed from a decrease in bank interest income due to lower average liquidity in 2016 compared to 2015 and the reduction in interest rates. The remaining difference concerns the gain in the first half of 2015 from the sale of shares in portfolio.

Interest, other financial charges and write-down of financial assets

(Euro thousands)	2016	2015	CGE.
Interest charges on bank current accounts	(4)	(36)	32
Other interest charges (including in arrears)	(74)	(157)	83
Interest expense on loans	(3,568)	(4,048)	480
Other financial expense	(905)	(1,040)	135
Exchange gains/losses	(1)	(1)	-
Interest charges from leasing measurement	(2)	(1)	(1)
Write-down of equity investments	-	(52)	52
Total	(4,554)	(5,335)	781

Financial charges decreased Euro 0.8 million, principally due to lower interest charges on loans and bank accounts due to the reduction in interest rates and reduced loan charges.

The change in profit and losses concerning associates carried at equity is provided in the following table:

Profit/losses from associates and JV's carried at equity

(Euro thousands)	2016	2015	CGE.
Valuation at equity of GAP S.p.A.	3	(1)	4
Valuation at equity of VTP S.p.A.	702	569	133
<i>dividends received from VTP S.p.A.</i>	<i>702</i>	<i>334</i>	<i>368</i>
Valuation at equity of BSCA SA	526	668	(142)
<i>dividends received from BSCA SA</i>	<i>163</i>	<i>-</i>	<i>163</i>
Valuation at equity of 2A	(75)	28	(103)
Valuation at equity of Aeroporto Valerio Catullo di Verona Villafranca S.p.A.	(152)	(160)	8
Write-down of Nicelli S.p.A.	(26)	(300)	274
Valuation at equity of Airst S.p.A.	-	804	(804)
Valuation at equity of Airst Retail S.r.l.	976	-	976
Total	1,954	1,608	346

INCOME TAXES

36. Income taxes

2016	€	19,412
2015	€	22,657
Change	€	(3,245)

Income taxes for the year are broken down as follows:

(Euro thousands)	2016	2015	CGE.
Current taxes	20,223	21,946	(1,723)
Deferred tax income & charges	(811)	711	(1,522)
Total income taxes	19,412	22,657	(3,245)

In further detail:

(Euro thousands)	2016	2015	CGE.
Current income tax	20,223	17,137	3,086
Previous year taxes	-	4,809	(4,809)
Rate adjustment effect	-	2,158	(2,158)
Deferred tax income & charges	(811)	(1,447)	636
Total income taxes	19,412	22,657	(3,245)

The analysis of tax adjustments, resulting in a change in the effective tax rate compared to the notional rate, is outlined in the following table. The pre-tax result and the effective taxes were also reclassified to include discontinued operations.

Tax rate <i>(Euro thousands)</i>	2016	%	2015	%
Profit before taxes	62,078		51,121	
Profit/(Loss) on Discontinued Operations	(397)		1,416	
Reclassified profit before taxes	61,681		52,537	
Notional taxes	16,962	27.50%	14,448	27.50%
Effective taxes	19,412		22,657	
Effective taxes on net profit on Discontinued Operations	(298)		25	
Reclassified effective taxes	19,114	36.38%	22,682	43.17%
Net Profit on Continuing Operations	42,666		28,464	
Net Profit	42,567	81.02%	29,855	56.83%
Difference from effective tax rate of 27.50%	2,152	8.88%	8,234	15.67%
Permanent differences:				
i) IRAP and other local taxes	2,848	5.42%	2,450	4.66%
ii) Tax agency dispute settlement			4,809	9.15%
iii) exempt dividends	(1,108)	-2.11%	(618)	-1.18%
iii) other non-deductible costs / exempt income	(46)	-0.09%	177	0.34%
iv) income taxes of prior years	(21)	-0.04%	(130)	-0.25%
v) valuation of investments at equity	393	0.75%	(294)	-0.56%
vi) exempt gains and losses	(190)	-0.36%	82	0.16%
vii) adjustment IRES rate to 24% on deferred taxes			2,158	4.11%
viii) tax receivables			(400)	-0.76%
ix) change IRES rate on deferred taxes recognition	276	0.53%		
	2,152	3.57%	8,234	15.67%

RESULT FOR THE YEAR

2016	€	42,567
2015	€	29,855
Change	€	12,712

The Group and minority interest results are broken down as follows:

(Euro thousands)	2016	2015	CGE.
Consolidated Net Profit	42,567	29,855	12,712
Minority interest loss (profit)	(518)	(626)	108
Group Net Profit	42,049	29,229	12,820

37. Profit/loss on discontinued operations/held-for-sale

2016	€	(99)
2015	€	1,391
Change	€	(1,490)

(Euro thousands)	2016	2015	CGE.
Airest S.p.A.	(805)	(234)	(571)
Centostazioni S.p.A.	706	1,625	(919)
Total profit/(loss) on discontinued operations	(99)	1,391	1,490

The profit/loss from discontinued operations/assets held-for-sale was a loss of Euro 0.1 million, due for approx. Euro 0.7 million to the gain from the valuation of the disposed investment in Centostazioni and for approx. Euro 0.8 million to the provision for risks, net of the tax effect, on the guarantees issued to the Lagardere Group against the disposal of the investment in the Airest Group.

38. Types of financial risks and management

The Group strategy for the management of financial risks is based on the Company objectives and focuses on the minimisation of interest rate risk and the relative optimisation of the cost of debt, the credit risk and the liquidity risk.

The management of these risks is undertaken in compliance with the principles of prudence and market best practices, with all risk management operations managed centrally.

Interest rate risk

The pre-fixed Group objectives concern:

- hedging of the interest rate risk and financial liabilities;
- compliance with, in the hedging of risk, the general balance criteria between loans and usages for the Group (variable rate and fixed rate portion, short-term and medium/long-term portion).

The Group, in the pursuit of the above-stated objectives and in consideration of the current continually monitored market conditions, decided to implement hedges in the year, which at the date of the present Annual Report overall accounted for 11.7% of the total value of the loans.

The hedging operations are broken down as follows:

- the loan held by SAVE S.p.A. for an original value of Euro 130 million issued by Unicredit S.p.A., with a residual value at December 31, 2016 of Euro 130 million. In the first half of 2015 an interest rate swap contract was signed to hedge interest rate risk; at December 31, 2016, the loan had the interest cost blocked for 23.1% of the total amount;

The following table provides a breakdown of the principal derivative instruments in place at Group level at December 31, 2016:

STATEMENT ON THE RECORDING OF HEDGING TRANSACTIONS (IFRS 7.22)

(IN THOUSANDS OF EURO; THE POSITIVE VALUES ARE RECEIVABLES FOR THE COMPANY; WHILE THE NEGATIVE VALUES ARE PAYABLES)

TYPE OF INSTRUMENT	GROUP COMPANY	NATURE OF HEDGED RISK	COUNTERPARTY BANK	CONTRACT DATE	MATURITY	CONTRACT NOTIONAL AMOUNT	AMOUNT OUTSTANDING AT 12/31/2016	AMOUNT OUTSTANDING AT 12/31/2015	FAIR VALUE (MARK TO MARKET) AT 12/31/2016	FAIR VALUE (MARK TO MARKET) AT 12/31/2015
IRS	SAVE S.p.A.	CHANGE IN INTEREST RATES	DEUTSCHE BANK SpA	10/01/2012	6/17/2016	5,000	0	1,250	0	(7)
IRS	SAVE S.p.A.	CHANGE IN INTEREST RATES	UNICREDIT SpA	6/25/2015	5/31/2018	30,000	30,000	(30,000)	(209)	(218)
TOTAL						35,000	30,000	(28,750)	(209)	(225)

Cash flow sensitivity analysis

The Company prepared a cash flow analysis concerning loans in place and the related derivative financial instruments. The analysis begins with the market position at December 31, 2016 and on the basis of interest rate increases/decreases of 0.25% and of 0.50%.

The impact of these changes on future cash flows is Euro +0.8/-0.6 million for a 0.25% interest rate increase/decrease, while Euro +1.6/-1.2 million for an increase/decrease in the interest rate of 0.50%.

Derivative instrument fair value sensitivity analysis

The company prepared an analysis of the changes in the fair value of derivative hedging instruments at December 31, 2016. The analysis begins with the market position at December 31, 2016 and on the basis of interest rate increases/decreases of 0.25% and of 0.50%.

The effect of the fair value changes of derivative instruments in place is approx. +/- Euro 0.1 million for a change in interest rates of 0.25%, while the effect is +/- Euro 0.2 million for a change in interest rates of 0.50%.

Credit risk

This concerns the risk that either of the parties undertaking a contract, which provides for deferred settlement over a period, does not fulfil a payment obligation, resulting therefore in a financial loss for the other party.

This risk may therefore give rise to more strictly technical-commercial or administrative-legal repercussions (disputes on the nature/quantity of supply, on the interpretation of the contractual clauses, on the supporting invoices etc.), in addition to issues of a typically financial nature, i.e. the credit standing of the counterparty.

For the Group, exposure to credit risk is principally related to the commercial activities concerning the sale of aviation services and real estate activities.

In order to control this risk, the Group has implemented procedures and actions under which the customers may be evaluated according to the assigned level of attention.

The credit risk concerning other financial assets of the Group, which comprise cash and cash equivalents, presents a maximum value equal to the book value of these activities in the case of insolvency of the counterparty.

Liquidity risk

The liquidity risk management policy, i.e. the strategy put in place to avoid cash flow difficulties constituting a problem for the Group is considered prudent. The minimal objective is to ensure at all times access for the company to the funding necessary to repay debt maturing in the coming 12 months. Unutilised bank credit lines (including both cash and endorsement credit commitments) at December 31, 2016 of the Parent Company, as for the Group, totalled Euro 67.6 million and are considered sufficient to meet the commitments in place.

Group cash flows are principally sourced from loans, also on the basis of individual acquisition and investment operations.

For the breakdown of loans in place at December 31, 2016, reference should be made to the notes to the consolidated financial statements and the paragraph dedicated to "Bank payables - less current portion".

Analysis by maturity of derivative instrument cash flows and medium/long term loans

The following table outlines the cash flows not discounted, broken down by maturity, of hedging instruments in place, which present a negative mark to market value at December 31, 2016.

On the basis of the same maturities, the table also presents a summary of cash flows for medium/long term loans outstanding at the consolidated reporting date, including capital and interest portions.

	TOTAL ESTIMATED CASH FLOWS		WITHIN 1 YEAR		FROM 1 TO 5 YEARS		OVER 5 YEARS	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015	12/31/2016	12/31/2015	12/31/2016	12/31/2015
DERIVATIVE INSTRUMENTS WITH NEGATIVE MTM	(224)	(258)	(158)	(111)	(66)	(147)	0	0
MEDIUM/LONG-TERM LOANS	(256,116)	(253,708)	(41,192)	(22,592)	(214,924)	(231,116)	0	0
TOTAL	(256,340)	(253,966)	(41,350)	(22,703)	(214,990)	(231,263)	0	0

Fair value hierarchy levels

A list of derivative financial instruments at December 31, 2016, measured at fair value, is reported in the table of the "Interest rate risk" paragraph above.

In relation to the financial instruments recorded in the balance sheet at fair value, IFRS 7 requires that these values are classified based on the hierarchy levels which reflects the significance of the input utilised in the determination of fair value. The following levels are used:

- Level 1 - assets or liabilities subject to valuation listed on an active market;
- Level 2 - input based on prices listed at the previous point, which are directly observable (prices) or indirectly (derivatives from the prices) on the market;
- Level 3 - input which is not based on observable market data.

The derivative instruments measured at fair value at December 31, 2016 are classifiable to hierarchy Level 2 of the fair value measurement. During 2016, no transfers occurred from Level 1 to Level 2 or Level 3 or vice-versa. As previously outlined, the Group holds derivative financial instruments solely to hedge interest rate risk concerning the individual loans to which they refer (cash flow hedge).

The fair value measurement of the derivatives recognised to the financial statements was made through autonomous valuation models and based on the following market data at December 31, 2016:

- short-term interest rates and swaps based on the Euro;
- prices of three/six month Euribor future contracts;
- fixing of the Euribor rate to measure current period coupons.

39. Investments in subsidiaries, associates and other companies

The figures reported below are based on the financial statements at year-end of the respective companies, prepared in accordance with the accounting standards adopted by each company. Reference should be made to the supplementary table Attachment D for the key quantitative disclosure required by IFRS 12.

Subsidiaries

• Marco Polo Park S.r.l.

Holding: 100%

The company manages airport parking under sub-concession from SAVE and Aer Tre.

A value of production of approx. Euro 14.8 million was reported in 2016, and a pre-tax profit of Euro 2.2 million.

• Save International Holding SA

Holding: 100%

The company was incorporated in 2009 as a vehicle company for the acquisition of Brussels South Charleroi Airport SA in December 2009.

The company holds the investment in Belgian Airport SA, through which the acquisition was made together with minority shareholders.

- **Belgian Airport SA**

Holding: 65%

The company was incorporated in the fourth quarter of 2009, also as a vehicle company for the acquisition of Brussels South Charleroi Airport SA in December 2009.

The company holds an investment in Brussels South Charleroi Airport SA, consolidated at equity; a net profit of Euro 144 thousand was reported in 2016.

- **Save Engineering S.r.l.**

Holding: 100%

The company is involved in the design and coordination of works concerning the airport development programmes carried out by the Parent Company SAVE as part of the Airport Master Plan.

In 2016, the value of production totalled Euro 4.8 million; the company reported a pre-tax profit of Euro 0.6 million.

- **Nord Est Airport I.T. S.r.l. (N-AITEC)**

Holding: 100%

The company is involved in the implementation of IT projects for airports in the operational and administrative management areas. The company also develops and commercialises software products in this field.

A value of production of Euro 3 million was reported in 2016, with a pre-tax profit of Euro 1 million.

- **Aeroporto di Treviso AER TRE S.p.A.**

Holding: 80%

The Company Aer Tre S.p.A. holds the concession for the management of Treviso airport.

The value of production totalled Euro 24.2 million, increasing Euro 2.2 million on the previous year; a pre-tax profit of Euro 1.2 million was reported for 2016.

- **Aeroporto Civile di Padova S.p.A. in liquidation**

Holding: 71.744%

The company at the present consolidated reporting date was in liquidation and was no longer operational.

- **Società Agricola Save a r.l.**

Holding: 100%

The company is wholly-owned by the Parent Company, following the spin-off of Agricola Cà Bolzan a r.l. in 2013 and is exclusively involved in the activities established by Article 2135 of the Civil Code. The value of production amounted to Euro 0.4 million, with a pre-tax profit of Euro 54 thousand.

- **Triveneto Sicurezza S.r.l.**

Holding: 93%

The Company carries out airport security control in accordance with Ministerial Decree No. 85 of January 29, 1999.

The value of production amounted to Euro 14.2 million, with a pre-tax profit of Euro 0.2 million.

- **Archimede 1 S.p.A.**

Holding: 60%

The vehicle company which until January 30, 2017 has held 40% of Centostazioni S.p.A.; as previously illustrated, this investment was in fact sold to Ferrovie dello Stato Italiane S.p.A.. On

February 7, 2017, the parent company acquired the minority holding from the shareholders Manutencoop Soc. Coop., Banco Popolare Soc. Coop and Pulitori ed Affini S.p.A., increasing its holding to 100%.

- **Archimede 3 S.r.l.**

Holding: 100%

The company was acquired in 2004. No significant costs or revenues were reported in the year.

- **Idea 2 S.r.l.**

Holding: 100%

The company is a wholly-owned indirect subsidiary of the Parent Company acquired in July 2005, also within the scope of potential investment projects. The company does not have significant costs or revenues.

- **Save Cargo S.p.A.**

Holding: 100%

The company provides cargo and postal assistance services at Venice's Marco Polo airport. During the year, the parent company in fact conferred the "Cargo" business unit to the subsidiary Save Cargo S.p.A..

The value of production amounted to Euro 2.1 million, with a pre-tax loss of Euro 0.3 million.

Associates and joint ventures

The key financial highlights of the joint ventures and associated companies considered significant are reported. The figures reported below are based on the financial statements at year-end of the respective companies, prepared in accordance with the accounting standards adopted by each company.

Reference should be made to the supplementary table Attachment D for the key quantitative disclosure required by IFRS 12.

- **Airest Retail S.r.l.**

Holding: 50%

The restructuring of the Airest Group continued during 2016, following on from the corporate operations undertaken since 2014 with the entry of the Lagardère Group.

On May 12, 2016, the Shareholders' Meeting in fact approved the reverse merger through incorporation into Airest Retail S.r.l. of the companies Airest S.p.A. and Airest VTV S.r.l. – already wholly-owning Airest Retail S.r.l. – with accounting and tax effects from January 1, 2016. The merger deed was drawn up on July 20 with real effects from August 1, 2016.

The value of the investment at the present consolidated reporting date of Euro 22 million includes the increased value of Euro 26.1 million allocated to "Concessions"; this amount is reported net of amortisation in the year. The effect of the valuation at equity resulted in a revaluation of Euro 976 thousand recognised to the income statement. The investment is considered an associate as the shareholder agreements establish that control is exercised exclusively by the shareholder Lagardère.

- **Aeroporto Valerio Catullo di Verona Villafranca S.p.A.**

Holding: 40.3%.

The value of the investment at the present consolidated reporting date of Euro 29.8 million includes the increased value of Euro 15.3 million, identified on the allocation at the acquisition date to "Concessions"; this amount is reported net of amortisation in the year. The effect of the valuation at equity resulted in a write-down of Euro 0.2 million recognised to the income statement. The shareholder agreements provide for joint control of the company.

• **Brussels South Charleroi Airport S.A.**

Holding: 27.65% through Belgian Airport SA.

The company manages Charleroi airport. It was consolidated at equity, with the value of the investment of Euro 17.7 million, including Euro 4.6 million allocated to “Concessions” on acquisition in 2009 of a holding of 27.65% in the company by Belgian Airport SA, in turn held, with a share of 65%, by Save International Holding S.A..

• **V.T.P. S.p.A. (Venezia Terminal Passeggeri)**

Holding: 22.18%.

The company, founded by the Venice Port Authority, provides embarkation/disembarkation services for cruise ships, ferries, hydrofoils, recreational craft and all other passenger vessels using Venice Port.

It was consolidated at equity; the investment was recognised for Euro 8.3 million.

• **G.A.P. S.p.A.**

Holding: 49.87%

The company, held 49.87%, operates in the airport sector, principally carrying out land assistance activities at Pantelleria Airport.

• **Nicelli S.p.A.**

Holding: 49.23%

The company, held 49.23 %, manages the airport of Venice - Lido.

• **2A – Airport Advertising S.r.l.**

Holding: 50%

The company was incorporated in 2012 for the management of advertising spaces. The shareholder agreements provide for joint control of the company.

Earnings per share

Information on the data utilised for the calculation of the basic and diluted earnings per share is provided below.

The earnings per share is calculated by dividing the net profit attributable to shareholders of the Company by the number of shares.

For the purposes of the calculation of the basic earnings per share, the net profit for the year was utilized, reduced by the minority share. There are no preference shares, privilege share conversions or other similar instruments that would entail the adjustment of the earnings due to shareholders.

The diluted earnings per share equals the earnings per share as no potential ordinary shares or other instruments, such as options, warrants and their equivalents, if converted, may have a dilutive effect on the earnings per share.

The following table reports the result and the number of ordinary shares used for the calculation of the basic earnings per share, determined in accordance with IAS 33.

	2016	2015
Group net profit	42,049	29,229
Weighted average number of outstanding shares		
- basic	54,711,228	51,921,559
- diluted	54,711,228	51,921,559
Earnings per share	0.769	0.563
Diluted earnings per share	0.769	0.563

The earnings per share, less the discontinued operations result, is reported below.

	2016	2015
Group net profit excluding the result of discontinued operations	42,430	28,488
Weighted average number of outstanding shares		
- basic	54,711,228	51,921,559
- diluted	54,711,228	51,921,559
Earnings per share	0.776	0.549
Diluted earnings per share	0.776	0.549

The average number of ordinary shares in circulation during the year was measured, adjusting the number of ordinary shares in circulation at the beginning of the year by the number of ordinary shares acquired, considering a temporal weighting.

Transactions with Related Parties

The consolidated financial statements at December 31, 2016 include the financial statements of SAVE S.p.A. and its subsidiaries, as indicated in the paragraph “Consolidation scope”.

The transactions with associated companies and related parties were undertaken at the respective average market values for similar services and of a similar quality.

In relation to transactions in the year with Associated Companies, reference should be made to the comments of the Balance Sheet and Income Statement accounts of the Explanatory Notes and attachment C for payable/receivable and cost/revenue transactions.

The Group incurred during the year charges for consultancy services, principally of an organisational nature, for Euro 109 thousand, with respectively Euro 39 thousand concerning the Parent Company, Euro 30 thousand concerning AerTre S.p.A., Euro 28 thousand concerning Triveneto Sicurezza S.r.l. and Euro 11 thousand concerning Idea 2 S.r.l., with companies belonging to the Finanziaria Internazionale Holding S.p.A. Group, a related party of the majority shareholder. Revenues from the recharge of administrative expenses were recognised to the Parent company from Finanziaria Internazionale Holding S.p.A. for Euro 13 thousand.

Supplementary Statements

Additional Statements
Attachment A
Statement of changes in intangible assets and relative amortisation
(In Euro/000)

	Historical cost						Accumulated amortisation					
	Value at 01/01/16	Purchases	Decreases	Grants	Reclassification & other movements	Value at 01/01/16	Value at 01/01/16	Increases	Utilis.	Reclassification & other movements	Value at 01/01/16	Net Intangible assets
Airport concession rights	285,757	35,466	(52)	0	65,875	387,046	87,464	8,188	(20)	(117)	95,514	291,532
Assets in progress and payments on account	90,593	44,451	0	(435)	(67,152)	67,457						67,457
Sub-total airport concession rights	376,350	79,917	(52)	(435)	(1,276)	454,503	87,464	8,188	(20)	(117)	95,514	358,989
Concessions	2	0	0	0	0	2	1	0	0	0	1	0
Other intangible fixed assets with finite useful life	16,574	2,412	(25)		274	19,235	12,803	2,240	(25)	0	15,018	4,217
Assets in progress and payments on account	325	323	0		(274)	374	0	0	0	0	0	374
Subtotal other intangible fixed assets with finite useful life	16,899	2,735	(25)	0	0	19,609	12,803	2,240	(25)	0	15,018	4,591
Goodwill and other intangible assets with indefinite useful life	6,977	0	0	0	0	6,977	0	0	0	0	0	6,977
Total intangible assets	400,227	82,652	(77)	(435)	(1,276)	481,091	100,267	10,428	(44)	(117)	110,534	370,557

Additional Statements
Attachment B
Statement of changes in tangible assets and relative depreciation
(In Euro/000)

	Historical cost					Accumulated depreciation						
	Value at 01/01/16	Purchases	Decreases	Grants	Reclassification & other movements	Value at 01/01/16	Value at 01/01/16	Increases	Utilis.	Reclassification & other movements	Value at 01/01/16	Net tangible assets
Land and Buildings	43,722	285	(51)		0	43,956	246	491	0	0	736	43,220
Plant and machinery	49,600	5,840	(192)		2,231	57,480	37,344	3,313	(171)	117	40,603	16,877
Industrial and commercial equipment	5,750	335	(33)		124	6,176	4,332	384	(36)	0	4,679	1,497
Other assets	18,372	2,922	(216)		331	21,408	14,943	1,202	(167)	0	15,978	5,430
Impairment							2,557	2,519	0	0	5,076	(5,076)
Assets in progress and payments on account	1,419	1,524	0		(1,386)	1,557						1,557
Total tangible fixed assets	118,863	10,906	(492)	0	1,299	130,577	59,422	7,908	(374)	117	67,073	63,505

Attachment C1
Balance Sheet accounts
concerning transactions with
subsidiaries and associates;
expressed
in Euro thousands

		N-ATTEC S.r.l.	Nicelli S.p.A. Aeroporto del Lido di Venezia	Archimede 3 S.r.l.	Archimede 1 S.p.A.	Società Agricola Save s.r.l.	Idea 2 S.r.l.	Very Italian Food S.r.l.	Save Cargo S.p.A.	Save International Holding SA	Brussels South Charleroi Airport (BSCA) SA	Aeroporto Valerio Catullo di Verona Villafraanca S.p.A.	Gabriele D'Amunzio Handling S.p.A.	2A - Airport Advertising S.r.l.	Venice Gateway S.r.l.	Airest Collectioni Venezia S.r.l.	Save S.p.A.	Marco Polo Park S.r.l.	Aer Tre S.p.A.	Save Engineering S.r.l.	Aeroporto Civile di Padova S.p.A.	Airest S.p.A.	Triveneto Sicurezza S.r.l.	Airest Retail S.r.l.	Total
Save S.p.A.	Receivables	282	169	364	20,296	258	10		55		3	185	6	636	1	525		998	5,481	130	342	1,586	96	2,772	34,494
	Payables	2,584		4	224		5	35	524	4,510		48		1,896				3,191	78	2,669	6	17	3,766	1,934	21,493
Marco Polo Park S.r.l.	Receivables																2,525						5		2,530
	Payables																	331	213			23			566
Aer Tre S.p.A.	Receivables													41				213						857	1,111
	Payables											123					5,403			42			478	38	6,284
Triveneto Sicurezza S.r.l.	Receivables								9			5					3,766	23	478						4,280
	Payables																96	5							101
Save Engineering S.r.l.	Receivables		4									15					2,618		42		5				2,685
	Payables																124						5		129
N-ATTEC S.r.l.	Receivables											21					2,566								2,586
	Payables										1	4					264								269
Idea 2 S.r.l.	Receivables																5								5
	Payables			1,093													10								1,013
Archimede 1 S.p.A.	Receivables																224								224
	Payables											20,296													20,296
Archimede 3 S.r.l.	Receivables						1,093										4								1,097
	Payables																364								364
Società Agricola Save s.r.l.	Payables																258								258
Save International Holding SA	Receivables																4,510								4,510
	Payables																								
Save Cargo S.p.A.	Receivables																524								524
	Payables																55						9		63
Nicelli S.p.A. Aeroporto del Lido di Venezia	Payables																169			4					173
Aeroporto Civile di Padova S.p.A.	Receivables																6								6
	Payables																342			5					347
Brussels South Charleroi Airport (BSCA) SA	Receivables																								4
	Payables																3								3
Aeroporto Valerio Catullo di Verona Villafraanca S.p.A.	Receivables											4								123					175
	Payables											21					185			15			3		224
Gabriele D'Amunzio Handling S.p.A.	Payables																6								6
2A - Airport Advertising S.r.l.	Receivables																1,896								1,896
	Payables																636		41						677
Venice Gateway S.r.l.	Payables																1								1
Airest Collectioni Venezia S.r.l.	Payables																525								525
Very Italian Food S.r.l.	Receivables																35								35
Airest S.p.A.	Receivables																17								17
	Payables																1,586								1,586
Airest Retail S.r.l.	Receivables																			38	5				1,977
	Payables																2,772		857						3,629
Other (Incaso)	Payables																-44								-44
Grand total	Receivables	288	173	364	20,296	258	1,103	0	65	0	3	224	6	677	1	525	20,679	1,234	6,161	136	347	1,586	101	5,699	57,854
	Payables	2,605	0	1,097	224	0	5	35	524	4,510	1	175	0	1,896	0	0	33,381	3,196	1,188	2,795	6	17	4,280	1,977	57,854

Attachment C2
Income Statement accounts
concerning transactions with
subsidiaries and associates;
expressed
in Euro thousands

		N-ATTEC S.r.l.	Nicolfi S.p.A. Aeroporto del Lido di Venezia	Archimede 3 S.r.l.	Archimede 1 S.p.A.	GAP S.p.A. Aeroporto di Pantelleria	Venezia Terminal Passenger (VTP) S.p.A.	Società Agricola Save a.r.l.	Idra 2 S.r.l.	Save Cargo S.p.A.	Save International Holding SA	Brussels South Charleroi Airport (BSCA) SA	Aeroporto Valerio Cattullo di Verona Villafraanca S.p.A.	Gabriele D'Annunzio Handling S.p.A.	2A - Airport Advertising S.r.l.	Airster Collezioni Venezia S.r.l.	Save S.p.A.	Marco Polo Park S.r.l.	Aer Tre S.p.A.	Save Engineering S.r.l.	Aeroporto Civile di Padova S.p.A.	Airster S.p.A.	Triveneto Sicurezza S.r.l.	Airster Retail S.r.l.	Total
Save S.p.A.	Revenues	59	19	9	271	1	17	62	4	1,051		20	161	6	2,096	1,509		8,202	725	424	7	1,760	653	6,671	23,727
	Costs	211					4			163	76		31					2		1	25	5		12,034	1,509
Marco Polo Park S.r.l.	Revenues																2						47	15	64
	Costs																8,154		1,173				11		9,338
Aer Tre S.p.A.	Revenues												13		136		1	1,181		1			4	1,524	2,847
	Costs	52													2		684					2,031	3		2,766
Triveneto Sicurezza S.r.l.	Revenues								9			3					12,034	11	2,031						14,087
	Costs																652	47	4				10		713
Save Engineering S.r.l.	Revenues											12					4,889			23					4,924
	Costs																423			1				13	437
N-ATTEC S.r.l.	Revenues											53	102				1,478		111						1,744
	Costs																58								58
Save Cargo S.p.A.	Revenues																163								163
	Costs																1,090					9			1,099
Archimede 1 S.p.A.	Revenues																								0
	Costs																273								273
Idra 2 S.r.l.	Revenues																	5							5
	Costs																								
Società Agricola Save a.r.l.	Revenues																16								16
	Costs																62								62
Save International Holding SA	Revenues																76								76
	Costs																5								5
Aeroporto Civile di Padova S.p.A.	Revenues																7								7
	Costs																	10							10
Archimede 3 S.r.l.	Revenues																								19
	Costs																19								19
GAP S.p.A. Aeroporto di Pantelleria	Revenues																1								1
	Costs																								
Venezia Terminal Passenger (VTP) S.p.A.	Revenues																4								4
	Costs																17								17
Brussels South Charleroi Airport (BSCA) SA	Revenues																20								72
	Costs	53															41		106						147
Aeroporto Valerio Cattullo di Verona Villafraanca S.p.A.	Revenues																161			12		3			278
	Costs	102															6								6
Gabriele D'Annunzio Handling S.p.A.	Revenues																								
	Costs																								
2A - Airport Advertising S.r.l.	Revenues																1,697		12						1,709
	Costs																2,096		136						2,331
Airster Collezioni Venezia S.r.l.	Revenues																1,509								1,509
	Costs																								
Airster S.p.A.	Revenues																1,760								1,760
	Costs																								
Airster Retail S.r.l.	Revenues																1,593		3	13		10	31		1,649
	Costs																6,671	15	1,524						8,210
Other (non-deductible VAT)	Revenues																								-7
	Costs																								
Capitalisations (*)	Revenues																7,937	55	256	2		2			8,255
	Costs	1								1															
Grand total	Revenues	59	19	9	271	1	17	62	4	1,060	0	72	278	6	2,231	1,509	21,099	9,394	3,011	438	7	1,760	714	8,240	31,261
	Costs	419	0	0	0	0	4	0	0	165	76	0	44	0	2	0	31,076	119	3,093	39	3	0	14,089	1,595	31,261

(*) Capitalisations, of which:

- in Save S.p.A. Euro 4,864 thousand concerning Save Engineering S.r.l.; Euro 1,697 thousand concerning 2A - Airport Advertising S.r.l.; Euro 1,267 thousand concerning N-Airster S.r.l.; Euro 84 thousand concerning Airster Retail S.r.l.; Euro 16 thousand concerning Società Agricola Save a r.l. and Euro 10 thousand concerning Aeroporto Valerio Cattullo di Verona Villafraanca S.p.A.
- in Aer Tre S.p.A. Euro 99 thousand concerning Aeroporto Valerio Cattullo di Verona Villafraanca S.p.A.; Euro 59 thousand concerning N-Airster S.r.l.; Euro 41 thousand concerning Save S.p.A.; Euro 31 thousand concerning Airster Retail S.r.l.; Euro 23 thousand concerning Save Engineering S.r.l.; Euro 10 thousand concerning 2A - Airport Advertising S.r.l.
- in Marco Polo Park S.r.l. Euro 48 thousand concerning Save S.p.A.; Euro 7 thousand concerning Aer Tre S.p.A.
- in N-Airster S.r.l. Euro 1 thousand concerning Save S.p.A.
- in Triveneto Sicurezza S.r.l. Euro 2 thousand concerning Save S.p.A.
- in Save Engineering S.r.l. Euro 2 thousand concerning Save S.p.A.
- in Save Cargo S.p.A. Euro 1 thousand concerning Save S.p.A.

Additional Statements

Attachment D

Key Financial Highlights of the subsidiaries with minority holdings at December 31, 2016

	Archimede 1 S.p.A.		Aertre S.p.A.		Belgian Airport SA	
(in Euro/1000 as per IFRS before inter-company eliminations)	12 31 2016	12 31 2015	12 31 2016	12 31 2015	12 31 2016	12 31 2015
Dividends paid to minority interests	0	0	0	0	0	0
current assets	780	298	6,819	6,290	638	514
assets held-for-sale	65,600					
non-current assets	11,328	79,479	38,011	38,542	11,248	11,248
current liabilities	17,227	19,948	20,716	20,125	11	31
liabilities related to assets held-for-sale	399					
non-current liabilities	10,060	10,060	9,003	10,748	0	0
revenues	8	6	19,215	17,528	0	0
profit (loss) on continuing operations	(453)	1,073	1,158	132	144	(204)
profit on discontinued operations/assets held-for-sale	705					

Additional Statements

Attachment D2

Key Financial Highlights of associates/joint ventures communicated to the Parent Company at 31 12 2016

	Aeroporto Valerio Catullo di Verona Villafranca S.p.A. (*)		Venezia Terminal Passeggeri S.p.A. (*)		Brussels South	Charleroi	Airport SA (*)	Airest Retail S.p.A (*)(**)	Airest Retail S.p.A (*)
(in Euro/1000)	31 12 2016	31 12 2015	5 31 2016	5 31 2015	12 31 2016	12 31 2015	12 31 2016	12 31 2015	12 31 2015
Dividends received from joint ventures or associates	0	0	0	0	0	0	0	0	0
Dividends paid to joint ventures or associates	0	0	3,165	1,508	591	0	0	0	0
Key Financial Highlights									
current assets	33,170	37,210	14,859	10,901	50,883	45,010	16,883	15,749	
non-current assets	79,444	79,145	30,423	33,676	60,504	40,820	72,968	75,405	
current liabilities	(51,139)	(52,594)	(5,342)	(6,342)	(57,749)	(36,438)	(22,189)	(15,855)	
non-current liabilities	(13,994)	(16,475)	(793)	(746)	(12,177)	(10,018)	(26,842)	(17,990)	
net equity	(47,481)	(47,286)	(39,147)	(37,489)	(41,461)	(39,375)	(40,820)	(57,309)	
Revenues	38,615	36,438	33,374	32,825	99,296	91,452	75,104	70,824	
Raw materials and goods	(1,206)	(1,001)	(137)	(127)	(474)	(635)	(30,605)	(31,229)	
Services	(19,094)	(19,616)	(14,733)	(15,327)	(55,761)	(50,760)	(8,935)	(7,227)	
Lease and rental costs	(1,305)	(650)	(5,461)	(5,539)			(11,778)	(10,970)	
Personnel costs	(7,436)	(7,328)	(3,206)	(3,362)	(32,682)	(29,630)	(12,640)	(12,126)	
Other charges	(618)	(797)	(139)	(223)	(2,028)	(2,126)	(493)	(88)	
EBITDA	8,956	7,046	9,698	8,247	8,351	8,301	10,653	9,184	
Amortisation, depreciation & write-downs	(5,483)	(6,153)	(4,661)	(4,669)	(4,637)	(4,303)	(6,684)	(7,316)	
Provisions	(1,466)	(2,457)		(35)		3	(128)	0	
EBIT	2,007	(1,563)	5,037	3,543	3,714	4,001	3,841	1,868	
Financial income	45	166	75	71	22	75	22	657	
Financial charges	(263)	(527)			(403)	(491)	(543)	(44)	
Adjustments to financial assets & write-downs	592	(1,703)	(322)	(109)			891		
Extraordinary income and charges			(131)	278	6	10			
Profit before taxes	2,381	(3,627)	4,659	3,782	3,340	3,595	4,211	2,481	
Income taxes	(2,186)	3,730	(1,494)	(1,219)	(1,260)	(1,232)	(1,095)	517	
Profit on continuing operations	195	103	3,165	2,563	2,086	2,370	3,116	2,999	
Profit/(loss) from discontinued operations/held-for-sale									
Net Profit	195	103	3,165	2,563	2,086	2,370	3,116	2,999	
Cash and cash equivalents	13,202	12,742	7,318	3,233	31,629	28,546	876	1,127	
Financial receivables							1,994	5,054	
Current financial liabilities	(500)	(500)	0	(1)	(650)	(527)	(69)	(76)	
Non-current financial liabilities	(1,000)	(1,500)	0	0	(9,679)	(8,111)	(15,000)		
Financial position	11,702	10,742	7,318	3,232	21,300	19,908	(12,199)	6,105	

(*) Local GAAP

(**) During the year the company Airest S.p.A. was merged through incorporation into Airest Retail S.p.A.

As per Par. B17 of IFRS 12 the comparative period figures concerning the joint venture Centostazioni S.p.A. are omitted

Declaration on the Consolidated Financial Statements as per Article 154- bis of Legs. Decree 58/98

1. The undersigned Monica Scarpa, as Chief Executive Officer, and Giovanni Curtolo, Executive Officer for Financial Reporting of Save S.p.A., affirm, and also in consideration of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- the adequacy in relation to the characteristics of the company and
- the effective application of the administrative and accounting procedures for the compilation of the consolidated financial statements for 2016.

2. The valuation of the adequacy of the accounting and administrative procedures for the preparation of the consolidated financial statements at December 31, 2016 is based on a process defined by Save in accordance with the Internal Control - Integrated Framework defined by the Committee of the Sponsoring Organisations of the Treadway Commission, which represents a benchmark framework generally accepted at international level.

3. We also declare that:

3.1 the Consolidated Financial Statements:

- a) were prepared in accordance with international accounting standards, recognised in the European Union pursuant to EU Regulation No. 1606/2002 of the European Parliament and Council, of July 19, 2002;
- b) correspond to the underlying accounting documents and records;
- c) provide a true and fair representation of the economic, balance sheet and financial situation of the issuer and of the companies included in the consolidation.

3.2 The Directors' Report includes a reliable analysis on the performance and operating result as well as the situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

Venice Tessera, March 10, 2017

Chief Executive Officer

Monica Scarpa

Executive Officer for Financial Reporting

Giovanni Curtolo

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

**To the Shareholders of
SAVE S.p.A.**

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of SAVE S.p.A. and its subsidiaries (the "SAVE Group"), which comprise the consolidated balance sheet as at December 31st, 2016, and the consolidated income statement, the consolidated comprehensive income statement, the statement of changes in consolidated shareholders' equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the SAVE Group as at December 31st, 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.

Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239 | Partita IVA: IT 03049560166

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Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations and of certain information included in the report on corporate governance with the consolidated financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance required by art. 123-bis, n° 4, of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of SAVE S.p.A., with the consolidated financial statements of the SAVE Group as at December 31st, 2016. In our opinion, the report on operations and the information included in the report on corporate governance referred to above are consistent with the consolidated financial statements of the SAVE Group as at December 31st, 2016.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Moretto
Partner

Treviso, Italy
March 29th, 2017

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



SAVE S.p.A.

Viale G. Galilei, 30/1 - 30173 Tessera-Venezia (Ve)

Tel. (+39) 041.2606111

Fax (+39) 041.2606260