Gruppo Toscana Aeroporti - Toscana Aeroporti Group

Toscana
Aeroporti

2017 FINANCIAL STATEMENT

This report is available in the Investor Relations section
of Toscana Aeroporti's website at www.toscana-aeroporti.com

Toscana Aeroporti S.p.A.
Via del Termine, 11 – 50127 Florence - www.toscana-aeroporti.com
R.E.A. FI-637708 - Fully paid-up Share Capital € 30,709,743.90
VAT Number and Tax Code: 00403110505

Summary

Dear Shareholders,

the Report on Operations for the Consolidated Financial Statements of Toscana Aeroporti S.p.a. (hereinafter also briefly referred to as "TA" or the "Holding"/"Parent Company") and its subsidiaries (hereinafter the "TA Group") and for the Separate Draft Financial Statement at 31 Dec. 2017, approved by the Board of Directors on 15 March 2017, have been prepared in compliance with the provisions of CONSOB Resolution no. 11971 of 14 May 1999 and includes the accounting records and the Directors' comments on management trends and the most significant events that took place in 2017 and after the closing of the year on 31 Dec. 2017.

The tables provided and commented below have been prepared based in the Consolidated Financial Statements at 31 Dec. 2017, to which we refer the readers of this document, since, pursuant to the applicable legislation, we considered it more appropriate to prepare a single Report on Operations and provide an analysis of the most significant economic-financial trends, i.e. consolidated data.

The Consolidated Financial Statements and Year's Balance Sheet for the year ended 31 Dec. 2017 have been prepared in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board ("IASB") and ratified by the European Union. The acronym "IFRS" also includes the International Accounting Standards (IAS) in force to date, as well as all the interpretation documents issued by the International Financial Reporting Interpretations Committee ("IFRIC"), previously called Standing Interpretations Committee ("SIC"), and in compliance with the measures issued to implement art. 9 of Leg. Dec. no. 38/2005 (CONSOB Resolution no. 15519 of 27 July 2006 concerning "Provisions on financial statements", CONSOB Resolution no. 15520 of 27 July 2006 concerning "Amendments and additions to the Issuers' Regulation adopted with Resolution no. 11971/99", CONSOB Notice no. 6064293 of 28 July 2006 concerning "Company disclosures required by to art. 114, paragraph 5, of Leg. Dec. no. 58/98").

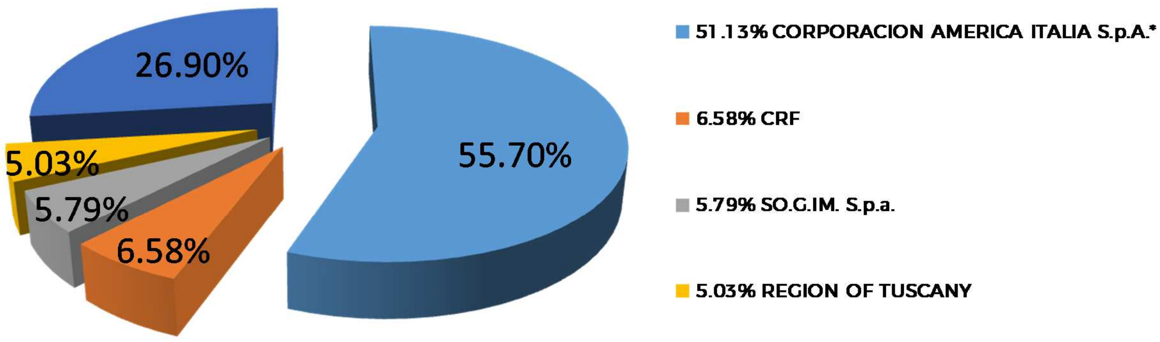
Toscana Aeroporti S.p.A. is a group incorporated to manage and develop the "Galileo Galiliei" airport in Pisa and the "Amerigo Vespucci" airport in Florence in terms of air traffic, infrastructures and passenger services.

Accounting information as at 31 Dec. 2017 include information on the Parent Company "Toscana Aeroporti S.p.A." and on its subsidiaries "Parcheggi Peretola S.r.l.", Toscana Aeroporti Engineering S.r.l. (hereinafter "TAE"), and "Jet Fuel Co. S.r.l." (hereinafter "Jet Fuel", processed according to the full consolidation method.

The consolidated financial statement of the Group and the financial statement of TA are audited by PricewaterhouseCoopers S.p.A. ("PwC").

1. COMPOSITION OF THE SHARE CAPITAL OF THE PARENT COMPANY

We are providing below a list of the names of the parties who, at 15 March 2018, directly or indirectly hold an interest greater than 5% of the subscribed share capital of Toscana Aeroporti S.p.A. (hereinafter also briefly referred to as "TA" or the "Parent Company"), consisting of shares with voting rights, according to the Shareholders' Register, as supplemented by the information disclosed pursuant to art. 120 of Legislative Decree 58/1998.



** Declarant, i.e. person positioned at the top of the control chain: Southern Cone Foundation*

On 19 February 2018, Corporación America Italia S.p.A. announced the purchase of 850,235 shares of Toscana Aeroporti S.p.A., thus increasing its share from 51.13% to 55.7%.

The subscribed and fully paid-up share capital of Toscana Aeroporti S.p.a. is €30,709.743,90 and consists of 18,611,966 ordinary shares without nominal value.

We point out that the whole of TA's shares owned by Corporación America Italy S.p.a. have been pledged until December 2019 as guarantee of the debenture loan issued by the shareholder in question.

2. THE OWNERS OF THE PARENT COMPANY

Shareholder Agreements

The following Shareholder Agreements exist at the date of this financial statement:
- a three-year Shareholder Agreement between Corporación America Italia S.p.a. and SO.G.IM. S.p.a., signed on 16 April 2014, supplemented with an addendum signed on 13 May 2015 for compliance with the requirements of the merger by incorporation of AdF - Aeroporto di Firenze S.p.a. into SAT – Società Aeroporto Toscano Spa (today Toscana Aeroporti S.p.a.) since 1 June 2015, renewed on 10 April 2017 for three more years effective from 16 April 2017, amended with an agreement signed on 29 September 2017;

Further details and contents are available on the official website of the company: www.toscana-aeroporti.com.

3. CORPORATE GOVERNANCE

The Company adopted a Corporate Governance policy to implement the principles of the Voluntary Code of Conduct for the companies listed by Borsa Italiana S.p.A., in line with the recommendations issued by CONSOB and international best practices. A Control and Risk Committee and a Appointments and Remuneration Committee have been created some time ago and are regularly operating.

For further information, see the Report on Corporate Governance and Ownership that is prepared every year in compliance with regulatory requirements, which contains a general description of the corporate governance system adopted by TA and information on the ownership layout and Voluntary Code of Conduct, including the main governance practices and the main features of the risk management and internal control systems implemented for the financial disclosure process.
This Report is available for consultation in the website www.toscana-aeroporti.com, "Investor Relations" section.

Starting from the financial year 2017, Toscana Aeroporti SpA, being an "EIPR" (Ente di Interesse Pubblico Rilevante, meaning a "significant public entity"), is required to prepare and submit a "Dichiarazione consolidata di carattere non finanziario", i.e. a Consolidated Non-Financial Statement, in the form of a "separated report", as required by art. 5 "Collocazione della dichiarazione e regime di pubblicità" (Disclosure requirements) of Legislative Decree 254/2016. This statement is published at the same dates and with the same procedures as the Annual Report and is available on the website of the Company.

We point out that, based on the reasons specified above in the explanatory note to section "Authorization to publication", the longer term of 180 days has been adopted for the call of the ordinary Shareholders' Meeting.

4. STOCK PERFORMANCE

Toscana Aeroporti is listed in the "Mercato Telematico Azionario" (screen-based stock exchange) organized and managed by Borsa Italiana S.p.A.
- ISIN Code: IT0000214293;
- Bloomberg: TYA:IM;
- Reuters: TYA.MI.

The main market data referred to the Toscana Aeroporti stock and a comparison with the FTSE MIB index during 2017 are provided below:

	2017	2016
Opening price	€ 14.70	€ 14.94
Minimum price	€ 13.73	€ 12.97
Maximum price	€ 16.92	€ 15.50
Year-end price	€ 16.15	€ 14.27
Average price	€ 15.04	€ 14.48
Average volumes	3,270	869
Year-end market capitalization	€ 300.6 M	€ 265.6 M

5. MACROSTRUCTURE OF THE TOSCANA AEROPORTI GROUP

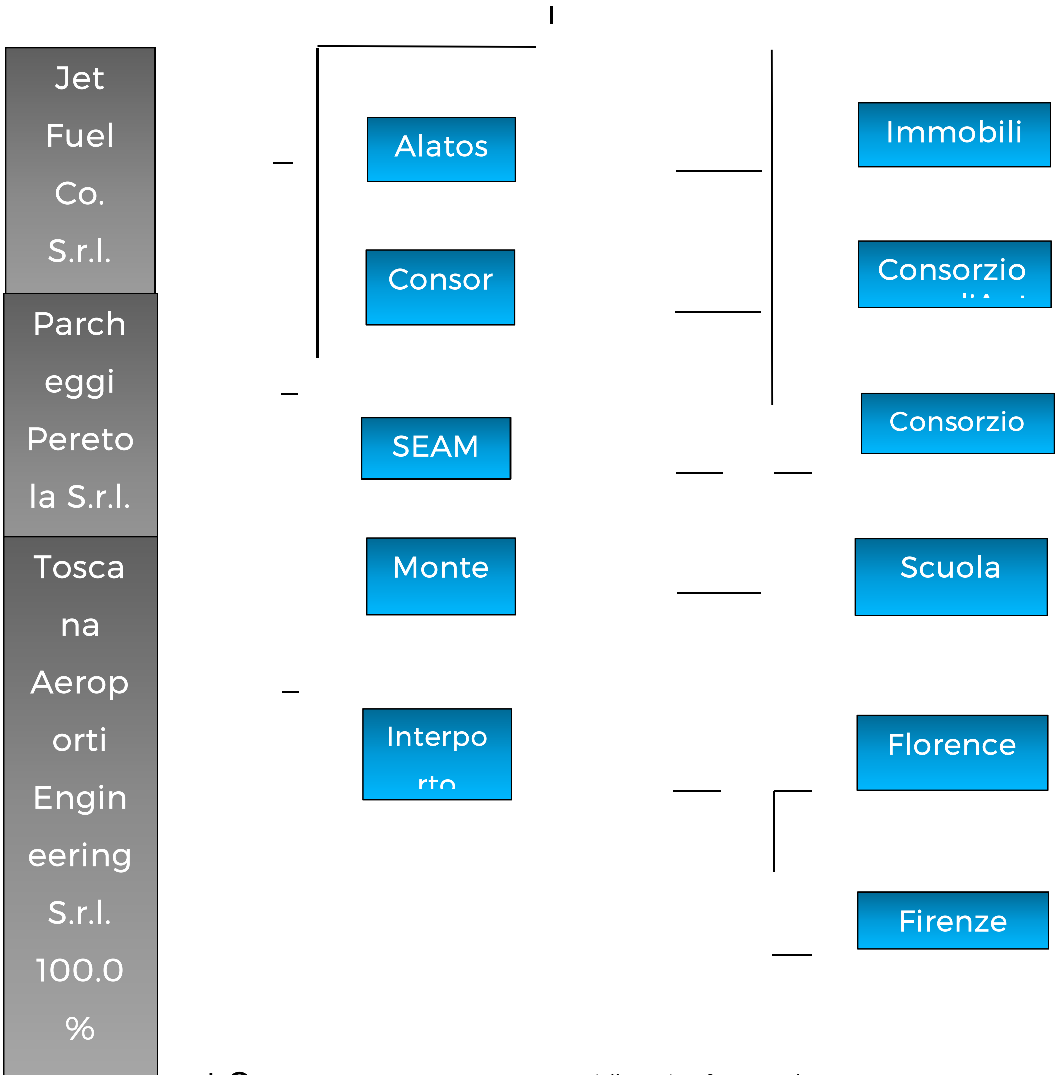
<u>Legal details of the Parent Company</u>

Company name: Toscana Aeroporti S.p.a., briefly "TA".

Registered office of the company: Firenze, Via del Termine n. 11 - Tax Code: 00403110505.

Company Register of Florence registration and REA [Economic and Administrative Index] no. 366022 FI no. 637708.

Share Capital: € 30,709,743.90= (fully paid-up)



Parent Company- Toscana Aeroporti (hereinafter "TA").

Subsidiaries- Jet Fuel Co. S.r.l. (Hereinafter Jet Fuel), Parcheggi Peretola S.r.l., Toscana Aeroporti Engineering S.r.l.. For consolidation purposes, we point out that Toscana Aeroporti owns 33.33% of property and dividend rights and 51% of voting rights. For further details, see section on controlled companies.

Third Party Companies - (*) Winding-up Companies.

Line-by-line consolidation[1]

Company	Registered Office	Share Capital (€K)	Shareholders' Equity (€K)	%
Toscana Aeroporti S.p.a.	Florence	30,710	110,969	Parent Company
Toscana Aeroporti Engineering S.r.l.	Florence	80	166	100.00
Parcheggi Peretola S.r.l.	Florence	50	2,905	100.00
Jet Fuel Co. S.r.l.	Pisa	150	385	51.00

1 Data as at 31 Dec. 2017.

Full Consolidation[1]

Company	Registered Office	Share Capital (€k)	Shareholders' Equity (€K)	%
Immobili A.O.U. Careggi S.p.a.	Florence	200	717	25.00
Alatoscana S.p.a.	Marina di Campo (LI)	2,910	2,870	13.27

6. COMPOSITION OF CORPORATE GOVERNING BODIES

Board of Directors	Office held
Marco CARRAI	President
Gina GIANI[2]	CEO
Roberto NALDI	Executive Vice-President
Pierfrancesco PACINI	Vice-President
Vittorio FANTI	Delegated Board Member
Leonardo BASSILICHI	Board Member
Giovanni Battista BONADIO	Board Member
Stefano BOTTAI	Board Member
Martin Francisco Antranik EURNEKIAN BONNARENS	Board Member
Elisabetta FABRI	Board Member
Anna GIRELLO	Board Member
Iacopo MAZZEI	Board Member
Angela NOBILE	Board Member
Saverio PANERAI	Board Member
Ana Cristina SCHIRINIAN	Board Member

Board of Auditors	Office held
Paola SEVERINI	President
Silvia BRESCIANI	Statutory Auditor
Tania FROSALI[3]	Statutory Auditor
Roberto GIACINTI	Statutory Auditor
Elena MAESTRI[4]	Statutory Auditor
Antonio MARTINI	Statutory Auditor

[1] Data as at Dec. 31, 2016
[2] Corporate Manager qualified as Managing Director.
[3] incumbent until 27 April 2017.
[4] incumbent from 27 April 2017, as deliberated on by the Shareholders' Meeting on the same date.

Secretary of the Board of Directors
Nico ILLIBERI[1]

Supervisory Board

Edoardo MARRONI	President
Michele GIORDANO	Member
Nico ILLIBERI	Member

Financial Reporting Manager pursuant to Law 262/05

Marco GIALLETTI[2]

Independent Auditor

PricewaterhouseCoopers S.p.a.

7. HIGHLIGHTS

Consolidated operating profit at 31 December 2017	- **Revenues** totalled € 136,151K, up by € 8,442K (+6.6%) compared to € 127,710K of the TA Group at 31 December 2016. - The **Gross Operating Margin** totalled € 30,173K, up by € 838K (+2.9%) compared to € 29,335K of the TA Group at 31 December 2016. The **adjusted EBITDA**[3] passed from € 26,924K in 2016 to € 30,173K in 2017, up by € 3,249K (+12.1%). - The **EBIT** totalled € 17,317K, up by 1.187K **(+7.4%)** compared to the TA Group's EBIT of € 16,130K at 31 December 2016; - **Profits before Tax** (PBT) totalled € 15,929K, up by € 918K **(+6.1%)** from the Group's result of € 15,010K at 31 December 2016. - **The Group's net profit for the period increased by +7.5%**, with a profit of € 10,550K against Group profits for the period of € 9,814K at 31 December 2016. The **Group's adjusted net profit for the period**[4] passed from € 8,219K at 31 December 2016 to € 10,550K at 31 Dec. 2017, up by € 2,331K (+28.4%). **Net Indebtedness** totalled € 28,506K at 31 Dec. 2017, compared to € 13,26K for the Group at 31 Dec. 2016.
2017 Investments	In 2017, investments totalled **€ 17.4 million**, of which approx. € 9.7 M in airport infrastructure, € 2.4 M for the implementation of the Master Plan of the Florence Airport, € 0.8 M in software, and approx. € 4.5 M in tangible fixed assets (including trucks and ramp vehicles for € 1.8 M and hardware for approx. € 1 M).
Traffic	In 2017, the Tuscan Airport System carried approx. **7.9 million passengers**, with an overall growth of **+5.2%** for the Passenger

[1] Corporate Manager qualified as Director of the Legal Affairs and Compliance area.
[2] Corporate Manager qualified as Director of the Accounting, Finance and Control areas.
[3] Indicator obtained by adjusting the EBITDA with the income deriving from the release of cost provisions and write-off of payables no longer due: for 2016, said income totalled € 2,411K, while there was no such income in 2017.
[4] Indicator obtained by adjusting the Group's net profit of 2016 with the income derived from the release of provisions for costs and write-off of payables no longer due for a total of € 1,570 K after deducting taxes for the related period (tax rate 33.8%).

	component, 1.4% for the Flights component, 3.1% for the Tonnage component, and 2.3% for the Cargo & Mail component compared to the aggregate data on passengers, flights and tonnage of the Pisa and Florence airports for 2016.
Outlook	In the first two months of 2018, the Tuscan Airport System recorded a total traffic of over 856K passengers, increasing by 0.7% compared to the same period of 2017. This result and the present scheduling of flights for the summer 2018 suggest positive growth rates for the Toscana Aeroporti Group in 2018 compared to 2017.

8. BUSINESS YEAR'S PROFILE

8.1 MACROECONOMIC SCENARIO

In the course of 2017, the international economic scenario has remained favourable, with a positive global growth and with expansionary monetary policies. However, there were also significant downward risks related to the uncertainties of economic policies, to the persistence of geopolitical tensions, and to uncertainties connected with Brexit.
Growth perspectives have improved in the Euro Area. In fact, according to the last Eurosystem projections, the GDP is expected to grow by 2.3% in the current year.
The economy is also growing in Italy, with a 1.5% GDP increase - a favourable trend, although still below the European average. However, this growth rate is mainly supported by the industry, investments, consumption and the improvement of employment.

8.2 THE AIR TRANSPORT INDUSTRY

According to the data disclosed by ACI Europe, in 2017 the European passenger traffic increased by 7.7% compared to the previous year, with both aircraft movement (+3.5%) and cargo transport (+7.5%) increases.

Air traffic has grown in Italian airports throughout 2017, as demonstrated by the data published by Assaeroporti, which report 175,413,402 passengers transiting in Italian airports, up by 10.7 million compared to 2016 (+6.4%). This result has been driven by growing EU (+8.5%) and non-EU international traffic (+7.9%), as well as by the increase in domestic traffic (+3%) compared to 2016. Aircraft movements (+3.2%) and the cargo sector (+9.2%) also increased.

8.3 TRENDS IN THE TUSCAN AIRPORT SYSTEM'S TRAFFIC

In 2017, the Tuscan Airport System reached the threshold of 7.9 million passengers - an absolute traffic record recorded in both airports, with a final global growth of +5.2%, equalling +386,533 transited passengers compared to 2016.

The different traffic components for the year 2017 are detailed below, compared to 2016:

TOSCANA AEROPORTI TRAFFIC				
	YTD at 31-Dec-2017	YTD at 31-Dec-2016	Diff. 2017/16	% Diff. 2017/16
Commercial Passengers	**7,870,778**	**7,484,075**	**386,703**	**5.2%**
Domestic (Scheduled + Charter)	1,815,114	1,770,323	44,791	2.5%
International (Scheduled + Charter)	6,055,664	5,713,752	341,912	6.0%
General Flight Passengers	**20,389**	**20,559**	**-170**	**-0.8%**
TOTAL PASSENGERS	**7,891,167**	**7,504,634**	**386,533**	**5.2%**
	YTD at 31-Dec-2017	YTD at 31-Dec-2016	Diff. 2017/16	% Diff. 2017/16
Commercial Flights	**66,600**	**65,374**	**1,226**	**1.9%**
Domestic (Scheduled + Charter)	15,084	14,623	461	3.2%
International (Scheduled + Charter)	50,179	49,394	785	1.6%
Cargo	1,337	1,357	-20	-1.5%
General Flights	**10,751**	**10,872**	**-121**	**-1.1%**
TOTAL FLIGHTS	**77,351**	**76,246**	**1,105**	**1.4%**
	YTD at 31-Dec-2017	YTD at 31-Dec-2016	Diff. 2017/16	% Diff. 2017/16
Commercial Tonnage	**4,012,024**	**3,880,438**	**131,586**	**3.4%**
Domestic (Scheduled + Charter)	849,627	822,106	27,521	3.3%
International (Scheduled + Charter)	3,043,820	2,930,952	112,868	3.9%
Cargo	118,577	127,380	-8,803	-6.9%
General Aviation Tonnage	**152,299**	**158,090**	**-5,791**	**-3.7%**
TOTAL TONNAGE	**4,164,323**	**4,038,528**	**125,795**	**3.11%**
	YTD at 31-Dec-2017	YTD at 31-Dec-2016	Diff. 2017/16	% Diff. 2017/16
Air cargo (kg)	10,190,194	9,908,517	281,677	2.8%
Ground cargo (kg)	538,242	562,438	-24,196	-4.3%
Mail (kg)	79,989	92,197	-12,208	-13.2%
TOTAL CARGO AND MAIL	**10,808,425**	**10,563,152**	**245,273**	**2.3%**
	YTD at 31-Dec-2017	YTD at 31-Dec-2016	Diff. 2017/16	% Diff. 2017/16
TOTAL TRAFFIC UNITS	**7,999,251**	**7,610,266**	**388,986**	**5.1%**

Below is the comparison with the Italian Airport System, which shows an average 6.4% growth for 2017.

No.	Airport	Passengers	%
	Rome (system)	46,857,693	*-0.6*
	Milan (system)	44,215,287	*9.3*
	Venice (system)	13,386,437	*9.2*
1	Catania	9,120,913	*15.2*
2	Naples	8,577,507	*26.6*
3	Bologna	8,198,156	*6.7*
4	Palermo	5,775,274	*8.4*
5	Pisa	5,233,118	*4.9*
6	Bari	4,686,016	*8.4*
7	Turin	4,176,556	*5.7*
8	Cagliari	4,157,612	*12.5*
9	Verona	3,099,142	*10.4*
10	Olbia	2,811,378	*10.4*
12	Florence	2,658,049	*5.7*
13	Lamezia Terme	2,545,203	*0.9*
13	Brindisi	2,321,147	*-0.4*
14	Alghero	1,321,676	*-1.8*
15	Trapani	1,292,957	*-13.4*
Italian Airport System		**175,413,402**	***6.4***

Tuscan Airport System (FLR/PSA)	**7,891,167**	***5.2***

Note: The Rome airport system includes the Fiumicino and Ciampino airports, the Milan airport system includes the Malpensa, Linate, Bergamo Orio al Serio and Parma airports, and the Venice airport system includes the Venice and Treviso airports.

In 2017, Tuscan airports have been connected with 97 destinations, of which 12 domestic and 85 international (23 operated in both airports) and have been served by 38 airlines (of which 7 operating in both airports), including 25 IATA and 13 Low-Cost (hereinafter also “LC”) airlines.
The table below provides details on these destinations and airlines in alphabetical order.

Airlines that operated from January to December 2017 Tuscan Airport System*			
1	Aegean Airlines	20	Hop
2	Aer Lingus	21	Iberia
3	Air Berlin	22	Jet2.com
4	Air Dolomiti	23	KLM
5	Air France	24	Lufthansa
6	Air Moldova	25	Mistral
7	Albawings	26	Norwegian
8	Alitalia	27	Pobeda
9	Austrian Airlines	28	Qatar Airways
10	Blue Air	29	Ryanair
11	Blue Panorama	30	S.A.S.
12	British Airways	31	S7
13	Brussels Airlines	32	Silverair
14	Cityjet	33	Swiss
15	Czech Airlines	34	Transavia
16	EasyJet	35	Turkish Airlines
17	Eurowings	36	Volotea
18	Finnair	37	Vueling Airlines
19	FlyErnest	38	Wizzair

* Airlines are listed alphabetically.

No. of destinations served January-December 2017 - Tuscan Airport System					
Domestic destinations:		32	Copenhagen	65	Malta
1	Alghero	33	Corfu	66	Manchester
2	Bari	34	Krakow	67	Marrakesh
3	Brindisi	35	Gdańsk	68	Marseille
4	Cagliari	36	Doha	69	Munich
5	Catania	37	Dublin	70	Moscow DME
6	Comiso	38	Dusseldorf DUS	71	Moscow VKO
7	Elba Island (M. Campo)	39	Dusseldorf NRN	72	Mykonos
8	Lamezia T.	40	East Midlands	73	Nantes
9	Olbia	41	Edinburgh	74	New Castle
10	Palermo	42	Eindovhen	75	Nice
11	Rome FCO	43	Fez	76	Oslo
12	Trapani	44	Frankfurt	77	Palma de Mallorca
International destinations:		45	Frankfurt HHN	78	Paris CDG
13	Hamburg	46	Fuerteventura	79	Paris CDG
14	Amsterdam	47	Geneva	80	Paris ORY
15	Athens	48	Glasgow PIK	81	Prague
16	Barcelona BCN	49	Goteborg	82	Rhodes
17	Barcelona GRO	50	Gran Canaria	83	Rotterdam
18	Basel	51	Helsinki	84	Santorini
19	Berlin SXF	52	Iasi	85	Seville
20	Billund	53	Ibiza	86	Sofia
21	Birmingham	54	Istanbul	87	Split
22	Bordeaux	55	Leeds-Bradford	88	Stuttgart
23	Bristol	56	Lyon	89	Stockholm ARN
24	Brussels	57	Lisbon	90	Stockholm NYO
25	Brussels CRL	58	Liverpool	91	Telaviv
26	Bucharest	59	London LCY	92	Tenerife
27	Budapest	60	London LGW	93	Tirana
28	Kephalonia	61	London LHR	94	Valencia
29	Chania	62	London LTN	95	Warsaw WMI
30	Chisinau	63	London STN	96	Vienna
31	Cologne/Bonn	64	Madrid	97	Zurich

8.3.1 Traffic trends in the Pisa "Galileo Galilei" airport

The table provided below compares 2017 traffic trends against 2016, broken down into its different components:

PISA AIRPORT TRAFFIC

	YTD at 31-Dec-2017	YTD at 31-Dec-2016	Diff. 2017/16	% Diff. 2017/16
Commercial Passengers	**5,224,569**	**4,980,729**	**243,840**	**4.9%**
Domestic (Scheduled + Charter)	1,430,466	1,386,457	44,009	3.2%
International (Scheduled + Charter)	3,794,103	3,594,272	199,831	5.6%
General Flight Passengers	**8,549**	**8,767**	**-218**	**-2.5%**
TOTAL PASSENGERS	5,233,118	4,989,496	243,622	4.9%
	YTD at 31-Dec-2017	YTD at 31-Dec-2016	Diff. 2017/16	% Diff. 2017/16
Commercial Flights	**37,536**	**36,568**	**968**	**2.6%**
Domestic (Scheduled + Charter)	10,682	10,735	-53	-0.5%
International (Scheduled + Charter)	25,517	24,476	1,041	4.3%
Cargo	1,337	1,357	-20	-1.5%
General Flights	**4,325**	**4,033**	**292**	**7.2%**
TOTAL FLIGHTS	41,861	40,601	1,260	3.1%
	YTD at 31-Dec-2017	YTD at 31-Dec-2016	Diff. 2017/16	% Diff. 2017/16
Commercial Tonnage	**2,475,948**	**2,409,846**	**66,102**	**2.7%**
Domestic (Scheduled + Charter)	612,313	599,732	12,581	2.1%
International (Scheduled + Charter)	1,745,058	1,682,734	62,324	3.7%
Cargo	118,577	127,380	-8,803	-6.9%
General Aviation Tonnage	**74,500**	**69,207**	**5,293**	**7.6%**
TOTAL TONNAGE	2,550,448	2,479,053	71,395	2.88%
	YTD at 31-Dec-2017	YTD at 31-Dec-2016	Diff. 2017/16	% Diff. 2017/16
Air cargo (kg)	10,127,720	9,837,344	290,376	3.0%
Ground cargo (kg)	386,872	368,093	18,779	5.1%
Mail (kg)	79,967	92,085	-12,118	-13.2%
TOTAL CARGO AND MAIL	10,594,559	10,297,522	297,037	2.9%
	YTD at 31-Dec-2017	YTD at 31-Dec-2016	Diff. 2017/16	% Diff. 2017/16
TOTAL TRAFFIC UNITS	5,339,064	5,092,471	246,592	4.8%

5,233,118 passengers passed through the Pisa airport during the period considered, up by 4.9% compared to 2016.
Scheduled passenger traffic has globally increased by 4.8% (+235,297 passengers) compared to 2016, mainly due to international scheduled traffic, which totalled a 5.4% growth, with +190,729 passengers.

The scheduled flight load factor increased by 2.1 percentage points (86.6% in 2017 against a load factor of 84.5% in 2016). Scheduled passenger traffic increased by 4.8% against a +2.3% growth in the number of seats offered.

The number of passengers on rerouted flights, including commercial traffic, accounted for 0.8% of the total 2017 traffic (with 42,807 passengers, up by 24.1% compared to 2016). The share of the Florence airport is approx. 82.7%% (35,409 passengers).
Compared to 2016, charter traffic (added to commercial traffic) totalled 22,526 passengers, thus growing by +5.3%, mostly due to the charter chains flying to the Danish and German markets, operated by Jet Time and Air Alsie, and TUIFly, respectively.

General Aviation traffic slightly decreased in 2017 (-2.5%) compared to 2016, with -218 passengers in absolute terms.

The main factors that affected scheduled passenger traffic trends in the Pisa Galilei airport in 2017 are detailed below:

- Ryanair: the Load Factor ["LF"] of the Irish carrier substantially increased (+2.3%). A new flight to Frankfurt (FRA) was launched on 5 September 2017.
- EasyJet: increased operations with flights to Bristol and London Luton (from seasonal to annual flights). Flights to and from London Gatwick, Manchester and Berlin were also added. Full operation of flights to Geneva and Basel until the end of the 2017 summer season.
- Qatar Airways: full operation of the Pisa-Doha flight initiated on 2 August 2016.
- Pobeda Airlines: the Russian carrier, member of the Aeroflot Group, continued its operations started on 29 December 2016 with 2 weekly flights to Moscow Vnukovo, increased up to 5 since May.
- Eurowings: full operation of the flight to Vienna until the end of October 2017 and start of new seasonal flight to Stuttgart from April 2017; this, together with the historical seasonal flight to Cologne-Bonn, more than offset the flight to Hamburg operated in the summer 2016.
- S7: new twice-a-week connection with Moscow Domodedovo operating since 26 April 2017.
- Transavia: starting from April, a new seasonal flight was operated by the Dutch carrier 4 times a week to Rotterdam; this, in 2017, more than offset the suspension of the flight to Munich operated in the summer 2016.
- Ernest: new flight to Tirana operated from June 1st, 2017, with a total recovery of the suspension of the Alitalia flight to Tirana from the end of March 2016.
- Lufthansa: increased operations to Munich, with an increase from 7 to 10 of the weekly flights starting from the summer 2017.
- Volotea: in addition to a slight increase in the number of flights to Bordeaux (also operated in October 2017), this airline had a mean 15 percentage point increase in the LF (79% compared to 64% in 2016) for all the destinations operated from the Pisa airport (BOD, NTE and PMI).

In 2017, the Pisa airport has been connected with 82 scheduled destinations operated by 25 airlines, 14 of which IATA and 11 LC.

Airlines that operated from January to December 2017 Pisa Airport*			
1	Aegean Airlines	14	Norwegian A.S.
2	Aer Lingus	15	Pobeda
3	Alitalia	16	Qatar Airways
4	Blue Panorama	17	Ryanair
5	British Airways	18	S7
6	Czech Airlines	19	S.A.S.
7	EasyJet	20	SilverAir
8	Eurowings	21	Transavia
9	Finnair	22	Turkish Airlines
10	FlyErnest	23	Volotea
11	Jet2.com	24	Vueling Airlines
12	Lufthansa	25	Wizzair
13	Mistral		

* Airlines are listed alphabetically.

No. of destinations served January-December 2017 - Pisa Airport					
Domestic destinations:		27	Chania	55	London LTN
1	Alghero	28	Cologne/Bonn	56	London STN
2	Bari	29	Copenhagen	57	Madrid
3	Brindisi	30	Corfu	58	Malta
4	Cagliari	31	Krakow	59	Manchester
5	Catania	32	Gdańsk	60	Marrakesh
6	Comiso	33	Doha	61	Munich
7	Lamezia T.	34	Dublin	62	Moscow DME
8	Elba Island (M. Campo)	35	Dusseldorf NRN	63	Moscow VKO
9	Palermo	36	East Midlands	64	Nantes
10	Rome FCO	37	Edinburgh	65	New Castle
11	Trapani	38	Eindovhen	66	Oslo
International destinations:		39	Fez	67	Palma de Mallorca
12	Hamburg	40	Frankfurt HHN	68	Paris CDG
13	Amsterdam	41	Frankfurt Main	69	Paris ORY
14	Athens	42	Fuerteventura	70	Prague
15	Barcelona	43	Geneva	71	Rhodes
16	Barcelona BCN	44	Glasgow PIK	72	Rotterdam
17	Barcelona GRO	45	Goteborg	73	Seville
18	Basel	46	Gran Canaria	74	Sofia
19	Berlin SXF	47	Helsinki	75	Stuttgart
20	Billund	48	Ibiza	76	Stockholm ARN
21	Bordeaux	49	Istanbul	77	Stockholm NYO
22	Bristol	50	Leeds-Bradford	78	Tenerife
23	Brussels CRL	51	Lisbon	79	Tirana
24	Bucharest	52	Liverpool	80	Valencia
25	Budapest	53	London LGW	81	Warsaw WMI
26	Kephalonia	54	London LHR	82	Vienna

Scheduled passenger traffic by Country

Excluding Italy, a total of 26 markets have been regularly connected with the Pisa airport with scheduled flights during 2017.
The international market accounts for 72.4% of the total scheduled passenger traffic of the Galilei airport, while domestic traffic accounts for 27.6%.

The table below shows the percentage incidence of each European country over the total number of scheduled traffic passengers recorded by the Galilei airport during 2017 and the difference, both in absolute and percentage terms, compared to 2016:

Passenger line traffic	2017	2016	Diff.	Diff. %	% over TOT
Italy	1,421,883	1,377,315	44,568	3.2%	27.6%
United Kingdom	1,086,439	1,028,477	57,962	5.6%	21.1%
Spain	578,192	572,513	5,679	1.0%	11.2%
Germany	358,040	336,572	21,468	6.4%	6.9%
France	262,225	294,284	-32,059	-10.9%	5.1%
The Netherlands	256,381	224,807	31,574	14.0%	5.0%
Belgium	155,380	160,816	-5,436	-3.4%	3.0%
Albania	123,182	126,265	-3,083	-2.4%	2.4%
Sweden	77,854	64,777	13,077	20.2%	1.5%
Russian Federation	72,509	238	72,271	30366.0%	1.4%
Poland	70,044	63,202	6,842	10.8%	1.4%
Qatar	69,517	22,269	47,248	212.2%	1.3%
Greece	68,236	88,565	-20,329	-23.0%	1.3%
Ireland	67,857	73,367	-5,510	-7.5%	1.3%
Morocco	59,392	69,904	-10,512	-15.0%	1.2%
Switzerland	58,611	52,650	5,961	11.3%	1.1%
Malta	50,567	50,194	373	0.7%	1.0%
Hungary	49,668	45,514	4,154	9.1%	1.0%
Denmark	47,934	44,051	3,883	8.8%	0.9%
Romania	47,501	44,121	3,380	7.7%	0.9%
Portugal	46,882	49,021	-2,139	-4.4%	0.9%
Norway	36,296	31,495	4,801	15.2%	0.7%
Bulgaria	30,849	33,115	-2,266	-6.8%	0.6%
Austria	26,640	2,249	24,391	1084.5%	0.5%
Turkey	19,928	32,764	-12,836	-39.2%	0.4%
Finland	4,697	4,804	-107		0.1%
United States		19,244	-19,244	-100.0%	0.0%
TOTAL	5,157,016	4,921,719	235,297	4.8%	100.0%

domestic traffic increased by 3.2% compared to 2016, while international traffic increased by 5.4%.

The full operation of the two daily flights to Catania operated by Ryanair fully offset the negative impact of the interruption of the Alitalia flight to Catania (suspended in March 2016) and of the suspension of the Ryanair flight from Crotone (3 weekly flights until 28 October 2016).

The British market was confirmed to be the leader among foreign markets (over 1,086,439 passengers; 21.1% of the total market), up by 5.6%,
This is mostly the result of easyJet's winter operations at Bristol and London Luton, of increased easyJet operations at London Gatwick and Manchester (from 2 to 3 weekly flights), and of the increased British Airways flights to London Heathrow and Gatwick.

The Spanish market, which accounts for 11.2% of the total scheduled traffic, shows a +1% stability (+5,679 passengers) compared to 2016.

The German market has been growing (+6.4%), accounting for 6.9% of the total scheduled traffic, thanks to the full operation of Ryanair flights to Berlin Schoenefield, started last April 2016, and to the increased number of easyJet flights on the same airport, as well as by the start of a new Ryanair connection to the main Frankfurt airport (FRA) since 5 September 2017. Additional Lufthansa flights to Munich have been operated and a new flight to Stuttgart was operated by Eurowings. These increases more than offset the reduction due to the suspension of the flight to Hamburg by Germanwings/Eurowings, the non-confirmation of the flight to Munich operated by Transavia in 2016, and the suspension of the easyJet flight for Hamburg starting from November 2017.

The Dutch market, which accounts for 5.0% of the total scheduled flight share, also increased by 14.0% compared to 2016, mainly due to the new seasonal scheduled flight to Rotterdam operated by Transavia.

The French market decreased by 10,9% compared to 2016, mainly due to the suspension, starting from last winter, of the flight to Paris Orly operated by Transavia France, as well as to reduced Ryanair operations at Paris Beauvais starting from mid-September 2017 as a result of the known labour law issues regarding the airline's pilots and flight crew. We highlight the positive LF trend reported by scheduled flights operated by Volotea to Nantes and Bordeaux.

It is important to highlight the growth of new markets, such as Austria, with a new flight to Vienna operated by Eurowings (starting 30 October 2016 and until the end of the summer 2017), and Russia, with the full operation of Pobeda flying to Moscow Vnukovo (passing from 2 up to 5 weekly flights from May 2017) and the new connection with Moscow Domodedovo operated by S7 Airlines since 26 April 2017.

The Swedish market has also been growing, mostly thanks to the increased operations of the carriers Norwegian and Scandinavian Airlines at Stockholm-Arlanda and to Ryanair's operations at Göteborg; and Qatar continued its full operations with the daily flight to Doha opened on 2 August 2016 on an annual basis.

The Turkish market was adversely impacted by the suspension, only during the winter, of the Turkish Airlines direct flight to Istanbul due to a reorganization of the entire network, with the consequent decrease or suspension of many routes, not only in the Italian market.

The absence of the U.S. market is due to Delta Air Lines' decision to cancel its direct Pisa-New York flight operated in 2016 in the months of June, July and August.

The Moroccan and Greek markets have been affected by Ryanair's reduction of flights to/from Marrakesh (from 3 to 2 weekly flights in the 2016/2017 winter), Fez (suspended in the 2016/2017 winter) and Kos (destination not served in 2017), as well as Chania/Crete (from 3 to 2 weekly flights).

Cargo & Mail Traffic

Cargo traffic data recorded in the Pisa airport for 2017 show a +2.9% growth, with +297,036 kg of cargo and mail carried. This result is mainly due to the increased courier traffic generated by the carrier DHL (+ 273,322 kg compared to 2016) generated by both a higher LF of DHL flights and by the 2 new day-stop flights operated with B757 and B737 aircraft since the beginning of October 2017, completely dedicated to the import/export traffic to/from Tuscany (which replaced the 2 previous daily transit flights operated with B757 and AB300 aircraft).

We also point out some additional DHL flights operated to face the cargo traffic peak season of the 2017 winter holiday period.

Cargo traffic generated by all-cargo charter flights also increased during 2017 with + 72,700 kg of cargo carried compared to 2016, for extra oversize and humanitarian flights operated with AN124 and B747 aircraft.

8.3.2 Traffic trends in the Florence "Amerigo Vespucci" airport

The table below compares 2017 traffic trends against 2016, broken down into its various components:

FLORENCE AIRPORT TRAFFIC				
	YTD at 31-Dec-2017	YTD at 31-Dec-2016	Diff. 2017/16	% Diff. 2017/16
Commercial Passengers	**2,646,209**	**2,503,346**	**142,863**	**5.7%**
Domestic (Scheduled + Charter)	384,648	383,866	782	0.2%
International (Scheduled + Charter)	2,261,561	2,119,480	142,081	6.7%
General Flight Passengers	**11,840**	**11,792**	**48**	**0.4%**
TOTAL PASSENGERS	**2,658,049**	**2,515,138**	**142,911**	**5.7%**
	YTD at 31-Dec-2017	YTD at 31-Dec-2016	Diff. 2017/16	% Diff. 2017/16
Commercial Flights	**29,064**	**28,806**	**258**	**0.9%**
Domestic (Scheduled + Charter)	4,402	3,888	514	13.2%
International (Scheduled + Charter)	24,662	24,918	-256	-1.0%
General Flights	6,426	6,839	-413	**-6.0%**
TOTAL FLIGHTS	**35,490**	**35,645**	**-155**	**-0.4%**
	YTD at 31-Dec-2017	YTD at 31-Dec-2016	Diff. 2017/16	% Diff. 2017/16
Commercial Tonnage	**1,536,076**	**1,470,592**	**65,484**	**4.5%**
Domestic (Scheduled + Charter)	237,314	222,374	14,940	6.7%
International (Scheduled + Charter)	1,298,762	1,248,218	50,544	4.0%
General Aviation Tonnage	**77,799**	**88,883**	**-11,084**	**-12.5%**
TOTAL TONNAGE	**1,613,875**	**1,559,475**	**54,400**	**3.49%**
	YTD at 31-Dec-2017	YTD at 31-Dec-2016	Diff. 2017/16	% Diff. 2017/16
Air cargo (kg)	62,474	71,173	-8,699	-12.2%
Ground cargo (kg)	151,370	194,345	-42,975	-22.1%
Posta (Kg)	22	112	-90	-80.4%
TOTAL CARGO AND MAIL	**213,866**	**265,630**	**-51,764**	**-19.5%**
	YTD at 31-Dec-2017	YTD at 31-Dec-2016	Diff. 2017/16	% Diff. 2017/16
TOTAL TRAFFIC UNITS	**2,660,188**	**2,517,794**	**142,393**	**5.7%**

In 2017, the Florence airport reported over 2,65 million passengers, hitting a record every month of the year, with a 5.7% increase (+142,911 passengers) compared to 2016.

The scheduled flight LF increased by 0.3 percentage points (78.9% in 2017 against a LF of 78.6% in 2016). The higher number of seats offered (+5.2%) has been accompanied by a more than proportional growth in passenger traffic (+5.6%).

The main factors that contributed to 2017 traffic results are described below:

- Vueling Airlines: starting from the summer, the Spanish carrier opened three new connections with Amsterdam, Palma de Mallorca and London Luton, and increased the number of flights to Barcelona and Paris Orly, thus more than offsetting the suspension of flights to Bari, Cagliari, Olbia, Ibiza, and Berlin Tegel.
- AlbaWings: fully operated its flight to Tirana, opened in November 2016.
- Mistral Air: operated new flights to Cagliari, Bari, Olbia, Nice and Marseille from April 2017 until November 2017.
- Alitalia: operated a mixed larger aircraft fleet and increased its winter flights from 3 to 4 daily flights to Roma Fiumicino.

- **British Airways:** new flights to London Stansted, Birmingham and Bristol started from May 2017 were operated throughout the summer season.
- **Blue Air:** operated a new flight to Iasi from June to October and increased the frequency by 1 more flight from June to August for Bucharest.
- **Fly Ernest:** the Albanian carrier activated a flight to Tirana since 25 August 2017, with 3 weekly flights on A319 aircraft.
- **Air Moldova:** fully operated its flight to/from Chisinau, opened in June 2016, and increased the weekly frequency passing from 2 to 3 flights in the May-August 2017 period.
- **Increased Load Factor** for Air Dolomiti, which passed from 61.4% in 2016 to 69.0% in 2017; Austrian Airlines, which passed from 84.4% to 88.5%; and Brussels Airlines, which went from 80.2% to 83.8%, and also introduced the larger AB319 aircraft with 141 seats, together with the 97-seat AVRO RJ100 aircraft.

In 2017, the Florence airport has been connected with 38 destinations operated by 20 airlines (3 of which LC).

Airlines that operated from January to December 2017 Florence Airport*			
2	Air Dolomiti	12	Ernest
3	Air France	13	Hop
4	Air Moldova	14	Iberia
5	Albawings	15	KLM
6	Alitalia	16	Lufthansa
7	Austrian Airlines	17	Mistral
8	Blue Air	18	SilverAir
9	British Airways	19	Swiss
10	Brussels Airlines	20	Vueling Airlines

No. of destinations served January-December 2017 Florence Airport			
Domestic destinations:		19	Iasi
1	Bari	20	Lyon
2	Cagliari	21	London LCY
3	Catania	22	London LGW
4	Elba Island (M. Campo)	23	London LTN
5	Olbia	24	London STN
6	Palermo	25	Madrid
7	Rome FCO	26	Marseille
International destinations:		27	Munich
8	Amsterdam	28	Mykonos
9	Barcelona	29	Nice
10	Birmingham	30	Palma de Mallorca
11	Bristol	31	Paris CDG
12	Brussels	32	Paris ORY
13	Bucharest	33	Santorini
14	Chisinau	34	Split
15	Copenhagen	35	Tel Aviv
16	Düsseldorf	36	Tirana
17	Frankfurt	37	Vienna
18	Geneva	38	Zurich

* Airlines are listed alphabetically.

Toscana Aeroporti

Scheduled passenger traffic by Country

A total of 15 international markets have been regularly connected with scheduled flights with the Florence airport in 2017.

The international market accounts for 85.5% of the total scheduled passenger traffic of the Vespucci airport, while the domestic traffic accounts for 14.5%.

Passenger line traffic	2017	2016	Diff.	Diff. %	% over TOT
Germany	559,093	563,434	-4,341	-0.8%	21.2%
France	556,942	540,439	16,503	3.1%	21.1%
Italy	383,310	382,547	763	0.2%	14.5%
Spain	269,323	242,020	27,303	11.3%	10.2%
The Netherlands	255,535	212,920	42,615	20.0%	9.7%
United Kingdom	211,624	184,537	27,087	14.7%	8.0%
Switzerland	179,023	189,322	-10,299	-5.4%	6.8%
Belgium	50456	40771	9,685	23.8%	1.9%
Albania	49,785	14,279	35,506	248.7%	1.9%
Romania	46,788	34,128	12,660	37.1%	1.8%
Austria	27,768	50,586	-22,818	-45.1%	1.1%
Moldavia	15,812	8,787	7,025	79.9%	0.6%
Greece	14,430	12,439	1,991	16.0%	0.5%
Denmark	13,073	16,699	-3,626	-21.71%	0.5%
Israel	3,748	3,203	545	17.0%	0.1%
Croatia	2939	2927	12	0.4%	0.1%
TOTAL	**2,640,159**	**2,499,461**	**140,698**	**5.6%**	**100.0%**

As can be inferred from the table above, Germany is the main market, with 559,093 passengers carried (21.2% of the total), slightly less than in 2016 (-0.8%) due to the bankruptcy of Air Berlin (28 October 2017) which operated 3 daily flights to Dusseldorf.

The French market is the second, with 21.1% of the total, showing a 3.1% growth mainly associated with the new flights to Marseille and Nice operated by Mistral Air and with increased flights and a greater LF of Vueling on Paris Orly.

The Italian market (383,310 passengers) has been in line with 2016, with a 0.2% increase. The introduction of the new flights to Cagliari, Olbia and Bari, an operated by Mistral Air, and the increased frequency and use of mixed larger aircraft by Alitalia on the Rome Fiumicino route fully offset the cancellation of the cancellation of the Vueling flights Bari, Olbia and Cagliari.

The Dutch market recorded a strong growth in traffic - +20,0% (+42,615 passengers) - thanks to the new Vueling flight to Amsterdam.

The Albanian market also recorded a significant increase in traffic - +248.7% (35,506 passengers) - thanks to the new Albawings and Ernest flights.

The reduction of the Austrian market was caused by the suspension of the flight to Vienna operated by Niki. However, this destination remained in the network of the Florence airport thanks to Austrian Airlines' operations.

Worthwhile highlighting are the growth in the United Kingdom and Spain markets; while the former operated new British Airways flights to London Stansted, Birmingham and

Bristol since May 2017, which more than offset the suspension of the Cityjet flight to London City during the winter season, the latter increased Vueling flights to Barcelona.

Non-Aviation Business

For Non-Aviation Business and the main initiatives of 2017, see the comments to Non-Aviation Revenues in Section 10.1.

9. SIGNIFICANT EVENTS OCCURRED IN 2017

The Services Conference held and positively concluded on 6 February 2017 at the Ministry of Infrastructures and Transport examined the compliance of the 2014-2028 Pisa G. Galilei Airport Master Plan with town-planning regulations. With the issuing of *Decreto Direttoriale* [Director's Decree] no. 5517 on 1 June 2017, the agreement between the State and the Tuscan Regional Administration ("Regione Toscana") to implement all the provisions/guidelines of the Administrations involved in the aforesaid Toscana Aeroporti Services Conference was finalized. When the term required for the publication of the provision in the "GURI" [Official Journal of the Italian Republic] no. 76 of 29 June 2017 elapsed, ENAC issued its final opinion on the approval of the "2014-2028 Pisa G. Galilei Airport Master Plan" after receiving the opinions of the Ministry of Infrastructures and Transport ["MIT", *Ministero delle Infrastrutture e dei Trasporti*] and of the Ministry of the Environment, Protection of the Territory and the Sea ["MATTM", *Ministero dell'Ambiente e della Tutela del Territorio e del Mare*] by issuing its final approval order signed by the Central Technical Supervision Director on 24 Oct. 2017.

On 16 February 2017, the framework agreement for the financing of the works specified in the Florence Airport Master Plan was signed with ENAC to confirm the investments to be made by the Airport Operator under the aforesaid Master Plan, and ENAC, together with MIT, committed to contribute their portion of the financing required for the implementation of the plan, for a total amount of € 150 million.

On 18 March 2017, the People Mover ("PM") started operations by directly connecting the G. Galilei Pisa airport with the Pisa Centrale train station. In connection with the implementation of the PM, the competent bodies changed the road transport scheme and the access to the "FI-PI-LI" highway and added green areas to the new infrastructure. From the PM's terminal, people can reach the airport along a covered walkway accessing both A and B check-in areas in the Galilei airport. The soffit of the canopy of this walkway has been specially designed to connect the architectures of the passenger airport and the PM terminal.

On 2 May 2017, the BoD of Alitalia SAI appointed special officers for the temporary receivership of the airline. Meanwhile, on the same date, Law Decree no. 100 was issued for the disbursement of a "bridge loan" of € 600 million to the same Company. Today, Alitalia SAI holds a moderate but significant traffic share in the Tuscan airport system (4.8% of passengers in 2017), so TA is carefully monitoring the situation to mitigate any possible emerging risk.

On 28 December 2017, the MATTM and the Ministry of Cultural Assets and Activities and Tourism ["MiBACT", *Ministero dei Beni e delle Attività Culturali e del Turismo*] signed the *Decreto di Valutazione di Impatto Ambientale*, shortly "VIA" [Environmental Impact Assessment Decree] thus establishing the environmental compatibility of the "New 2014-2019 Florence Airport Master Plan". The signature was the positive result of the work done by the "VIA Technical Committee", which, on 5 December 2017, had issued its supplemental opinion for the New 2014-2019 Florence Airport Master Plan, which contemplates the construction of a new 2,400 metre runway and a new airport terminal (so-called "positive opinion with conditions").

10. TOSCANA AEROPORTI GROUP'S OPERATING RESULTS

10.1 Consolidated Income Statement

The table below compares the data of the 2017 Consolidated Income Statement against the same document of 2016.

GRUPPO TOSCANA AEROPORTI - CONSOLIDATED INCOME STATEMENT

Amounts shown in € K	2017	2016	2017/2016 Abs. Diff.	% Diff.
REVENUES				
Operating income				
Aviation revenues	93,945	89,597	4,347	4.9%
Non-Aviation revenues	28,070	26,626	1,443	5.4%
Other revenues and income	2,045	4,257	-2,211	-51.9%
Total operating revenues	124,060	120,480	3,580	3.0%
Revenues from construction services	12,091	7,230	4,862	67.3%
TOTAL REVENUES (A)	136,151	127,710	8,442	6.6%
COSTS				
Operating Costs				
Consumables	1,066	1,397	-331	-23.7%
Cost of Personnel	42,175	41,001	1,174	2.9%
Costs for services	43,097	41,521	1,576	3.8%
Sundry operating expenses	2,374	2,151	223	10.4%
Airport leases	6,208	6,034	174	2.9%
Total operating costs	94,919	92,104	2,816	3.1%
Costs for construction services	11,059	6,271	4,788	76.3%
TOTAL COSTS (B)	105,978	98,375	7,604	7.7%
GROSS OPERATING MARGIN (A-B)	30,173	29,335	838	2.9%
% incid. over total revenue	22.2%	23.0%		
% incid. over operating revenue	24.3%	24.3%		
Amortization and write-downs	9,051	8,563	488	5.7%
Provision for risks and repairs	2,933	4,227	-1,294	-30.6%
Bad debt reserve	872	415	457	110.2%
OPERATING EARNINGS	17,317	16,130	1,187	7.4%
% incid. over total revenue	12.7%	12.6%		
% incid. over operating revenue	14.0%	13.4%		
ASSET MANAGEMENT				
Financial income	71	145	-74	-51.0%
Financial expenses	-1,494	-1,265	-230	18.2%
Profit (loss) from equity investments	35	0	35	N.S.
TOTAL ASSET MANAGEMENT	-1,388	-1,120	-268	24.0%
PROFIT (LOSS) BEFORE TAX	15,929	15,010	918	6.1%
Year's taxes (*)	-5,251	-5,081	-170	3.3%
PROFIT/(LOSS) FOR THE PERIOD	10,678	9,930	748	7.5%
Minority Interest's loss (profit) for the period	-127	-116	-12	10.1%
GROUP'S PROFIT/(LOSS) FOR THE PERIOD	10,550	9,814	736	7.5%
Earnings per share (€)	0.5669	0.5273	0.0396	7.0%

(*) The 2017 tax rate decrease is affected by the lower IRES tax rate, down to 24.0% from 27.5% effective from the financial year 2017.

In compliance with the content of CONSOB Notice no. DEM/6064293 of 28 July 2006 and subsequent amendments and supplements (CONSOB Notice no. 0092543 of 3 December 2015 implementing ESMA/2015/1415 guidelines), the summarised income statement details reported herein can be easily reconciled with those indicated in the financial statements. In the Interim Report on Operations, in addition to the financial details required by the IFRS, TA is presenting certain financial indicators derived from the IFRS, although not required by them (Non-GAAP Measures).

These indicators are presented with the purpose of allowing for a better assessment of the Group's management trends and should not be considered as alternative to those required by IFRS. More specifically:
- the interim EBIT (Earnings Before Interests and Taxes) coincides with the Operating profit shown in the Income Statement;
- the interim PBT (Profit Before Taxes) coincides with the Profit before taxes shown in the Income Statement.

For a better evaluation of the Group's operating profits, the Company, in this report, considered it useful to present some adjusted intermediate results called **"Adjusted EBITDA"** and **"Adjusted Group's net profit for the period"**. For details on the determination of the aforesaid indicators, see below.

As regards the Gross Operating Margin or EBITDA (Earnings Before Interests, Taxes, Depreciation, Amortization), we point out that it reflects the EBIT before amortization and provisions.
In general, we point out that the interim profits indicated in this document are not defined as an accounting measure under IFRS and that, consequently, the criteria for the definition of said profits might not be consistent with those adopted by other companies.
The table below shows the main income statement results for the period examined.

REVENUES

Total consolidated revenues, up by 6.6%, passed from the € 127.71 M of 31 December 2016 to € 136.15 M at 31 Dec. 2017. This difference is the result of the € 3.58 M increase in Operating revenues and € 4.86 M of Revenues from construction services. The latter have been recognised against the external and internal costs incurred for the construction and expansion of assets under concession, as well as for the related design, coordination and control activities performed in 2017.

OPERATING INCOME

Consolidated operating revenues totalled € 124.06 M at 31 Dec. 2017, up by 3.0% compared to 31 December 2016. The Group's operating revenue trends for the two business units - Aviation and Non-Aviation - are broken down below.

Aviation revenues

Aviation revenues totalled € 93.94 M at 31 Dec. 2017, up by 4.9% compared to 31 December 2016, when they totalled € 89.59 M.
The table below shows Aviation Revenue details at 31 Dec. 2017, with absolute and percentage changes compared to 31 December 2016:

Amounts shown in € K	2017	2016	2017/2016 Abs. Diff.	% Diff.
AVIATION REVENUES				
Passenger boarding fees	31,882	30,872	1,010	3.3%
Landing/departure fees	14,520	13,696	824	6.0%
Stopover fees	1,137	1,118	19	1.7%
PRM assistance fees	2,617	2,533	84	3.3%
Cargo fees	525	574	-49	-8.6%
Passenger security fees	7,411	7,210	201	2.8%
Baggage security fees	4,284	4,227	57	1.3%
Handling	29,684	27,707	1,978	7.1%
Centralised infrastructures	1,885	1,662	223	13.4%
TOTAL AVIATION REVENUES	**93,945**	**89,597**	**4,347**	**4.9%**
% incid. over Operating Revenue	75.7%	74.4%		

The aggregate increase (+4.9%) in the Group's Aviation revenues is mainly explained by the increased revenues consisting of airport duties, fees and taxes, an amount that increased by 3.8% compared to 2016, as a consequence of the greater traffic managed during the quarter (+5.2% Traffic Units), partially mitigated by the negative impact on revenues of the lower regulated tariffs of the Florence airport (-1.1%) and of the Pisa airport (-0.1%) in compliance of the new Tariff Models.

Handling revenues increased by +7.1% as a consequence of both the higher global traffic of the two airports in 2017 (flights: +1.9%; tonnage +3,4%) and the implementation of more remunerative assistance agreements January 2017.

Non-Aviation revenues

Non-Aviation revenues totalled € 28.07 M at 31 Dec. 2017, up by 5.4% compared to 31 December 2016, when they totalled € 26.63 M. This increase confirms the positive results obtained with the non-aviation strategies implemented by the Group, in spite of the persistently negative repercussions of the difficult general economic scenario, which still adversely impacted consumption even throughout 2017.

The Non-Aviation business, consisting in commercial and real estate operations in the two Florence and Pisa airports, are performed:

i. through subcontracting to third parties (Retail, Food, Car Rental, specific areas and other sub-concessions);
ii. through direct control (Advertising, Parking Lots, Business Centre, Welcome Desk and VIP Lounge, Air Ticket Office and Cargo Agency).

In 2017, revenues deriving from sub-leased assets accounted for 60% of Non-Aviation revenues, while those deriving from directly managed assets accounted for the remaining 40%. During the same period of 2016, these percentages were respectively 63.6% and 36.4%.

The table below provides details on Revenues from Non-Aviation business referred to 2017 and to 2016:

Amounts shown in € K	2017	2016	2017/2016 Abs. Diff.	% Diff.
NON-AVIATION REVENUES				
Parking lots	6,517	6,093	424	7.0%
Food	3,152	3,344	-192	-5.7%
Retail	4,627	4,253	374	8.8%
Advertising	2,298	2,240	59	2.6%
Real Estate	2,088	2,146	-59	-2.7%
Car rentals	4,645	4,737	-92	-1.9%
Other subconcessions	2,319	1,971	348	17.7%
VIP	1,609	1,001	608	60.7%
Air tickets	457	486	-29	-6.0%
Cargo agency	358	356	2	0.5%
TOTAL NON-AVIATION REVENUES	**28,070**	**26,626**	**1,443**	**5.4%**
% incid. over Operating Revenue	22.6%	22.1%		

The € 424 K increase in revenues from parking activities, which totalled € 6.52 M at 31 Dec. 2017 (up by +7% compared to 2016), mainly reflects certain incentivising tariff policies aimed at recovering our market share, particularly on low-cost airlines, and by the greater passenger traffic finally achieved by the Tuscan airports (+5.2%).

Revenues from the Food business totalled € 3.15 M in 2017, down by 5.7%, mainly as a consequence of the renewal of the contract with an important company of the sector in the Florence airport, in the last quarter of 2016, partially mitigated by the greater passenger traffic finally achieved in the period examined.

Revenues from Retail activities, which totalled € 4.63 M at 31 Dec. 2017, increased by 8.8%, also due to the greater numbers of passengers transiting in the two airports, as well as to a renewed offer in the points of sale.

Revenues from the direct management of Advertising, which totalled € 2.29 K at 31 Dec. 2017, are substantially in line with 2016 thanks to the good result of the loyalty program implemented for Advertising Customers in previous years.

Revenues from the Car Rental business totalled € 4.65 M in 2016, up by € 92 K (-1.9%) compared to 2016 year-end. This difference is mainly due to the seasonal purchase of a higher number of car park spaces by some car rental companies operating in the Pisa airport in 2016, which were confirmed in 2017.

Revenues generated by “Other sub-concessions”, which totalled € 2.32 M in 2017, increased by 17.7% compared to 31 December 2016. This difference is mainly due to the greater revenues obtained from new agreements signed with BUS Carriers providing the Shuttle Bus service between the Pisa airport and the Florence train station.

Revenues from the VIP Lounge (+60.7%) increase after the renewal of agreements with third parties offering said services to their Customers, due to the revision of tariffs in both airports, and partly due to the greater passenger traffic (+5.2%).
The reduction in revenues from the Air Ticket Office (-6%) is due to the increased habit of passengers to purchase tickets through online reservation systems.

Revenues from the Cargo Agency (only in the Pisa airport) are essentially in line with 2016 revenues.

Other revenues and income

The table below provides details on “Other revenues and income” for 2017 against those of 2016:

Amounts shown in € K	2017	2016	2017/2016 Abs. Diff.	% Diff.
OTHER REVENUE AND INCOME				
Contingent assets	614	2,838	-2,224	-78.4%
Services and consulting	178	206	-28	-13.4%
Cost recoveries	1,193	1,157	36	3.1%
Minors	61	56	5	8.6%
TOTAL REVENUES AND INCOME	**2,045**	**4,257**	**-2,211**	**-51.9%**
% incid. over Operating Revenue	1.6%	3.5%		

Year-to-date detailed non-aviation revenues totalled € 2.04 M at 31 Dec. 2017, down by 51.9% compared to 2016, when they totalled € 4.26 M.

Contingent Assets include past revenues or cost provisions recognised in previous years, which decreased by 78.4% in 2017 compared to 2016. More specifically, the writing off of costs associated with marketing support agreements had affected accounts in 2016 after the early termination of the relationship with a carrier in the Pisa airport (€ 0.67 M), as well as the writing off of statute-barred debt for advance payments received (ENAC-SAT 1979 Convention no. 3580) concerning investments made for infrastructures at the Pisa airport (€ 0.47 M), and the positive conclusion of a tax dispute for € 0.3 M.

“Services and Consulting” (administrative staff services charged by the Parent Company to the associates “Immobili AOU Careggi Spa” and “Alatoscana Spa”) and “Recovery of Costs” (charging of common centralized services, such as utilities and equipment, employee canteen service, insurance reimbursements, etc.) are substantially in line with 2016 revenues.

REVENUES FROM CONSTRUCTION SERVICES

As at 31 Dec. 2017, revenues for construction services totalled € 12.09 M, against € 7.23 M at 31 Dec. 2016. The higher final revenues of € 4.86 M were mainly generated by the greater investments made for the reconfiguration of passenger flows in the new terminal of the Florence airport and for new offices, for the review and development of the Florence Master Plan, and for the design of the new East Terminal Lot 1 (Arrivals) of the Pisa airport.

See Section 11 for further details.

COSTS

As at 31 Dec. 2017, the total amount of costs was € 105.98 M, down by 7.7% compared to 31 December 2016, when they totalled € 98.37 M. This result reflects a decrease in Costs for construction services, which passed from € 6.27 M in 2015 to € 11.06 M in 2016 (+76.3%) and a +3.1% increase in Operating costs, which passed from € 92.10 M in 2015 to € 94.92 M in 2017.

Amounts in €K	2017	2016	2017/2016 Abs. Diff.	% Diff.
COSTS				
Operating Costs				
Consumables	1,066	1,397	-331	-23.7%
Cost of Personnel	42,175	41,001	1,174	2.9%
Costs for services	43,097	41,521	1,576	3.8%
Sundry operating expenses	2,374	2,151	223	10.4%
Airport leases	6,208	6,034	174	2.9%
Total operating costs	94,919	92,104	2,816	3.1%
Costs for construction services	11,059	6,271	4,788	76.3%
TOTAL COSTS (B)	105,978	98,375	7,604	7.7%

OPERATING COSTS

Operating costs totalled € 94.94 M, up by 3.1% compared to the € 92.10 M reported at the end of 2016.

Consumables totalled € 1.07 M at 31 Dec. 2017, down by € 331 K compared to € 1.39 M at the end of 2016, mainly due to savings in clothing, stationery and materials for operating services, partially offset by greater fuel costs for ramp vehicles, which increased due to the greater traffic managed during the period examined.

The Group's Cost of Personnel totalled € 42.75 M in 2016, up by € 1.17 M compared to 2016 (+2.9%). This increase is mainly due to the higher number of staff units required for the increased number of passengers and for increased operations, as well as to the last portion of remuneration increase required by the "CCNL" [National Collective Labour Agreement] (disbursed since 1st July 2016).

"Costs for services" totalled € 43.09 M, up by 3.8% compared to 2016, when they totalled € 41.52 M (€ +1,576 K). The higher costs recognised for the period, mainly due to the greater traffic managed in the two airports, include, *inter alia*, higher marketing support (€ +1,074 K), communication (€ +406 K), porterage (€ +301 K) and parking management costs (€ +171 K).

Sundry Operating Expenses totalled € 2.37 M, up by 10.4%; the difference is mainly due to the increased costs incurred for industry association membership fees and sundry administrative costs.

Airport Leases totalled € 6.21 M, up by 2.9%; the difference is mainly due to the greater traffic reported in 2017 (+5.1% of TUs[1]).

COSTS FOR CONSTRUCTION SERVICES

Costs for Construction Services totalled € 11.06 M at 31 Dec. 2017, up by € 4.79 M (+76.3%) compared to 31 Dec. 2016, for the same reasons indicated as a comment to the corresponding revenue item.

YEAR'S RESULT

[1] TUs = Traffic Units, meaning 1 passenger or 100 kg of cargo.

The year-end EBITDA totalled **€ 30.2 M** in 2016, up by € 838 K **(+2.9%)** compared to 2016, when it totalled € 29.33 M.

As summarised in the table below, the **Adjusted EBITDA**, obtained by adjusting the gross operating margin of income derived from the release of provisions for costs and the write-off of payables no longer due, increased by +12.1%.

Amounts in €K	2017	2016	2017/2016 Abs. Diff.	% Diff.
EBITDA	30,173	29,335	838	2.9%
Adjustments for write-off of payables and release of provisions	0	-2,411	2,411	
Adjusted EBITDA	**30,173**	**26,924**	3,249	12.1%

Amortization and Provisions totalled € 12.86 M at 31 Dec. 2017, down by € 348 K compared to 31 Dec. 2016. Greater amounts have been set aside in the Reserve for Bad Debt for receivables from the carriers "Alitalia C.A.I." and Air Berlin as a consequence of the insolvency proceedings initiated during the period examined.

The **EBIT** was **€ 17.3 million** at the end of 2017, up by € 1.19 M compared to the end of 2016, when it was € 16.13 M.

Financial operations passed from a negative amount of € -1.12 M in 2016 to a negative amount of € -1,39 M in 2017. This change of € 268 K is mainly a consequence of the greater financial expenses of the period examined (€ +230 K) and of the lower financial income (€ -74 K), partially mitigated by the investment income (€ +35 K) obtained with the adjustment of values in the net worth of the equity investments in associated companies.

Profit Before Tax (PBT) was **€ 15.93 million** at 31 Dec. 2017, up by € 918 K compared to the end of 2016, when it was € 15.01 M.
The amount of the year's taxes is € 5.25 M. The tax burden for 2017 equals 33.0% of the PBT. The 2017 decrease in the tax rate is affected by a lower IRES tax rate - down to 24.0% from 27.5% - effective from the financial year 2017.

Therefore, 2017 was closed with **net Group profits of € 10.55 M**, up by € 736 K compared to 2016, when the total was € 9.8 M. As summarised in the table below, the **adjusted net Group profit for the period** obtained by adjusting the Group's net profit for the period with the income derived from the release of provisions and write-off of payables no longer due, net of the period's tax burden (with a tax rate of approx. 33.8%), improved by 28.4%.

Amounts in €K	2017	2016	2017/2016 Abs. Diff.	% Diff.
GROUP'S PROFIT/(LOSS) FOR THE PERIOD	10,550	9,814	736	7.5%
Adjustments for write-off of payables and release of provisions	0	-2,411	2,411	
Taxation	0	816	-816	
Adjusted GROUP'S PROFIT/(LOSS) FOR THE PERIOD	10,550	8,219	2,331	28.4%

10.2 Consolidated Statement of Financial Position

The table below provides a comparison between the **Consolidated Statement of Financial Position** at 31 Dec. 2017 and at 31 December 2016.

ASSETS	31-Dec-2017	31-Dec-2016	DIFFERENCE
NON-CURRENT ASSETS			
- Intangible assets	165,155	157,945	7,210
- Tangible assets	26,650	25,633	1,017
- Equity investments	683	666	17
- Financial Assets	2,499	2,696	-197
- Prepaid taxes recoverable beyond the year	2,540	2,147	393
TOTAL NON-CURRENT ASSETS	**197,526**	**189,087**	**8,439**
CURRENT ASSETS			
- Receivables from customers	28,328	15,486	12,841
- Receivables from associated companies	263	217	47
- Tax receivables	781	188	593
- Receivables from others, due within the year	9,085	5,473	3,612
- Cash and cash equivalents	13,360	27,448	-14,089
TOTAL CURRENT ASSETS	**51,817**	**48,812**	**3,005**
TOTAL ASSETS	**249,343**	**237,899**	**11,443**

The difference in total assets, increased by € 11.4 M compared to total assets at 31 Dec. 2016, mainly consists of the increase in trade and sundry receivables (€ +17.1 M). These are mainly affected by higher receivables from customers (€ +12.8 M) due to the effect of the start-up of the new Group ERP on 1 September 2017, which put off invoicing for the first three months of operations, i.e. September-November (these times were then reabsorbed in December 2017). We also point out the increase in non-current assets (€ +8.4 M), mainly linked to the investments made by the Group during the business year examined (€ 17.4 M), net of the year's amortization. The whole amount has been partially offset by the reduction in the cash (€ -14.1 M), essentially reflecting the negative change in the Net Working Capital (€ -8,4 M) and the higher investments made in the year compared to those of previous years (€ +6.6 M).

TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	31-Dec-2017	31-Dec-2016	DIFFERENCE
CAPITAL AND RESERVES			
- Group Shareholders' Equity	**113,581**	**112,245**	**1,336**
MEDIUM-LONG TERM LIABILITIES			
- Provisions for liabilities and charges	3,997	2,886	1,111
- Provisions for repair and replacement	18,517	19,081	-564
- Termination benefits and other personnel-related provisions	6,521	6,853	-333
- Financial liabilities	32,327	36,259	-3,932
- Other payables due beyond the year	142	43	99
TOTAL MEDIUM-LONG TERM LIABILITIES	**61,504**	**65,123**	**-3,619**
CURRENT LIABILITIES			
- Bank overdrafts	5,000	0	5,000
- Financial liabilities	4,538	4,456	82
- Tax liabilities	10,591	7,006	3,586
- Provisions for repair and replacement	2,975	2,975	0
- Total trade and sundry receivables	54,128	49,069	5,059
TOTAL CURRENT LIABILITIES	**74,257**	**60,531**	**13,726**
TOTAL LIABILITIES	**135,761**	**125,654**	**10,107**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**249,343**	**237,899**	**11,443**

Liabilities and Shareholders' Equity decreased by € 11.4 M, as for the items of the Assets. The Shareholders' Equity increased by € 1.3 M, mainly as a consequence of the greater result obtained in the year (€ +736 K) and of the € 503 K increase in the Legal Reserve.

Medium/long-term liabilities decreased by € 3.6 M, mainly due to the € 4.4 M reduction in financial liabilities (repayment of principal) and in the Provision for repairs (€ -564 K), offset by the increase in Provision for risks (€ 1.1 M) and by the € 500 K loan obtained by Jet Fuel,

As at 31 Dec. 2017, current liabilities (€ +13.7 M) include short-term bank loans (5 M) required to partially offset the absorption of the Working Capital, as pointed out above.

INVESTED CAPITAL

The table below compares the summarised data of the capital invested at 31 Dec. 2017 with those at 31 Dec. 2016. Comment on the differences shown follow.

Amounts shown in € K	CONSOL. 31-Dec-2017	CONSOL. 31-Dec-2016	2017/2016 Abs. Diff.
NON-CURRENT ASSETS	197,526	189,087	8,439
NET WORKING CAPITAL	-26,262	-34,711	8,449
MEDIUM/LONG-TERM LIABILITIES	-29,177	-28,864	-313
INVESTED CAPITAL	**142,087**	**125,512**	**16,575**
SHAREHOLDERS' EQUITY	113,581	112,245	1,336
NET FINANCIAL INDEBTEDNESS	28,506	13,267	15,238

Fixed assets increased by € 8.4 M, essentially reflecting the net increase in intangible (€ +7.2 M) and tangible assets (€ +1.02 M), as a consequence of the year's investments (€ +17.4 M), net of amortization (€ 9.05 M).

The Net Working Capital, consisting of € 34.7 M as at 31 Dec. 2016, increased by € 8.4 M at 31 Dec. 2016 for a combined effect of the increase in trade and sundry receivables (€ +17.1 M), partially offset by the increase in tax liabilities (€ +3.6 M), in payables to suppliers (€+2.5 M) and in the Provision for repairs (€ +1-.9 M).

Medium-long term non-financial liabilities increased by € 313 K, mainly for the effect of the increase in the Provision for risks (€ +1.1 M), offset by the reduction in the Provision for repairs (€ -0.6 M) and in the Provision for Termination Indemnity (€ -0.3 M).

As a result of the movements described above, the Invested Capital of the TA Group increased by € 16.6 M at 31 Dec. 2017 compared to 31 Dec. 2016, with a balance of approx. € 142.1 M.

10.3 Analysis of financial flows

The consolidated cash flow statement illustrated below was prepared using the indirect method as defined by IAS 7 which shows the main determining factors of the movements in the cash and cash equivalents that took place during the reporting periods.

STATEMENT OF CASH FLOWS (amounts in €K)

Euro K	2017	2016
OPERATIONS		
Net result for the period	**10,678**	**9,930**
Adjusted for:		
- Amortization	9,051	8,563
- Other provisions and impairment	406	2,301
- Change in the provision for liabilities and charges	1,111	(929)
- Net change in termination benefit and other provisions	(358)	(216)
- Financial expenses for the period	1,494	1,265
- Net changes in (prepaid)/deferred taxes	(393)	15
- Taxes for the period	5,643	5,081
Cash flows of operating activities before changes in the working capital	*27,633*	*26,009*
- (Increase)/decrease in trade receivables	(12,841)	(823)
- (Increase)/decrease in other accounts receivable and current assets	(4,252)	2,998
- Increase/(decrease) in payables to suppliers	2,511	(2,928)
- Increase/(decrease) in other payables	3,162	(2,042)
Cash flows of operating activities before changes in the working capital	*(11,421)*	*(2,795)*
Liquid assets generated by operating activities	*16,212*	*23,214*
- Interest payable paid	(577)	(635)
- Taxes paid	(4,369)	(4,300)
Cash flow generated by operating activities	**11,266**	**18,279**
INVESTMENT ACTIVITIES		
- Purchase of tangible assets	(4,532)	(2,794)
- Sale of tangible assets	155	229
- Purchase of intangible assets	(12,901)	(8,132)
- Equity investments and financial assets	181	(277)
Cash flow from investing activities	**(17,097)**	**(10,973)**
CASH FLOWFROM OPERATIONS	**(5,831)**	**7,305**
FINANCIAL ASSETS		
- Dividends paid	(9,369)	(7,932)
- Short-/long-term loans taken out	11,500	6,000
- (Repayment of) short-/long-term loans	(10,389)	(10,222)
Net cash flow generated by/(used for) investments	**(8,258)**	**(12,153)**
Net increase/(decrease) in available cash Cash equivalents	**(14,089)**	**(4,848)**
Cash and cash equivalents at beginning of period	27,448	32,296
Cash and cash equivalents at end of period	**13,360**	**27,448**

As at 31 Dec. 2017, cash and cash equivalents are positive, with approx. € 13.4 M, down by € 14.1 M compared to 31 Dec. 2016, when they were € 27.4 M.

More specifically, the items of the Consolidated Financial Statement at 31 Dec. 2017 include:

- the repayment of principal for the medium/long-term loans obtained by the Group for € 4.4 M;
- the granting of a short-term bank loan (so called "hot money") of € 5 M to the Parent Company, Toscana Aeroporti, and a further € 500 K of medium-long term loan granted to the subsidiary Jet Fuel during the year considered;
- the granting and repayment of a short-term loan (so-called "hot money") of € 6 M to the Parent Company, Toscana Aeroporti;
- The distribution of dividends by the Group an aggregate amount of for € 9.4 M earned in 2016 by Toscana Aeroporti and Jet Fuel in May and June 2017.
- Investments for € 17.4 M were made in 2017 - for details, see Section 11.

10.4 Consolidated Net Financial Position

For the sake of complete disclosure, we provide below the Consolidated Net Financial Position at 31 Dec. 2017 and at 31 Dec. 2016 in compliance with the provisions set forth in CONSOB's Notice prot. no. 6064293 of 28 July 2006.

NET CONSOLIDATED FINANCIAL INDEBTEDNESS

Euro K	31-Dec-2017	31-Dec-2016	Abs. Diff.
A. Cash on hand and at banks	13,360	27,448	(14,089)
B. Other cash and cash equivalents	-	-	-
C. Securities held for trading	-	-	-
D. Liquid assets (A) + (B) + (C)	**13,360**	**27,448**	**(14,089)**
E. Current financial receivables	-	-	-
F. Current bank payables	5,000	-	5,000
G. Current portion of non-current indebtedness	4,538	4,456	82
H. Other current financial payables due to leasing companies	-	-	-
I. Current financial indebtedness (F) + (G) + (H)	**9,538**	**4,456**	**5,082**
J. Net current financial indebtedness (I) - (E) - (D)	**(3,822)**	**(22,992)**	**19,170**
K. Non-current bank payables	32,327	36,259	(3,932)
L. Bonds issued	-	-	-
M. Other non-current payables due to leasing companies	-	-	-
N. Non-current financial indebtedness (K) + (L) + (M)	**32,327**	**36,259**	**(3,932)**
O. Net Financial Position (J) + (N)(NFP)	**28,506**	**13,267**	**15,238**

We point out the presence, at 31 Dec. 2017, of current bank payables for € 5 M for short-term credit lines (so called "hot money") and the current portion of the medium/long-term indebtedness of the TA Group, for an aggregate amount of € 4.5 M.

In addition to that, non-current bank payables for approx. € 32.3 M were recognised as non-current portion of the existing loans of the Group. Furthermore, portions of capital (principal) were repaid in 2017, as established in the two existing loan agreements, for an aggregate amount of € 4.4 M, and a medium-term loan of € 500 K was granted to the subsidiary Jet Fuel.

For further details, see section "Financial Liabilities" in the Explanatory Notes to the Consolidated Interim Financial Report.

a minimum amount of €1M, available and deposited in a current account pledged as collateral for the medium-/long-term Loan Agreement stipulated with the Intesa-San Paolo-MPS bank pool;

The consolidated Net Financial Position at the closing date (31 Dec. 2017) is € 28.5 M, up by € 15.2 M compared to 31 Dec. 2016. That increase essentially reflects the use of cash for investment activities (€ -17.4 M) and the distribution of dividends to shareholders (€ -9.4 M), partly offset by the year's positive cash flows from operations (€ +11.2 M).

The debt-to-equity ratio (NFP/Shareholders' Equity) at 31 Dec. 2017 is € 0.25 (0.12 at 31 Dec. 2016),

10.5 Trends of key consolidated financial ratios

In compliance with CONSOB's Notice no. DEM/6064293 of 28 July 2006 and subsequent amendments and supplements (CONSOB Notice no. 0092543 of 3 December 2015 implementing ESMA/2015/1415 guidelines) concerning alternative performance indicators, the TA Group, in its Report on Operations, is submitting not only the financial ratios required by the IFRS, but also alternative indicators derived, although not required, from IFRS (Non-GAAP Measures).

These indicators are presented with the purpose of allowing for a better assessment of the Group's management trends and should not be considered as alternative to those required by IFRS.

More specifically, the alternative performance indicators used are described below (with the calculation method explained in a note for each indicator):

Profitability Ratios	31.12.2017 Consolidated	Consol. 31-Dec-2016
ROE Net Income / Shareholders Equity	9.29%	8.74%
Gross ROE Profit Before Tax / Shareholders Equity	14.02%	13.37%
ROI Operating Income / Net Invested Capital (1)	12.19%	12.85%
ROS Operating Income / Revenues (2)	13.84%	13.28%
FINANCIAL EXPENSES / REVENUES RATIO Financial expenses/Revenues (2)	1.19%	1.04%
EBITDA / FINANCIAL EXPENSES RATIO EBITDA/Financial expenses	20.2	23.2

Equity Ratios	31.12.2017 Consolidated	Consol. 31-Dec-2016
STOCK TO LIABILITIES RATIO Current assets / Current liabilities	0.70	0.81
DEBT TO EQUITY RATIO Debt (NFP) / Shareholders Equity	0.25	0.12
NET DEBT TO EBITDA RATIO Debt (NFP) / EBITDA	0.94	0.45
EQUITY TO NON-CURRENT ASSET RATIO Shareholders Equity / Non-current Assets	0.58	0.59

Notes:
(1) Net Invested Capital = Non-Current Assets + NWC (Net Working Capital) - Medium/long-term (non-financial) Liabilities NWC = Current Assets - Cash and cash equivalents - Current Liabilities + Bank overdraft and short-term loans
(2) Revenues after deducting revenue from constructions.

11. THE GROUP'S INVESTMENTS

The Group's investments at the end of 2017 totalled **€ 17.4 M**, of which € 12.9 M for intangible assets and € 4.5 M for tangible assets. 2017 investments are detailed below:

Amounts shown in € K	Airport	Sub-tot	Sub-tot	Sub-tot	TOTAL
Total TA GROUP Investment at 31-Dec-2017					17,433
A) Amortization of intangible assets				12,900	
- Software			810		
- Concession rights (royalties)			7,127		
Design and development of new terminal for reconfiguration of passenger flows	FLR	3,637			
Access control and intrusion detection CCTV	PSA	886			
Reconfiguration and expansion of Sala Masaccio	FLR	618			
Requalification of Apron 100	FLR	590			
Improvement of maneuvering areas	PSA	289			
Improvement of Passenger Terminal access and service	PSA	258			
Extension and revision of access control network	PSA	236			
Reconfiguration of the Fire Brigade's canteen in the Florence airport	FLR	142			
Other minors	PSA/FLR	472			
- Assets under construction			4,964		
Revision and development of the 2014-2029 Master Plan	FLR	2,389			
Development of new TA offices and requalification of Government Agencies' offices	FLR	978			
New East Terminal Lot 1 (Arrivals)	PSA	800			
Phase 0 - Expansion of existing Terminal and preparatory works	FLR	354			
Other minors	PSA/FLR	443			
B) Tangible assets				4,532	
- Land and buildings (*)			64		
Delocalization of Borgo Cariola at PSA apt	PSA	64			
- Cars			1,184		
Supply trucks	PSA	572			
Runway bus	PSA/FLR	354			
Requalification of ramp vehicles	PSA/FLR	246			
Other minors	PSA/FLR	12			
- Ind. and comm. equipm.			122		
- Plant and machinery			1,883		
Automated lines for hand luggage control	FLR	311			
X-ray machines	PSA/FLR	291			
TBL	PSA	199			
Advertising systems	FLR	155			
GPU	PSA	131			
Requalification of ramp vehicles	PSA/FLR	125			
Baggage carousels	FLR	118			
Infrastructure for automated ticket reading and control	FLR	75			
Other minors	PSA/FLR	479			
- Other assets			1,280		
Electronic machines (HW)	PSA/FLR	961			
Furniture and fittings	PSA/FLR	319			

(*) Land and buildings owned by Toscana Aeroporti

Investments in **intangible assets** consisted in **software** for € 810 K, including the unification of ERP administrative IT systems between the two airports for € 543 K; **concession rights** for € 7.1 M, including works for the reconfiguration of passenger flows in the Florence terminal (€ 3.64 M), the reconfiguration and expansion of the VIP Lounge in the Florence airport (€ 809 K), the requalification of Apron 100 in the Florence airport (€

590 K), the rearrangement of the Pisa terminal access areas (canopy of the connection walkway for the People Mover terminal) for € 258 K, the CCTV, access and anti-intrusion systems of the Pisa airport for € 886 K; Construction in Progress for approx. € 5 M, mainly concerning the development of the Florence Airport Master Plan[1] (€ 2.4 M[2]), works in the existing Florence airport terminal (€ 1.3 M), and the new Arrivals terminal in the Pisa airport (€ 800 K).

Investments in intangible assets have been entirely made by the Parent Company.

Investments in **tangible assets** mainly consisted in purchasing ramp vehicles and equipment (€ 1.8 M), X-ray machines (€ 291 K), advertising systems (€ 155 K), automated lines for the control of hand luggage (€ 311 K), furniture and fittings (€ 319 K), and hardware (€ 961 K).

Pursuant to Art. 10 of Law 72/83, the Group informs the public that no revaluation was made to its assets pursuant to any special law during 2017.

12. HUMAN RESOURCES

During 2017, the average number of employees working for TA has been € 722.9 EFTs[3], up by 13.5 EFTs in absolute terms compared to the same period of 2016.

The number of EFTs of the subsidiary Jet Fuel, the company that manages the fuel storage facility in the Pisa airport, increased by 0.3 units hired in June 2016 (for a total of 11 EFTs).

The subsidiary TAE increased its staff, for a total of 4.5 EFTs.

We remind the readers that the subsidiary "Parcheggi Peretola S.r.l." has no directly employed staff.

The Group's "Cost of personnel" totalled € 42.17 M in 2017, up by € 1,17 M compared to 2016 (+2.9%). This increase is mainly due to the growth in the number of staffs required by the increased number of passengers and consequent operations, as well as to the payment of the last portion of the remuneration increase required by the National Collective Labour

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[1] We remind readers that the 2014-2029 Florence Airport Master Plan (hereinafter the "Master Plan"), which includes the development of the new 2,400 metre runway and the new terminal, has been approved from a technical perspective by ENAC on 3 November 2014. The Master Plan is required to undergo an Environmental Impact Assessment procedure ("Valutazione of Impatto Ambientale", "VIA") pursuant to Legislative Decree no. 152/2006 and must comply with town planning schemes ("Conformità Urbanistica") pursuant to Art. 81 of DPR no. 616/1977. The VIA procedure was started by ENAC on 24 March 2015 at the MATTM. Technical support to the preliminary environmental impact assessment ("VIA") has been provided throughout 2016 and, on 2 December 2016, the Technical Commission issued a "positive opinion with conditions". The procedure further progressed in 2017 and, on 28 December 2017, the MATTM, in cooperation with MiBACT, signed the VIA Decree for the project for the new 2014-2019 Master Plan for the Florence Airport, thus defining the project as environmentally compatible. The signature was the positive result of the work done by the "VIA Technical Committee", which, on 5 December 2017, had issued its supplemental opinion for the New 2014-2019 Florence Airport Master Plan (so-called "positive opinion with conditions").
We also point out that, on 16 February 2017, a framework agreement was signed with ENAC for the financing of the works contemplated in the Master Plan, through which the Airport Operator confirmed its commitment to make the significant investments described in the aforesaid Florence Airport Master Plan and ENAC, together with the MIT, committed to contribute their own financing portion, as required for the implementation of the plan, for a total amount of € 150 million.

[2] That amount also includes internal and external costs for design, consulting engineering and outsourced technical work, also associated with the VIA procedure, regarding the new runway, the new terminal and other airport infrastructure development projects in the Florence airport..

[3] EFT = Equivalent Full Time, where 2 part-time units are considered as 1 full-time unit..

Agreement (disbursed since 1 July 2016) and to the changes made to variable remuneration items.

The table below provides details on the average annual staff (expressed in Full-Time Equivalent units, FTEs) regarding 2017 and any difference from 2016:

	2016	2017	Δ+/–	Δ%
Executives	12.4	12.3	-0.1	-0.8%
Employees	520.1	540.8	20.7	4.0%
Workers	176.9	169.8	-7.1	-4.0%
TOSCANA AEROPORTI	**709.4**	**722.9**	**13.5**	**1.9%**
Jet Fuel	10.7	11	0.3	2.8%
TAE	1.5	4.5	3.0	200.0%
Group	**721.6**	**738.4**	**16.8**	**2.3%**

The average Group staff in 2017 increased by 16.8 EFTs in absolute terms compared to the same period of 2016 (+2.3%), as shown by air traffic trends (TA) and new hired units in TAE and Jet Fuel.

For the infrastructure development contemplated in the 2015-2029 Florence and Pisa Master Plans, TAE also benefited from the support of technical staff (engineers, land surveyors, etc.) seconded by the Parent Company TA.

Technical training and education

In 2017 the Company kept implementing its training policies, as already outlined in previous years. In 2017 TA delivered a total of 22,143 training hours and 4,359 hours for the qualification of new operating professional roles based on training requirements connected with specific features of the two airports (system changes, introduction of new technologies, etc.).

13. OCCUPATIONAL HEALTH & SAFETY

In 2017, TA's Prevention and Protection Service (PPS) kept monitoring the main health and safety issues.

More specifically, apart from activities connected with the due diligence process the following events of greater significance took place during the year considered:

- total revision, in support of the activity carried out by the Employer, of the risk assessment process and review of the unified corporate Risk Assessment Plan of the company;
- updating of specific risk assessment processes with the support of instrumental equipment: electromagnetic field and lightning risks;
- continuity in issuing and updating procedures and service communications (more specifically, on the use of PPEs and their disposal, in cooperation with the General Quality and Environment Affairs function);

- coordination with the activities of sub-concessionaires for occupational safety requirements and emergencies.

Furthermore, a selection procedure was implemented to appoint a new company to carry out health monitoring and labour medicine tasks.

During 2017, the PPS tracked over 200 events with inspections and meetings with the workers involved and by implementing corrective actions, where necessary.
More specifically, the causes of over 60 "near misses" occurred in both sites were investigated in order to minimize corporate risks with prevention actions.
A special attention has been paid to the activities carried out by third parties in the airports in order to manage the risk of interferences by promoting increasingly effective coordination meetings, as well as by preparing and updating the "DUVRI" (unified document for the assessment of interference risks) for TA's contractors.

BS OHSAS 18001:2007 Certification

In 2017 Toscana Aeroporti confirmed its compliance with the BS OHSAS 18001:2007 standard.
The implementation of this model allowed the company to renew its certification for 2018 and to be "Compliant" with the provisions set forth in Art. 16, paragraph 3, and Art. 30 of Leg. Dec. no. 81/08, with positive implications on the administrative responsibility of the companies for the occupational health and safety crimes specified in the Organizational Model prepared pursuant to Leg. Dec. 231/2001.

Risk assessment and protection devices

The process of revision of risk assessment and the update of the previous Risk Assessment Plan were concluded in 2017 with the preparation of a unified document containing a description of risks and the related prevention measures.
This document specifies the assessment criteria of each individual risk type and the workers' activities, which are consequently grouped by consistent clusters by tasks.
In addition to that, the document consists of a number of annexes containing specific and/or instrumental risk assessments, as well as a revision and an update of the types of PPEs consigned to the workers.

Emergency and evacuation drills

Annual emergency and evacuation drills have been conducted in the two airports, as required by Ministerial Decree (D.M.) no. 10/03/98, in cooperation with the Fire Brigade and the Prevention and Protection Service of the Border Police.
More specifically, the following drills have been performed in the two airports:
1) Florence airport - 19 December: scenario of a fire in the security gates area / commercial gallery at the first floor);
2) Pisa airport - 30 September: fire scenario in the arrivals area.

Training and awareness

During 2017, the scheduled training program was continued and further boosted to include the training required by the Agreement between the State and the Regions (also by using an e-learning platform), training for managers and employees, as well as for the roles of TA's PPS staff, in order to focus more effectively on specific risks, on the management of emergencies and on issues regarding operating procedures.
Compulsory training updates have been delivered to the resources identified by the law.

A training program for Workers' Representatives was also implemented within the framework of the SA 8000 certification, in order to involve employees in the health and safety processes regulated and monitored by that international standard.

Labour accidents

A total of 14 labour accidents took place in the Pisa airport and 11 in the Florence airport during 2017.
The analysis of the accidents showed that work days lost in 2017 were reduced by 40%.
Over 75% of the events have been caused by absent-mindedness and/or inexperience (the so-called "human factor").

14. INFORMATION (IT) SECURITY AND PRIVACY LEGISLATION - LEG. DEC. NO. 196 of 30 JUNE 2003

Law no. 35 of 2012 repealed the requirement of the Safety Plan by eliminating point 19, and the related sub-points contained in Annex B to the Consolidated Act ("Testo Unico") on privacy. After the merger and within the framework of the monitoring of the Compliance function, Toscana Aeroporti took action to ensure that personal data and information are treated in compliance with the applicable legislation.

15. RESEARCH & DEVELOPMENT

In 2017, as in the previous year, Toscana Aeroporti carried on its reorganisation, renewal and unification process regarding the two operating sites, particularly as regards the information systems of the Pisa and Florence airports. By developing its IT structure, it continued implementing a plan aimed at optimizing and harmonizing corporate processes.

More specifically, during 2017 Toscana Aeroporti:
- implemented the new unified SAP ERP for Toscana Aeroporti;
- established the same aviation invoicing software in both airports;
- implemented a new Disaster Recovery & Business Continuity infrastructure in both airports;
- released a new single mobile application for both airports;
- unified the security gate boarding pass control software;
- implemented a software for the management of cargo at the Pisa airport;
- opened a new CCTV and Access Control room for both airports; the room is in the Pisa airport, with a backup in the Florence airport, as per ENAC Directive;
- updated the CCTV infrastructure of both airports by implementing new servers and storage, and completed the process of migration to a single control software;
- implemented the network and CCTV infrastructure of the Florence airport in support of the new duty-free area, the new VIP Lounge, and the new security gates;
- developed a new network infrastructure in the Pisa airport for the exclusive use of the new CCTV system;
- unified the software for the management of access to the VIP Lounge in the Pisa airport.

In fact, the creation of a fully operational Tuscan Airport System starts from an efficient network information management system.

16. RELATIONSHIPS WITH THE OTHER ENTITIES OF THE GROUP AND WITH RELATED PARTIES

Revenues, costs, receivables and payables at 31 December 2017 from parent companies, subsidiaries, associates and other related parties concern the sale of assets or services that consist of the routine operations of the Group. Transactions are performed at an arm's length, based on the characteristics of the goods sold and the services delivered.

As at 31 Dec. 2017, the TA Group owns interests in the following other associated companies:

- Immobili A.O.U. Careggi S.p.a.

- company incorporated to manage the commercial facilities installed in the new entrance of the Careggi Hospital of Florence (so-called "NIC"), with a 25% equity investment by TA (at 31 Dec. 2016), while the remaining 75% is owned by Azienda Ospedaliera Universitaria Careggi. Its registered office is at the address of the Careggi Hospital of Florence and the administrative office is located in the Pisa Galilei airport.
As at 31 Dec. 2017, TA has a service agreement in place with this Associate for administrative/management staff activities, that are provided as a service for a period value of € 49 K and a variable payment based on revenues of € 98 K.

- Alatoscana S.p.a.

- the company that manages the Elba Island airport. TA owns a 13.27% share of Alatoscana (13.27% at 31 Dec. 2016), while the majority of its share capital is owned by Regione Toscana (51.05%) and the Maremma e Tirreno Chamber of Commerce (34.36%).
A service level agreement for staff activities is in place with this associated company at 31 Dec. 2017 for a global value of € 64 K.

The main relationships with the other related parties at 31 Dec. 2017 are:

- Delta Aerotaxi S.r.l.

A number of sales agreements between the Holding and Delta Aerotaxi S.r.l. are in place for:
- the sub-concession of premises in the Florence airport for a value of € 223 K in revenues for TA at 31 Dec. 2017;
- the sub-concession of offices and other types of spaces in the Pisa airport for global revenues of € 92 K at 31 Dec. 2017;
- € 210 K of Aviation revenues deriving from the invoicing of airport duties and taxes, and General Aviation handling fees of the Pisa airport, plus approx. € 3 K regarding the provision of extra-handling services upon request.

In addition, the annual report shows a further € 16 K in revenues at 31 Dec. 2017 regarding the charge-back of common services and insurance expenses due under existing agreements, as well as for parking passes and airport permits in the two airports.

- Corporate Air Services S.r.l.

As at 31 Dec. 2017, the Parent Company had the following relationships with the related party Corporate Air Services S.r.l., the company that manages General Aviation at the Florence airport, indirectly connected with TA through SO.G.IM. S.p.a., a TA shareholder:
- € 646 K of Aviation revenues for the invoicing of airport duties and taxes, handling and centralised infrastructure expenses concerning general aviation in the Florence airport,

€ 31 K for the same services in the Pisa airport, and approx. € 2 K for the provision of extra-handling services upon request and for the supply of de-icing liquid to the Florence airport;
- the sub-concession of offices and other types of spaces in the Pisa airport for a value of € 33 K in revenues for TA at 31 Dec. 2017;
- € 41 K of non-aviation revenues at 31 Dec. 2017 regarding the sub-concession of 130 square metres in the air-side area (effective since 1st April 2016) in the Florence airport.

In addition, the annual report shows a further € 16 K in revenues at 31 Dec. 2017 regarding the charge-back of common services and insurance expenses due under existing agreements, as well as for parking passes and airport permits in the two airports.

- Delifly S.r.l.

On 13 September 2007, AdF (today TA) and Delifly S.r.l. (related party through SO.G.IM. S.p.A) signed an agreement by which AdF (today TA) committed to sub-lease Delifly an area of approx. 122 sq.m. that Delifly would use exclusively to install a removable object to be used for the delivery of General Aviation catering services in the Florence airport (€ 37 K of revenues for TA at 31 Dec. 2017).
Lastly, the Group accrued a further € 1 K revenues from Delifly for the charge-back of common services, third-party liability insurance coverage expenses, and the assignment of parking passes and airport permits in the two airports.

- ICCAB S.r.l.

ICCAB S.r.l. is a related party of TA since the Member of TA's BoD, Mr. Saverio Panerai, has a significant influence on ICCAB S.r.l. pursuant to the regulation on related-party transactions adopted by CONSOB.
We point out that the Parent Company sub-leased approx. 40 sq.m. of premises to ICCAB in the Florence airport, to be used for retail activities (of € 58 K of revenues for TA at 31 Dec. 2017).
Furthermore, the following agreements are in force:
- a sub-concession agreement is in place for a space located in an air-side area of the Pisa airport, used by ICCAB for retail activities, for a value of € 71 K of revenues at 31 Dec. 2017.

Finally, during the period examined, the Group accrued a further € 3 K in revenues from ICCAB S.r.l. for the charge-back of common services of the two airports.

- Corporación America Italia S.p.a.

In 2016, the Parent Company adopted the Tax Consolidation option provided for by articles 117 to 129 of the Consolidated Text on Income Taxation ("Testo Unico of the Imposte sui Redditi" - T.U.I.R), whose consolidating entity is Corporación America Italia S.p.A. The consolidating entity calculates a single global income equalling the algebraic sum of the taxable bases (income or loss) realized by the individual entities that adopted this group taxation option.
The consolidating entity recognised an account receivable from the consolidated entity that equals the IRES tax to be paid on the positive taxable base transferred by the latter. Instead, la consolidating entity recorded an account payable to the companies that contribute tax losses equalling the IRES tax to be paid on the loss actually used in the determination of the global aggregate income. Furthermore, as a result of participating in the National Tax Consolidation, pursuant to art. 96 of DPR 917/86, companies can contribute the excessive interests payable that can no longer be deducted for one of them in order to reduce the global aggregate income of the Group until the Gross Operating Income amount produced in the same tax period by other consolidated entities is reached.

- Helport Uruguay S.A.

In 2017, Toscana Aeroporti Engineering commissioned design services from this related party (a subsidiary of Corporación America Group specializing in the development and design of airport infrastructures), for an amount of € 710 K.

- Municipality of Florence

The Municipality of Florence has an agreement in place with the Parent Company for the sub-concession of office premises covering a surface area of 13 sq.m. located at the ground floor, in the land-side area of the Florence airport, for a value of approx. € 6 K in revenues at year-end for tourist information activities.

Finally, we point out that no atypical transaction with related parties took place in the period examined.

Stakes of the members of the management and control boards

At the date of this financial statement, the Board Member Mr. Saverio Panerai held 2,403 shares of the Parent Company "TA".

17. INFORMATION ON THE PARENT COMPANY, ITS SUBSIDIARIES, AND THEIR RELATIONSHIPS

17.1 Toscana Aeroporti SpA

The tables provided below have been extracted from the Financial Statement at 31 Dec. 2017, to which we refer the reader, which has been prepared in compliance with the international accounting principles ("IFRS") issued by the International Accounting Standard Board ("IASB") and ratified by the European Union, as well as with the provisions implementing art. 9 of Legislative Decree no. 38/2005.

We are providing below the Management Income Statement, the Statement of Assets and Liabilities and the Net Financial Position for 2017 compared with 2016. In any case, for details on the 2017 Income Statement, see the Explanatory Notes.

No comments are provided in consideration of the information already provided in the description of consolidated data and considering the scarcely significant differences between the two financial statements.

TOSCANA AEROPORTI - INCOME STATEMENT FOR THE YEAR

Amounts in €K	2017	2016	2017/2016 Abs. Diff.	% Diff.
REVENUES				
Operating income				
Aviation revenues	92,269	87,999	4,271	4.9%
Non-Aviation revenues	26,428	25,122	1,306	5.2%
Other revenues and income	2,666	4,981	-2,315	-46.5%
Total operating revenues	121,363	118,102	3,261	2.8%
Revenues from construction services	12,091	7,230	4,862	67.3%
TOTAL REVENUES (A)	133,454	125,331	8,123	6.5%
COSTS				
Operating Costs				
Consumables	1,000	1,342	-341	-25.4%
Cost of Personnel	41,111	40,172	940	2.3%
Costs for services	42,158	40,635	1,523	3.7%
Sundry operating expenses	2,292	2,076	217	10.4%
Airport leases	6,208	6,034	174	2.9%
Total operating costs	92,769	90,257	2,512	2.8%
Costs for construction services	11,922	6,994	4,929	70.5%
TOTAL COSTS (B)	104,692	97,251	7,441	7.7%
GROSS OPERATING MARGIN (A-B)	28,763	28,080	682	2.4%
% incid. over total revenue	*21.6%*	*22.4%*		
% incid. over operating revenue	*23.7%*	*23.8%*		
Amortization and write-downs	8,865	8,405	460	5.5%
Provision for risks and repairs	2,928	4,223	-1,294	-30.7%
Bad debt reserve	872	415	457	110.2%
OPERATING EARNINGS	16,097	15,038	1,059	7.0%
% incid. over total revenue	*12.1%*	*12.0%*		
% incid. over operating revenue	*13.3%*	*12.7%*		
ASSET MANAGEMENT				
Financial income	678	698	-20	-2.8%
Financial expenses	-1,451	-1,229	-221	18.0%
Profit (loss) from equity investments	0	0	0	N.S.
TOTAL ASSET MANAGEMENT	-772	-531	-241	45.4%
PROFIT (LOSS) BEFORE TAX	15,324	14,507	818	5.6%
Year's taxes (*)	-4,914	-4,734	-180	3.8%
PROFIT/(LOSS) FOR THE PERIOD	10,411	9,773	638	6.5%
Earnings per share (€)	0.5594	0.5251	0.0343	6.1%

(*) Remember that the 2017 tax rate reduction is affected by the lower IRES tax rate, down to 24% from 27% effective from the financial year 2017.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (amounts in €K)		
ASSETS	**31-Dec-2017**	**31-Dec-2016**
NON-CURRENT ASSETS		
- Intangible assets	159,552	152,259
- Tangible assets	26,027	25,492
- Equity investments	3,891	3,909
- Financial Assets	2,497	2,694
- Prepaid taxes recoverable beyond the year	3,485	3,114
TOTAL NON-CURRENT ASSETS	**195,452**	**187,468**
CURRENT ASSETS		
- Receivables from customers	28,081	15,324
- Receivables from associated companies	263	217
- Receivables from subsidiaries	1,229	729
- Tax receivables	496	72
- Receivables from others, due within the year	9,030	5,448
- Cash and cash equivalents	12,098	26,056
TOTAL CURRENT ASSETS	**51,198**	**47,845**
TOTAL ASSETS	**246,651**	**235,314**

TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	31-Dec-2017	31-Dec-2016
CAPITAL AND RESERVES		
- Group Shareholders' Equity	**110,969**	**109,806**
MEDIUM-LONG TERM LIABILITIES		
- Provisions for liabilities and charges	3,958	2,851
- Provisions for repair and replacement	18,517	19,081
- Termination benefits and other personnel-related provisions	6,183	6,539
- Financial liabilities	31,974	36,259
- Other payables due beyond the year	142	43
TOTAL MEDIUM-LONG TERM LIABILITIES	**60,774**	**64,774**
CURRENT LIABILITIES		
- Bank overdrafts	5,000	0
- Financial liabilities	4,439	4,456
- Tax liabilities	10,494	6,846
- Total trade and sundry receivables	54,974	49,431
TOTAL CURRENT LIABILITIES	**74,907**	**60,734**
TOTAL LIABILITIES	**135,682**	**125,508**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**246,651**	**235,314**

NET FINANCIAL INDEBTEDNESS			
Euro K	31-Dec-2017	31-Dec-2016	Abs. Diff.
A. Cash on hand and at banks	12,098	26,056	(13,957)
B. Other cash and cash equivalents	-	-	-
C. Securities held for trading	-	-	-
D. Liquid assets (A) + (B) + (C)	**12,098**	**26,056**	**(13,957)**
E. Current financial receivables	-	-	-
F. Current bank payables	5,000	-	5,000
G. Current portion of non-current indebtedness	4,439	4,456 -	17
H. Other current financial payables due to leasing companies	-	-	-
I. Current financial indebtedness (F) + (G) + (H)	**9,439**	**4,456**	**4,983**
J. Net current financial indebtedness (I) - (E) - (D)	**(2,659)**	**(21,599)**	**18,941**
K. Non-current bank payables	31,974	36,259	(4,285)
L. Bonds issued	-	-	-
M. Other non-current payables due to leasing companies	-	-	-
N. Non-current financial indebtedness (K) + (L) + (M)	**31,974**	**36,259**	**(4,285)**
O. Net Financial Position (J) + (N)(NFP)	**29,316**	**14,660**	**14,656**

The year's financial statement of the Parent Company at 31 Dec. 2017 is fully compliant with the financial covenants specified in the long-term loans that are being used. For further details, see the section "Financial Liabilities" in the Explanatory Notes to the Financial Statement.

17.2 Parcheggi Peretola Srl

Parcheggi Peretola S.r.l. became a member of the TA Group in 2015 after the incorporation of AdF, which owned 100% of its shares.
The prevalent activity of this company is the management of a 640-slot payment car parking lot for the public in front of the Departures Terminal of the Florence airport.
We point out that the Subsidiary prepares its financial statement in compliance with the applicable legislation. For the consolidated financial statement, the financial statement of the subsidiary has been appropriately adjusted to take into account the impact deriving from the application of international accounting standards.
Book values in 2017 show revenue accounts (value of production) of € 1,785 K, up by € 144 K compared to 2016 by virtue of the increase in the annual number of passengers in the Florence airport, and consequently of customers using the parking lots managed by the company.
On the cost side, the most important component is the cost of the parking lot management and maintenance service provided by SCAF S.r.l. We also remind readers of

the 7% drawback of parking lot revenues from the Municipality of Florence under an agreement that also allowed the entity to readjust the Parent Company's parking rates.
The Gross Operating Margin (or EBITDA) for 2017 is € 1,015 K, up by 121 K, and the year's Net Profit is € 668 K, up by € 110 K compared to 2016.
A summarised Income Statement table and the Financial Position table are provided below, prepared according to statutory provisions, as approved by the control board of the subsidiary on 15 March 2018.

PARCHEGGI PERETOLA - INCOME STATEMENT		
Amounts shown in € K	**2017**	**2016**
REVENUES		
Non-Aviation revenues	1,775	1,636
Other revenues and income	10	4
TOTAL REVENUES (A)	**1,785**	**1,640**
COSTS		
Consumables	0.0	1.0
Costs for services	714	682
Sundry operating expenses	55	62
TOTAL COSTS (B)	**769**	**745**
GROSS OPERATING MARGIN (A-B)	**1,016**	**895**
% incid. over total revenue	57%	55%
Amortization and write-downs	79	81
OPERATING EARNINGS	**937**	**814**
% incid. over total revenue	52%	50%
ASSET MANAGEMENT	0.04	0.04
PROFIT (LOSS) BEFORE TAX	**937**	**814**
Year's taxes	-269	-257
PROFIT/(LOSS) FOR THE PERIOD	**668**	**557**

STATEMENT OF FINANCIAL POSITION (amounts in €K)		
ASSETS	**31-Dec-2017**	**31-Dec-2016**
NON-CURRENT ASSETS	**2,173**	**2,247**
CURRENT ASSETS	**949**	**801**
TOTAL ASSETS	**3,121**	**3,048**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**31-Dec-2017**	**31-Dec-2016**
SHAREHOLDERS' EQUITY	**2,905**	**2,795**
CURRENT LIABILITIES	**216**	**253**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,121**	**3,048**

Parcheggi Peretola has a positive Net Financial Position of € 415 K at 31 Dec. 2016 (against € 691 K at 31 Dec. 2016).

17.3 Toscana Aeroporti Engineering Srl

Toscana Aeroporti Engineering (hereinafter "TAE"), incorporated on 15 January 2015, has started operations in the month of August of that year as an engineering subsidiary 100% owned by Toscana Aeroporti with the mission of providing TA with the engineering services required for the implementation of the program for the development of the two airports - Florence and Pisa.

For the engineering activities serving the design of the Master Plan, TAE uses its own staff and the support of:

1. technical/engineering staff (10 employees) seconded by TA starting from 1 January 2017;
2. internal staff (5 employees at 31 Dec. 2017);
3. Helport Uruguay SA (hereinafter "Helport"), a related company and subsidiary controlled by the Corporation America Group, specializing in the development and design of airport infrastructures, based on a framework agreement, with the objective of using its extensive and long-term expertise in the design of airport infrastructures;
4. specialized service contractors.

In continuity with the last business year, the design activities carried out by TAE on behalf of TA during 2017 consisted in the review and development of the 2014-2029 Florence and Pisa Master Plan. More specifically:

- the environmental impact study, the assessment of the incidence and of the health-related impact of the new flight infrastructure and of the new Florence terminal;
- the final design of the new Florence flight infrastructure and the specialists' inspections regarding the new airport flooring and related safety surfaces;
- the design of the new terminal for the reconfiguration of passenger flows and the new offices of the Florence Terminal;
- the design for the expansion to the east side of the Pisa passenger network (new Arrivals Terminal).

In 2017, for the projects described above, TAE spent approx. € 2,374 K for contracted work. We point out that, under the above-mentioned agreements, in 2017 TAE recognised approx. € 710 K of expenses for the related party Helport.

As at 31 Dec. 2017, Helport has 5 direct employees and, in continuity with 2016, staff activities have been carried out by the Parent Company under a servicing agreement signed between the parties.

We point out that the Subsidiary prepares its financial statement in compliance with the applicable legislation. For the sole purpose of the Consolidated Financial Statement, the Financial Statement of the Subsidiary has been adjusted to take into account the impact deriving from the application of international accounting standards.

A summarised Income Statement table and the Financial Position table are provided below, prepared according to statutory provisions, as approved by the control board of the subsidiary on 15 March 2017.

Amounts in €K	2017	2016
REVENUES		
Other revenues and income	3,584	2,105
TOTAL REVENUES (A)	**3,584**	**2,105**
COSTS		
Cost of Personnel	280	91
Costs for services	3,218	1,912
Sundry operating expenses	27	41
TOTAL COSTS (B)	**3,525**	**2,044**
GROSS OPERATING MARGIN (A-B)	**59**	**62**
% incid. over total revenue	1.6%	2.9%
Amortization and write-downs	1	1
OPERATING EARNINGS	**58**	**61**
% incid. over total revenue	1.6%	2.9%
ASSET MANAGEMENT	-0	0
PROFIT (LOSS) BEFORE TAX	**58**	**61**
Year's taxes	-28	-34
PROFIT/(LOSS) FOR THE PERIOD	**30**	**27**

Revenues totalled € 3,584 K in 2017 (against € 2,105 K in 2016), reflecting the year's portion of the projects commissioned by TA as specified above.
Total costs were € 3,525 K in 2017, mainly including external design costs for € 2,374 K and the cost of TA's seconded personnel for € 528 K.
In 2017, profits totalled € 30 K.

ASSETS	**31-Dec-2017**	**31-Dec-2016**
NON-CURRENT ASSETS	**10**	**9**
CURRENT ASSETS	**2,188**	**1,420**
TOTAL ASSETS	**2,198**	**1,429**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**31-Dec-2017**	**31-Dec-2016**
SHAREHOLDERS' EQUITY	**167**	**137**
MEDIUM-LONG TERM LIABILITIES	**16**	**2**
CURRENT LIABILITIES	**2,015**	**1,290**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,198**	**1,429**

As at 31 Dec. 2017, TAE has a positive Net Financial Position of € 372 K (against € 120 K at 31 Dec. 2016).

17.4 Jet Fuel Srl

Jet Fuel Co. s.r.l. is the entity that manages the centralized fuel storage facility of the Pisa airport. The stake held by TA is 51.0% of voting rights, while property and dividend rights are exercised in identical portions by the other shareholders, Refuelling S.r.l. and Air BP Italia S.p.A. So, for 2017 and 2016 consolidation purposes, said equity interest was considered as a 33% share and portion of profits pertaining to the TA Group.
As at 31 Dec. 2017, Jet Fuel has a share capital of € 150 K, reported € 170 K of profits for the year, and has a Shareholders' Equity of € 385 K. As at 31 Dec. 2017, Jet Fuel has a sub-

concession agreement in place with TA for the management of the centralized fuel storage facility, for a global value of € 673 K in 2017, an administrative services agreement for a value of € 20 K, and cost recoveries for approx. € 17 K.
A total of 97,477 cubic metres of jet fuel passed through the storage facility during 2017, with a 6% volume increase compared to the 91,979 cubic metres of 2016. The company provided into-plane services for 69,493 cubic metres of fuel, with a 2.4% increase compared to the 67,848 cubic metres of 2016.
We point out that the Subsidiary prepares its financial statement in compliance with the applicable legislation. For the sole purpose of the Consolidated Financial Statement, the Financial Statement of the Subsidiary has been adjusted to take into account the impact deriving from the application of international accounting standards. A summarised Income Statement table and the Financial Position table are provided below, prepared according to statutory provisions, as approved by the control board of the subsidiary on 8 March 2018.

Amounts in €K	2017	2016
REVENUES		
Aviation revenues	2,344	2,259
Other revenues and income	7	5
TOTAL REVENUES (A)	**2,351**	**2,264**
COSTS		
Consumables	73	69
Cost of Personnel	808	764
Costs for services	487	490
Sundry operating expenses	16	9
Airport leases	673	662
TOTAL COSTS (B)	**2,056**	**1,994**
GROSS OPERATING MARGIN (A-B)	**295**	**270**
% incid. over total revenue	13%	12%
Amortization and write-downs	49	41
OPERATING EARNINGS	**246**	**229**
% incid. over total revenue	10%	10%
Asset management	- 4	- 0
PROFIT (LOSS) BEFORE TAX	**242**	**228**
Year's taxes	- 72	- 75
PROFIT/(LOSS) FOR THE PERIOD	**170**	**154**

The main revenues of Jet Fuel (Aviation) in 2017 consist of € 1,382 K (€ 1,304 K in 2016) from the fuel storage service and € 927 K from the into-plane service (€ 904 K in 2016).
The main costs in 2017 have been the cost of labour (€ 808 K), the airport sub-lease (€ 673 K), tank truck rental (€ 165 K), professional services (€ 103 K), maintenance and fuel for tank trucks (€ 93 K), and industrial insurance (€ 47 K).
The year's profit of € 170 K (€ 154 K in 2016), up by € 16 K compared to the previous year's profit, is mainly explained by the greater volumes handled in the storage facility and with the into-plane service, as specified above.

ASSETS	31-Dec-2017	31-Dec-2016
NON-CURRENT ASSETS	610	80
CURRENT ASSETS	946	828
TOTAL ASSETS	1,556	907

TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	31-Dec-2017	31-Dec-2016
SHAREHOLDERS' EQUITY	385	365
MEDIUM-LONG TERM LIABILITIES	589	222
CURRENT LIABILITIES	582	321
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,556	907

As at 31 Dec. 2017, Jet Fuel has a positive Net Financial Position of € 23 K (€ 581 K at 31 Dec. 2016).

18. MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

The main risk factors that may affect the Group's operations are described below.

- RISKS ASSOCIATED WITH THE GENERAL CONDITIONS OF THE ECONOMY AND THE INDUSTRY

The main factors that may affect operations in the transport sector where the Group operates are, *inter alia*, the gross domestic product (GDP), the business and consumer confidence level, the unemployment rate and the oil price. The downturn of the domestic and international economy that started in the second half of 2008 is continuing and its effects were still felt in 2017. More specifically, the international political unrest, the credit crunch, the high unemployment rate, the reduction in the available income for families in real terms, and the consequent decrease in consumption may adversely affect the demand for air transport. Should this weak economy persist, we cannot exclude a negative impact on the economic situation of the Group.

In any case, the recent traffic trends of the two airports, with significant growths in the number of passengers recorded in the four-year period 2013-2016, confirmed in 2017, confirms the special attractiveness of our territory, which in itself mitigates the risk described.

- RISKS ASSOCIATED WITH AIRPORT HANDLING ACTIVITIES AND THE EXTREMELY COMPETITIVE LAYOUT OF THE RELATED MARKET

Airports with a traffic exceeding 2 M passengers or 50,000 tons of goods are recognised free access to the "ground assistance services" market (Leg. Dec. 18/99). To date, in the Pisa and Florence airports, these services are mostly provided by the Airport Operator. At present, the only handling activity to be carried out by providers of ground assistance services other than TA in the two airports is the general aviation business.

During 2017, revenues generated by the Group's handling business accounted for 21.8% of the total revenues and 23.9% of the total after deducting revenues from construction services. The market where the providers of handling services operate is typically characterized by a high level of competitiveness, as well as by a limited profitability in terms of operating income.

The increase in competitive pressure, on the one hand, and the reduced margins that characterise these activities, on the other, could adversely affect TA's economic situation, equity and financial standing. To mitigate this risk, the Company launched a project to focus on handling activities, including through relative spin-offs.

- REGULATORY RISK

The Parent Company, within the framework of the two concessions for the global management of the Pisa and Florence airports, operates in a sector regulated by domestic and international legislation. Any unpredictable change in the regulatory framework might adversely impact the bottom line of the TA Group.

A potential risk factor in the airport sector is the constant evolution of the specific legislative and regulatory scenario where the Parent Company, like the other airport operators, operates. The Company's financial results are affected by the developments in the regulatory framework, particularly as regards the airport services tariff regulations and the fee system for the services offered by airport operation companies. In this regard, we specify that the preliminary stages for the definition, with the new Transport Authority, of the new rate levels for the regulatory period 2015-2018 had been positively concluded in 2015 for both the Pisa and Florence airports. In October 2017, the annual consultations with users were positively conducted in Florence and Pisa, and were followed by the disclosure of the new 2018 tariffs effective from 1 January.

- RISKS ASSOCIATED WITH RELATIONSHIPS WITH EMPLOYEES AND TRADE UNIONS

The Parent Company operates in an industrial context characterised by a significant presence of trade unions and is potentially exposed to the risk of strikes and interruptions in its production activities.

The Company holds regular meetings with Trade Unions in order to establish a continuous and constructive relationship.

In past years and in 2017, no significant service halts caused by strikes have occurred in the Florence or Pisa airport. However, after the announcement of strategic spin-off projects for handling activities, of a revision of the perimeters used for the provision of security services, as well as of a review and harmonization of collective corporate contracts, workers organized 5 strikes in the last quarter of 2017, both locally and at national level, with a significant participation rate among the operating personnel - which, however, did not cause significant blocks of the service. At present, the Company is meeting with trade unions almost on a weekly basis to discuss the points at issue in order to achieve a better management of corporate projects.

- RISKS ASSOCIATED WITH DECREASING AIRPORT TRAFFIC IN THE TWO AIRPORTS AND WITH THE CONCENTRATION OF CERTAIN CARRIERS

Like the other operators of the sector, the Parent Company may also be affected by a possible reduction or termination of flights by one or more carriers, which might be due to an economic/financial crisis in their business organizations and which might adversely impact the bottom line of the TA Group.

In 2017, TA recorded over 7,9 million passengers within a system of 38 operating carriers. The total incidence of the first three airlines is 59.2%. In detail, the incidence of the first carrier is 42.0%, with the second and third carriers at 8.7% and 8.5%, respectively.

Based on past experience, although there can be no certainty in this regard, the Parent Company is convinced that the risk of a reduction or interruption of the service by one or more carriers could be faced with a probable redistribution of passenger traffic among the other airlines operating in the airport and with its capacity to attract new carriers.

In addition to that, the Parent Company signed with said carriers multi-year agreements that include their commitment to promote marketing and advertising campaigns, and achieve pre-established objectives in terms of passengers and flights, in exchange for the Parent Company's commitment to contribute to the related expenses and grant economic incentives for the achievement of the aforesaid objectives. These agreements

also establish that penalties be imposed in case of cancellations not caused by force majeure events.
However, we should not exclude the likelihood that, notwithstanding the implementation of the aforesaid remedial measures, a certain amount of time might elapse between the interruption of flights and their replacement by other carriers and that this interruption might, in any case, negatively impact the operations and earnings of the Parent Company.
In order to minimize the risk of traffic concentration on some carriers, the Parent Company, albeit in the context of a sector, such as the air transport sector, characterised by integration and merger processes between carriers, is pursuing a strategy of diversification of the airlines operating in the two airports.
As to the result of the 2016 June "Brexit" referendum in the United Kingdom, where the decision to leave the European Union prevailed, it is still difficult today to predict all the possible economic and social repercussions or the impact on air traffic in the medium-long term.

- RISKS ASSOCIATED WITH DEPENDENCE ON KEY PERSONNEL
The Parent Company believes that its operating and management structure is capable of ensuring the continuity of the management of its corporate affairs. Furthermore, the Parent Company has started a process of development of human resources in view of a Succession Plan. However, should one or more key staff of the Parent Company, such as the CEO and General Director or other senior/Top Management members, terminate their cooperation with the company, there could be a negative impact on the perspectives, business operations and economic/financial results of the Parent Company.
We stress that the recent corporate merger between the Pisa and Florence airports provided the new TA Group with a wider executive framework in organizational terms, so we may reasonably expect a reduction in this risk.

- ENVIRONMENTAL RISK
The operations of the Group are regulated by many European Union regulations and domestic, regional and local legislation on the protection of the environment. The Group has the priority of carrying out its activity in compliance with the applicable environmental legislation; however, since the risk of environmental liability is intrinsic to the activity of the Group, there can be no certainty that any new future regulations may not involve further regulatory requirements for the Group.

- FINANCIAL RISK
As regards financial risks, see the specific section in the Explanatory Notes.

19. SIGNIFICANT EVENTS OCCURRED AFTER 31 DECEMBER 2017

Main news on the operations of the Pisa airport

- Ryanair: in the first 3 months of 2018, the airline has kept cancelling flights due to the labour issues started at mid-September 2017 regarding its pilots and flight crew. However, Ryanair has already announced that it is going to increase its operations in the Pisa airport starting from the summer 2018, with a resumption of the 3 weekly flights to Crotone, and from the winter 2018/2019 with the continuation of its flight to Gdańsk and the launch of a new flight to Prague.
- Pobeda: launched 2 weekly flight to Saint Petersburg since 18 February 2018 on an annual basis.

- **S7**: announced the launch of a new direct flight from Pisa to Saint Petersburg starting from 26 March 2018 (2 weekly flights) and increased the frequency of its flight to Moscow Domodedovo.
- **Volotea**: launched a new 2 weekly seasonal flight to Toulouse from 12 April 2018.
- **Jet2.com**: launched a new 2 weekly seasonal flight to Birmingham from May 2018.
- **DHL**: increased operations starting from 19 January 2018 with an additional flight on Monday with a transit B737 flight operated in support of increased export volumes from Tuscany.

Main news on the operations of the Florence airport

- **TAP**: the Portuguese airline will operate 10 weekly flights to Lisbon.
- **British Airways**: new weekly flights to Manchester and Edinburgh starting from May 2018.
- **Tui Fly**: 2 new weekly flights to Antwerp operated starting from the summer.
- **Eurowings**: starting from 15 January 2018, the German carrier launched 12 weekly flights to Dusseldorf until the end of the winter season, thus replacing Air Berlin, which operated 3 daily flights to Dusseldorf.

We also point out that:

- On 19 February 2018, Corporación America Italia S.p.A. announced the purchase of 850,235 shares of Toscana Aeroporti S.p.A., thus increasing its share from 51.13% to 55.7%.
- On 28 February 2018, the terms for the Financial Administrations to file an appeal against the favourable judgement no. 6528/2016 with which the Court of Appeal of Rome ordered MIT to pay Toscana Aeroporti (former Aeroporto of Firenze S.p.A.) the compensation amount for the damages suffered in the years 2006-2008 as a result of the non-adjustment of airport fees to inflation - approx. € 1.6 M, as determined by the expert witness during the first instance of the trial. In addition, the Court of Appeal also admitted TA's right to receive compensation for lost profit damages, to be determined on an equity basis according to the indications provided in the reason of the judgement. As a consequence, judgement no. 2403/2012, with which the MIT was ordered to pay Toscana Aeroporti (former Aeroporto of Firenze S.p.A.) an amount of approx. € 2.2 M, can be considered final, and in fact said amount was collected on 18 March 2013 as compensation for the damages suffered for the non-adjustment to inflation of airport fees in the years 1999-2005, increased by the relevant monetary reassessment and legal interests due.

20. DISCLOSURE PURSUANT TO ART. 149-*DUODECIES* OF CONSOB'S ISSUER REGULATIONS

Annex F to the Consolidated Financial Statement, prepared pursuant to art. 149-*duodecies* of CONSOB Issuers Regulations, shows the fees paid for the auditing of the 2017 financial statement and for other services by TA to the Independent Auditor and any other entity of its network.

21. OUTLOOK

In the first two months of 2018, the Tuscan Airport System recorded a total traffic of over 856K passengers, increasing by 0.7% compared to the same period of 2017.
This result and the present scheduling of flights for the summer 2018 suggest positive growth rates for the Toscana Aeroporti Group in 2018 compared to 2017.

We remind readers that the Italian airline, Alitalia, is still under compulsory administration (receivership) and, in 2017, it accounted for 4.8% in terms of passenger traffic volume for Toscana Aeroporti, both airports included, with over 379,000 passengers.

22. PROPOSED ALLOCATION OF THE YEAR'S PROFITS

Dear Shareholders,

We invite you to approve the Financial Statement for the year 2017 prepared by Toscana Aeroporti S.p.a. based on the valuation criteria described in the Explanatory Notes.

We propose that the net year profits of € 10,410,626 be allocated as follows:

- € 527,672 to the legal reserve based on statutory provisions;
- € 9,882,954 to be distributed as dividend to Shareholders (€ 0.531 per share).

For the Board of Directors
The Chairman
(Marco Carrai)

CONSOLIDATED FINANCIAL STATEMENTS – REPORTS AT 31 DEC. 2017

GRUPPO TOSCANA AEROPORTI - CONSOLIDATED INCOME STATEMENT

Amounts shown in € K	Notes	2017	of which Related Parties	2016	of which Related Parties
REVENUES					
Operating income					
Aviation revenues	1	93,945	893	89,597	993
Non-Aviation revenues	2	28,070	658	26,626	601
Other revenues and income	3	2,045	137	4,257	229
Total operating revenues		**124,060**	**1,688**	**120,480**	**1,823**
Revenues from construction services	4	12,091	0	7,230	0
TOTAL REVENUES (A)		**136,151**	**1,688**	**127,710**	**1,823**
COSTS					
Operating Costs					
Consumables	5	1,066		1,397	
Cost of Personnel	6	42,175		41,001	
Costs for services	7	43,097	70	41,521	86
Sundry operating expenses	8	2,374		2,151	
Airport leases	9	6,208		6,034	
Total operating costs		**94,919**	**70**	**92,104**	**86**
Costs for construction services	10	11,059	710	6,271	
TOTAL COSTS (B)		**105,978**	**779**	**98,375**	**86**
GROSS OPERATING MARGIN (A-B)		**30,173**		**29,335**	
Amortization and write-downs	11	9,051		8,563	
Provision for risks and repairs	12	2,933		4,227	
Bad debt reserve	13	872		415	
OPERATING EARNINGS		**17,317**		**16,130**	
ASSET MANAGEMENT					
Financial income	14	71		145	
Financial expenses	15	-1,494		-1,265	
Profit (loss) from equity investments	16	35		-	
TOTAL ASSET MANAGEMENT		**-1,388**		**-1,120**	
PROFIT (LOSS) BEFORE TAX		**15,929**		**15,010**	
Year's taxes	17	-5,251		-5,081	
PROFIT/(LOSS) FOR THE PERIOD		**10,678**		**9,930**	
Minority Interest's loss (profit) for the period	18	-127		-116	
GROUP'S PROFIT/(LOSS) FOR THE PERIOD		**10,550**		**9,814**	
Earnings per share (€)	19	0.5669		0.5273	
Diluted earnings per share (€)		0.5669		0.5273	

GRUPPO TOSCANA AEROPORTI - COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

Amounts in €K	Notes	2017	2016
PROFIT/(LOSS) FOR THE PERIOD (A)		**10,678**	**9,930**
Other comprehensive profit/(loss) that will not be subsequently reclassified to the Income Statement:			
- Profit (loss) arising from the determination of the Termination Benefit after tax	44	28	-277
Total other profit (loss) before tax (B)		*28*	*-277*
COMPREHENSIVE PROFIT FOR THE PERIOD (LOSS) (A) + (B)	41	**10,706**	**9,653**
Minority Interest's comprehensive profit (loss)		-130	-103
GROUP'S COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD		**10,576**	**9,550**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (amounts in €K)

ASSETS	Notes	31-Dec-2017	31-Dec-2016
NON-CURRENT ASSETS			
INTANGIBLE ASSETS			
Concession rights (royalties)	20	150,910	147,818
Industrial patent rights	21	1,419	320
Work in progress and advance payments	22	12,826	9,807
Total Intangible Assets		**165,155**	**157,945**
TANGIBLE ASSETS	23		
Revertible property (land and buildings, with no payment)		1,660	1,734
Owned property, plant and equipment		24,990	23,899
Total Tangible Assets		**26,650**	**25,633**
EQUITY INVESTMENTS			
Equity investments in other entities	24	123	141
Investments in Associated Companies	25	560	525
Total Equity investments		**683**	**666**
FINANCIAL ASSETS			
Guarantee deposits	26	195	146
Receivables from others due beyond the year	27	2,304	2,550
of which from Related Parties		*259*	*343*
Total Financial Assets		**2,499**	**2,696**
Prepaid taxes recoverable beyond the year	28	2,540	2,147
TOTAL NON-CURRENT ASSETS		**197,526**	**189,087**
CURRENT ASSETS			
Inventory	29	0	0
ACCOUNTS RECEIVABLE			
Other receivables from customers	30	28,328	15,486
of which from Related Parties		*434*	*538*
Receivables from associated companies	31	263	217
Tax receivables	32	781	188
Receivables from others, due within the year	33	9,085	5,473
of which from Related Parties		*0*	*427*
Total trade and sundry receivables		**38,457**	**21,364**
Cash and cash equivalents	34	13,360	27,448
TOTAL CURRENT ASSETS		**51,817**	**48,812**
TOTAL ASSETS		**249,343**	**237,899**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (amounts in €K)

TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31-Dec-2017	31-Dec-2016
CAPITAL AND RESERVES			
Share Capital	35	30,710	30,710
Capital reserves	36	72,877	72,374
IAS adjustments reserve	37	-3,229	-3,229
Profit/(Loss) carried forward	38	2,452	2,387
Group's profit (loss) for the period	39	10,550	9,814
TOTAL GROUP SHAREHOLDERS' EQUITY		**113,360**	**112,055**
MINORITY INTEREST	40	221	190
TOTAL SHAREHOLDERS' EQUITY		**113,581**	**112,245**
MEDIUM-LONG TERM LIABILITIES			
Provisions for liabilities and charges	42	3,997	2,886
Provisions for repair and replacement	43	18,517	19,081
Termination benefits and other personnel-related provisions	44	6,521	6,853
Financial liabilities	45	32,327	36,259
Other payables due beyond the year	46	142	43
TOTAL MEDIUM-LONG TERM LIABILITIES		**61,504**	**65,123**
CURRENT LIABILITIES			
Bank overdrafts	47	5,000	0
Loans	48	4,538	4,456
Tax liabilities	49	10,591	7,006
Payables to suppliers	50	28,539	26,029
of which from Related Parties		*0*	*36*
Payables to social security institutions	51	2,671	2,670
Other payables due within the year	52	15,941	15,218
of which from Related Parties		*1,438*	*617*
Provisions for repair and replacement	43	6,692	4,830
Advance payments	53	284	322
Total trade and sundry receivables		**54,128**	**49,069**
TOTAL CURRENT LIABILITIES		**74,257**	**60,531**
TOTAL LIABILITIES		**135,761**	**125,654**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**249,343**	**237,899**

STATEMENT OF CHANGES IN THE CONSOLIDATED SHAREHOLDERS' EQUITY
(amounts shown in €K)

	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	STATUTORY RESERVES	OTHER RESERVES	IAS ADJUSTMENTS RESERVE	TOTAL RESULT RESERVES	**TOTAL GROUP'S S.E.**	MINORITY INT. S.E.	**TOTAL SHAREHOLDERS' EQUITY**
S.E. AT 31 December 2015	**30,710**	**18,941**	**2,548**	**25,876**	**24,585**	**-3,229**	**10,968**	**110,399**	**127**	**110,526**
NET PROFIT (LOSS) FOR THE PERIOD	-	-	-	-	-	-	9,814	**9,814**	116	**9,930**
OTHER COMPON. OF COMPREH. I.S.	-	-	-	-	-	-	-264	**-264**	- 13	**-277**
TOTAL COMPREHENSIVE PROFIT (LOSS)	-	-	-	-	-	-	***9,550***	**9,550**	***103***	**9,653**
PROFIT ALLOCATION	-	-	424	-	-	-	-424	-	-	-
DIVIDENDS	-	-	-	-	-	-	-7,892	-7,892	- 40	**-7,933**
TOTAL TRANSACTIONS WITH SHAREHOLDERS	-	-	***424***	-	-	-	***-8,316***	***-7,892***	***- 40***	***-7,933***
S.E. AT 31 December 2016	**30,710**	**18,941**	**2,972**	**25,876**	**24,585**	**-3,229**	**12,201**	**112,055**	**190**	**112,245**
NET PROFIT (LOSS) FOR THE PERIOD	-	-	-	-	-	-	10,551	**10,551**	127	**10,678**
OTHER COMPON. OF COMPREH. I.S.	-	-	-	-	-	-	24	**24**	4	**28**
TOTAL COMPREHENSIVE PROFIT (LOSS)	-	-	-	-	-	-	***10,575***	**10,575**	***131***	**10,706**
PROFIT ALLOCATION	-	-	504	-	-	-	-504	**0**	-	**0**
DIVIDENDS	-	-	-	-	-	-	-9,269	-9,269	- 100	**-9,369**
TOTAL TRANSACTIONS WITH SHAREHOLDERS	-	-	***504***	-	-	-	***-9,773***	***-9,269***	***- 100***	***-9,369***
S.E. AT 31 December 2017	**30,710**	**18,941**	**3,475**	**25,876**	**24,585**	**-3,229**	**13,002**	**113,360**	**221**	**113,581**

STATEMENT OF CASH FLOWS (amounts in €K)

Euro K	2017	2016
OPERATIONS		
Net result for the period	**10,678**	**9,930**
Adjusted for:		
- Amortization	9,051	8,563
- Other provisions and impairment	406	2,301
- Change in the provision for liabilities and charges	1,111	(929)
- Net change in termination benefit and other provisions	(358)	(216)
- Financial expenses for the period	1,494	1,265
- Net changes in (prepaid)/deferred taxes	(393)	15
- Taxes for the period	5,643	5,081
Cash flows of operating activities before changes in the working capital	*27,633*	*26,009*
- (Increase)/decrease in trade receivables	(12,841)	(823)
- (Increase)/decrease in other accounts receivable and current assets	(4,252)	2,998
- Increase/(decrease) in payables to suppliers	2,511	(2,928)
- Increase/(decrease) in other payables	3,162	(2,042)
Cash flows of operating activities before changes in the working capital	*(11,421)*	*(2,795)*
Liquid assets generated by operating activities	*16,212*	*23,214*
- Interest payable paid	(577)	(635)
- Taxes paid	(4,369)	(4,300)
Cash flow generated by operating activities	**11,266**	**18,279**
INVESTMENT ACTIVITIES		
- Purchase of tangible assets	(4,532)	(2,794)
- Sale of tangible assets	155	229
- Purchase of intangible assets	(12,901)	(8,132)
- Equity investments and financial assets	181	(277)
Cash flow from investing activities	**(17,097)**	**(10,973)**
CASH FLOWFROM OPERATIONS	**(5,831)**	**7,305**
FINANCIAL ASSETS		
- Dividends paid	(9,369)	(7,932)
- Short-/long-term loans taken out	11,500	6,000
- (Repayment of) short-/long-term loans	(10,389)	(10,222)
Net cash flow generated by/(used for) investments	**(8,258)**	**(12,153)**
Net increase/(decrease) in available cash Cash equivalents	**(14,089)**	**(4,848)**
Cash and cash equivalents at beginning of period	27,448	32,296
Cash and cash equivalents at end of period	**13,360**	**27,448**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AT 31 DEC. 2017

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2017

INTRODUCTION

"Gruppo Toscana Aeroporti" (hereinafter also briefly "the TA Group" or "TA") consists of the Parent Company, Toscana Aeroporti S.p.A. (hereinafter also briefly "Parent Company" or "TA"), a joint-stock company having its registered office at the Register of Companies of Florence, and its subsidiaries, Toscana Aeroporti Engineering s.r.l., Parcheggi Peretola s.r.l., and Jet Fuel Co. s.r.l. The main operations of the Group are described in the Report on Operations.
This Consolidated Financial Statement of the TA Group shows amounts in thousand euro (€K) as this is the currency used by TA and its subsidiaries for most their operations .
In addition, international accounting standards have been consistently applied for all the companies of the Group. The financial statements of the Subsidiaries, used for the consolidation, have been appropriately amended and reclassified, where necessary, for consistency with international accounting standards and classification criteria.
The limited auditing activity conducted on the 2017 Consolidated Financial Statement of the TA Group has been carried out by the auditor "PricewaterhouseCoopers S.p.A."

BASIS FOR CONSOLIDATION

Subsidiaries, identified as those entities under the control of the Parent Company, have been fully consolidated.
For the structure of the TA Group at 31 Dec. 2017, see the specific section of the "Report on Operations" in this document.
No changes were made to the consolidation area compared to 31 Dec. 2016.

STRUCTURE AND CONTENT OF STATEMENTS AND REPORTS

The 2017 Consolidated Financial Statement of the TA Group has been prepared in compliance with the International Accounting Standards (IAS/IFRS) in force to date, issued by the International Accounting Standards Board and approved by the European Union, as well as in compliance with the measures issued to implement art. 9 of Leg. Dec. no. 38/2005 (CONSOB Resolution no. 15519 of 27 July 2006 concerning "Provisions on financial statements", CONSOB Resolution no. 15520 of 27 July 2006 concerning "Amendments and additions to the Issuers' Regulation adopted with Resolution no. 11971/99", CONSOB Notice no. 6064293 of 28 July 2006 concerning "Company disclosures required by to art. 114, paragraph 5, of Leg. Dec. no. 58/98"). Furthermore, we considered the International Financial Reporting Interpretations Committee ("IFRIC"), formerly Standing Interpretations Committee ("SIC").

FORMAT OF FINANCIAL STATEMENTS

As regards the format of financial statements, the Company decided to present the following types of consolidated statements: Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in the Consolidated Shareholders' Equity, Statement of Cash Flows and Explanatory Notes. In their turn, Assets and Liabilities have been shown in the Balance Sheet based on their classifications as current and non-current.

Income Statement

The Income Statement is presented with classifications by nature, as this is considered to be the most significant classification method for the best disclosure of the earnings of the Company.
Furthermore, the Income Statement, pursuant to Consob's Resolution no. 15519 of 27 July 2006, breaks down all the relevant cost and revenue items referred to the relationships with related parties.

Statement of Comprehensive Income

In order to present additional information on its earnings, the Company chose to prepare two separated statements: the "Income Statement", which includes the operating result for the period, and the "Statement of Comprehensive Income", which includes both the operating result for the period and changes in the Shareholders' Equity relating to revenue and expense accounts, which, as specified in international accounting standards, are recognised among the components of the Shareholders' Equity. The Statement of Comprehensive Income is presented with details of Other Comprehensive Profits and Losses to distinguish between profits and losses that will be reclassified in the income statement in the future, and profits and losses that will never be reclassified in the income statement.

Statement of Cash Flows

The Statement of Cash Flows is presented subdivided into cash flow formation areas. It has been adopted by the TA Group and prepared by using the indirect method. Cash and cash equivalents included in the cash flow statement include the balance values of said items at the reference date. Income and expenses concerning interests, dividends received and income taxes are included in the financial flows generated by operations.
Pursuant to Consob Resolution no. 15519 of 27 July 2006, we specify that the cash flow statement does not show the financial flows regarding relationships with related parties, because they are not considered significant.

Statement of Changes in the Consolidated Shareholders' Equity

The statement of Changes in the Consolidated Shareholders' Equity is presented as required by international accounting standards, with separated items for the year's profit and each revenue, income, charge and expense not passed in the income statement or in the statement of comprehensive income, but directly recognised in the Shareholders' Equity based on specific IAS/IFRS accounting standards.

Basis for consolidation

The main consolidation criteria used in preparing the financial statement for the year in compliance with IFRS at 31 Dec. 2017 are the following:

a) the book value of the stakes of subsidiaries was eliminated against the related Shareholders' equity, with the recognition of their assets and liabilities on a line-by-line basis. There is control when the Group is exposed to or has the right to receive variable yields from its involvement in the business and has the capacity to influence said variable yields with its power on the subsidiary. The acquisition of a subsidiary is booked with the acquisition method. The cost of the acquisition is determined by the sum of current entries at the date when control has been obtained on the assets given, on the liabilities incurred or undertaken, and on the financial instruments issued by the Group in exchange for the control of the acquiree.

b) The assets, liabilities and potential liabilities acquired and identifiable are recognized at their fair value at the acquisition date. The positive difference between the purchase cost and the share of the Group in the fair value of said assets and liabilities is classified as goodwill and booked as intangible asset in the balance sheet.

c) Should a negative difference arise, IFRS 3 does not contemplate the recognition of a negative goodwill; so the excess of the interests of the purchaser in the fair value of the assets, liabilities and identifiable potential liabilities of the purchased entity compared to the cost of the acquisition is recognised to the Income Statement after redetermining the fair value of the assets, liabilities and identifiable potential liabilities of the acquiree.

d) Once control has been acquired on the acquiree, any acquisition of further shares is accounted for by recognising the difference between the price paid and the value of the corresponding share of booked Shareholders' equity of the acquiree directly to reduce the consolidated Shareholders' equity. Similarly, in the event of a transfer of stakes that does not involve a loss of control, the capital gain or loss is recognised directly in an item of the Shareholders' Equity and subsequently transferred to the Income Statement only at the time of the transfer of the control of the acquiree.

e) The economic results of the subsidiaries acquired or transferred during the business year at issue are included in the Consolidated Income Statement since the effective acquisition date until the effective transfer date.

f) Investments in associated companies are valued with the equity method: if the TA share of the losses of the associated company exceeds the book value of the investment in the balance sheet, then the value of the investment is zeroed and the portion of the further loss is recognised to the extent that TA is responsible for it.

g) Significant transactions between consolidated entities are eliminated, together with the credit and debit entries, costs and revenues, and profits not yet realized deriving from transactions between companies of the Group, after deducting any tax.

h) Minority interest in the net assets of the consolidated subsidiaries is identified separately from the Group's Shareholders' Equity. That interest is determined based on the percentage held by them in the fair value of the assets and liabilities recognised at the original acquisition date and in the Shareholders' Equity variations after that date. Subsequently, the loss attributable to Minority Shareholders exceeding their portion of Shareholders' equity are attributed to the Group's Shareholders' Equity, except for the cases where minority interests have a binding obligation and can make further investments to cover losses. For the acquisitions completed before the date of first application of the IFRS, as permitted by IFRS 1, the consolidation is done according to the previously applicable standards.

ACCOUNTING STANDARDS AND VALUATION CRITERIA

The accounting standards and valuation criteria adopted for the preparation of the financial statement for the business year closed on 31 Dec. 2017 are described below.
The financial statement has been prepared on a historical-cost basis, modified as required for the valuation of certain financial instruments. The Directors assessed whether it was appropriate to prepare the financial statement on a going-concern basis and concluded that the requirement for so doing is met, as there is no doubt concerning the Company’s capacity to continue operations.

Intangible assets

Concession rights (royalties) represent the Concessionaire's right to use the asset (the so-called “Intangible Asset Method”) under concession, in consideration of the costs incurred for the design and construction of the same asset, with the obligation to return it at the

end of the concession. Concession rights (royalties) are booked at the fair value (estimated on the basis of the cost incurred, inclusive of financial expenses, in addition to the capitalization of internal costs for the general coordination activity required for the works carried out by TA) of the intangible assets consisting in the construction and expansion of assets included within the framework of IFRIC 12.
The principle for the determination of the fair value stems from the fact that the Concessionaire has to comply with section 12 of IAS 18; therefore, if the fair value of the services received (in this case, the right to use the infrastructure) cannot be determined reliably, the revenue is determined based on the fair value of the services provided (fair value of the actual building services).
Construction services in progress at year-end are valued on the basis of the progress of works, as required by IAS 11, and this valuation converges in the Income Statement item "Revenue from construction services".
Repair or replacement activities are not capitalized and converge in the estimate of the provision described below.
Assets under concession are depreciated over the entire duration of each individual concession - a method that reflects the assumption that the future economic benefits of the asset will be used by the Concessionaire. Considering that the Pisa airport is a military airport that has been opened to civil traffic, the item "Assets under concession" also includes the investments made by the Parent Company for the flight infrastructure belonging to *Aeronautica Militare* (Ministry of Defence).
The provision for impairment and the provision for repair or replacement expenses, globally considered, ensure an adequate coverage of the following charges:

- free assignment to the State upon expiration of the concession of revertible assets with a useful life exceeding the term of the concession;
- repair and replacement of the components subject to wear and tear of the assets under concession;
- recovery of the investment, even in connection with the new works contemplated in financial plans.

Should events take place that support the assumption of an impairment of the value of said Intangible assets, the difference between the book value and the related "recovery value" is recorded in the income statement.
An intangible asset purchased or produced internally is booked among Assets, as required by IAS 38, only if it can be identified and controlled, and if it is possible to predict the generation of future economic benefits and if its cost can be determined reliably.
Intangible assets with finite lives are valued at purchase or production cost, after deducting accumulated amortization and impairment. Amortization is determined by making reference to the period of its estimated useful life and starts when the asset is available for use.
The amortization criteria adopted for the various intangible asset items are the following:

- Industrial patent and intellectual property rights: 2 years;
- multi-year charges: 5 years or referring to the different useful life, if lower;
- Concession rights (royalties): based on the remaining years of the concession (expiry 2046 for the Pisa airport, expiry 2043 for the Florence airport).

The Company elected to maintain the historical purchase cost, as an alternative to fair value, as valuation criterion for tangible assets after their initial recording.
Construction in Progress is valued at cost based on the progress reports defined by the contract with the supplier and are amortized starting from the business year when they start being used.
If, regardless of the amortization already accounted for, there is an impairment, the asset is written down accordingly; if, in subsequent years, the assumption of the impairment ceases to exist, the original value is restored, adjusted with the sole amortization.

Development costs can be capitalized provided that the cost is reliable, can be determined and the asset can be shown to be capable of producing future economic benefits.
Research costs are booked to the Income Statement in the period when they are incurred.
No intangible assets with an indefinite useful life have been booked in the balance sheet.

Tangible assets

Property, Plant and Equipment

Property, plant and equipment are booked at their purchase cost (more specifically, according to this principle, the value of land is separated from the value of the buildings built on said land and only the building is depreciated) and the cost includes incidental, direct and indirect costs for the portion reasonably attributable to the asset. For an asset that justifies capitalization, the cost also includes the financial expenses that are directly attributable to the acquisition, construction or production of asset itself.
If the individual components of a complex tangible asset have different useful lives, they are booked separately to be depreciated consistently with their relative duration ("Component Approach").
The costs incurred after the purchase are capitalized only if they increase the future economic benefits implied in the asset to which they refer. All the other costs are booked in the Income Statement when they are incurred. Tangible assets in progress are valued at cost and depreciated starting from the year when they start being used.
Fixed assets are systematically depreciated in each business year on a straight-line basis based on economic-technical rates determined in connection with the residual possibilities of use of the assets.
The rates applied are specified below:

- Property: 4% (25 years)
- Plant and machinery: 10% (10 years)
- Industrial and commercial equipment: 10% (10 years)
- Electronic machines: 20% (5 years)
- Office furniture and equipment: 12% (9 years)
- Vehicles: 25% (4 years)
- Cars: 20% (5 years)

Investments in revertible assets made before 1997 have been depreciated based on the lower term between the duration of the concession and the useful life of each individual asset.
Ordinary maintenance costs are fully debited to the Income Statement. Incremental maintenance costs are attributed to the assets to which they refer and depreciated in connection with their residual possibility of use.
Profits and losses deriving from the sale or divestment of assets are determined as the difference between the sales revenue and the net book value of the asset and are booked in the Income Statement of the year.

Impairment

At each year-end date, the TA Group reviews the carrying value of its tangible and intangible assets to detect any impairment. Whenever any such indication exists, the recoverable amount of said assets is estimated to determine the amount of the write-down ("impairment test"). When it is impossible to estimate the recoverable value of each individual asset, the TA Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.
The recoverable amount is the greater between the net selling price and the value in use. In determining the value in use, the estimated future cash flows are discounted at their

current value by using a pre-tax rate that reflects the market's current valuation of the current value of money and the specific risks of the asset.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be lower than the relative book value, the book value of the asset is reduced to the lowest recoverable value. An impairment is immediately recognised in the Income Statement.
When the circumstances requiring a write-down no longer exist, the carrying amount of the asset (or cash-generating unit) is adjusted upward to its new estimated recoverable amount which, however, does not exceed what the net carrying amount would have been, had the impairment not been recognized. The reversal is recognized immediately in the income statement.

Leased assets
Assets owned under finance leases, through which all the risks and benefits associated with ownership are substantially transferred onto the Group, are recognized as owned assets at their current value or, if lower, at the actual value of the minimum payments due for the leasing. The corresponding liability for the lessor is booked in the financial statement as financial debt. Assets are depreciated by applying the criterion and the rates used for owned assets.
The leases where the lessor substantially maintains all the risks and benefits associated with the ownership of the assets are classified as operating leases. Costs referred to operating leases are recognised line-by-line in the Income Statement along the term of the lease agreement.

Non-current assets held for sale
Non-current assets (and disposal groups) classified as "held-for-sale" are valued at the lower of their previous carrying amount and fair value less costs to sell.
Non-current assets (and disposal groups) are classified as "held-for-sale" when their book value is expected to be recovered by means of a sale transaction rather than being used in the operating activity of the company. This condition is met only when the sale is highly probable, the asset (or group of assets) is immediately available for sale in its current conditions, the Management has already committed to sell it/them, and the sale is planned within twelve months from the classification date of this item.

Financial assets (including equity investments in other entities)
Financial assets are recognised and derecognised on a trade date basis and are initially valued at fair value, which corresponds to the initial fee increased by ancillary charges incurred for the transaction, except for those held for trading.
At the subsequent reporting dates, the financial assets the Company intends and is able to hold until maturity (securities held to maturity) are recognized at amortized cost by using the effective interest rate method, net of write-downs made to reflect impairment.
Financial assets other than those "held to maturity" are classified as "held for trading" or "available for sale", and are carried at fair value at each end of period. When financial assets are held for trading, the profits and losses deriving from changes in their fair value are recognised in the income statement of the period; for financial assets available for sale, profits and losses deriving from changes in fair value are recognised in the Statement of Comprehensive Income, set aside in a specific equity reserve until they are sold, recovered or otherwise discontinued.

Investments in associated companies
Associated companies or associates are those entities on which the Group exercises a considerable influence, but which the Group does not control as to their financial and operating policies.

The equity investment in an Associate is initially recognised at cost and the carrying value is increased or decreased to reflect the Group's share of its profits or losses realised by the investee after acquisition. The Group's share of profit (loss) for the year at issue realised by the investee is recognised in the consolidated income statement. Any dividends received by an investee will reduce the book value of the investment. The adjustments made to the book value of the investment may also be the result of changes in the other components of the investee's Statement of Comprehensive Income. The share of said changes, which refer to the Group, is recognised among the other components of the Statement of Comprehensive Income. If the share of the Group's
losses in an Associate is equal or greater than the Group's interest in that Associate, the Group will suspend the recognition of its share of further losses. After deleting the investment, any further loss is set aside and recognised as a liability only to the extent that the Group has committed to fulfil legal or implicit obligations or has made payments on behalf of the Associate. If the Associate realises profits later, the Group will resume the recognition of its share of profits only when the Associate has reached its share of non-recognised loss.
Directors believe that the Group has a remarkable influence on Alatoscana S.p.a. (the Elba Island's airport), even due to a share that has become smaller than 20% only since the end of 2013. More specifically, that influence is due to the composition of the shareholding of the company and to the possibility of influencing its financial and operating policies.

Inventories
The TA Group has no inventories.

Trade and sundry receivables
Trade receivables and the other receivables are initially recognised at fair value and subsequently valued by using the amortized cost method, less the provision for bad debt. Credit loss is accounted for in the balance sheet when there is objective evidence that the Company will not be able to recover the account receivable according to the terms agreed with the counterparty.
When the collection of money is deferred beyond the normal commercial terms agreed with customers, receivables are discounted back.

Derivative instruments and hedge accounting
No such items are recorded in this financial statement.

Cash and cash equivalents
The "Cash and cash equivalents" item includes cash, bank current accounts and deposits repayable on demand (postal current accounts held with post offices) that, due to their nature, are not subject to significant changes in value. It does not include repayable bank overdraft.

Financial liabilities
These include bank overdraft and loans. Loans are initially recognized at cost, i.e. the fair value initially received, less incidental costs. After the initial recognition, loans are recognized according to the amortized cost criterion by using the actual interest method. Loans are classified under current liabilities unless the Company has the unconditional right to defer the redemption of the liability for at least 12 months after the applicable date.

Provisions for liabilities and charges

The TA Group recognizes provisions for liabilities and charges when it has a legal or implicit obligation to third parties and the use of corporate resources is likely to be used to fulfil that obligation, and when the amount of that obligation can be reliably estimated.
Changes in these estimates are reflected in the income statement of the period when the change occurred.
If the effect is significant, provisions are determined by discounting back future estimated financial flows at a discount rate that also includes taxes, so as to reflect current market valuations of the current value of money and specific risks connected with liabilities.

Provisions for repair and replacement
As described above, in accordance with the requirements introduced by IFRIC 12, the concessionaire is not entitled to recognize the infrastructure as property, plant and equipment and the accounting of the work done on the infrastructure differs depending on its nature. More specifically, they are distinguished into two categories:
- work that can be classified as normal maintenance of the infrastructure; and
- replacement and maintenance of the infrastructure scheduled in a future date.

The former refers to the ordinary maintenance of the infrastructure, which is recognized in the income statement when incurred.
The latter, considering that IFRIC 12 does not require the recognition of the physical infrastructure asset, but of a right, should be recognized in accordance with IAS 37 - Provisions, Contingent Liabilities and Assets, which requires:
- on the one hand, recognition to the income statement of a provision consisting of an operating component (which includes any effects deriving from changes in the discount rate) and a financial component;
- on the other hand, the recognition of a provision for charges in the balance sheet.

In accordance with the obligations established by individual concession agreements, the “Provision for repair or replacement” includes the greater estimated present value of the expenses accrued at year-end for maintenance scheduled in future years and aimed at ensuring the required functionality, operation and safety of all the assets under concession based on the information available at the balance sheet date.

Provisions for employee retirement and benefits
Liabilities consisting in benefits due to employees during and after their employment under defined-benefit plans are determined separately for each plan based on actuarial assumptions by estimating the amount of the future benefits employees have matured at the reference date (so-called ”Projected Unit Credit Method”). The liabilities booked net of any assets for plan benefits are recognised on an accrual basis throughout the period of accrual of the right. Liabilities are valued by independent actuaries.
The components of the cost of defined benefits are recognised as follows:
- costs for the performance of the service are recognised in the income statement among personnel costs;
- net financial expenses on defined benefits liabilities or assets are recognised in the income statement as financial income/(expenses) and determined by multiplying the value of the net liability/(asset) for the rate used to discount obligations, keeping into account the contributions and benefits paid during the period;
- the items reflecting the re-measurement of the net liability, which include actuarial profits and losses, the yield of assets (not including interests receivable, which are recognised in the income statement), and any change in the limit of the assets are recognised immediately in the other comprehensive profits (losses). Said components must not be reclassified in the income statement in subsequent periods.

Deferred/prepaid taxes

Deferred/prepaid taxes are determined on the basis of the temporary taxable differences existing between the value of assets and liabilities and their tax value, and are classified among non-current assets. Prepaid taxes are booked only to the extent that adequate future taxable bases against which to use that credit balance are likely to exist. The value of deferred taxes to be recognised in the financial statement is audited on an annual basis. Deferred tax liabilities are determined based on the taxable rates expected to be used during the business year in which said deferments are expected, considering the applicable or future known applicability tax rates.
Current and deferred tax assets and liabilities are offset when the income taxes are applied by the same tax authority and there is a legal right to offset them. Deferred tax assets and liabilities are calculated using the tax rates that are expected to be applied in the country in which the Company operates, in the financial years in which the temporary differences will be realized or paid off.

Accounts payable
Accounts payable are booked at fair value and subsequently valued using the amortized cost method.

Revenues
The operating activity of the Group essentially consists in the provision of services.
Revenues are recognized on an accrual basis, when their fair value can be reliably determined and the related economic benefits are likely to be enjoyed. Depending on the transaction type, revenues are recognized on the basis of the specific criteria specified below:

a) revenues from the sale of assets: when the significant risks and benefits of ownership are transferred to the buyer;
b) revenues from services, based on the completion status of the asset. Amounts are determined based on airport tariffs (regulated or free). Considering the short-term nature of revenues, there is no need to make any discounting, or consider the option of identifying a progress percentage;
c) leases receivable and royalties during the maturity period, based on the contract agreements signed;
d) interest income (as well as interest expenses) is recognized on an accrual basis, determined on the value of the related financial assets/liabilities by using the effective interest rate method.

The Group does not defer collection terms in excess of the normal market terms, so there is no need to distinguish between a commercial component and a revenue interest component.

Revenues from construction services
Revenue accrued during the period from building construction is recorded as work progresses by using the "completion percentage" method and based on the costs incurred for said activities, plus the capitalization of the internal costs for the general coordination of the works carried out by the Parent Company.

Contributions
Contributions for "systems & equipment" are booked when the right to collect them has become certain and charged to the income statement based on the useful life of the asset against which they are disbursed.
Contributions for the year are booked when the right to collect them has become certain and charged to the income statement in connection with the costs against which they are disbursed.

Costs
Costs are recognized in the income statement when they are actually incurred, if their amount can be objectively determined, and when it is possible to verify that the company has incurred such costs on an accrual basis.

Financial expenses
Financial expenses are recorded on an accrual basis and include interests payable on financial debts determined by using the effective interest rate method and exchange rate differences payable. Financial expenses also include the financial component of the annual contribution to the provision for repairs.
Financial expenses incurred for investments in assets for which a given period of time normally elapses to make the asset ready for use are capitalized and amortized along the useful life of the related class of assets.

Dividends
Dividends from minority stakes recognised in the year's income statement are booked on an accrual basis, i.e. when the related right to receive them has arisen after the passing of a related resolution by the Associate.

Income taxes
Taxes are the sum of current and deferred taxes.
Taxes are booked based on the estimate of the taxable income determined in compliance with the applicable national legislation at the accounts closing date, keeping into account any applicable exemption and tax credit. Income taxes are recognised in the income statement, except for those regarding items directly debited or credited to the shareholders' equity, in which cases taxation is directly recognised in the Shareholders' Equity.
We remind readers that the Parent Company adopted the Tax Consolidation option provided for by Articles 117 to 129 of the Consolidated Text on Income Taxation ("Testo Unico delle Imposte sui Redditi" - T.U.I.R), where the Consolidating Entity is Corporación America Italia S.p.A. The consolidating entity calculates a single global income equalling the algebraic sum of the taxable bases (income or loss) realized by the individual entities that adopted this group taxation option.
The consolidating entity recognised an account receivable from the consolidated entity that equals the IRES tax to be paid on the positive taxable base transferred by the latter. Instead, la consolidating entity recorded an account payable to the companies that contribute tax losses equalling the IRES tax to be paid on the loss actually used in the determination of the global aggregate income.

Foreign currency translation criteria
Receivables, payables and any short-term provisions denominated in foreign currency are initially recognized by using the exchange rates ruling at the date of their inception and, if existing at December 31st, they are appropriately stated in the financial statement at the exchange rate ruling at the end of the period by posting the exchange gains/losses to the income statement.
Exchange rate differences are of a financial nature, so they are classified in the income statement as finance income because they are not strictly linked to the sale transaction, but express the fluctuation over time of the currency chosen for the transaction, when the transaction has been concluded.

Use of estimates

We are now going to summarize the critical valuation processes and key assumptions used by the Group in the application of IFRS, which may significantly affect the values recorded in the financial statement or for which there is a risk that significant differences may emerge compared to the book values of future assets and liabilities.
As already indicated in the Report on Operations, in this context we point out that the situation caused by the global economic and financial crisis required the expression of rather uncertain assumptions concerning future trends. Consequently, we cannot exclude that the results actually achieved next year will differ from estimated amounts and could therefore require adjustments to book items that might even be rather significant and that cannot clearly be predicted or estimated at present.

Recoverable value of non-current assets
Non-current assets include Property, Plant and Equipment, Other Intangible Assets, Equity Investments, and Other Financial Assets. The Group periodically reviews the book value of its held and used non-current assets and of the assets to be dismissed when events and circumstances so require. When the book value of a non-current asset has been impaired, the Group recognises an impairment corresponding to the excess between the book value of the asset and its value that can be recovered through its use or sale, determined by making reference to the cash flows of the most recent corporate plans.

Provisions for repair and replacement
For the assets held under concession, a special provision has been allocated for the maintenance and any refurbishment/repair work that will be required for said assets over time. Said provision has been booked in the Assets, as they must be returned to the State in perfect operating conditions at the end of the concession term.
The Provision for Repair is annually reviewed based on a technical assessment and estimate of the future expenses that will be incurred for the scheduled maintenance required to keep the assets in good conditions before returning them for free at the end of the concession term and used during the period for the actual maintenance required. Estimates are prepared with the support of external technical consultants.

Current taxes
The determination of tax liabilities requires the Management to value amounts referred to transactions that have uncertain tax implications at year-end. The Group recognizes the liabilities that could derive from future inspections by the tax authority based on the estimate of due taxes. Any result of a tax assessment that differs from the Management's estimates may significant affect current and deferred taxes.

Pension schemes and other post-employment benefits
Employee termination benefits or indemnities and net financial expenses are valued by using an actuarial method that requires the use of estimates and assumptions for the determination of the net value of the obligation. The actuarial method considers financial parameters such as, for example, the discount rate and salary growth rates, and considers the probability of occurrence of potential future events through the use of demographic parameters like mortality rates or employee resignation or retirement rates. The assumptions used for valuation are detailed in the section "Termination Benefits and other personnel provisions".

Provision for bad debt
The provision for bad debt reflects the Management's estimate of the expected losses connected with the customer portfolio. Based on past experiences, provisions are allocated for expected losses on receivables (bad debt). The Management carefully

monitors the quality of the customer portfolio and the current conditions and forecast of the economy and markets. Estimates and assumptions are periodically reviewed and the effects of each change are reflected in the Income Statement for the period.

Potential liabilities
The Group recognises liabilities for pending litigation and legal actions when it deems it likely to face a financial disbursement and when the amount of the deriving loss can be reasonably estimated. If a financial disbursement becomes possible but its amount cannot be determined, this fact is disclosed in the Notes. The Group is a party in legal actions and tax assessments concerning complex and difficult legal issues that are characterized by a different degree of uncertainty, including facts and circumstances regarding each case, jurisdiction and different applicable law. Considering the uncertainty of these issues, it is difficult to predict the disbursement that will derive from said disputes, so the value of provisions for litigation and legal actions may vary after future developments in ongoing proceedings. The Group monitors the status of ongoing legal actions and is supported by legal counsels and tax advisors.

NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED SINCE 1 JANUARY 2017

Effective from 1 January 2017, some amendments introduced by international accounting standards and interpretations have been applied; however, none of them significantly affected the Group's financial statement.

The main differences are illustrated below:
- In January 2016, the IASB issued an amendment to IAS 12 "Income Taxes". These amendments clarify the accounting method to be used for deferred taxes regarding debt instruments valued at fair value.
- In January 2016, the IASB issued an amendment to IAS 7 "Statement of Cash Flows". These amendments to IAS 7 introduce further disclosures to enable users of financial statements to evaluate changes in liabilities arising from financing activities.
- In December 2016, the IASB issued an amendment to IFRSs 2014–2016. The amendment concerns IFRS 12 - "Disclosure of Interests in Other Entities" (applicable from 1st January 2017). The amendment clarifies that the disclosure required by the standard must be produced for interests classified as "held for sale", with the exceptions provided for in point B12.

AMENDMENTS AND INTERPRETATIONS IN FORCE SINCE 1st JANUARY 2018

At the date of this financial statement, the competent bodies of the European Union completed the ratification process required for the adoption of the following accounting principles and amendments:

- In May 2014, IASB and FASB jointly published IFRS 15 - "Revenue from Contracts with Customers". The new standard, approved on 22 September 2016, can be applied retrospectively for the periods beginning on or after 1 January 2018. IFRS 15 sets rules for the recognition of revenues by introducing an approach based on the recognition of income only when contractual obligations have been completely met. The standard defines the following five steps for the recognition of revenues:
  - identification of the contract;

- identification of each individual obligation;
- determination of the transaction price;
- allocation of the transaction price to the individual obligations, based on their market prices ("stand-alone selling price");
- recognition of revenues allocated to the individual obligation when this is settled, that is to say when the client obtains control over the assets or services.

The Group carried out an in-depth investigation on the different types of contract existing and of their possible impact on the accounts. This analysis concerned the different *revenue streams* identified, namely:

- Aviation revenues - which include regulated fees related to operations and airport infrastructures (terminals, flight infrastructures, aircraft parking aprons, etc.), centralized and security services fees, and revenues from handling services (deregulated according to Leg. Dec. 18/99);
- Non-Aviation revenues - which mainly include fees for the use of spaces and commercial and operating areas both inside and outside the airport plot of land;
- Revenues from construction services - which concern the development activities carried out by the Group in favour of the Grantor within the framework of the investments regarding concession rights;
- Other revenues - including income from items other than the previous.

Based on this analysis, the Group concluded that, as regards Aviation revenues, Revenues from construction services and Other revenues, no significant impact is expected in terms of effect in the year's operating result and on the Shareholders' equity after the adoption of the new standard. As to marketing support contracts, any effect of the application of the new standard will be further investigated in the light of the renewals that are being negotiated with some prominent carriers, which will be finalized during 2018.

Agreements regarding the use of commercial spaces and areas are excluded from the application of IFRS 15 because they are not included in the scope of IAS 17 "Leasing", so they will be considered under the new IFRS 16 standard, as explained below.

- On 24 July 2014, the IASB completed its revision of the accounting standard concerning financial instruments by issuing the complete version of IFRS 9 "Financial Instruments", approved on 22 November 2016. More specifically, the new provisions of IFRS 9: (i) change the model for the classification and valuation of financial assets; (ii) introduce a new method for the impairment of financial assets, which keeps into account expected credit losses; (iii) change hedge accounting provisions, and (iv) define new criteria for the recognition of operations performed to amend financial liabilities. IFRS 9 provisions are to come into force starting from the periods beginning on or after January 1st, 2018. The Group completed the analysis of the quantitative impact of the application of the standard in question and concluded that no significant impact is expected from the adoption of the new standard.

- In September 2016, the IASB issued an amendment to IFRS 4 "Insurance Contracts" concerning the application of IFRS 9 "Financial Instruments". These amendments will allow all the companies that issue insurance contracts to use the option of recognising the volatility that may arise when IFRS 9 will be applied in the comprehensive income statement rather than in the income statement before the new standard on insurance contracts is issued. Furthermore, they will give companies mainly operating in connection with insurance contracts an optional temporary exemption from applying IFRS 9 until 2021. The entities that will put off the application of IFRS 9 will continue to apply IAS 39. These changes will apply from 1 January 2018.

- During January 2016, the IASB published IFRS 16 "Leasing". This new standard will replace the current IAS 17. The main change concerns leaseholder accounting practices, which had to distinguish between finance leases (booked by using the financial method) and operating leases (booked by using the equity method) according to IAS 17. With IFRS 16, the accounting treatment of operating leases will be the same as that required for finance leases. The IASB established the option of exemption for certain lease agreements and low-value / short-term leases. This standard will apply from 1 January 2019. The assessment of the potential impact on the application of the standard in question will take place over the next twelve months.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE

At the date of this financial statement, the competent bodies of the European Union have not yet concluded the ratification process required for the adoption of the following accounting principles and amendments:

- In June 2016, the IASB issued an amendment to IFRS 2 "Share-Based Payments". These amendments clarify how to account for some payments based on shares. These changes will apply from 1 January 2018.
- In December 2016, the IASB issued an amendment to IAS 40 "Investment Property". These amendments clarify that the change of use is a precondition for the transfer to or from investment property. These changes will apply from 1 January 2018.
- In December 2016, the IASB issued a number of annual amendments to IFRSs 2014–2016. The changes concern:
- IFRS 1 - "First-time Adoption of International Financial Reporting Standards" (applicable from 1st January 2018);
- IAS 28 - "Investments in Associates and Joint Ventures" (applicable from 1st January 2018).
- These amendments clarify, correct or remove the redundant text in the related IFRSs and are not expected to impact the financial statement or disclosures significantly.
- In December 2016, the IASB issued interpretation IFRIC 22 – "Foreign Currency Transactions and Advance Consideration". This amendment deals with the exchange rate to be used in transactions and advance considerations paid or received in foreign currency. The amendment will apply from 1 January 2018.
- In May 2017, the IASB issued the new principle IFRS 17 "Insurance contracts". The new standard will replace IFRS 14 and will apply from 1st January 2021.
- In June 2017, the IASB published interpretation IFRIC 23 "Uncertainty over income tax treatments", which provides indications on how to reflect in the accounting of income taxes uncertainties on the tax treatment of a certain transaction or circumstance. IFRIC 23 will become effective on 1st January 2019.

The Group will adopt said new principles, amendments and interpretations based on the effectiveness date specified and will assess their potential impact when these will be ratified by the European Union.

MAIN FINANCIAL RISKS

A description of the main financial risks and of the mitigating actions implemented by the TA Group is given below.

1) Credit risk

Over the last few years, the effects of the crisis of financial markets and the consequent recessive economy in the main industrialized Countries negatively affected the balance sheets of the airlines - the main clients of the Group. Hence, the risk of a partial non-collection of receivables accrued from airlines. The Group believes that it has suitably controlled said risk through its constant monitoring of accounts receivable, also sometimes promptly initiating legal actions to protect said receivables, which are reflected in the allocation of a specific provision for bad debt, currently deemed to be adequate in connection with the amounts of the existing receivables. Always with the purpose of facing the credit risk, the Parent Company usually asks for sureties as guarantee (e.g. from sub-licensees) or pre-payments (e.g. from unknown airlines). Starting from December 2011, the Parent Company took out an excess-of-loss type of insurance on credit positions to cover collection risks should insolvency proceedings be opened against the assets of any customer. Furthermore, since January 2012, the Parent Company hired a company for its long-term debt collection activities.

2) Liquidity risk

As at 31 Dec. 2017, the Group had a negative Net Financial Position for € 28.5 M (€ 13.3 M at 31 Dec. 2016). This is the result of a positive current NFP of about € 3.8 M (€ +23 M at 31 Dec. 2016) and a negative non-current NFP of € 32.3 M (€ 36.3 M at 31 Dec. 2016) regarding two loans granted by banks "Intesa San Paolo" and "MPS Capital Service" that ensure the Parent Company the availability of up to € 52 M for important investments in infrastructures. Six-month EURIBOR interest rates are paid on the two loan agreements, expiring in 2022 and 2027, and some financial covenants are to be complied with, for which at 31 Dec. 2017 there was no criticality. The Group believes that the funds and the currently available medium/long-term credit lines, in addition to those that will be generated by operations, will suffice to meet its investment, working capital management and debt repayment at natural maturity requirements. If necessary, the Group also uses short-term bank loans to meet short-term requirements.

3) Interest rate risk

Exposure to the interest rate risk arises from the need to finance both industrial and financial operations, as well as use the available cash. Changes in market interest rates may have a negative or positive impact on the Group's EBIT, thereby indirectly influencing the costs and returns of loans and investments. The Net Financial Position at 31 Dec. 2017 is € 28.5 M and the debt-to-equity ratio (NFP/Shareholders' Equity) at 31 Dec. 2017 is 0.25 (vs 0.12 at 31 Dec. 2016), which confirms the financial soundness of the Group.
Based on the NFP at 31 Dec. 2017, the potential impact in terms of annual growth/reduction in interest expense connected with interest rate trends, as a result of a hypothetical growth/reduction of 100 bp, would be approximately +/- € 410 K.
The potential impact on the Provision for repairs in terms of growth as a consequence of a hypothetical annual reduction of 50 bp in interest rates would correspond to + € 520 K. Instead, the potential impact on the Provision for Repairs and Replacement in terms of growth as a consequence of a hypothetical annual reduction of 50 bp in interest rates would correspond to - € 490 K.
No further sensitivity analysis is provided, as it is considered immaterial.

4) Exchange rate risk

The TA Group is not subject to risks linked to fluctuations in exchange rates because it prevalently operates in a European context where transactions are made in Euro.

OPERATING SEGMENT REPORTING

Information regarding the main operating sectors of the Group is given below as required by IFRS 8. First of all, it is important to highlight that the type of business activity carried out by TA Group does not allow for the identification of business segments related to completely independent activities in terms of market/customer combinations. Currently, the “traffic” component affects the results of all the company’s operations.
However, we may identify two significant operating segments characterized by the independent nature of their products/services and production processes, for which - for the aforesaid reasons - we propose a disclosure relating to the information directly made available by the company’s analytical accounting system used by Chief Operating Decision Makers.
The currently available information regarding the main operating segments identified are provided below: Aviation, Non-Aviation and Corporate.

- *Aviation Business*: this segment includes airside operations (after security gates), which are the core business of an airport. They include: passenger and aircraft ground handling, landing, aircraft departure and stopover, security and safety activities, passenger boarding and disembarkation, cargo loading and unloading.
Revenues for the Aviation segment are represented by the prices paid for airline assistance services and are generated by airport fees such as: landing, take-off and stopover fees, freight revenue taxes, passenger boarding fees, passenger and baggage security fees.

- *Non-Aviation business*: this segment includes activities normally carried out in the “land-side” area (before the security check), which are not directly associated with the Aviation business. They include retail activities, catering, car parking, car rental, advertising, ticket office, VIP Lounge.
Non-Aviation Business Revenues consist in the royalties earned from activities conducted under a sub-concession, in the direct management of certain activities (i.e. car parking, ticket office and advertising) and in the rents paid by sub-concessionaires.
The table below provides the main information regarding the operating segments described above by highlighting, in unallocated items, (corporate) revenues, costs, assets and investments not directly attributable to the two segments. More specifically, the main types of unallocated costs refer to the cost of labour/personnel (staff), professional services rendered, insurance and industry association membership fees, pro-rata portion of utilities, maintenance and depreciation, administrative costs, provisions for liabilities, Directors’ and Auditors’ fees.
- *Corporate business*: the values indicated in unallocated items mainly refer to revenues and costs not directly attributable to the two business segments, such as, for example, other revenues and income, the cost of labour, professional services rendered for the Management, general insurance and industry association membership fees, pro-rata portion of utilities, general maintenance and unallocated depreciation of infrastructure, administrative costs, provisions for liabilities, Directors’ and Auditors’ fees, etc.

Operating segment reporting: CONSOLIDATED FINANCIAL STATEMENT

(values in € K)	Aviation		Non-Aviation		Unallocated assets (Corporate)		Total	
TA Group - Income	*2017*	*2016*	*2017*	*2016*	*2017*	*2016*	*2017*	*2016*
Operating income	93,945	91,704	28,035	26,626	2,080	2,149	124,060	120,480
of which Pisa	*54,966*	*52,284*	*17,732*	*17,142*	*1,681*	*3,678*	*74,379*	*73,104*
of which Florence	*38,979*	*39,420*	*10,304*	*9,484*	*398*	*-1,529*	*49,681*	*47,375*
Revenues from construct. serv.	8,382	4,955	1,558	740	2,152	1,534	12,092	7,230
of which Pisa	*1,984*	*2,706*	*39*	*69*	*759*	*0*	*2,782*	*2,775*
of which Florence	*6,397*	*2,249*	*1,519*	*671*	*1,393*	*1,534*	*9,310*	*4,455*
Total Segment Income	**102,326**	**96,659**	**29,593**	**27,366**	**4,232**	**3,683**	***136,151***	***127,709***
Operating Costs (*)	60,120	57,955	19,854	18,351	14,945	15,796	94,919	92,103
of which Pisa	*35,711*	*33,529*	*16,477*	*16,849*	*7,197*	*7,733*	*59,385*	*58,111*
of which Florence	*24,408*	*24,427*	*3,377*	*1,502*	*7,749*	*8,063*	*35,534*	*33,992*
Cost of construct. serv.	7,666	4,074	1,425	715	1,968	1,482	11,059	6,271
of which Pisa	*1,815*	*2,587*	*35*	*66*	*694*	*0*	*2,544*	*2,653*
of which Florence	*5,851*	*1,487*	*1,389*	*649*	*1,274*	*1,482*	*8,514*	*3,618*
Amortization and provisions	6,858	9,698	1,428	1,735	4,570	1,772	12,856	13,205
of which Pisa	*3,459*	*6,819*	*966*	*1,227*	*3,192*	*669*	*7,617*	*8,715*
of which Florence	*3,400*	*2,879*	*462*	*508*	*1,377*	*1,102*	*5,239*	*4,490*
Operating Earnings	**27,683**	**24,932**	**6,886**	**6,565**	**-17,251**	**-15,366**	***17,317***	***16,131***
of which Pisa	*15,965*	*12,056*	*292*	*-931*	*-8,643*	*-4,725*	*7,615*	*6,400*
of which Florence	*11,717*	*12,876*	*6,594*	*7,496*	*-8,609*	*-10,642*	*9,702*	*9,730*
Asset management	0	0	0	0	-1,388	-1,120	-1,388	-1,120
Profit before tax	**27,683**	**24,932**	**6,886**	**6,565**	**-18,640**	**-16,486**	***15,929***	***15,011***
Year's taxes	0	0	0	0	-5,251	-5,081	-5,251	*-5,081*
Net year's result	**27,683**	**24,932**	**6,886**	**6,565**	**-23,890**	**-21,567**	***10,678***	***9,930***
Loss (profit) of minority interest	0	0	0	0	-127	-116	-127	*-116*
Net Group result	**27,683**	**24,932**	**6,886**	**6,565**	**-24,018**	**-21,683**	***10,551***	***9,814***
TA Group - Statement of financial position	*At 31/12/2017*	*At 31/12/2016*	*At 31/12/2017*	*At 31/12/2016*	*At 31/12/2017*	*At 31/12/2016*	*At 31/12/2017*	*At 31/12/2016*
Current assets	22,177	9,623	7,064	5,313	22,576	33,877	51,818	48,812
Non-current assets	136,023	134,137	42,439	45,584	19,063	9,366	197,525	189,087
TA Group - Addtional information	*2017*	*2016*	*2017*	*2016*	*2017*	*2016*	*2017*	*2016*
Investments	11,753	6,285	1,937	1,207	3,742	3,490	17,433	10,981

(*) including Airport leases for € 6,208 K in 2017 (€ 6,034 K in 2016).

Information on the main customers

During 2017, TA recorded approx. 7.9 million passengers. The total incidence of the first three airlines is 59.2%. In detail, the incidence of the first carrier (Ryanair) is 42.0%, with the second (Vueling) and third (easyJet) carriers at 8.7% and 8.5%, respectively.

NOTES TO TE MAIN ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENT AT 31 DECEMBER 2017: INCOME STATEMENT

REVENUES

Total consolidated revenues, up by 6.6%, passed from the € 127.71 M of 31 December 2016 to € 136.15 M at 31 December 2017. This difference is the result of the € 3.58 M increase in Operating revenues and € 4.86 M of Revenues from construction services. The latter have been recognised against the external and internal costs incurred for the construction and expansion of assets under concession, as well as for the related design, coordination and control activities performed in 2017.

Amounts in €K	2017	2016	2017/2016 Abs. Diff.	% Diff.
REVENUES				
Operating income				
Aviation revenues	93,945	89,597	4,347	4.9%
Non-Aviation revenues	28,070	26,626	1,443	5.4%
Other revenues and income	2,045	4,257	-2,211	-51.9%
Total operating revenues	124,060	120,480	3,580	3.0%
Revenues from construction services	12,091	7,230	4,862	67.3%
TOTAL REVENUES (A)	136,151	127,710	8,442	6.6%

Consolidated operating revenues totalled € 124.06 M at 31 Dec. 2017, up by 3.0% compared to 31 December 2016. The Group's operating revenue trends for the two business units - Aviation and Non-Aviation - are broken down below.

1. Aviation revenues

Aviation revenues totalled € 93.94 M at 31 December 2017, up by 4.9% compared to 31 December 2016, when they totalled € 89.59 M.
The table below shows Aviation Revenue details at 31 Dec. 2017, with absolute and percentage changes compared to 31 December 2016:

Amounts shown in € K	2017	2016	Diff. Abs. 2017/2016	Diff. %
AVIATION REVENUES				
Passenger boarding fees	31,882	30,872	1,010	3.3%
Landing/departure fees	14,520	13,696	824	6.0%
Stopover fees	1,137	1,118	19	1.7%
PRM assistance fees	2,617	2,533	84	3.3%
Cargo fees	525	574	-49	-8.6%
Passenger security fees	7,411	7,210	201	2.8%
Baggage security fees	4,284	4,227	57	1.3%
Handling	29,684	27,707	1,978	7.1%
Centralised infrastructures	1,885	1,662	223	13.4%
TOTAL AVIATION REVENUES	**93,945**	**89,597**	**4,347**	**4.9%**
% incid. over Operating Revenue	75.7%	74.4%		

For further details, see section 10.1 in the Report on Operations.

2. Non-Aviation revenues

Non-Aviation revenues totalled € 28.07 M at 31 December 2017, up by 5.4% compared to 31 December 2016, when they totalled € 26.63 M. This increase confirms the positive results obtained with the non-aviation strategies implemented by the Group, in spite of the persistently negative repercussions of the difficult general economic scenario, which still adversely impacted consumption even throughout 2017.

The table below provides details on Revenues from Non-Aviation business referred to 2017 and to 2016:

Amounts shown in € K	2017	2016	Diff. Abs. 2017/2016	Diff. %
NON-AVIATION REVENUES				
Parking lots	6,517	6,093	424	7.0%
Food	3,152	3,344	-192	-5.7%
Retail	4,627	4,253	374	8.8%
Advertising	2,298	2,240	59	2.6%
Real Estate	2,088	2,146	-59	-2.7%
Car rentals	4,645	4,737	-92	-1.9%
Other subconcessions	2,319	1,971	348	17.7%
VIP Lounges	1,609	1,001	608	60.7%
Air tickets	457	486	-29	-6.0%
Cargo agency	358	356	2	0.5%
TOTAL NON-AVIATION REVENUES	**28,070**	**26,626**	**1,443**	**5.4%**
% incid. over Operating Revenue	22.6%	22.1%		

For further details, see section 10.1 in the Report on Operations.

3. Other revenues and income

The table below provides details on 2017 “Other revenues and income” against those of 2016:

Amounts shown in € K	2017	2016	Diff. Abs. 2017/2016	Diff. %
OTHER REVENUE AND INCOME				
Contingent assets	614	2,838	-2,224	-78.4%
Services and consulting	178	206	-28	-13.4%
Cost recoveries	1,193	1,157	36	3.1%
Minors	61	56	5	8.6%
TOTAL REVENUES AND INCOME	**2,045**	**4,257**	**-2,211**	**-51.9%**
% incid. over Operating Revenue	1.6%	3.5%		

For further details, see section 10.1 in the Report on Operations.

4. Revenues from construction services

As at 31 December 2017, revenues for construction services totalled € 12.09 M, against € 7.23 M at 31 December 2016. The higher final revenues of € 4.86 M were mainly generated by the greater investments made for the reconfiguration of passenger flows in the new terminal of the Florence airport and for new offices, for the review and development of the Florence Master Plan, and for the design of the new East Terminal Lot 1 (Arrivals) of the Pisa airport.
For further details, see the section “Group Investments” in the Report on Operations.

COSTS

As at 31 Dec. 2017, the total amount of costs was € 105.98 M, down by 7.7% compared to 31 December 2016, when they totalled € 98.37 M. This result reflects a decrease in Costs for construction services, which passed from € 6.27 M in 2015 to € 11.06 M in 2016 (+76.3%) and a +3.1% increase in Operating costs, which passed from € 92.10 M in 2015 to € 94.92 M in 2017.

Amounts in €K	2017	2016	2017/2016 Abs. Diff.	% Diff.
COSTS				
Operating Costs				
Consumables	1,066	1,397	-331	-23.7%
Cost of Personnel	42,175	41,001	1,174	2.9%
Costs for services	43,097	41,521	1,576	3.8%
Sundry operating expenses	2,374	2,151	223	10.4%
Airport leases	6,208	6,034	174	2.9%
Total operating costs	94,919	92,104	2,816	3.1%
Costs for construction services	11,059	6,271	4,788	76.3%
TOTAL COSTS (B)	105,978	98,375	7,604	7.7%

OPERATING COSTS

Operating costs in 2016 totalled € 94.92 M, up by 3.1% compared to the € 92.10 M reported at the end of 2016.

5. Consumables

This item refers to the cost of consumables, which totalled € 1,066 K (€ 1,397 K in 2016), They are specifically broken down below:

Amounts shown in € K	2017	2016	Diff. Abs. 2017/2016	Diff. % 2017/2016
CONSUMABLES				
Stationery	24	79	-56	-70.1%
Fuels, lubricants	700	636	64	10.0%
Materials for car parking lots	12	11	0	2.8%
Small tools	22	12	10	79.2%
Mat. safety control serv.	27	65	-38	-59.1%
Clothing	144	357	-213	-59.6%
Mat. for operating services	138	236	-98	-41.4%
TOTAL CONSUMABLES	**1,066**	**1,397**	**-331**	**-23.7%**
% incid. over Operating Costs	1.1%	1.5%		

Consumables totalled € 1.07 K in 2017, down by € 331 K compared to € 1.40 M in 2016, mainly due to savings in clothing, stationery and materials for operating services, partially offset by greater fuel costs for ramp vehicles, which increased due to the greater traffic managed during the period examined.

6. Cost of Personnel

The Group's "Cost of Personnel" totalled € 42.17 M in 2017, up by € 1.17 M compared to 2016 (+2.9%). This increase is mainly due to the higher number of staff required for the increased number of passengers and operating activities, as well as to the last portion of remuneration increase required by the "CCNL" [National Collective Labour Agreement] (disbursed since 1 July 2016).

This cost item is broken down below:

Amounts shown in € K	2017	2016	Diff. Abs. 2017/2016	Diff. % 2017/2016
PERSONNEL COSTS				
Remuneration	**41,885**	**40,615**	**1,270**	**3.1%**
of which:				
Wages	24,655	22,951	1,705	7.4%
Salaries	6,403	7,112	-709	-10.0%
Social security contributions	8,589	8,419	170	2.0%
Term. Ben.	2,238	2,134	104	4.9%
Other labour costs	**290**	**386**	**-96**	**-24.8%**
of which:				
Contributions to CRAL	11	11	0	3.8%
Social Fund	11	10	1	12.3%
Benefits to personnel	118	96	22	22.8%
Administered and sundry	150	269	-119	-44.4%
TOTAL COSTS OF PERSONNEL	**42,175**	**41,001**	**1,174**	**2.9%**
% incid. over Operating Costs	44.4%	44.5%		

The table below provides details on the **average annual staff** (expressed in *Full-Time Equivalents*) existing in 2017 and any difference from 2016:

	2016	2017	Δ+/–	Δ%
Executives	12.4	12.3	-0.1	-0.8%
Employees	520.1	540.8	20.7	4.0%
Workers	176.9	169.8	-7.1	-4.0%
TOSCANA AEROPORTI	709.4	722.9	13.5	1.9%
Jet Fuel	10.7	11	0.3	2.8%
TAE	1.5	4.5	3.0	200.0%
Group	721.6	738.4	16.8	2.3%

Please, note that in the table above 2 part-time units are considered as 1 full-time unit.

7. Costs for services

On the whole, Costs for Services in 2017 and 2016 consisted of:

Amounts in €K	2017	2016	Diff. Abs. 2017/2016	Diff. %
COSTS FOR SERVICES				
Sales services	15,587	14,618	968	6.6%
Institutional expenses	1,391	1,370	21	1.5%
Other services	3,860	3,613	248	6.9%
Services for personnel	1,773	1,739	34	1.9%
Maintenance services	5,112	5,219	-107	-2.1%
Utilities	3,350	3,401	-51	-1.5%
Operating services	12,024	11,560	464	4.0%
TOTAL COSTS FOR SERVICES	**43,097**	**41,521**	**1,576**	**3.8%**
% incid. over Operating Costs	45.4%	42.2%		

Commercial Services for € 14.62 M, mainly include network development costs, i.e. "marketing support".

Amounts shown in € K	2017	2016	Diff. Abs. 2017/2016	Diff. % 2017/2016
COSTS FOR SERVICES				
Sales services	**15,587**	**14,618**	**968**	**6.6%**
of which:				
Network development	15,355	14,281	1,074	7.5%
Advertising commissions	15	78	-63	-81.0%
Management of advertising systems	71	140	-69	-49.3%
Retail promotions	26			
Dry cleaning service	120	120	0	0.0%

Institutional expenses totalled € 1,39 M in 2017 (€ 1,37 M in 2016), mainly including the cost of control and auditing boards.

Amounts shown in € K	2017	2016	Diff. Abs. 2017/2016	Diff. % 2017/2016
COSTS FOR SERVICES				
Institutional expenses	**1,391**	**1,370**	**21**	**1.5%**
of which:				
Directors' fees	949	932	17	1.8%
Auditors' fees	208	206	2	1.2%
Directors' business travels	194	203	-10	-4.8%
Legal, notarial, meeting expenses	14	9	4	43.8%
Participation in conferences	27	20	7	N.S.

Other Services totalled € 3.86 M (€ 3.61 M in 2016) and mainly include professional services, industrial insurance and communication costs.

Amounts in €K	2017	2016	Diff. Abs. 2017/2016	Diff. % 2017/2016
COSTS FOR SERVICES				
Other services	**3,860**	**3,613**	**248**	**6.9%**
of which:				
Professional services	1,912	1,879	33	1.7%
Industrial insurance	769	755	14	1.9%
Communications	1,027	622	406	65.2%
DNV audits	9	20	-11	-54.3%
Toscana Aeroporti Start Up	143	337	-194	-57.7%

Start-up expenses for the creation of Toscana Aeroporti refer to the one-off amount spent for external consulting for the organizational start-up of the new Tuscan Airport System.

Other Personnel Services totalled € 1.77 M (€ 1.74 M in 2016) and mainly include canteen, payroll service, transfers and employee training costs.

Amounts shown in € K	2017	2016	Diff. Abs. 2017/2016	Diff. % 2017/2016
COSTS FOR SERVICES				
Services for personnel	**1,773**	**1,739**	**34**	**1.9%**
of which:				
Canteen	1,178	1,116	62	5.5%
Insurance	179	166	13	8.0%
Preventive medicine and med. examinations	65	42	23	54.2%
Training	121	95	26	27.8%
Personnel recruitment	32	50	-17	-34.7%
Payroll services	62	61	2	2.7%
Journeys	134	209	-75	-36.0%

Maintenance Services totalled € 5.11 M (€ 5.22 M in 2016) and include airport infrastructure, system and installation, equipment and vehicle maintenance.

Amounts shown in € K	2017	2016	Diff. Abs. 2017/2016	Diff. % 2017/2016
COSTS FOR SERVICES				
Maintenance services	**5,112**	**5,219**	**-107**	**-2.1%**
of which:				
Equipm./Truck maint.	1,015	924	91	9.8%
BHS system maint.	936	930	6	0.6%
Maint. of infrastructures	2,116	2,305	-189	-8.2%
IT maintenance	1,046	1,061	-15	-1.4%

Utility Services totalled € 3.35 M (€ 3.40 M in 2016) and mainly include costs for electricity, gas, water and telephone services.

Amounts shown in € K	2017	2016	Diff. Abs. 2017/2016	Diff. % 2017/2016
COSTS FOR SERVICES				
Utilities	**3,350**	**3,401**	**-51**	**-1.5%**
of which:				
Electricity	1,596	1,646	-50	-3.1%
Water	345	387	-42	-10.8%
Telephones	225	212	14	6.4%
Mobile phones	149	195	-45	-23.2%
Gas	875	804	72	8.9%
Minors	159	158	0.4	0.3%

Operating Services totalled € 12.02 M (€ 11.56 M in 2016) and mainly include external costs for porters, surveillance, cleaning, rentals, first aid care and other services typically associated with airport operations.

Amounts shown in € K	2017	2016	Diff. Abs. 2017/2016	Diff. % 2017/2016
COSTS FOR SERVICES				
Operating services	**12,024**	**11,560**	**464**	**4.0%**
of which:				
Porterage	3,734	3,433	301	8.8%
Aircraft cleaning	731	747	-16	-2.1%
Agency/Wareh. service	257	257	0	0.0%
Cleaning	1,115	1,047	68	6.5%
PRM Support	283	263	20	7.5%
Surveillance service	2,472	2,301	171	7.5%
Services Centre	246	251	-5	-2.0%
Connection Arco AZ	174	304	-130	-42.8%
Rental of mach. and equip.	922	1,032	-110	-10.7%
Management of parking lots	703	558	145	26.0%
Gardening	157	132	25	18.8%
VIP Lounge	437	429	8	1.8%
First Aid Service	475	465	10	2.1%
Shuttle bus	320	342	-21	-6.3%

8. Sundry operating expenses

Sundry Operating Expenses totalled € 2.37 M (€ 2.15 M in 2016) - mainly include taxes and levies, membership fees, sundry administrative costs, non-recurring costs and other minor entries.

Amounts shown in € K	2017	2016	Diff. Abs. 2017/2016	Diff. % 2017/2016
SUNDRY OPERATING EXPENSES				
Publications	26	19	7	36.6%
Ins. entities and sundry institutions	558	514	43	8.4%
Taxes and levies	586	624	-38	-6.1%
Entertainment	156	209	-53	-25.4%
Revenue stamps	28	36	-9	-23.4%
Non-recurring costs	394	295	99	33.7%
Post and telegraph	17	18	-2	-8.9%
Rebates and allowances	1	0	0	188.8%
Sundry administrative costs	609	435	174	40.1%
SUNDRY OPERATING EXPENSES	**2,374**	**2,151**	**223**	**10.4%**
% incid. over Operating Costs	2.5%	2.3%		

9. Airport leases

Airport Leases totalled € 6.21 M (€ 6.03 M in 2016) to include the rents paid for the concessions and the contribution paid to the fire-protection fund.

Amounts shown in € K	2017	2016	Diff. Abs. 2017/2016	Diff. % 2017/2016
AIRPORT LEASES				
Concession and security fees	4,920	4,730	190	4.0%
Fire Brigade fee	1,288	1,304	-16	-1.2%
TOTAL AIRPORT FEES/LEASES	**6,208**	**6,034**	**174**	**2.9%**
% incid. over Operating Costs	6.5%	6.6%		

10. Costs for construction services

Costs for construction services, totalling € 11.06 M (€ 6.27 M at 31 Dec. 2016), arise from the investment made in airport infrastructures under concession in 2017 and have as contraentry the item "Revenues for Construction Services" with the addition of the capitalization of internal costs for the general coordination of the works carried out by the Parent Company.

The higher costs of € 4.78 M determined at year-end derive from the corresponding revenue item for the same reasons indicated in the comments.

11. Amortization and impairment

This item totalled € 9.05 M in 2017 (against € 8.56 M in 2016). It includes intangible asset amortization for € 5.67 M (€ 5.34 M in 2016) and tangible asset depreciation for € 3.07 M (€ 3.22 M in 2016).

12. Provision for liabilities and charges

This item shows € 2.93 M (against € 4.22 M in 2016) and mainly includes the amounts set aside in the provision for risks (€ 1.17 M) and in the provision for repairs (€ 1.77 M), which reflects the year's accrual required for future maintenance expenses relating to repair work and replacements required to keep the assets used under the two ENAC concessions in good operating conditions.

13. Provision for bad debt

This item shows an amount of € 872 K (€ 415 K in 2016) and consists in the provision for bad debt set aside after estimating the assumed realizable value of receivables existing at 31 Dec. 2017.

14. Financial income

This item totalled approx. € 71 K (€ 145 K in 2016), mainly including interest receivable accrued on bank current accounts (€ 17 K), interest on arrears (€ 17 K), dividends from associates (€ 30 K), and other minor income (€ 7 K).

15. Financial expenses
This item totals € 1,494 K (€ 1,265 K in 2016) and mainly includes interests payable and commissions on bank current accounts for € 577 K (€ 693 K in 2016), interest cost on employees' defined-benefit liabilities for € 83 K (€ 160 K in 2016), financial expenses relating to the discounting of the Provision for repair and replacements for € 770 K (€ 398 K in 2016).

16. Profit (loss) from investment
This item is € 0 K (€ 42 K at 31 Dec. 2016) and indicates the difference in the valuation to Shareholders' Equity of the investments in associates (Immobili A.O.U. Careggi S.p.a. and Alatoscana S.p.a.).

17. Year's income taxes
This item includes an aggregate amount of € 5,251 K in 2017 (€ 5,081 K in 2016) deriving from:

- current taxes determined on the 2017 taxable income for € 5,749 K, of which € 4,331 K for consolidated IRES and € 1,418 K for IRAP;
- prepaid/deferred taxes for € 386 K;
- income from tax consolidation with the controlling company "CAI" for 113 K.

Current taxes have been estimated by applying the guiding criterion called "principle of derivation".
The reconciliation with the theoretical tax rate is provided In Annex "E".

18. Minority Interest's loss (profit) for the period
This item shows the profit of the subsidiary Jet Fuel owned by minority shareholders. Based on property rights existing in 2017, the year's profit of the subsidiary Jet Fuel - approx. € 191 K (€ 174 K in 2016) - is a minority interest to a 66.67% extent, which corresponds to approx. € 127 K (€ 116 K in 2016).
The overall minority interest's profit for the period is € 130 K (€ 103 K in 2016).

19. Earnings for share / Diluted earnings per share
2017 Earnings Per Share and Diluted Earnings Per Share, € 0.567 (€ 0.527 in 2016), respectively, have been determined by dividing the Group's profit for the period (€ 10.550 K) by the weighted average of the ordinary shares outstanding in the period (18,611,966 shares), as there was no diluting factor.

NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENT AT 31 DECEMBER 2017: STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS
Details of non-current assets at 31 Dec. 2017 are given below.

data in €K	31-Dec-2017	31-Dec-2016	Diff.
NON-CURRENT ASSETS	197,526	189,087	8,439

More specifically, this aggregate consists of the following categories:

Intangible assets

data in €K	31-Dec-2017	31-Dec-2016	Diff.
INTANGIBLE ASSETS	165,155	157,945	7,210

In addition to the aforesaid, an aggregate amount of approximately € 12.9 M has been invested in intangible assets during 2017, consisting of:

(amounts shown in €K)	
Concession rights	7,127
Construction in Progress	4,963
Software	810
Total	12,900

Investments in **Intangible Assets** have been:

a) Concession rights for approx. € 7 M, including works for the reconfiguration of passenger flows in the Florence terminal (€ 3.64 M), the reconfiguration and expansion of the VIP Lounge in the Florence airport (€ 809 K), the requalification of Apron 100 in the Florence airport (€ 590 K), the rearrangement of the access areas of the Pisa terminal (canopy of the connection walkway for the People Mover terminal) for € 258 K, the CCTV, access and anti-intrusion systems of the Pisa airport for € 886 K;

b) Construction in Progress for approx. € 5 M. Said ongoing investments are mainly linked to the development of the Florence Airport Master Plan[1] (€ 2.4 M[2]), works in the Florence airport terminal (€ 1.3 M), and the new Arrivals terminal in the Pisa airport (€ 800 K).

c) Software for € 810 K, including the unification of the IT and ERP administrative systems between the two airports for € 543 K.

[1] We remind readers that the 2014-2029 Florence Airport Master Plan (hereinafter the "Master Plan"), which includes the development of the new 2,400 metre runway and the new terminal, has been approved from a technical perspective by ENAC on 3 November 2014. The Master Plan is required to undergo an Environmental Impact Assessment procedure ("Valutazione of Impatto Ambientale", "VIA") pursuant to Legislative Decree no. 152/2006 and must comply with town planning schemes ("Conformità Urbanistica") pursuant to Art. 81 of DPR no. 616/1977. The VIA procedure was started by ENAC on 24 March 2015 at the MATTM. Technical support to the preliminary environmental impact assessment ("VIA") has been provided throughout 2016 and, on 2 December 2016, the Technical Commission issued a "positive opinion with conditions". The procedure further progressed in 2017 and, on 28 December 2017, the MATTM, in cooperation with MiBACT, signed the VIA Decree for the project for the new 2014-2019 Master Plan for the Florence Airport, thus defining the project as environmentally compatible. The signature was the positive result of the work done by the "VIA Technical Committee", which, on 5 December 2017, had issued its supplemental opinion for the New 2014-2019 Florence Airport Master Plan (so-called "positive opinion with conditions").
We also point out that, on 16 February 2017, a framework agreement was signed with ENAC for the financing of the works contemplated in the Master Plan, through which the Airport Operator confirmed its commitment to make the significant investments described in the aforesaid Florence Airport Master Plan and ENAC, together with the MIT, committed to contribute their own financing portion, as required for the implementation of the plan, for a total amount of € 150 million.

[2] That amount also includes internal and external costs for design, consulting engineering and outsourced technical work, also associated with the VIA procedure, regarding the new runway, the new terminal and other airport infrastructure development projects in the Florence airport..

No divestiture of assets was done in 2017.
Details on intangible assets are provided in Annex A.

20. Concession rights: their value at 31 Dec. 2017 was € 150.9 M (€ 147.8 M at 31 Dec. 2016), with an increase of € 3.1 M mainly due to the combined effect of the lower value of investments compared to the value of the year's amortization. For further details, see section 11 in the Report on Operations.

21. Industrial patent rights: their value at 31 Dec. 2017 was € 1,419 K (€ 320 K at 31 Dec. 2016). The difference mainly reflects the investment in the new ERP for Toscana Aeroporti.

22. Construction in Progress and advance payments The value of this item at 31 Dec. 2017 was € 12.8 M (€ 9.8 M as at 31 Dec. 2016), up by € 3 M due to the investments made during the year - for more details, see Sect. 11 in the Report on Operations.

23. Tangible assets

data in €K	31-Dec-2017	31-Dec-2016	Diff.
TANGIBLE ASSETS	26,650	25,633	1,017

On the whole, investments for approximately € 4.5 M have been made during 2017, namely:

(amounts shown in €K)	
Owned land and buildings	64
Plant and machinery	1,882
Ind. and comm. equipm.	122
Cars	1,184
Furniture and fittings	319
Hardware	961
Total	**4,532**

Investments in **tangible assets** mainly consisted in purchasing ramp vehicles and equipment (€ 1.8 M), X-ray machines (€ 291 K), advertising systems (€ 155 K), automated lines for the control of hand luggage (€ 311 K), furniture and fittings (€ 319 K), and hardware (€ 961 K).
The values indicated in the Statement of Assets and Liabilities are net of the depreciation calculated based on the rates considered to be representative of the residual possibility of utilization of tangible assets.
Divestments / decreases of assets have been made during 2017 for € 155 K.
Details on tangible assets are provided in Annex B.

24. Equity investments in other entities
As at 31 Dec. 2017, the Parent Company "TA" owns shares and shares in other equity investments for € 123 K (€ 141 K at 31 Dec. 2016), consisting in:

- I.T. Amerigo Vespucci S.p.a. (with a 0.22% share in the capital): € 40.6 K;
- Consorzio Turistico Area Pisana S.c.a.r.l. (with a 2.4% share in the capital): € 420;
- Scuola Aeroportuale Italiana Onlus (with a 52.7% share in the capital): € 13.2 K;
- Consorzio Pisa Energia S.c.r.l. (with a 5.26% share in the capital): € 831;

- Montecatini Congressi S.c.r.l. (with a 5.0% share in the capital): € 0;
- Consorzio per l'Aeroporto di Siena (with a 0.11% share in the capital): € 8.5 K;
- Florence Convention Bureau S.c.r.l. (with a 4.44% share in the capital): € 6.3 K;
- Firenze Mobilità S.p.a. (with a 3.98% share in the capital): € 42.5 K;
- Società Esercizio Aeroporto della Maremma S.p.a. (0.39% of the share capital): € 10.2 K.

Scuola Aeroportuale Italiana Onlus has been classified among "Other entities" because it is a non-profit organization.
Consorzio Turistico Area Pisana, Montecatini Congressi S.c.r.l., and Consorzio per l'Aeroporto di Siena are winding up at the closing date of this Report.

25. Investments in Associated Companies
As at 31 Dec. 2017, the value of TA's investments in Associates and related entities is € 560 K (€ 525 K at 31 Dec. 2016), as shown in the table below.

data in €K	31-Dec-2017	31-Dec-2016	Diff.
Alatoscana Spa	381	377	4
Immobili AOU Careggi Spa	179	148	31
Total	560	525	35

For further considerations on the characteristics of the entities in question, see the section "Relationships with associated companies and related parties" of the Report on Operations. No impairment indicator applies to these stakes.

Financial Assets

26. Guarantee deposits
As at 31 Dec. 2017, this item totals € 195 K (€ 146 K at 31 Dec. 2016), and mainly refers to guarantee deposits issued in favour of utility providers (for connections), tobacco products, cash floats given to ticket offices and parking fees.

27. Receivables from others, due beyond the year
Receivables from others totalled € 2,304 K (€ 2,550 K at 31 Dec. 2016), with receivables mainly consisting in:
- Requests for IRES reimbursement for the non-deduction of IRAP relating to the cost of personnel for € 1,774 K under Art. 2, par. 1, of Leg. Dec. no. 201/2011 (converted into Law no. 214/2011), so-called "Manovra Monti", completed by Leg. Dec. no. 16 of 2 March 2013 (so-called "Decreto semplificazioni fiscali" [tax simplification decree], converted, with amendments, into Law no. 44 of 26 April 2013), which established the possibility to apply the new provisions on the full deductibility of IRAP also effective for previous taxation period (2007-2011);
- Receivables from customers for € 410 K related to agreed repayment plans;
- € 120 K related to the loan granted to the Associate "Firenze Mobilità S.p.a." for works competed by this entity (to be repaid not earlier than 4 years after the final testing of the works).

28. Prepaid taxes recoverable beyond the year
Deferred tax assets and liabilities have been posted in their net amount when they could be offset in the same jurisdiction. The net balance is € 2,540 (€ 2,147 K at 31 Dec. 2016). This amount mainly includes taxes determined on the temporary differences due to taxed

provisions (for repair, bad debt, etc.) and to the accounting of intangible assets (concession rights) according to IFRIC 12. For details regarding the composition of the item and the related details, see Annex D.
Deferred and prepaid taxes have been determined by applying the tax rate in force during the year when the temporary differences will be reversed.

CURRENT ASSETS

As shown in the table, current assets total € 51,817 K at 31 Dec. 2017, down by € 3,005 K compared to 31 Dec. 2016.

data in €K	31-Dec-2017	31-Dec-2016	Diff.
CURRENT ASSETS	51,817	48,812	3,005

More specifically, the main differences reflect:

29. Inventories
There is no inventory of raw and ancillary materials, consumables and goods.

Trade and sundry receivables
As at 31 Dec. 2017, this item totals € 38,457 K (€ 21,364 K at 31 Dec. 2016), including:

30. Receivables from customers
As at 31 Dec. 2017, Receivables from customers, net of the Provision for bad debt, totals € 28,328 K (€ 15,486 K at 31 Dec. 2016), as detailed below:

data in €K	31-Dec-2017	31-Dec-2016	Diff.
Toscana Aeroporti	32,163	18,566	13,597
Jet Fuel	226	160	66
Parcheggi Peretola	20	0	20
Total gross receivables	32,409	18,726	13,684
Bad debt reserve	-4,082	-3,240	-842
Total net receivables	28,328	15,486	12,841

The Provision for bad debt has increased by a contribution of € 862 K over the period and has been used for € 30 K. The details of this item are given below (in €K):

data in €K	31-Dec-2016	prov.	use	31-Dec-2017
Reserve for bad debt	3,240	872	30	4,082

The composition of receivables by category of expired accounts is detailed in the table below.

	Aggregate Total	Receivables due	Receivables being disputed	Expired receivables	Over 90 days	90 days	60 days	30 days
Receivables at 31-Dec-2017	32,409	8,037	3,000	21,372	2,528	2,789	8,632	7,424
Receivables at 31-Dec-2016	18,726	8,231	3,018	7,477	1,179	207	616	5,475
Difference	13,684	-194	-17	13,895	1,349	2,581	8,016	1,949

31. Receivables from associated companies
Details of these receivables (in €K) are given in the table below:

Data in € K	31-Dec-2017	31-Dec-2016	Diff.
Alatoscana Spa	77	87	-10
Immobili AOU Careggi Spa	186	130	56
Total	263	217	46

32. Tax receivables
As at 31 Dec. 2017, this item consists of € 781 K (€ 188 K at 31 Dec. 2016), and includes:
- a € 496 K VAT credit of the Parent Company;
- a € 285 K VAT credit of the Subsidiaries.

33. Receivables from others, due within the year
The item "Receivables from others, due within the year" includes:

Data in € K	31-Dec-2017	31-Dec-2016	Diff.
Receivables from Carriers for additional municipal income tax on passenger boarding fees	7,135	3,424	3,711
Advance payments made to suppliers	682	930	-248
Prepaid expenses	491	464	27
Receivables for land expropriation compensation	135	135	0
Receipts from parking lots	161	100	61
White certificates (EEC)	188	0	188
Receipts from monopoly products	93	95	-2
Receivables from employees	0	68	-68
Receivables from social sec. & insur. inst.	9	24	-15
Other minors	192	234	-42
Total	9,085	5,473	3,612

The receivable for the additional Municipal tax on passenger boarding fees, established by Art. 2, paragraph 11, of Law no. 350 of 24 December 2003, has increased for the same reasons explained in the Receivables from Customers and commented in Section 10.2 of the Report on Operations. This item has the same trend of the item "Tax liabilities" in the current Liabilities (Note #49) because the amount collected is paid to the State.
The item "Prepaid expenses" mainly concerns supplies with advanced billing, subscription fees, insurance.
White Certificates, as Tradable Certificates for Energy Savings (TCES) are called, have been established to certify the energy savings obtained by entities with specific actions aimed to increase energy efficiency, i.e. reduce the consumption of energy in connection with the asset distributed.

34. Cash and cash equivalents

The value of this item at 31 Dec. 2017 compared against 31 Dec. 2016 is given below.

data in €K	31-Dec-2017	31-Dec-2016	Diff.
Cash and cash equivalents	13,360	27,448	-14,089

We point out that the "Cash and Banks" item includes a minimum amount of € 1 M, available and deposited in a current account pledged as collateral for the medium-/long-term Loan Agreement stipulated with the Intesa-San Paolo-MPS bank pool.

For more details, see Statement of Cash Flows.

SHAREHOLDERS' EQUITY AND LIABILITIES

The differences in the Shareholders' Equity occurred during 2017 are detailed below:

Data in € K	31-Dec-2017	31-Dec-2016	Diff.
CAPITAL AND RESERVES	113,581	112,245	1,336

The Shareholders' Equity increased by € 1.3 M mainly as a consequence of the greater result obtained in 2017 compared to 2016 (€ +736 K) and of the € 503 K increase in the Legal Reserve recognised after the allocation of 2016 profits.
More specifically, the Shareholders' Equity consists of the following items:

35. Share Capital

As at 31 Dec. 2017, the fully paid-up share capital consisted of 18,611,966 ordinary shares without nominal value (18,611,966 shares at 31 Dec. 2016).
For details on Shareholders, see the table and section "Shareholders of the Parent Company" in the Report on Operations.

36. Capital reserves

Capital reserves consist of:
- a share premium reserve for €18,941K created with the paid capital increase upon listing SAT S.p.a. on the Stock Exchange in July 2007;
- a legal reserve of € 3,475 K. The € 503 K increase compared to 31 Dec. 2016 reflects the allocation of 2016 profits as deliberated by the Shareholders' Meeting held on 27 April 2017 during the adoption of the 2016 Financial Statement.
- statutory reserves for an amount of € 25,876 K;
- the other reserves, which mainly consist of the reserve deriving from the merger by incorporation of AdF, for € 24,585 K. Pursuant to point 5 of the first paragraph of Art. 2426 of the Civil Code, we specify that there is no restriction on available reserves.

37. IAS adjustments reserve

This reserve contains € (3,329) K, including:
(i) the IAS reserve (negative for € 711 K) after deducting the theoretical tax burden created at 1-Jan-2005 upon First Time Adoption, so as to include the impact of international accounting standards on the Shareholders' Equity;
(ii) the IAS reserve (negative for € 2,618 K) created after applying the new international standard IFRIC 12 from 1 January 2011.

38. Profit/(Loss) carried forward

This item includes profits carried forward for € 2,452 K (€ 2,387 K at 31 Dec. 2016). The difference derives from the actuarial effect of the recalculation of the T.I. Provision according to IAS 19.

39. Group's profit (loss) for the period

This item includes TA's result at 31 Dec. 2017, which totalled € 10,550 K (against € 9,814 K at 31 Dec. 2016).

40. Minority interest

Based on the property ownership existing in 2017, the 66.67% minority interest corresponds to € 221 K (€ 190 K at 31 Dec. 2016). The difference is due to the better result obtained in 2017 by the subsidiary Jet Fuel after deducting the distribution of dividends.

41. Other components of the Statement of Comprehensive Income

The value at 31 Dec. 2017 is broken down below:

SITUATION AT 31 -DEC-201 7	PROFIT (LOSS) CARRIED FORWARD	GROUP TOTAL	MINORITY INT. S.E.	TOT. OTHER COMPON. OF COMPREH. I.S.
Other comprehensive profit/(loss) that will not be subsequently reclassified to the Income Statement:				
- Profit (loss) arising from the determination of the Termination Benefit after tax	22	22	6	28

SITUATION AT 31 -DEC-201 6	PROFIT (LOSS) CARRIED FORWARD	GROUP TOTAL	MINORITY INT. S.E.	TOT. OTHER COMPON. OF COMPREH. I.S.
Other comprehensive profit/(loss) that will not be subsequently reclassified to the Income Statement:				
- Profit (loss) arising from the determination of the Termination Benefit after tax	-264	-264	-1 2	-277

The tax effect regarding the other components of the Statement of Comprehensive Income is broken down below:

SITUATION AT 31 -DEC-201 7	Gross value	Tax (charge)/ benefit	Net Value
- Profit (loss) arising from the determination of the Termination Benefit after tax	37	-9	**28**

SITUATION AT 31 -DEC-201 6	Gross value	Tax (charge)/ benefit	Net Value
- Profit (loss) arising from the determination of the Termination Benefit after tax	-364	87	**-277**

MEDIUM/LONG-TERM LIABILITIES

Details of medium/long-term liabilities during the period considered are given below:

data in €K	31-Dec-2017	31-Dec-2016	Diff.
MEDIUM-LONG TERM LIABILITIES	61,504	65,123	-3,619

More specifically, this aggregate consists of the following categories:

42. Provisions for liabilities and charges

The Provision for liabilities and charges consists of € 3,997 K at 31 Dec. 2017 (€ 2,886 K at 31 Dec. 2016). The details of the year are provided below:

data in €K	31-Dec-2016	prov.	use	31-Dec-2017
Provisions for liabilities and charges	2,886	1,166	-55	3,997

At year-end, the provision mainly includes the following amounts:

1) € 2,351 K of contributions paid in connection with the Fire Brigade Protection Service dispute, which is described in detail in the section "Information on the main items of the Provision for risks and expenses at 31 Dec. 2017";
2) € 1,284 K of contributions paid in connection with potential labour dispute risks, better described in the section "Additional information";
3) € 200 K regarding a dispute initiated last 3 February 2017, where TA has been summoned by the company that was awarded the contract for the expansion works in the west apron of the Florence airport concerning problems identified by TA related to the execution of the contract;
4) € 113 K as best estimate of the liability associated with the risk of a disbursement for the doubling of general aviation duties – Art. 2 *duodecies* of Leg. Dec. of 30 Sept. 1994;

For further information, see section "Information on the main items of the Provision for liabilities and charges at 31 Dec. 2017".

The amounts set aside by the Company to face potential risks deriving from ongoing disputes are deemed appropriate for the predictable outcome of the legal proceedings.

43. Provisions for repair and replacement

This provision (valued according to the best estimate of the expense required to fulfil the obligation at the closing date of the report) includes the amounts spent for the maintenance and repair of infrastructures in the Florence and Pisa airports, to be returned in perfect maintenance conditions to the Grantor at the end of the concession period. The global value of this item at 31 Dec. 2017 was € 25,209 K, up by € 1,298 K with respect to 31 Dec. 2016, due to the effect of the 2017 contribution to the provision, partially offset by the uses of the period. Details are given below:

data in €K	31-Dec-2016	Financial expenses	prov.	use	31-Dec-2017
Provisions for repair and replacement	23,911	733	1,766	-1,201	25,209

this provision, depending on the estimated time of its use, is allocated to medium/long-term liabilities (€ 18,517 K at 31 Dec. 2017) and to current liabilities (€ 6,692 K at 31 Dec. 2017).

The potential increase of the Provision for repairs and replacements as a consequence of a hypothetical annual reduction of 50 bp in interest rates would correspond to € +520 K. Conversely, the potential reduction of the Provision for repairs and replacements as a consequence of a hypothetical annual growth of 50 bp in interest rates would correspond to € -490 K.

44. Termination benefits and other personnel-related provisions (24)

As indicated above, the ETB is considered as a defined benefit obligation to be recognised as recommended by IAS 19 “Employee Benefits”.

As regards the economic-financial scenario, the parameters used for the valuation of the Pisa and Florence staffs at 31 Dec. 2017 are:
- annual technical discount rate: 1.30%
- Annual inflation rate: 1.50%
- annual ETB increase rate: 2.63%

As far as the discount rate is concerned, the Corporate AA iBoxx 10+ index has been selected as criterion for the valuation of this parameter, as its duration is suitable for the average time of permanence of the two staff groups being considered.
There is no defined benefit scheme for the executive personnel of the company.

The value of consolidated liabilities at 31 Dec. 2017, as required by IAS 19, was € 6,521 K (€ 6,853 K at 31 Dec. 2016). This provision is booked net of the advance payments and settlements made during the period examined and shows an increase of € 333 K compared to 31 Dec. 2016, as specified below:

Data in € K	31-Dec-2016	Actuarial (gain)/loss	prov.	use	31-Dec-2017
Termination benefits and other personnel-related provisions	6,853	-37	125	-421	6,521

The difference shown in the Statement of Comprehensive Income (€ +28 K) corresponds to the actuarial gain of € 37 K, after a taxation of € 9 K.

The valuation of future benefits is obviously affected by all the assumptions required for its identification; therefore, in order to obtain the sensitivity shown by the actual value as determined above compared to said assumptions, some tests have been conducted to provide the difference in the actual value against a given difference in some of the assumptions adopted, which may mostly affect that value. The table below provides the sensitivity analysis of the Provision (in €K).

Gruppo Toscana Aeroporti - Toscana Aeroporti Group						
	Annual technical discount rate		Annual inflation rate		Annual turnover rate	
	+ 0.50 %	- 0.50 %	+ 0.25 %	- 0.25 %	+ 2.50 %	- 2.50 %
Employee Termination Indemnity	6,172	6,856	6,606	6,399	6,395	6,557

Finally, the table below provides a prediction of disbursement of the provision.

Future Cash Flows (€)

Year	Florence Airport	Pisa Airport	Jet Fuel
0 – 1	40,271	303,510	9,201
1 – 2	39,876	139,901	11,576
2 – 3	45,440	208,538	7,718
3 – 4	67,860	99,647	11,274
4 – 5	66,173	205,644	64,504
5 – 6	44,418	248,806	10,612
6 – 7	147,949	91,546	9,666
7 – 8	44,949	150,252	10,116
8 – 9	175,195	272,490	53,058
9 – 10	200,325	255,914	11,071

45. Financial liabilities

As at 31 Dec. 2017, this item totals € 195 K (€ 146 K at 31 Dec. 2016), The details of non-current and current financial liabilities are given below:

Details in €K	*31-Dec-2016*	*Loans*	*Repayment*	*Other movements*	*31-Dec-2017*
Non-current liabilities	**36,259**	**451**	**-**	**(4,383)**	**32,327**
Current financial liabilities					
Bank overdrafts (short-term loans)	-	11,000	(6,000)	-	5,000
Current portion of the medium/long-term indebtedness	4,456	49	(4,389)	4,422	4,538
Total current financial liabilities	**4,456**	**11,049**	**(10,389)**	**4,422**	**9,538**
Total financial liabilities	**40,715**	**11,500**	**(10,389)**	**39**	**41,865**

The amount of € 9,538 K regarding current financial liabilities as at 31 Dec. 2017 refers to the current share of the medium-long term indebtedness relating to the loans described below in this Note for € 4,538 K and to the short-term loan (so-called "hot money") obtained during the period for € 5 M (the loan consisted in a total of € 11 M and has been repaid for € 6 M).
During the period considered, a € 500 K loan was obtained by the subsidiary Jet Fuel Co. Srl to support its investments; the amount repaid during 2017 is € 49 K.

The decrease in non-current financial liabilities - € 4,383 K - refers to the short-term reclassification of the capital shares expiring in the subsequent business year.

As at 31 Dec. 2017, there are € 14.3 M of non-current financial liabilities due beyond five years.

The aggregate amount of said non-current financial liabilities and the related current share of the medium-long term indebtedness mainly refers to two long-term loans granted by the banks "Banca Infrastruture Innovazione e Sviluppo" ("BIIS", of the Intesa San Paolo Group) and "MPS Capital Service" to support infrastructure investments. The loans must be respectively repaid before June 2022, the one subscribed with MPS Capital Service and used up for € 12 M, and before September 2027, the € 40 M loan subscribed and completely used up, and have been granted with a Euribor 6-month interest rate plus a spread.
The aforesaid financial debt is required to comply with certain financial indices defined in the related agreement, such as a certain net financial position/EBITDA and net financial position/Shareholders' Equity, according to the definitions agreed with the lending counterparties and measured on the book values of the Parent Company for the €40M loan and of the Group for the € 12 M loan.
We finally point out that, in addition to the aforesaid parameters, the € 12 M loan agreement requires a minimum amount of € 1 M to be made available and deposited in a current account pledged as security for the same loan and requires that no non-recurring transaction be performed with third parties (entities that are not members of the Group) without the previous written consent of the lending banks.
Failure to comply with the covenants and the other contractual obligations undertaken with the loan in question shall imply, if not remedied under the agreement provisions, the anticipated reimbursement of the residual loan amount and/or a require a restriction in the distribution of dividends.
As at 31 Dec. 2017, the Company is compliant with all the above-mentioned parameters.

46. Other payables due beyond the year

Payables due beyond the subsequent year (entirely of the Parent Company TA) consist of € 142 K (€ 43 K as at 31 Dec. 2016) and refer to guarantee deposits received from customers as performance bonds for services provided.

Payables due beyond 5 years

The Company has loans of a duration exceeding 5 years, whose details are given in Note 45 to Financial Liabilities.

CURRENT LIABILITIES

Changes in non-current assets occurred during the period are shown below.

data in €K	31-Dec-2017	31-Dec-2016	Diff.
CURRENT LIABILITIES	74,257	60,531	13,726

More specifically, this aggregate consists of the following categories:

47. Bank overdrafts

As at 31 Dec. 2017, the TA Group has a short-term bank indebtedness of € 5 M (€ 0 at 31 Dec. 2016). Furthermore, we point out that during of 2017 the Group obtained € 11 M in short-term loans (so-called "hot money"), which have been repaid during the year for € 6 M.
Details of the credit lines at 31 Dec. 2016 are given below.

Data in € K	31-Dec-2017	31-Dec-2016	Diff.
Credit lines granted	56,850	55,750	1,100
of which TA	*56,550*	*55,550*	*1,000*
of which subsidiaries	*300*	*200*	*100*
Credit lines used	5,000	0	5,000
% used	*9%*	*0%*	*N.S.*

48. Loans

As at 31 Dec. 2017, the TA Group has bank loans for € 4,538 K (€ 4,456 K at 31 Dec. 2016), exclusively consisting of the expected repayment in the subsequent year of long-term loans (also shown in the related table ad a comment of non-current financial liabilities).

The **Net Financial Position** at 31 Dec. 2017, as shown in the Report on Operations in compliance with CONSOB Resolution prot. no. 6064293 of 28 July 2006, is specified below:

NET CONSOLIDATED FINANCIAL INDEBTEDNESS

Euro K	31-Dec-2017	31-Dec-2016	Abs. Diff.
A. Cash on hand and at banks	13,360	27,448	(14,089)
B. Other cash and cash equivalents	-	-	-
C. Securities held for trading	-	-	-
D. Liquid assets (A) + (B) + (C)	**13,360**	**27,448**	**(14,089)**
E. Current financial receivables	**-**	**-**	**-**
F. Current bank payables	5,000	-	5,000
G. Current portion of non-current indebtedness	4,538	4,456	82
H. Other current financial payables due to leasing companies	-	-	-
I. Current financial indebtedness (F) + (G) + (H)	**9,538**	**4,456**	**5,082**
J. Net current financial indebtedness (I) - (E) - (D)	**(3,822)**	**(22,992)**	**19,170**
K. Non-current bank payables	32,327	36,259	(3,932)
L. Bonds issued	-	-	-
M. Other non-current payables due to leasing companies	-	-	-
N. Non-current financial indebtedness (K) + (L) + (M)	**32,327**	**36,259**	**(3,932)**
O. Net Financial Position (J) + (N)(NFP)	**28,506**	**13,267**	**15,238**

See comments in the Report on Operations and to the “Statement of Cash Flows” for a more in-depth analysis of this item.

49. Tax liabilities

The aggregate amount of this item at 31 Dec. 2017 is € 10,591 K (€ 7,006 K at 31 Dec. 2016), as broken down below:

Data in € K	31-Dec-2017	31-Dec-2016	Diff.
Addit. Mun. fees due to Rev. Ag.as mu Passeng. boarding	8,950	5,671	3,279
IRES/IRAP due	230	259	-29
IRPEF due for employees and self-employed prof.	1,140	763	377
Higher fees due for private flights	136	157	-21
Local taxes	135	149	-14
VAT due	0	6	-6
Other minors	0	1	-1
Total	10,591	7,006	3,585

More specifically:

i) the account payable to the Revenue Agency for the additional municipal tax on passenger boarding fees has considerably increased as a result of the same dynamics associated to the increased credits for additional municipal taxes and trade receivables;

ii) the IRES-IRAP payable consists in TA's IRAP balance for € 166 K and in the year's tax burden of the subsidiaries for € 64 K;

iii) the account payable to the Revenue Agency for taxes withheld from employees has increased mainly due to the increase in the number of staff of the Group.

50. Payables to suppliers

Payables to suppliers total € 28.5 M at 31 Dec. 2017 (€ 26 M at 31 Dec. 2016), up by € 2.5 M mainly due to the greater investments made by the TA Group in the last quarter 2017 compared to the same period of 2016.

51. Payables to social security institutions

This item includes accounts payable to social security and pension institutions (INPS, INAIL) at 31 Dec. 2017, for € 2,671 K (€ 2,670 K at 31 Dec. 2016).

52. Other payables due within the year

Other payables due within the year at 31 Dec. 2017 consist of € 15.9 M (€ 15.2 M at 31 Dec. 2016) and include the following items:

data in €K	31-Dec-2017	31-Dec-2016	Diff.
Concession fees	2,393	2,381	12
Ministry of Transport	2,205	2,205	0
Air/bus/train ticket office receipts	704	849	-145
Amounts due to employees and contractors	6,358	6,609	-251
Insurance policies and damage excesses	150	170	-20
Due to Directors and Auditors	399	288	111
Fire-protection service	1,270	1,235	35
Payables to Foundations/Associations/Pension funds/Local entities	145	191	-46
Deferred income	177	247	-70
Payables to Holding CAI	1,438	602	836
Other minors	702	441	261
Total	15,941	15,218	723

In particular:

- an account payable to the Ministry of Transport, € 2.2 M deriving from an amount collected by the Florence airport in 2013 after the positive outcome of trial no. 2403/2012 as compensation for damages suffered for the non-adjustment of airport fees in the years 1999-2005, which will not be recognised to the income statement

until the last-instance trial under IAS 37. For further details, see section 19 in the Report on Operations.
- The Fire Protection Service is the account payable to the Revenue Agency introduced by the 2007 Finance Law. For further considerations, see details in the section "Provisions for liabilities and charges".
- Prepaid expenses refer to non-aviation revenues invoiced in advance.
- Payables to the Parent Company CAI (Corporación America Italia) reflect the IRES tax balance) TA will have to pay according to the tax consolidation agreement; for details, see section #16 "Relationships with the companies of the Group and related parties" of the Report on Operations.

53. Advance payments
Advance payments, which total € 284 K (€ 322 K at 31 Dec. 2016), mainly consist of advance payments made to customers.

COMMITMENTS AND GUARANTEES

As at 31 Dec. 2017, commitments and guarantees include € 12,819 K of third party suretyships in favour of TA and € 10,547 K of suretyships given by third parties on behalf of TA. The difference of these last guarantees is mainly due to the release of a suretyship to the Municipality of Florence for € 4 M for works in the Florence airport's passenger terminal.

Data in € K	31-Dec-2017	31-Dec-2016	Diff.
Third-party guarantee in favour of Company	12,819	12,813	6
Third-party guarantee on behalf of Company	10,547	7,213	3,334

Suretyships provided by third parties in the favour of TA (€ 12.8 M) mainly refer to performance bonds for contract works, for compliance with agreements by sub-concessionaires, air carriers and other customers.
The suretyships provided to third parties on behalf of TA (€ 10.5 M) mainly refer to performance bonds in favour of ENAC to ensure full and exact fulfilment of the obligations established with the two 40-year Conventions signed with the Municipalities of Pisa and Florence as a guarantee of TA's compliance with municipal regulations in the expansion works for the airport infrastructures.

ADDITIONAL INFORMATION

Information on the main items of the Provision for liabilities and charges at 31 Dec. 2017

1. Provision for liability risks connected with the dispute on the Fire Brigade airport service (€ 2,351 K)

As regards the contribution to be paid for the Fund created by the 2007 Finance Law to reduce the cost for the State of the organization and implementation of the Fire Protection Service in Italian airports, the Parent Company (then AdF) in 2012 brought a specific legal action before the Civil Court of Rome to ask the Judge to ascertain and declare the termination of the obligation to pay said contribution after a change in the purposes of said Fund, starting from 1st January 2009. In fact, since that date, the resources contributed to the Fund had been used to provide general public rescue and civil defence services, as well as to finance the national collective labour agreements of the Fire Brigades. The legal action is still ongoing today and, within its framework, after the legislative change introduced with the 2016 Stability Law in the matter, a specific application has been lodged to raise a constitutional question concerning art.1, paragraph 478, of Law no. 208 of 28 December 2015, in connection with art. 39-bis, paragraph 1, of DL no. 159 of 1 October 2007, for violation of articles ##3, 23, 24, 25, 41, 53, 111, and 117, first paragraph, of the Constitution, as well as for the violation of art 6 of the European Convention on Human Rights. Notwithstanding the pending civil case, on 16 January 2015 the Administrations notified the Company with an order of the court regarding the alleged contributions to be paid to the Fire-protection Fund for the years 2007, 2008, 2009, and 2010. The court order at issue contains both formal and material errors (e.g. request of contributions already paid for the years 2007 and 2008), so the Company promptly lodged an opposition before the Court of Bologna to ask that the Court order be cancelled or, as a secondary measure, that the two cases be united because overlapping a new case re-initiated before the Court of Rome. It is understood that, if no prompt decision will be received concerning the overlapping of the two cases, a specific constitutional challenge will be raised during the trial concerning the new rule of art.1, paragraph 478, of the 2016 Stability Law.

In this regard, in March 2016, the Court of Rome specified that "it cannot certainly re-challenge the effects of the final judgement, which are not affected by the introduction of new provisions, also having a retroactive effectiveness", and therefore, "the censored provision (paragraph 478) could not be highlighted" "at least as regards the companies parties of the trials concluded with final judgements (and hypothetically, also concerning the others, should the extension of the judgement be recognized in their favour)".
The Court of Rome, based on these preliminary remarks, considered that "at present, the applicability of the provision suspected of being unconstitutional to the matter in the hands of the decider is not certain" with reference to the airport management companies that claim a judgement that became final, such as Toscana Aeroporti.
The amounts set aside by the company, including with the support of independent advisors, are consistent with the predictable outcome of the dispute.

2. <u>Provision for the risk of potential labour dispute liabilities (€ 1,284 K)</u>

As at 31 Dec. 2017, TA shows a Provision for risks of € 228 K for the persistence of the probability of new disputes with shift workers in connection with a wrong determination of the contract and remuneration percentages regarding their so-called horizontal part-time working time in the period before 2015.
The provisions for risks existing at 31 Dec. 2017 also include € 594 K of liabilities from ongoing mediation negotiations with employees and labour disputes with a probable unfavourable outcome.
Finally, the Company set aside a provision of € 462 K relating to the estimate of the liabilities deriving from the non-renewal of the National Collective Labour Contract in 2017.
The amounts set aside by the company, including with the support of independent advisors, are consistent with the predictable outcome of the dispute.

3. <u>Other potential liabilities</u>

We finally report risks for potential liabilities, also assessed as "possible" with the support of independent professionals, concerning:
a) the dispute for the return of the fees for fuel supplies requested by certain airlines from oil companies, where the Company has been summoned as third party;

b) the appeal proposed on 31 Dec. 2016 by Regione Toscana[1] against judgement no.1310/2016, with which the "TAR" (Regional Administrative Court) of Tuscany, in August 2016, had admitted the petitions lodged by certain Committees and by the company "N.I.T." against the "Variant to the PIT" (territory planning scheme)[2] for the "Parco della Piana" and the Florence airport. Indeed, the TAR saw no insurmountable obstacle against the construction of the new runway, but simply asked for a more in-depth investigation on certain environmental issues - which have already been exhaustively assessed during the "VIA" - because its approval does not require a corresponding specification in the planning acts of the Region (i.e. the "PIT") and Local Bodies. For the sake of completeness, we point out that petitions against the VIA Decree no. 377 of 28 December 2017 have been lodged during 2017;

c) TA's dispute concerning a claim for damages brought by a board member who left the BoD before the merger and against which the Company lodged a counterclaim.

Table of connection between the Parent Company's result and equity, and the same values in the TA Group

Pursuant to CONSOB's Communication of 28 July 2006, we provide below the reconciliation statement between 2017 result and the Shareholders' Equity at 31 Dec. 2017 (for the portion attributable to the Group) with the parallel values of the Parent Company.

Description	SHAREHOLDERS' EQUITY AT 31.12.2017	Net 2017 earnings
S.E. and Holding "SAT Spa" earnings	**110,969**	**10,411**
S.E. and Group's Subsidiary' earnings	3,182	761
Elimination of the book value of stakes	(3,388)	-
Earnings of entities consolidated in SE	180	35
Elimination of intragroup dividends	-	(607)
After-tax consolidation difference (royalties)	2,431	(49)
Other minors	(14)	0
SE and Group earnings	**113,360**	**10,551**
Shareholders' Equity and Minority Interest's earnings	221	127
SE and Group and Minority Interest's earnings	**113,581**	**10,678**

Amounts shown in € K

Remuneration of Directors, Auditors and Executives with strategic responsibilities

For details see the special table in the Report on Remuneration specified in art. 123-ter of Leg. Dec. no. 58/98 (published in the Company's website).

We point out that Directors and Statutory Auditors have no interest in non-recurring transactions performed during 2017 or in similar transactions initiated during previous years and not yet concluded.

At the closing date of this financial statement, no loan existed in the favour of any member of the Board of Directors or Board of Statutory Auditors.

Relationships with related parties

1 Incidental appeal brought by Toscana Aeroporti on 26 January 2017.

2 Piano di Intervento Territoriale [Territory Planning Scheme].

See the specific section in the Report and Annex C to this financial statement at 31 Dec. 2017 for a summary of the main effects of transactions with related parties on the financial statement.

Atypical or unusual transactions

According to Consob's Notice no. 6064293 of 28 July 2006, no atypical or unusual transaction was performed during 2017.

Significant events and non-recurring transactions

Pursuant to CONSOB's Notice of 28 July 2006, we specify that no significant non-recurring transaction was performed in 2017.

Significant events occurred after 31 Dec. 2017

See section 19 of the Report on Operations.

Fair value measurement hierarchy

As regards the financial instruments recognised in the Financial Position at fair value, IFRS 7 requires these values to be classified based on a hierarchy of levels that reflects the significance of the input used in the determination of fair value.
The following levels are identified:
Level 1 – the price of the asset or liability being measured is drawn from an active market;
Level 2 – the inputs used are not the listed prices indicated above, but may be observed on the market, either directly (prices) or indirectly (price derivatives);
Level 3 – the inputs are not based on observable market data.
These notions are not applicable to TA's 2017 consolidated financial statement.
No assets have been measured at fair value (FVPL or FVOCI) at 31 Dec. 2017.

Information on financial instruments

There are no derivative financial instruments. There are no liabilities measured at fair value.

Authorization to publication

This document has been approved by the Board of Directors on 15 March 2018 and made available to the public on 19 April 2018 upon the Chairman's authorization.
On 9 March 2018, Corporación America Italia S.p.A., owner of 10,366,884 shares for an aggregate 55,7% of the share capital of Toscana Aeroporti S.p.A. (the "Company"), pursuant to Art. 126-bis of Leg. Dec. no. 58/1998, asked the Board of Directors of the Company to include additional proposals for a resolution on the subject matter in the first and only point of the Agenda (the "Request for Addition") of the General Shareholders' Meeting of Toscana Aeroporti S.p.A. called on 4 April 2018 in first call and on 5 April 2018 in second call.
Said proposals for amendments to Articles 12,15, 16 and 19 of the Articles of Association included, *inter alia*, an amendment to the list voting procedure for the appointment of the Board of Directors of the Company.
As far as the Request for Addition is concerned, Corporación America Italia S.p.A. also asked that the annual Meeting - to be held to make resolutions, inter alia, on the appointment of the new Board of Directors of the Company, and to approve the financial statement for the year ended 31 Dec. 2017 - be put off to a date after 27 April 2018, the date marked in the financial calendar of the Company, in order to allow Shareholders to appoint the Board of Directors after the effectiveness date of the amendments to be made to the Articles of Association as requested by the Request for Addition.
As a supplement to the Request for Addition, Corporación America Italia S.p.A., in compliance with Art. 126-bis, paragraph 4, of the TUF (*Testo Unico della Finanza* -

Consolidated Act on Financial Brokerage), prepared a report summarising the reasons and objectives underlying the request (the "Shareholder Report"), made available for the public by the Board of Directors, as requested by the applicable legislation.
The Shareholder Report expounds the proposals for amending Articles 12, 15, 16, and 19 of the Articles of Association and indicates that said proposals aim, on the one hand, to simplify the corporate governance structure relating to the Board's operations performed during its three-year mandate, which will expire on the date of approval of the financial statement for the year ending 31 Dec. 2017, and, on the other hand, to allow the members of the Company's BoD to be represented more proportionally in connection with their interests held.
As a preliminary action, the BoD assessed the compliance of the Request for Addition ("RfA") with the applicable legal requirements and concluded that the RfA is lawful because it has been lodged in compliance with the applicable laws. Therefore, the BoD intends to follow up with the procedure under the terms established by the law.

As to the content of the Shareholder's Request, the BoD developed the following considerations:

(i) the proposals for amendments to the Articles of Association proposed by the Shareholder "Corporación America Italia S.p.A." seem to be aimed to simplify the decision-making process for the Board, as well as to favour the appointment of its members according to a more accurate proportionality criterion, and the BoD has nothing to add about this point;
(ii) considering that some of the amendments proposed affect the composition of the Board of Directors and the list voting procedure for the appointment of the Board, the same BoD is willing to admit the request put forward by the Shareholder Corporación America Italia S.p.A. and call the annual Meeting, *inter alia*, to approve the financial statement and appoint the new BoD at a later date, i.e. not the date indicated in the financial calendar, in line with the provisions of Art. 9 of the Articles of Association and Art. 2364, par. 2, of the Civil Code. This should allow the Company's shareholders to appoint the new BoD according to the new corporate bylaws that will be approved by the General Meeting called for 4 April 2018 on first call and for 5 April 2018 on second call.

Finally, the BoD said that the amendments proposed in the Shareholder's Request do not give shareholders the right to withdraw, as set forth in Art. 2437 of the Civil Code, therefore any shareholder who did not approve the Board's resolution concerning said amendments shall have no right of withdrawal.

For the Board of Directors
The Chairman
(Marco Carrai)

ANNEXES TO THE 2017 FINANCIAL STATEMENT

TABLE OF CHANGES OCCURRED IN INTANGIBLE ASSETS IN 2017 (€K)

	CONCESSION RIGHTS (ROYALTIES)	PATENT AND INTELLECTUAL PROPERTY RIGHTS	WORK IN PROGRESS AND ADVANCE PAYMENTS	TOTAL
Historical cost	176,086	10,282	17,102	**203,470**
Accumulated depreciation	-28,269	-9,962	-7,295	**-45,525**
A - Value as at 31-Dec-16	147,818	320	9,807	**157,945**
CHANGES FOR THE PERIOD				
Procurement	7,127	810	4,963	**12,900**
Previous years' work in progress	1,649	581	-2,230	**0**
Reclassification	7	-2	286	**291**
Depreciation	-5,691	-290	0	**-5,981**
B - Balance of changes	3,092	1,099	3,019	**7,210**
Historical cost	184,870	11,671	20,121	**216,661**
Accumulated depreciation	-33,960	-10,252	-7,295	**-51,506**
Value as at 31-Dec-2017 (A+B)	**150,910**	**1,419**	**12,826**	**165,155**

TABLE OF CHANGES OCCURRED IN TANGIBLE ASSETS IN 2017 (€K)

	LAND, BUILDINGS AND RUNWAY INSTALLATIONS		PLANT AND MACHINERY	INDUSTRIAL AND COMMERCIAL EQUIPMENT	ASSETS UNDER CONSTRUCTION	OTHER ASSETS	TOTAL
	Revertible for free	Owned by the Company					
Historical cost	12,562	16,536	28,929	1,119	734	15,553	**75,433**
Accumulated depreciation	-10,828	-1,918	-22,221	-851	-164	-13,817	**-49,799**
A - Value as at 31-Dec-16	1,734	14,618	6,708	268	570	1,736	**25,634**
CHANGES FOR THE PERIOD							
Procurement	0	64	1,890	121	0	2,457	**4,532**
Reclassification	176	0	-52	0	-415	0	**-291**
Disinvestments/Decreases	0	0	0	0	-155	-155	**-310**
Depreciation	-250	-142	-1,770	-48	0	-860	**-3,070**
Reversal of previous years' accum. depr.	0	0	0	0	0	155	**155**
B - Balance of changes	-74	-78	68	73	-570	1,597	**1,016**
Historical cost	12,562	16,600	30,819	1,240	734	18,010	**79,965**
Accumulated depreciation	-10,902	-2,060	-24,043	-899	-734	-14,677	**-53,315**
Value as at 31-Dec-2017 (A+B)	**1,660**	**14,540**	**6,776**	**341**	**0**	**3,333**	**26,650**

RELATIONSHIPS WITH RELATED PARTIES

balance sheet item	31 DECEMBER 2017 Values in € K	% incidence on balance sheet item	Book item (€K)	31 DECEMBER 2016 Values in € K	% incidence on balance sheet item	Book item (€K)
Associated companies						
Immobili A.O.U. Careggi Spa						
Investments in Associated Companies	179.2	32.00%	560	147.9	28.17%	525
Receivables from associated companies	185.9	70.65%	263	130.0	60.01%	217
Non-Aviation revenues	97.9	0.35%	28,070	-		
Other revenues and income	49.0	2.40%	2,045	154.6	3.64%	4,243
Alatoscana Spa						
Investments in Associated Companies	380.8	68.00%	560	377.0	71.83%	525
Receivables from associated companies	77.2	29.35%	263	86.6	39.99%	217
Other revenues and income	63.7	3.11%	2,045	51.3	1.21%	4,243
Other related parties						
Comune di Pisa						
Costs for services	-	0.00%	43,097	20.0	0.05%	41,467
Payables to suppliers	12.2	0.04%	28,539	12.2	0.05%	26,029
Pisamo Spa (*)						
Receivables from others, due within the year	-	0.00%	9,085	427.0	7.80%	5,473
Payables to suppliers	23.7	0.08%	28,539	23.7	0.09%	26,029
Delta Aerotaxi srl						
Aviation revenues	213.5	0.23%	93,945	225.6	0.25%	89,597
Non-Aviation revenues	314.7	1.12%	28,070	317.5	1.19%	26,626
Other revenues and income	15.8	0.77%	2,045	10.9	0.26%	4,243
Costs for services	69.5	0.16%	43,097	60.1	0.14%	41,467
Receivables from customers	275.2	0.97%	28,328	107.3	0.69%	15,486
Receivables from others due beyond the year	258.9	11.24%	2,304	342.7	13.44%	2,550
Corporate Air Services srl						
Aviation revenues	679.2	0.72%	93,945	767.4	0.86%	89,597
Non-Aviation revenues	73.5	0.26%	28,070	80.8	0.30%	26,626
Other revenues and income	4.8	0.23%	2,045	4.7	0.11%	4,243
Receivables from customers	99.8	0.35%	28,328	40.6	0.26%	15,486
Delifly srl						
Non-Aviation revenues	37.2	0.13%	28,070	34.5	0.13%	26,626
Other revenues and income	1.2	0.06%	2,045	1.5	0.04%	4,243
Receivables from customers	11.5	0.04%	28,328	8.2	0.05%	15,486
ICCAB srl						
Non-Aviation revenues	129.1	0.46%	28,070	162.8	0.61%	26,626
Other revenues and income	2.6	0.13%	2,045	4.9	0.12%	4,243
Other receivables from customers	45.2	0.16%	28,328	38.3	0.25%	15,486
Other payables due within the year	-	0.00%	15,941	15.0	0.10%	15,218
Corporación America Italy srl						
Receivables from customers	0.9	0.00%	28,328	0.9	0.01%	15,486
Payables to suppliers	-	0.00%	2,304	-		26,029
Other payables due within the year	1,438.2	9.02%	15,941	601.8	3.95%	15,218
Other revenues and income	-	0.00%	2,045	0.9	0.02%	4,243
Costs for services	-	0.00%	43,097	-		41,467
Helport Uruguay S.A.						
Costs for construction services	709.5	6.42%	11,059	-	0.00%	3,217
Payables to suppliers	-					-
Comune di Firenze						
Non-Aviation revenues	5.7	0.02%	28,070	5.7	0.02%	26,626
Receivables from customers	1.4	0.01%	28,328	-	0.00%	15,486

(*) a company 100% owned by Comune di Pisa (a TA partner).

TABLE OF DEFERRED AND PREPAID TAXES AND CONSEQUENT EFFECTS (€K)

ITEMS	tax	PREPAID / DEFERRED		2017 REABSORPTION		2017 INCREASES		PREPAID / DEFERRED	
		taxable base	tax	taxable base	tax	taxable base	tax	taxable base	tax
EXPENSES FOR CAPITAL INCREASE	IRES	695,121	166,829	231,707	55,610	-	-	463,414	111,219
PROVISION FOR BAD DEBT AND OTHER RECEIVABLES	IRES	3,489,262	837,423	-	-	861,055	206,653	4,350,318	1,044,076
IFRIC12 / EXCEEDING PROVISION FOR REPAIRS AND MAINTENANCE	IRES / IRAP	3,080,751	943,039	1,589,008	462,719	1,477,899	430,364	2,969,642	910,684
ACTUARIAL GAIN / LOSS (O.C.I.)	IRES	795,886	191,013	36,943	8,866	-	-	758,943	182,147
SUNDRY MINORS	IRES / IRAP	137,978	37,614	187,589	54,626	239,495	69,741	189,884	52,729
PROVISION FOR FUTURE LIABILITIES AND CHARGES	IRES / IRAP	2,851,251	804,667	55,446	13,307	1,162,000	289,120	3,957,805	1,080,480
ETI IAS USE DIFFERENCES	IRES	555,201	133,248	129,838	31,161	-	-	425,363	102,087
PARCHEGGI PERETOLA CONSOLIDATION	IRES / IRAP	- 3,499,210	- 1,021,379	- 59,571	- 16,799	5,100	1,224	- 3,434,539	- 1,003,356
OTHER DIFFERENCES	IRES / IRAP	199,905	54,412	59,046	15,812	117,663	21,122	258,522	59,723
Global total		8,306,145	**2,146,865**	2,230,005	**625,302**	3,863,212	**1,018,225**	9,939,353	**2,539,787**

TABLE OF RECONCILIATION BETWEEN YEAR’S RESULT AND TAXABLE BASE (€K)

	GRUPPO T.A. S.p.a.		GRUPPO T.A. S.p.a.	
	31/12/2017		31/12/2016	
	IRES (*)	IRAP	IRES (*)	IRAP
Profit before tax according to law tax	15,324	59,518	14,507	57,580
Ordinary applicable tax rate	24.00%	5.12%	27.50%	5.12%
Theoretical tax burden	3,678	3,047	3,989	2,948
Main final differences				
- dividends collected (95% exempt.)	- 605		- 554	
- capital gains from sale of shares (95% exempt)	-		-	
- analytical and lump-sum IRAP deductions	- 463		- 364	
- ACE	- 303		- 876	
- labour costs of permanent employees		- 34,797		- 34,128
- other deductible labour costs		- 1,256		- 1,474
Sundry final variations (balance)	1,736	1,326	817	- 1,207
Sundry temporary variations (balance)	1,260	1,490	- 729	2,267
Taxable base	16,948	26,281	12,801	23,038
Current taxes	4,068	1,346	3,520	1,180
Previous years’ taxes	- 8		- 11	47
IRAP reimbursement request				
Deferred taxes	- 302	- 76	244	- 116
Income from consolidation	- 113		- 129	
Other minor effects	264	73	287	60
Total taxes booked	3,908	1,342	3,911	1,170

2017 FEES PAID FOR AUDITING SERVICES (ART.159-*DUODECIES* OF CONSOB ISSUER REGULATIONS)

Service type	Entity that provided the service	Beneficiary	Notes	2017 fees (€)
Auditing	PwC SpA	Parent Company TA SpA	(1)	95,000
	PwC SpA	Subsidiaries	(2)	13,800
Certification services	PwC SpA	Parent Company TA SpA	(3)	80,000
	PwC SpA	Parent Company TA SpA	(4)	24,600
	PwC SpA	Parent Company TA SpA	(4)	33,000
			Total	246,400

Notes

(1) Remuneration for statutory auditing services for the Parent Company's Consolidated Financial Statement and Financial Statement for the period (including periodic audits) and for the limited auditing of the Groups' consolidated interim financial report (abridged).

(2) Remuneration for the statutory auditing of the financial statement of the subsidiaries Parcheggi Peretola Srl and Fuel Co. Srl, and related periodic audits.

(3) Remuneration for the statutory auditing of the consolidated dossiers of the Corporación America Group.

(4) Remuneration for the auditing of accounting reports pursuant to the CIPE Resolution no. 38/2007 of the Pisa and Florence airports.

(5) Remuneration for the limited auditing of the consolidated non-financial statement required under Leg. Dec. no. 254/2016 for 2017.

CERTIFICATION OF THE 2017 CONSOLIDATED FINANCIAL STATEMENT PURSUANT TO ART. 81-*TER* OF CONSOB'S REGULATION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND SUPPLEMENTS

1. The undersigned Gina Giani (Chief Executive Officer) and Marco Gialletti (Financial Reporting Manager) of Toscana Aeroporti S.p.a., also considering the provisions contained in art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, hereby certify:

- the appropriateness in connection with the distinguishing features of the company, and
- the actual implementation

of the administrative and accounting procedures for the preparation of the 2017 Consolidated Financial Statement.

2. Furthermore, it is hereby certified that the 2017 Consolidated Financial Statement:

- has been prepared in accordance with applicable accounting standards recognized within the European Community pursuant to EC Regulation no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- reflects the contents of accounting books and records;
- provides a true and fair view of the assets, liabilities, and financial situation of the issuer and of the issuer.

3. The Report on Operations includes a reliable analysis of operating performance and income, as well as the situation of the issuer, along with a description of the primary risks and uncertainties to which it is exposed.

Florence, 15 March 2018

For the Board of Directors

Chief Executive Officer
Gina Giani

Financial Reporting Manager
Marco Gialletti

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Toscana Aeroporti SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Toscana Aeroporti Group (the Group), which comprise the consolidated statement of financial position as of 31 December 2017, the consolidated income statement, statement of comprehensive income, statement of changes in consolidated shareholders' equity, statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2017, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Toscana Aeroporti SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in

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forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Capitalisation of concession rights	
Explanatory notes to the consolidated financial statements as of 31 December 2017: Note "Intangible assets". Report on operations: paragraph "11. The Group's investments". During financial year 2017 costs related to intangible assets were capitalised in a total amount of Euro 12.9 million representing 5.2% of the Company's assets; such costs are made up of Euro 7.13 million related to concession rights and Euro 4.96 million related to construction in progress, of which Euro 2.39 million for the development of the Florence Airport Master Plan. Considering the significance of the investments and use of estimates that the Company's management made to verify the compliance with the requirements of IFRIC interpretation *"IFRIC 12 – Service concession arrangements"* and of international accounting standard *"IAS 38 – Intangible assets"* adopted by the European Union, we specifically focused our attention on the valuations performed by management. The estimates prepared were mainly related to the verification of the identifiability of capitalised costs and the existence of future economic benefits deriving from the investments.	We conducted an understanding and evaluation of the procedure of capitalisation of the concession rights adopted by the Group. We obtained a detail of the amounts of capitalised costs by project, analysing, on a sample basis, increases and decreased occurred during the year. During our audit we paid special attention to the compliance with the requirements of IFRIC interpretation *"IFRIC 12 – Service concession agreements"* adopted by the European Union and of international accounting standard *"IAS 38 – Intangible assets"* adopted by the European Union for the capitalisation of such intangible assets, with particular reference to the identifiability of capitalised costs and the existence of future economic benefits deriving from the investment. To that end, we examined, on a sample basis, the long-term plans prepared by management and the related estimated future cash flows. As part of our audit procedures we also carried out discussions with management and the technical managers with the aim of understanding the characteristics of the projects. Furthermore, with specific reference to the analyses conducted on investments related to the development of the Florence Airport Master Plan, in our audit procedures we also involved PwC network experts in valuation.
Valuation of provisions for liabilities and charges and provisions for repair and replacement	
Explanatory notes to the consolidated financial statements: note 42 "Provisions for liabilities and charges", note 43 "Provisions for repair and	We conducted an understanding and evaluation of the procedure adopted by the Group to determine the provisions for

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
replacement" and paragraph "Information on the main items of the Provision for liabilities and charges at 31 December 2017" The value of the provisions for liabilities and charges and of the provisions for repair and replacement recorded within the balance sheet liabilities of the consolidated financial statements at 31 December 2017 amounted to Euro 3.99 million and Euro 25.21 million respectively, which represent 1.6% and 10.1% of the Group's liabilities. Given the significance of the amounts at issue, the use of estimates that management made to verify the compliance with the requirements under IFRIC interpretation *"IFRIC 12 – Service concession arrangements"* and under the international accounting standard *"IAS 37 - Provisions, Contingent Liabilities and Contingent Assets"* adopted by the European Union, we paid special attention to verifying the liabilities at issue. The main analyses performed by management consisted in the verification of the ongoing obligations, the estimated likelihood to be required to fulfil such obligations and the relevant estimated amount.	liabilities and charges and the provisions for repair and replacement and to evaluate the adequacy of the liabilities recognised within the balance sheet liabilities at 31 December 2017. In this respect, we highlight that in relation to the more significant issues the Group is supported by independent external professionals who keep management abreast of the status of the litigation and of the potential impacts on the financial statements. We also obtained a detail of the amounts provisioned and we analysed, on a sample basis, the reasonableness of the assumptions adopted by management to quantify the liability amount to recognise in the financial statements. With reference to the external professionals who support the Group in the evaluation of the provisions for liabilities and charges we also sent requests for information to them and we analysed the replies obtained. Moreover, in order to comprehend the characteristics of the pending lawsuits and of the repairs and replacements carried out on assets under concession, we held discussions with management, the internal legal affairs office, the control managers, the internal technical managers and with the external professionals.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Toscana Aeroporti SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit 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 Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of

the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 3 November 2014, the shareholders of Toscana Aeroporti SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2014 to 31 December 2022.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Toscana Aeroporti SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Toscana Aeroporti Group as of 31 December 2017, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the

Toscana Aeroporti Group as of 31 December 2017 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Toscana Aeroporti Group as of 31 December 2017 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Toscana Aeroporti SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.
We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Florence, 18 April 2018

PricewaterhouseCoopers SpA

Signed by

Luigi Necci
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report.

CONSOLIDATED FINANCIAL STATEMENTS – REPORTS AT 31.DEC.2017

TOSCANA AEROPORTI - INCOME STATEMENT FOR THE YEAR

Amounts in €K	Notes	2017	of which Related Parties	2016	of which Related Parties
REVENUES					
Operating income					
Aviation revenues	1	92,269	893	87,999	993
Non-Aviation revenues	2	26,428	658	25,122	601
Other revenues and income	3	2,666	137	4,981	229
Total operating revenues		**121,363**	**1,688**	**118,102**	**1,823**
Revenues from construction services	4	12,091		7,230	
TOTAL REVENUES (A)		**133,454**	**1,688**	**125,331**	**1,823**
COSTS					
Operating Costs					
Consumables	5	1,000		1,342	
Cost of Personnel	6	41,111		40,172	
Costs for services	7	42,158	70	40,635	86
Sundry operating expenses	8	2,292		2,076	
Airport leases	9	6,208		6,034	
Total operating costs		**92,769**	**70**	**90,257**	**86**
Costs for construction services	10	11,922	710	6,994	
TOTAL COSTS (B)		**104,692**	**779**	**97,251**	**86**
GROSS OPERATING MARGIN (A-B)		**28,763**		**28,080**	
Amortization and write-downs	11	8,865		8,405	
Provision for risks and repairs	12	2,928		4,223	
Bad debt reserve	13	872		415	
OPERATING EARNINGS		**16,097**		**15,038**	
ASSET MANAGEMENT					
Financial income	14	678		698	
Financial expenses	15	-1,451		-1,229	
Profit (loss) from equity investments	16	0		0	
TOTAL ASSET MANAGEMENT		**-772**		**-531**	
PROFIT (LOSS) BEFORE TAX		**15,324**		**14,507**	
Year's taxes	17	-4,914		-4,734	
PROFIT/(LOSS) FOR THE PERIOD		**10,411**		**9,773**	
Earnings per share (€)	18	0.5594		0.5251	
Diluted earnings per share (€)		0.5594		0.5251	

TOSCANA AEROPORTI - COMPREHENSIVE INCOME STATEMENT FOR THE YEAR

Amounts in €K	Notes	2017	2016
PROFIT/(LOSS) FOR THE PERIOD (A)		**10,411**	**9,773**
Other comprehensive profit/(loss) that will not be subsequently reclassified to the Income Statement:			
- Profit (loss) arising from the determination of the Termination Benefit after tax	44	22	-258
Total other profit (loss) before tax (B)		*22*	*-258*
COMPREHENSIVE PROFIT FOR THE PERIOD (LOSS) (A) + (B)	41	**10,432**	**9,514**

STATEMENT OF FINANCIAL POSITION (amounts in €K)

ASSETS	Notes	31-Dec-2017	31-Dec-2016
NON-CURRENT ASSETS			
INTANGIBLE ASSETS			
Concession rights (royalties)	19	145,364	142,135
Industrial patent rights	20	1,418	317
Work in progress and advance payments	21	12,770	9,807
Total Intangible Assets		**159,552**	**152,259**
TANGIBLE ASSETS	22		
Revertible property (land and buildings, with no payment)		1,660	1,734
Owned property, plant and equipment		24,367	23,757
Total Tangible Assets		**26,027**	**25,492**
EQUITY INVESTMENTS			
Equity investments in other entities	23	123	141
Investments in Subsidiaries	24	3,388	3,388
Investments in Associated Companies	25	380	380
Total Equity investments		**3,891**	**3,909**
FINANCIAL ASSETS			
Guarantee deposits	26	193	145
Receivables from others due beyond the year	27	2,304	2,550
of which from Related Parties		*259*	*343*
Total Financial Assets		**2,497**	**2,694**
Prepaid taxes recoverable beyond the year	28	3,485	3,114
TOTAL NON-CURRENT ASSETS		**195,452**	**187,468**
CURRENT ASSETS			
Inventory	29	0	0
ACCOUNTS RECEIVABLE			
Other receivables from customers	30	28,081	15,324
of which from Related Parties		*434*	*538*
Receivables from associated companies	31	263	217
Receivables from subsidiaries	32	1,229	729
Tax receivables	33	496	72
Receivables from others, due within the year	34	9,030	5,448
of which from Related Parties		*0*	*427*
Total trade and sundry receivables		**39,100**	**21,790**
Cash and cash equivalents	35	12,098	26,056
TOTAL CURRENT ASSETS		**51,198**	**47,845**
TOTAL ASSETS		**246,651**	**235,314**

STATEMENT OF FINANCIAL POSITION (amounts in €K)

TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31-Dec-2017	31-Dec-2016
CAPITAL AND RESERVES			
Share Capital	36	30,710	30,710
Capital reserves	37	72,878	72,374
IAS adjustments reserve	38	-3,229	-3,229
Profit/(Loss) carried forward	39	200	178
Profit/(loss) for the year	40	10,411	9,773
TOTAL SHAREHOLDERS' EQUITY		**110,969**	**109,806**
MEDIUM-LONG TERM LIABILITIES			
Provisions for liabilities and charges	42	3,958	2,851
Provisions for repair and replacement	43	18,517	19,081
Termination benefits and other personnel-related provisions	44	6,183	6,539
Financial liabilities	45	31,974	36,259
Other payables due beyond the year	46	142	43
TOTAL MEDIUM-LONG TERM LIABILITIES		**60,774**	**64,774**
CURRENT LIABILITIES			
Bank overdrafts	47	5,000	0
Loans	48	4,439	4,456
Tax liabilities	49	10,494	6,846
Payables to suppliers	50	27,522	25,314
of which from Related Parties		*0*	*36*
Payables to Subsidiaries	51	2,206	1,356
Payables to social security institutions	52	2,603	2,624
Other payables due within the year	53	15,666	14,985
of which from Related Parties		*1,438*	*617*
Provisions for repair and replacement	43	6,692	4,830
Advance payments	54	284	322
Total trade and sundry receivables		**54,974**	**49,431**
TOTAL CURRENT LIABILITIES		**74,907**	**60,734**
TOTAL LIABILITIES		**135,682**	**125,508**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**246,651**	**235,314**

STATEMENT OF CHANGES IN THE CONSOLIDATED SHAREHOLDERS' EQUITY
(amounts shown in €K)

	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	STATUTORY RESERVES	OTHER RESERVES	IAS ADJUSTMENTS RESERVE	TOTAL RESULT RESERVES	TOTAL S.E.
S.E. AT 31 December 2015	**30,710**	**18,941**	**2,548**	**25,876**	**24,586**	**-3,229**	**8,751**	**108,183**
NET PROFIT (LOSS) FOR THE PERIOD	-	-	-	-	-	-	9,773	**9,773**
OTHER COMPON. OF COMPREH. I.S.	-	-	-	-	-	-	-258	**-258**
TOTAL COMPREHENSIVE PROFIT (LOSS)	-	-	-	-	-	-	***9,514***	**9,514**
PROFIT ALLOCATION	-	-	424	0	-	-	-424	-
DIVIDENDS	-	-	-	-	-	-	-7,891	-7,891
TOTAL TRANSACTIONS WITH SHAREHOLDERS	-	-	***424***	***0***	-	-	***-8,315***	***-7,891***
S.E. AT 31 December 2016	**30,710**	**18,941**	**2,972**	**25,876**	**24,586**	**-3,229**	**9,950**	**109,806**
NET PROFIT (LOSS) FOR THE PERIOD	-	-	-	-	-	-	10,411	**10,411**
OTHER COMPON. OF COMPREH. I.S.	-	-	-	-	-	-	22	**22**
TOTAL COMPREHENSIVE PROFIT (LOSS)	-	-	-	-	-	-	***10,432***	**10,432**
PROFIT ALLOCATION	-	-	504	-	-		-504	0
DIVIDENDS	-	-	-	-	-	-	-9,269	-9,269
TOTAL TRANSACTIONS WITH SHAREHOLDERS	-	-	***504***	-	-	-	***-9,773***	***-9,269***
S.E. AT 31 December 2017	**30,710**	**18,941**	**3,475**	**25,876**	**24,586**	**-3,229**	**10,610**	**110,969**

STATEMENT OF CASH FLOWS (amounts in €K)

Euro K	2017	2016
OPERATIONS		
Net result for the period	**10,411**	**9,773**
Adjusted for:		
- Amortization	8,865	8,405
- Other provisions and impairment	446	2,301
- Change in the provision for liabilities and charges	1,107	(933)
- Net change in termination benefit and other provisions	(382)	(192)
- Financial expenses for the period	1,451	1,265
- Net changes in (prepaid)/deferred taxes	(372)	46
- Taxes for the period	5,286	5,081
Cash flows of operating activities before changes in the working capital	*26,811*	*25,745*
- (Increase)/decrease in trade receivables	(12,757)	(856)
- (Increase)/decrease in other accounts receivable and current assets	(4,554)	2,339
- Increase/(decrease) in payables to suppliers	2,208	(2,169)
- Increase/(decrease) in other payables	3,824	(2,571)
Cash flows of operating activities before changes in the working capital	*(11,278)*	*(3,257)*
Liquid assets generated by operating activities	*15,532*	*22,487*
- Interest payable paid	(572)	(635)
- Taxes paid	(3,831)	(4,132)
Cash flow generated by operating activities	**11,129**	**17,720**
INVESTMENT ACTIVITIES		
- Purchase of tangible assets	(3,948)	(2,658)
- Sale of tangible assets	155	229
- Purchase of intangible assets	(12,900)	(8,262)
- Equity investments and financial assets	216	(277)
Cash flow from investing activities	**(16,477)**	**(10,968)**
CASH FLOWFROM OPERATIONS	**(5,348)**	**6,752**
FINANCIAL ASSETS		
- Dividends paid	(9,269)	(7,892)
- Short-/long-term loans taken out	11,000	6,000
- (Repayment of) short-/long-term loans	(10,340)	(10,222)
Net cash flow generated by/(used for) investments	**(8,609)**	**(12,113)**
Net increase/(decrease) in available cash Cash equivalents	**(13,957)**	**(5,361)**
Cash and cash equivalents at beginning of period	26,056	31,417
Cash and cash equivalents at end of period	**12,098**	**26,056**

EXPLANATORY NOTES TO THE FINANCIAL STATEMENT AT 31.DEC.2017

EXPLANATORY NOTES TO THE FINANCIAL STATEMENT AT 31 DECEMBER 2017

INTRODUCTION

Toscana Aeroporti S.p.a.(hereinafter the "Company" or "TA") is joint-stock company with registered office at the address of the Office of the Register of Companies of Florence since 1st June 2015 created with a merger by incorporation between Società Aeroporto Toscana Galileo Galilei S.p.a. (Pisa Airport) and Aeroporto di Florence S.p.a. The main activities of the Group are described in the Report on Operations.
This Financial Statement of TA shows amounts in Euro thousands (€ K) as this is the currency used by TA for most its transactions.
The limited auditing activity conducted on the 2017 Financial Statement of TA has been carried out by PricewaterhouseCoopers S.p.A.

STRUCTURE AND CONTENT OF STATEMENTS AND REPORTS

TA's 2017 Financial Statement has been prepared in compliance with the International Accounting Standards (IAS/IFRS) in force to date, issued by the International Accounting Standards Board and approved by the European Union, as well as in compliance with the measures issued to implement art. 9 of Leg. Dec. no. 38/2005 (CONSOB Resolution no. 15519 of 27 July 2006 concerning "Provisions on financial statements", CONSOB Resolution no. 15520 of 27 July 2006 concerning "Amendments and additions to the Issuers' Regulation adopted with Resolution no. 11971/99", CONSOB Notice no. 6064293 of 28 July 2006 concerning "Company disclosures required by to art. 114, paragraph 5, of Leg. Dec. no. 58/98"). Furthermore, we considered the International Financial Reporting Interpretations Committee ("IFRIC"), formerly Standing Interpretations Committee ("SIC").

FORMAT OF FINANCIAL STATEMENTS

As regards the format of financial statements, the Company decided to present the following types of consolidated statements: Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in the Consolidated Shareholders' Equity, Statement of Cash Flows and Explanatory Notes. In their turn, Assets and Liabilities have been shown in the Balance Sheet based on their classifications as current and non-current.

Income Statement

The Income Statement is presented with classifications by nature, as this is considered to be the most significant classification method for the best disclosure of the earnings of the Company.
Furthermore, the Income Statement, pursuant to Consob's Resolution no. 15519 of 27 July 2006, breaks down all the relevant cost and revenue items referred to the relationships with related parties.

Statement of Comprehensive Income

In order to present additional information on its earnings, the Company chose to prepare two separated statements: the "Income Statement", which includes the operating result for the period, and the "Statement of Comprehensive Income", which includes both the operating result for the period and changes in the Shareholders' Equity relating to revenue and expense accounts, which, as specified in international accounting standards, are recognised among the components of the Shareholders' Equity. The Statement of Comprehensive Income is presented with details of Other Comprehensive Profits and Losses to distinguish between profits and losses that will be reclassified in the income statement in the future, and profits and losses that will never be reclassified in the income statement.

Statement of Cash Flows

The Statement of Cash Flows is presented subdivided into cash flow formation areas. The Statement of Cash Flows adopted by TA has been prepared by using the indirect method. Cash and cash equivalents included in the cash flow statement include the balance values of said items at the reference date. Income and expenses concerning interests, dividends received and income taxes are included in the financial flows generated by operations.
Pursuant to Consob Resolution no. 15519 of 27 July 2006, we specify that the cash flow statement does not show the financial flows regarding relationships with related parties, because they are not considered significant.

Statement of Changes in the Consolidated Shareholders' Equity

The statement of Changes in the Consolidated Shareholders' Equity is presented as required by international accounting standards, with separated items for the year's profit and each revenue, income, charge and expense not passed in the income statement or in the statement of comprehensive income, but directly recognised in the Shareholders' Equity based on specific IAS/IFRS accounting standards.

ACCOUNTING STANDARDS AND VALUATION CRITERIA

The accounting standards and valuation criteria adopted for the preparation of the financial statement for the business year closed on 31 Dec. 2017 are described below.
The financial statement has been prepared on a historical-cost basis, modified as required for the valuation of certain financial instruments. The Directors assessed whether it was appropriate to prepare the financial statement on a going-concern basis and concluded that the requirement for so doing is met, as there is no doubt concerning the Company's capacity to continue operations.

Intangible assets

Concession rights (royalties) represent the Concessionaire's right to use the asset (the so-called "Intangible Asset Method") under concession, in consideration of the costs incurred for the design and construction of the same asset, with the obligation to return it at the end of the concession. Concession rights (royalties) are booked at the fair value (estimated on the basis of the cost incurred, inclusive of financial expenses, in addition to the capitalization of internal costs for the general coordination activity required for the works carried out by TA) of the intangible assets relative to the construction and expansion activities on assets included within the framework of IFRIC 12.
The principle for the determination of the fair value stems from the fact that the Concessionaire has to comply with section 12 of IAS 18; therefore, if the fair value of the services received (in this case, the right to use the infrastructure) cannot be determined reliably, the revenue is determined based on the fair value of the services provided (fair value of the actual building services).
Construction services in progress at year-end are valued on the basis of the progress of works, as required by IAS 11, and this valuation converges in the Income Statement item "Revenue from construction services".

Repair or replacement activities are not capitalized and converge in the estimate of the provision described below.
Assets under concession are depreciated over the entire duration of each individual concession - a method that reflects the assumption that the future economic benefits of the asset will be used by the Concessionaire. Considering that the Pisa airport is a military airport that has been opened to civil traffic, the item "Assets under concession" also includes the investments made by the Parent Company for the flight infrastructure belonging to *Aeronautica Militare* (Ministry of Defence).
The provision for impairment and the provision for repair or replacement expenses, globally considered, ensure an adequate coverage of the following charges:

- free assignment to the State upon expiration of the concession of revertible assets with a useful life exceeding the term of the concession;
- repair and replacement of the components subject to wear and tear of the assets under concession;
- recovery of the investment, even in connection with the new works contemplated in financial plans.

Should events take place that support the assumption of an impairment of the value of said Intangible assets, the difference between the book value and the related "recovery value" is recorded in the income statement.
An intangible asset purchased or produced internally is booked among Assets, as required by IAS 38, only if it can be identified and controlled, and if it is possible to predict the generation of future economic benefits and if its cost can be determined reliably.
Intangible assets with finite lives are valued at purchase or production cost, after deducting accumulated amortization and impairment. Amortization is determined by making reference to the period of its estimated useful life and starts when the asset is available for use.
The amortization criteria adopted for the various intangible asset items are the following:
- Industrial patent and intellectual property rights: 2 years;
- multi-year charges: 5 years or referring to the different useful life, if lower;
- Concession rights (royalties): based on the remaining years of the concession (expiry 2046 for the Pisa airport, expiry 2043 for the Florence airport).

The Company elected to maintain the historical purchase cost, as an alternative to fair value, as valuation criterion for tangible assets after their initial recording.
Construction in Progress is valued at cost based on the progress reports defined by the contract with the supplier and are amortized starting from the business year when they start being used.
If, regardless of the amortization already accounted for, there is an impairment, the asset is written down accordingly; if, in subsequent years, the assumption of the impairment ceases to exist, the original value is restored, adjusted with the sole amortization.
Development costs can be capitalized provided that the cost is reliable, can be determined and the asset can be shown to be capable of producing future economic benefits.
Research costs are booked to the Income Statement in the period when they are incurred.
No intangible assets with an indefinite useful life have been booked in the balance sheet.

Tangible assets

Property, Plant and Equipment

Property, plant and equipment are booked at their purchase cost (more specifically, according to this principle, the value of land is separated from the value of the buildings built on said land and only the building is depreciated) and the cost includes incidental, direct and indirect costs for the portion reasonably attributable to the asset. For an asset

that justifies capitalization, the cost also includes the financial expenses that are directly attributable to the acquisition, construction or production of asset itself.
If the individual components of a complex tangible asset have different useful lives, they are booked separately to be depreciated consistently with their relative duration ("Component Approach").
The costs incurred after the purchase are capitalized only if they increase the future economic benefits implied in the asset to which they refer. All the other costs are booked in the Income Statement when they are incurred. Tangible assets in progress are valued at cost and depreciated starting from the year when they start being used.
Fixed assets are systematically depreciated in each business year on a straight-line basis based on economic-technical rates determined in connection with the residual possibilities of use of the assets.
The rates applied are specified below:

✓	Property:	4% (25 years)
✓	Plant and machinery:	10% (10 years)
✓	Industrial and commercial equipment:	10% (10 years)
✓	Electronic machines:	20% (5 years)
✓	Office furniture and equipment:	12% (9 years)
✓	Vehicles:	25% (4 years)
✓	Cars:	20% (5 years)

Investments in revertible assets made before 1997 have been depreciated based on the lower term between the duration of the concession and the useful life of each individual asset.
Ordinary maintenance costs are fully debited to the Income Statement. Incremental maintenance costs are attributed to the assets to which they refer and depreciated in connection with their residual possibility of use.
Profits and losses deriving from the sale or divestment of assets are determined as the difference between the sales revenue and the net book value of the asset and are booked in the Income Statement of the year.

Impairment
At each year-end date, TA reviews the carrying value of its tangible and intangible assets to detect any impairment. Whenever any such indication exists, the recoverable amount of said assets is estimated to determine the amount of the write-down ("impairment test"). When it is impossible to estimate the recoverable value of each individual asset, TA estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the greater between the net selling price and the value in use. In determining the value in use, the estimated future cash flows are discounted at their current value by using a pre-tax rate that reflects the market's current valuation of the current value of money and the specific risks of the asset.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be lower than the relative book value, the book value of the asset is reduced to the lowest recoverable value. An impairment is immediately recognised in the Income Statement.
When the circumstances requiring a write-down no longer exist, the carrying amount of the asset (or cash-generating unit) is adjusted upward to its new estimated recoverable amount which, however, does not exceed what the net carrying amount would have been, had the impairment not been recognized. The reversal is recognized immediately in the income statement.

Leased assets
Assets owned under finance leases, through which all the risks and benefits associated with ownership are substantially transferred onto the Company, are recognized as owned

assets at their current value or, if lower, at the actual value of the minimum payments due for the leasing. The corresponding liability for the lessor is booked in the financial statement as financial debt. Assets are depreciated by applying the criterion and the rates used for owned assets.
The leases where the lessor substantially maintains all the risks and benefits associated with the ownership of the assets are classified as operating leases. Costs referred to operating leases are recognised line-by-line in the Income Statement along the term of the lease agreement.

Non-current assets held for sale
Non-current assets (and disposal groups) classified as "held-for-sale" are valued at the lower of their previous carrying amount and fair value less costs to sell.
Non-current assets (and disposal groups) are classified as "held-for-sale" when their book value is expected to be recovered by means of a sale transaction rather than being used in the operating activity of the company. This condition is met only when the sale is highly probable, the asset (or group of assets) is immediately available for sale in its current conditions, the Management has already committed to sell it/them, and the sale is planned within twelve months from the classification date of this item.

Financial assets (including Investments in other entities)
Financial assets are recognised and derecognised on a trade date basis and are initially valued at fair value, which corresponds to the initial fee increased by ancillary charges incurred for the transaction, except for those held for trading.
At the subsequent reporting dates, the financial assets the Company intends and is able to hold until maturity (securities held to maturity) are recognized at amortized cost by using the effective interest rate method, net of write-downs made to reflect impairment.
Financial assets other than those "held to maturity" are classified as "held for trading" or "available for sale", and are carried at fair value at each end of period. When financial assets are held for trading, the profits and losses deriving from changes in their fair value are recognised in the income statement of the period; for financial assets available for sale, profits and losses deriving from changes in fair value are recognised in the Statement of Comprehensive Income, set aside in a specific equity reserve until they are sold, recovered or otherwise discontinued.

Investments in subsidiaries and associates
Equity investments in subsidiaries (controlled by TA) and in associated companies (on which TA has a remarkable influence) are booked at their cost adjusted for any impairment.
Investments are tested for impairment on an annual basis or more frequently, if necessary. If there is evidence that said equity investments have been impaired, their impaired value is recognized in the Income Statement as impairment. If, subsequently, the impairment ceases to apply or is reduced, the recovered value is posted in the Income Statement within the limits of the cost.
Directors believe that the TA Group has a remarkable influence on Alatoscana S.p.a. (the Elba Island's airport) even in the presence of a share that has become lower than 20% only since the end of 2013. More specifically, that influence is due to the composition of the shareholding of the company and to the possibility of influencing its financial and operating policies.

Inventories
The TA Group has no inventories.

Trade and sundry receivables
Trade receivables and the other receivables are initially recognised at fair value and subsequently valued by using the amortized cost method, less the provision for bad debt. Credit loss is accounted for in the balance sheet when there is objective evidence that the Company will not be able to recover the account receivable according to the terms agreed with the counterparty.
When the collection of money is deferred beyond the normal commercial terms agreed with customers, receivables are discounted back.

Derivative instruments and hedge accounting
No such items are recorded in this financial statement.

Cash and cash equivalents
The "Cash and cash equivalents" item includes cash, bank current accounts and deposits repayable on demand (postal current accounts held with post offices) that, due to their nature, are not subject to significant changes in value. It does not include repayable bank overdraft.

Financial liabilities
These include bank overdraft and loans. Loans are initially recognized at cost, i.e. the fair value initially received, less incidental costs. After the initial recognition, loans are recognized according to the amortized cost criterion by using the actual interest method. Loans are classified under current liabilities unless the Company has the unconditional right to defer the redemption of the liability for at least 12 months after the applicable date.

Provisions for liabilities and charges
TA recognizes provisions for liabilities and charges when it has a legal or implicit obligation to third parties and the use of corporate resources is likely to be used to fulfil that obligation, and when the amount of that obligation can be reliably estimated.
Changes in these estimates are reflected in the income statement of the period when the change occurred.
If the effect is significant, provisions are determined by discounting back future estimated financial flows at a discount rate that also includes taxes, so as to reflect current market valuations of the current value of money and specific risks connected with liabilities.

Provisions for repair and replacement
As described above, in accordance with the requirements introduced by IFRIC 12, the concessionaire is not entitled to recognize the infrastructure as property, plant and equipment and the accounting of the work done on the infrastructure differs depending on its nature. More specifically, they are distinguished into two categories:

- work that can be classified as normal maintenance of the infrastructure; and
- replacement and maintenance of the infrastructure scheduled in a future date.

While the former category refers to the ordinary maintenance of the infrastructure, which is recognized in the income statement when incurred, including after the adoption of IFRIC 12,
The latter, considering that IFRIC 12 does not require the recognition of the physical infrastructure asset, but of a right, should be recognized in accordance with IAS 37 - Provisions, Contingent Liabilities and Assets, which requires:

- on the one hand, recognition to the income statement of a provision consisting of an operating component (which includes any effects deriving from changes in the discount rate) and a financial component;
- on the other hand, the recognition of a provision for charges in the balance sheet.

In accordance with the obligations established by individual concession agreements, the "Provision for repair or replacement" includes the greater estimated present value of the expenses accrued at year-end for maintenance scheduled in future years and aimed at ensuring the required functionality, operation and safety of all the assets under concession based on the information available at the balance sheet date.

Provisions for employee retirement and benefits

Liabilities consisting in benefits due to employees during and after their employment under defined-benefit plans are determined separately for each plan based on actuarial assumptions by estimating the amount of the future benefits employees have matured at the reference date (so-called "Projected Unit Credit Method"). The liabilities booked net of any assets for plan benefits are recognised on an accrual basis throughout the period of accrual of the right. Liabilities are valued by independent actuaries.
The components of the cost of defined benefits are recognised as follows:
- costs for the performance of the service are recognised in the income statement among personnel costs;
- net financial expenses on defined benefits liabilities or assets are recognised in the income statement as financial income/(expenses) and determined by multiplying the value of the net liability/(asset) for the rate used to discount obligations, keeping into account the contributions and benefits paid during the period;
- the items reflecting the re-measurement of the net liability, which include actuarial profits and losses, the yield of assets (not including interests receivable, which are recognised in the income statement), and any change in the limit of the assets are recognised immediately in the other comprehensive profits (losses). Said components must not be reclassified in the income statement in subsequent periods.

Deferred/prepaid taxes

Deferred/prepaid taxes are determined on the basis of the temporary taxable differences existing between the value of assets and liabilities and their tax value, and are classified among non-current assets. Prepaid taxes are booked only to the extent that adequate future taxable bases against which to use that credit balance are likely to exist. The value of deferred taxes to be recognised in the financial statement is audited on an annual basis. Deferred tax liabilities are determined based on the taxable rates expected to be used during the business year in which said deferments are expected, considering the applicable or future known applicability tax rates.
Current and deferred tax assets and liabilities are offset when the income taxes are applied by the same tax authority and there is a legal right to offset them. Deferred tax assets and liabilities are calculated using the tax rates that are expected to be applied in the country in which the Company operates, in the financial years in which the temporary differences will be realized or paid off.

Accounts payable

Accounts payable are booked at fair value and subsequently valued using the amortized cost method.

Revenues

The operating activity of the Company essentially consists in the provision of services.
Revenues are recognized on an accrual basis, when their fair value can be reliably determined and the related economic benefits are likely to be enjoyed. Depending on the transaction type, revenues are recognized on the basis of the specific criteria specified below:

a) revenues from the sale of assets: when the significant risks and benefits of ownership are transferred to the buyer;
b) revenues from services, based on the completion status of the asset. Amounts are determined based on airport tariffs (regulated or free). Considering the short-term nature of revenues, there is no need to make any discounting, or consider the option of identifying a progress percentage;
c) leases receivable and royalties during the maturity period, based on the contract agreements signed;
d) interest income (as well as interest expenses) is recognized on an accrual basis, determined on the value of the related financial assets/liabilities by using the effective interest rate method.

The Group does not defer collection terms in excess of the normal market terms, so there is no need to distinguish between a commercial component and a revenue interest component.

Revenues from construction services

Revenue accrued during the period from building activities are recorded in connection with the progress of works according to the "completion percentage" criterion and based on the costs incurred for said activities, plus the capitalization of the internal costs for the general coordination of the works carried out by the Company.

Contributions

Contributions for "systems & equipment" are booked when the right to collect them has become certain and charged to the income statement based on the useful life of the asset against which they are disbursed.
Contributions for the year are booked when the right to collect them has become certain and charged to the income statement in connection with the costs against which they are disbursed.

Costs

Costs are recognized in the income statement when they are actually incurred, if their amount can be objectively determined, and when it is possible to verify that the company has incurred such costs on an accrual basis.

Financial expenses

Financial expenses are recorded on an accrual basis and include interests payable on financial debts determined by using the effective interest rate method and exchange rate differences payable. Financial expenses also include the financial component of the annual contribution to the provision for repairs.
Financial expenses incurred for investments in assets for which a given period of time normally elapses to make the asset ready for use are capitalized and amortized along the useful life of the related class of assets.

Dividends

Dividends from minority stakes recognised in the year's income statement are booked on an accrual basis, i.e. when the related right to receive them has arisen after the passing of a related resolution by the Associate.

Income taxes

Taxes are the sum of current and deferred taxes.
Taxes are booked based on the estimate of the taxable income determined in compliance with the applicable national legislation at the accounts closing date, keeping into account

any applicable exemption and tax credit. Income taxes are recognised in the income statement, except for those regarding items directly debited or credited to the shareholders' equity, in which cases taxation is directly recognised in the Shareholders' Equity.
We remind readers that the Parent Company adopted the Tax Consolidation option provided for by Articles 117 to 129 of the Consolidated Text on Income Taxation ("Testo Unico delle Imposte sui Redditi" - T.U.I.R), where the Consolidating Entity is Corporación America Italia S.p.A. The consolidating entity calculates a single global income equalling the algebraic sum of the taxable bases (income or loss) realized by the individual entities that adopted this group taxation option.
The consolidating entity recognised an account receivable from the consolidated entity that equals the IRES tax to be paid on the positive taxable base transferred by the latter. Instead, la consolidating entity recorded an account payable to the companies that contribute tax losses equalling the IRES tax to be paid on the loss actually used in the determination of the global aggregate income.

Foreign currency translation criteria
Receivables, payables and any short-term provisions denominated in foreign currency are initially recognized by using the exchange rates ruling at the date of their inception and, if existing at December 31st, they are appropriately stated in the financial statement at the exchange rate ruling at the end of the period by posting the exchange gains/losses to the income statement.
Exchange rate differences are of a financial nature, so they are classified in the income statement as finance income because they are not strictly linked to the sale transaction, but express the fluctuation over time of the currency chosen for the transaction, when the transaction has been concluded.

Use of estimates
We are now going to summarize the critical valuation processes and key assumptions used by the Company in the application of IFRS, which may significantly affect the values recognised in the financial statement or for which there is a risk that significant differences may emerge compared to the book values of future assets and liabilities.
As already indicated in the Report on Operations, in this context we point out that the situation caused by the global economic and financial crisis required the expression of rather uncertain assumptions concerning future trends. Consequently, we cannot exclude that the results actually achieved next year will differ from estimated amounts and could therefore require adjustments to book items that might even be rather significant and that cannot clearly be predicted or estimated at present.

Recoverable value of non-current assets
Non-current assets include Property, Plant and Equipment, Other Intangible Assets, Equity Investments, and Other Financial Assets. TA periodically reviews the book value of its held and used non-current assets and of the assets to be dismissed when events and circumstances so require. When the book value of a non-current asset has been impaired, TA writes it down for a value corresponding to the difference between the book value of the asset and its value that can be recovered through use or sale, determined by making reference to the cash flows of the most recent corporate plans.

Provisions for repair and replacement
For the assets held under concession, a special provision has been allocated for the maintenance and any refurbishment/repair work that will be required for said assets over

time. Said provision has been booked in the Assets, as they must be returned to the State in perfect operating conditions at the end of the concession term.
The Provision for Repair is annually reviewed based on a technical assessment and estimate of the future expenses that will be incurred for the scheduled maintenance required to keep the assets in good conditions before returning them for free at the end of the concession term and used during the period for the actual maintenance required. Estimates are prepared with the support of external technical consultants.

Current taxes
The determination of tax liabilities requires the Management to value amounts referred to transactions that have uncertain tax implications at year-end. TA recognizes the liabilities that could derive from future inspections by the tax authority based on the estimate of due taxes. Any result of a tax assessment that differs from the Management's estimates may significant affect current and deferred taxes.

Pension schemes and other post-employment benefits
Employee termination benefits or indemnities and net financial expenses are valued by using an actuarial method that requires the use of estimates and assumptions for the determination of the net value of the obligation. The actuarial method considers financial parameters such as, for example, the discount rate and salary growth rates, and considers the probability of occurrence of potential future events through the use of demographic parameters like mortality rates or employee resignation or retirement rates. The assumptions used for valuation are detailed in the section "Termination Benefits and other personnel provisions".

Provision for bad debt
The provision for bad debt reflects the Management's estimate of the expected losses connected with the customer portfolio. Based on past experiences, provisions are allocated for expected losses on receivables (bad debt). The Management carefully monitors the quality of the customer portfolio and the current conditions and forecast of the economy and markets. Estimates and assumptions are periodically reviewed and the effects of each change are reflected in the Income Statement for the period.

Potential liabilities
TA ascertains liabilities from pending litigation and legal actions when it deems it likely to face a financial disbursement and when the amount of the deriving loss can be reasonably estimated. If a financial disbursement becomes possible but its amount cannot be determined, this fact is disclosed in the Notes. TA is a party in legal actions and tax assessments concerning complex and difficult legal issues that are characterized by a different degree of uncertainty, including facts and circumstances regarding each case, jurisdiction and different applicable law. Considering the uncertainty of these issues, it is difficult to predict the disbursement that will derive from said disputes, so the value of provisions for litigation and legal actions may vary after future developments in ongoing proceedings. TA monitors the status of ongoing legal actions and litigation with the aid of legal consultants and tax advisors.

NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED SINCE 1 JANUARY 2017

Effective from 1 January 2017, some amendments introduced by international accounting standards and interpretations have been applied; however, none of them significantly affected the Company's financial statement. The main differences are illustrated below:

- In January 2016, the IASB issued an amendment to IAS 12 “Income Taxes”. These amendments clarify the accounting method to be used for deferred taxes regarding debt instruments valued at fair value.
- In January 2016, the IASB issued an amendment to IAS 7 “Statement of Cash Flows”. These amendments to IAS 7 introduce further disclosures to enable users of financial statements to evaluate changes in liabilities arising from financing activities.
- In December 2016, the IASB issued an amendment to IFRSs 2014–2016. The amendment concerns IFRS 12 “Disclosure of Interests in Other Entities” (applicable from 1st January 2017). The amendment clarifies that the disclosure required by the standard must be produced for interests classified as “held for sale”, with the exceptions provided for in point B12.

AMENDMENTS AND INTERPRETATIONS IN FORCE SINCE 1st JANUARY 2018

At the date of this financial statement, the competent bodies of the European Union completed the ratification process required for the adoption of the following accounting principles and amendments:

- In May 2014, IASB and FASB jointly published IFRS 15 - “Revenue from Contracts with Customers”. The new standard, approved on 22 September 2016, can be applied retrospectively for the periods beginning on or after 1 January 2018. IFRS 15 sets rules for the recognition of revenues by introducing an approach based on the recognition of income only when contractual obligations have been completely met. The standard defines the following five steps for the recognition of revenues:
  - identification of the contract;
  - identification of each individual obligation;
  - determination of the transaction price;
  - allocation of the transaction price to the individual obligations, based on their market prices (“stand-alone selling price”);
  - recognition of revenues allocated to the individual obligation when this is settled, that is to say when the client obtains control over the assets or services.

  The Company carried out an in-depth investigation on the different types of contract existing and of their possible impact on the accounts. This analysis concerned the different *revenue streams* identified, namely:
  - Aviation revenues - which include regulated fees related to operations and airport infrastructures (terminals, flight infrastructures, aircraft parking aprons, etc.), centralized and security services fees, and revenues from handling services (deregulated according to Leg. Dec. 18/99);
  - Non-Aviation revenues - which mainly include fees for the use of spaces and commercial and operating areas both inside and outside the airport plot of land;
  - Revenues from construction services - which concern the development activities carried out by the Company in favour of the Grantor within the framework of the investments regarding concession rights;
  - Other revenues - including income from items other than the previous.

  Based on this analysis, the Company concluded that, as regards Aviation revenues, Revenues from construction services and Other revenues, no significant impact is expected in terms of effect in the year’s operating result and on the Shareholders' equity after the adoption of the new standard. As to marketing support contracts, any effect of the application of the new standard will be further investigated in the light of the renewals that are being negotiated with some prominent carriers, which will be finalized during 2018.

Agreements regarding the use of commercial spaces and areas are excluded from the application of IFRS 15 because they are not included in the scope of IAS 17 "Leasing", so they will be considered under the new IFRS 16 standard, as explained below.

- On 24 July 2014, the IASB completed its revision of the accounting standard concerning financial instruments by issuing the complete version of IFRS 9 "Financial Instruments", approved on 22 November 2016. More specifically, the new provisions of IFRS 9: (i) change the model for the classification and valuation of financial assets; (ii) introduce a new method for the impairment of financial assets, which keeps into account expected credit losses; (iii) change hedge accounting provisions, and (iv) define new criteria for the recognition of operations performed to amend financial liabilities. IFRS 9 provisions are to come into force starting from the periods beginning on or after January 1st, 2018. The Group completed the analysis of the quantitative impact of the application of the standard in question and concluded that no significant impact is expected from the adoption of the new standard.

- In September 2016, the IASB issued an amendment to IFRS 4 "Insurance Contracts" concerning the application of IFRS 9 "Financial Instruments". These amendments will allow all the companies that issue insurance contracts to use the option of recognising the volatility that may arise when IFRS 9 will be applied in the comprehensive income statement rather than in the income statement before the new standard on insurance contracts is issued. Furthermore, they will give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that will put off the application of IFRS 9 will continue to apply IAS 39. These changes will apply from 1 January 2018.

- During January 2016, the IASB published IFRS 16 "Leasing". This new standard will replace the current IAS 17. The main change concerns leaseholder accounting practices, which had to distinguish between finance leases (booked by using the financial method) and operating leases (booked by using the equity method) according to IAS 17. With IFRS 16, the accounting treatment of operating leases will be the same as that required for finance leases. The IASB established the option of exemption for certain lease agreements and low-value / short-term leases. This standard will apply from 1 January 2019. The assessment of the potential impact on the application of the standard in question will take place over the next twelve months.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE

At the date of this financial statement, the competent bodies of the European Union have not yet concluded the ratification process required for the adoption of the following accounting principles and amendments:

- In June 2016, the IASB issued an amendment to IFRS 2 "Share-Based Payments". These amendments clarify how to account for some payments based on shares. These changes will apply from 1 January 2018.
- In December 2016, the IASB issued an amendment to IAS 40 "Investment Property". These amendments clarify that the change of use is a precondition for the transfer to or from investment property. These changes will apply from 1 January 2018.
- In December 2016, the IASB issued a number of annual amendments to IFRSs 2014–2016. The changes concern:
  IFRS 1 "First-time Adoption of International Financial Reporting Standards" (applicable from 1st January 2018);

IAS 28 “Investments in Associates and Joint Ventures” (applicable from 1st January 2018).

- These amendments clarify, correct or remove the redundant text in the related IFRSs and are not expected to impact the financial statement or disclosures significantly.
- In December 2016, the IASB issued interpretation IFRIC 22 – “Foreign Currency Transactions and Advance Consideration”. This amendment deals with the exchange rate to be used in transactions and advance considerations paid or received in foreign currency. The amendment will apply from 1 January 2018.
- In May 2017, the IASB issued the new principle IFRS 17 “Insurance contracts”. The new standard will replace IFRS 14 and will apply from 1st January 2021.
- In June 2017, the IASB published interpretation IFRIC 23 “Uncertainty over income tax treatments”, which provides indications on how to reflect in the accounting of income taxes uncertainties on the tax treatment of a certain transaction or circumstance. IFRIC 23 will become effective on 1st January 2019.

TA will adopt said new standards, amendments and interpretations based on the effectiveness date specified and will assess their potential impact when these will be ratified by the European Union.

MAIN FINANCIAL RISKS

A description of the main financial risks and of the mitigating actions implemented by TA is given below.

1) Credit risk

Over the last few years, the effects of the crisis of financial markets and the consequent recessive economy in the main industrialized countries negatively affected the financial statements of airlines, which are the main clients of Toscana Aeroporti. Hence, the risk of a partial non-collection of receivables accrued from airlines. The Group believes that it has suitably controlled said risk through its constant monitoring of accounts receivable, also sometimes promptly initiating legal actions to protect said receivables, which are reflected in the allocation of a specific provision for bad debt, currently deemed to be adequate in connection with the amounts of the existing receivables. Always with the purpose of facing the credit risk, TA usually asks for suretyships (e.g. from sub-licensees) or pre-payments (e.g. from unknown airlines) as guarantee. Starting from December 2011, TA took out an excess-of-loss type of insurance on credit positions to cover collection risks should insolvency proceedings be opened against the assets of any customer. Furthermore, since January 2012, TA hired an external company for its long-term debt collection activities.

2) Liquidity risk

As at 31 Dec. 2017, TA has a negative Net Financial Position for € 29.3 M (€ 14.6 M at 31 Dec. 2016). This is the result of a positive current NFP of € 2.7 M (€ 21.6 M at 31 Dec. 2016) and a negative non-current NFP of € 32 M (€ 36.3 M at 31 Dec. 2016) regarding two loans granted by banks “Intesa San Paolo” and “MPS Capital Service” that ensure TA the availability of up to € 52 M for important investments in infrastructures. Six-month EURIBOR interest rates are paid on the two loan agreements, expiring in 2022 and 2027, and some financial covenants are to be complied with, for which at 31 Dec. 2017 there was no criticality. The Group believes that the funds and the currently available medium/long-term credit lines, in addition to those that will be generated by operations, will suffice to meet its investment, working capital management and debt repayment at natural maturity requirements. If necessary, TA also uses short-term bank loans to meet short-term requirements. If necessary, TA also uses short-term bank loans to meet short-term requirements.

3) Interest rate risk

Exposure to the interest rate risk arises from the need to finance both industrial and financial operations, as well as use the available cash. Changes in market interest rates may have a negative or positive impact on the Group's EBIT, thereby indirectly influencing the costs and returns of loans and investments. TA's Net Financial Position at 31 Dec. 2017 is € 29.3 M and the debt-to-equity ratio (NFP/Shareholders' Equity) at 31 Dec. 2017 is 0.26 (vs 0.13 at 31 Dec. 2016), which confirms the financial soundness of the Group.
Based on the NFP at 31 Dec. 2017, the potential impact in terms of annual growth/reduction in interest expense connected with interest rate trends, as a result of a hypothetical growth/reduction of 100 bp, would be approximately +/- € 410 K.
The potential impact on the Provision for repairs in terms of growth as a consequence of a hypothetical annual reduction of 50 bp in interest rates would correspond to + € 520 K. Instead, the potential impact on the Provision for Repairs and Replacement in terms of growth as a consequence of a hypothetical annual reduction of 50 bp in interest rates would correspond to - € 490 K.
No further sensitivity analysis is provided, as it is considered immaterial.

4) Exchange rate risk

TA is not subject to risks linked to fluctuations in exchange rates because it prevalently operates in a European context where transactions are made in Euro.

OPERATING SEGMENT REPORTING

Information regarding the main operating sectors of the Group is given below as required by IFRS 8. First of all, it is important to highlight that the type of business activity carried out by TA does not allow for the identification of business segments related to completely independent activities in terms of market/customer combinations. Currently, the "traffic" component influences the results of all the company's activities.
However, we may identify two significant operating segments characterized by the independent nature of their products/services and production processes, for which - for the aforesaid reasons - we propose a disclosure relating to the information directly made available by the company's analytical accounting system used by Chief Operating Decision Makers.
The currently available information regarding the main operating segments identified are provided below: Aviation, Non-Aviation and Corporate.

- *Aviation Business*: this segment includes airside operations (after security gates), which are the core business of an airport. They include: passenger and aircraft ground handling, landing, aircraft departure and stopover, security and safety activities, passenger boarding and disembarkation, cargo loading and unloading.
Revenues for the Aviation segment are represented by the prices paid for airline assistance services and are generated by airport fees such as: landing, take-off and stopover fees, freight revenue taxes, passenger boarding fees, passenger and baggage security fees.

- *Non-Aviation business*: this segment includes operations normally carried out in the landside area (before security gates), which are not directly associated with the core business (Aviation). They include retail activities, catering, car parking, car rental, advertising, ticket office, VIP Lounge.
Non-Aviation Business Revenues consist in the royalties earned from activities conducted under a sub-concession, in the direct management of certain activities (i.e. car parking, ticket office and advertising) and in the rents paid by sub-concessionaires.

The table below provides the main information regarding the operating segments described above by highlighting, in unallocated items, (corporate) revenues, costs, assets and investments not directly attributable to the two segments. More specifically, the main types of unallocated costs refer to the cost of labour/personnel (staff), professional services rendered, insurance and industry association membership fees, pro-rata portion of utilities, maintenance and depreciation, administrative costs, provisions for liabilities, Directors' and Auditors' fees.

- *Corporate business*: the values indicated in unallocated items mainly refer to revenues and costs not directly attributable to the two business segments, such as, for example, other revenues and income, the cost of labour, professional services rendered for the Management, general insurance and industry association membership fees, pro-rata portion of utilities, general maintenance and unallocated depreciation of infrastructure, administrative costs, provisions for liabilities, Directors'
and Auditors' fees, etc.

Operating segment reporting: YEAR'S PROFIT

(values in € K)	Aviation		Non-Aviation		Unallocated assets		Total	
TA - Income Statement	*2017*	*2016*	*2017*	*2016*	*2017*	*2016*	*2017*	*2016*
Operating income	92,269	87,999	26,428	25,122	2,666	4,981	121,363	118,102
of which Pisa	*53,290*	*50,686*	*17,732*	*17,143*	*1,716*	*3,711*	*72,739*	*71,539*
of which Florence	*38,979*	*37,313*	*8,696*	*7,980*	*949*	*1,270*	*48,624*	*46,563*
Revenues from construct. serv.	8,382	4,955	1,558	740	2,152	1,534	12,092	7,230
of which Pisa	*1,984*	*2,706*	*39*	*69*	*759*	*0*	*2,782*	*2,775*
of which Florence	*6,397*	*2,249*	*1,519*	*671*	*1,393*	*1,534*	*9,310*	*4,455*
Total Segment Income	**100,651**	**92,954**	**27,986**	**25,862**	**4,818**	**6,515**	***133,454***	***125,331***
Operating Costs (*)	58,799	55,266	19,262	19,288	14,708	15,704	92,769	90,257
of which Pisa	*34,391*	*32,258*	*16,477*	*16,849*	*7,213*	*7,733*	*58,081*	*56,841*
of which Florence	*24,408*	*23,007*	*2,785*	*2,439*	*7,495*	*7,971*	*34,688*	*33,417*
Cost of construct. serv.	8,264	4,796	1,536	715	2,122	1,482	11,922	6,994
of which Pisa	*1,957*	*2,587*	*38*	*66*	*748*	*0*	*2,743*	*2,653*
of which Florence	*6,308*	*2,209*	*1,498*	*649*	*1,374*	*1,482*	*9,179*	*4,341*
Amortization and provisions	6,843	9,691	1,253	1,654	4,569	1,697	12,666	13,042
of which Pisa	*3,444*	*6,812*	*966*	*1,227*	*3,192*	*669*	*7,602*	*8,708*
of which Florence	*3,400*	*2,879*	*287*	*428*	*1,377*	*1,028*	*5,064*	*4,335*
Operating Earnings	**26,744**	**23,201**	**5,934**	**4,205**	**-16,582**	**-12,368**	***16,097***	***15,038***
of which Pisa	*15,484*	*11,735*	*289*	*-930*	*-8,679*	*-4,692*	*7,095*	*6,112*
of which Florence	*11,260*	*11,466*	*5,645*	*5,136*	*-7,903*	*-7,677*	*9,002*	*8,925*
Asset management	0	0	0	0	-772	-531	-772	-531
Profit before tax	**26,744**	**23,201**	**5,934**	**4,205**	**-17,354**	**-12,900**	***15,325***	***14,507***
Year's taxes	0	0	0	0	-4,914	-4,734	-4,914	*-4,734*
Net year's result	**26,744**	**23,201**	**5,934**	**4,205**	**-22,268**	**-17,634**	***10,411***	***9,773***
TA - Statement of Financial Position	*2017*	*31-Dec-2016*	*2017*	*31-Dec-2016*	*2017*	*31-Dec-2016*	*2017*	*31-Dec-2016*
Current assets	21,349	10,870	6,115	4,353	23,734	32,622	51,198	47,845
Non-current assets	135,437	130,560	40,055	43,337	19,960	13,572	195,452	187,468
TA - Additional information	*2017*	*2016*	*2017*	*2016*	*2017*	*2016*	*2017*	*2016*
Investments	11,173	6,280	1,933	1,207	3,742	3,434	16,849	10,921

(*) including Airport leases for € 6,208 K in 2017 (€ 6,034 K in 2016).

Information on the main customers

During 2017, TA recorded approx. 7.9 million passengers. The total incidence of the first three airlines is 59.2%. In detail, the incidence of the first carrier (Ryanair) is 42.0%, with the second (Vueling) and third (easyJet) carriers at 8.7% and 8.5%, respectively.

NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENT AT 31 DECEMBER 2017 INCOME STATEMENT

REVENUES

As at 31 Dec. 2017, aggregate revenues totalled € 133.5 M (€ 125.3 M at 31 Dec. 2016), with a positive difference of € 8.1 M, as detailed below:

Amounts in €K	**2017**	**2016**	2017/2016 Abs. Diff.	% Diff.
REVENUES				
Operating income				
Aviation revenues	92,269	87,999	4,271	4.9%
Non-Aviation revenues	26,428	25,122	1,306	5.2%
Other revenues and income	2,666	4,981	-2,315	-46.5%
Total operating revenues	121,363	118,102	3,261	2.8%
Revenues from construction services	12,091	7,230	4,862	67.3%
TOTAL REVENUES (A)	133,454	125,331	8,123	6.5%

1. Aviation revenues

The table below shows all the Aviation Revenues items for 2017 and the differences, both in absolute and percentage terms, compared to 2016:

Amounts shown in € K	2017	2016	2017/2016 Abs. Diff.	% Diff.
AVIATION REVENUES				
Passenger boarding fees	31,882	30,872	1,010	3.3%
Landing/departure fees	14,520	13,696	824	6.0%
Stopover fees	1,137	1,118	19	1.7%
PRM assistance fees	2,617	2,533	84	3.3%
Cargo fees	525	574	-49	-8.6%
Passenger security fees	7,411	7,210	201	2.8%
Baggage security fees	4,284	4,227	57	1.3%
Handling	28,719	26,750	1,969	7.4%
Centralised infrastructures	1,175	1,020	155	15.2%
TOTAL AVIATION REVENUES	**92,269**	**87,999**	**4,271**	**4.9%**
% incid. over Operating Revenue	76.0%	74.5%		

2. Non-Aviation revenues

Non-Aviation revenues totalled € 26.43 M at 31 Dec. 2017, up by 5.2% compared to 2016, when they totalled € 25.12 M. This increase confirms the positive results obtained with the non-aviation strategies implemented by TA in spite of the continuing negative repercussions of the difficult general economic scenario, which still negatively affected consumption in 2014.

The table below provides Non-Aviation details for 2017 and 2016:

Amounts shown in € K	2017	2016	2017/2016 Abs. Diff.	% Diff.
NON-AVIATION REVENUES				
Parking lots	4,886	4,589	297	6.5%
Food	3,152	3,344	-192	-5.7%
Retail	4,627	4,253	374	8.8%
Advertising	2,289	2,240	49	2.2%
Real Estate	2,088	2,146	-59	-2.7%
Car rentals	4,645	4,737	-92	-1.9%
Other subconcessions	2,317	1,971	346	17.6%
VIP Lounges	1,609	1,001	608	60.7%
Air tickets	457	486	-29	-6.0%
Cargo agency	358	356	2	0.5%
TOTAL NON-AVIATION REVENUES	**26,428**	**25,122**	**1,306**	**5.2%**
% incid. over Operating Revenue	21.8%	21.3%		

3. Other revenues and income

The table below provides details on 2017 "Other revenues and income" against those of 2016:

Amounts shown in € K	2017	2016	2017/2016 Abs. Diff.	% Diff.
OTHER REVENUE AND INCOME				
Contingent assets	599	2,834	-2,235	-78.9%
Services and consulting	270	320	-50	-15.7%
Cost recoveries	1,736	1,771	-35	-2.0%
Minors	61	56	5	8.6%
TOTAL REVENUES AND INCOME	**2,666**	**4,981**	**-2,315**	**-46.5%**
% incid. over Operating Revenue	2.2%	4.2%		

4. Revenues from construction services

As at 31 December 2017, revenues for construction services totalled € 12.09 M, against € 7.23 M at 31 December 2016. The higher final revenues of € 4.86 M (+67.3%) were mainly generated by the greater investments made for the reconfiguration of passenger flows in the new terminal of the Florence airport and for new offices, for the review and development of the Florence Master Plan, and for the design of the new East Terminal Lot 1 (Arrivals) of the Pisa airport.

For further details, see the section "Group Investments" in the Report on Operations.

COSTS

As at 31 Dec. 2017, the total amount of costs was € 105.98 M, down by 7.7% compared to 31 December 2016, when they totalled € 98.37 M. This result reflects a decrease in Costs for construction services, which passed from € 7 M in 2016 to € 11.06 M in 2017 (+70.5%) and a +2.8% increase in Operating costs, which passed from € 90.3 M in 2016 to € 92.8 M in 2017.

Amounts in €K	**2017**	**2016**	2017/2016 Abs. Diff.	% Diff.
COSTS				
Operating Costs				
Consumables	1,000	1,342	-341	-25.4%
Cost of Personnel	41,111	40,172	940	2.3%
Costs for services	42,158	40,635	1,523	3.7%
Sundry operating expenses	2,292	2,076	217	10.4%
Airport leases	6,208	6,034	174	2.9%
Total operating costs	92,769	90,257	2,512	2.8%
Costs for construction services	11,922	6,994	4,929	70.5%
TOTAL COSTS (B)	104,692	97,251	7,441	7.7%

5. Consumables

This item refers to the cost of consumables, which totalled € 1,000 K (€ 1,342 K in 2016), They are specifically broken down below:

Amounts shown in € K	**2017**	**2016**	**2017/2016 Abs. Diff.**	**2017/2016 Diff.**
CONSUMABLES				
Stationery	**22**	**78**	**-56**	**-71.3%**
Fuels, lubricants	**660**	**597**	**63**	**10.5%**
Materials for car parking lots	**12**	**11**	**0**	**2.8%**
Small tools	**2**	**1**	**1**	**101.5%**
Mat. safety control serv.	**27**	**65**	**-38**	**-59.1%**
Clothing	**139**	**352**	**-213**	**-60.6%**
Mat. for operating services	**138**	**236**	**-98**	**-41.4%**
TOTAL CONSUMABLES	**1,000**	**1,342**	**-341**	**-25.4%**
% incid. over Operating Costs	**1.1%**	**1.5%**		

Consumables decreased by € 341 K in 2017, compared to 2016, mainly due to savings made in clothing, stationery and materials for operating services, partially offset by greater fuel costs for ramp vehicles, which increased due to the greater traffic managed during the period examined.

6. Cost of Personnel

TA's Cost of Personnel reached € 42.16 M, up by € 1.52 M compared to 2016 (+3.7%). This increase is mainly due to the higher number of staff units required for the increased number of passengers and for increased operations, as well as to the last portion of remuneration increase required by the "CCNL" [National Collective Labour Agreement] (disbursed since 1st July 2016).

This cost item is broken down below:

Amounts shown in € K	2017	2016	2017/2016 Abs. Diff.	2017/2016 Diff.
PERSONNEL COSTS				
Remuneration	**40,821**	**39,786**	**1,035**	**2.6%**
of which:				
Wages	23,849	22,883	966	4.2%
Salaries	6,403	6,537	-135	-2.1%
Social security contributions	8,365	8,247	118	1.4%
Term. Ben.	2,204	2,119	86	4.0%
Other labour costs	**290**	**386**	**-96**	**-24.8%**
of which:				
Contributions to CRAL	11	11	0	3.8%
Social Fund	11	10	1	12.3%
Benefits to personnel	118	96	22	22.8%
Administered and sundry	150	269	-119	-44.4%
TOTAL COSTS OF PERSONNEL	**41,111**	**40,172**	**940**	**2.3%**
% incid. over Operating Costs	44.3%	44.5%		

The table below provides details on the **average annual staff** (expressed in *Full-Time Equivalents*) existing in 2017 and any difference from 2016:

	2016	2017	Δ+/–	Δ%
Executives	12.4	12.3	-0.1	-0.8%
Employees	520.1	540.8	20.7	4.0%
Workers	176.9	169.8	-7.1	-4.0%
TOSCANA AEROPORTI	709.4	722.9	13.5	1.9%

Please, note that in the table above 2 part-time units are considered as 1 full-time unit.

7. Costs for services

On aggregate, costs for services in 2017 consisted of:

Amounts shown in € K	2017	2016	Diff. Abs. 2017/2016	Diff. %
COSTS FOR SERVICES				
Sales services	15,587	14,618	968	6.6%
Institutional expenses	1,262	1,349	-87	-6.5%
Other services	3,858	3,425	433	12.6%
Services for personnel	1,731	1,700	31	1.8%
Maintenance services	5,025	5,161	-136	-2.6%
Utilities	3,324	3,376	-53	-1.6%
Operating services	11,372	11,004	368	3.3%
TOTAL COSTS FOR SERVICES	**42,158**	**40,635**	**1,523**	**3.7%**
% incid. over Operating Costs	45.4%	45.0%		

Commercial Services, mainly including marketing support costs;

Amounts shown in € K	2017	2016	2017/2016 Abs. Diff.	2017/2016 Diff.
COSTS FOR SERVICES				
Sales services	**15,587**	**14,618**	**968**	**6.6%**
of which:				
Network development	15,355	14,281	1,074	7.5%
Advertising commissions	15	78	-63	-81.0%
Management of advertising systems	71	140	-69	-49.3%
Retail promotions	26	0	26	n.s.
Dry cleaning service	120	120	0	0.0%

Institutional Expenses, mainly including costs for administration and control boards;

Amounts shown in € K	2017	2016	2017/2016 Abs. Diff.	2017/2016 Diff.
COSTS FOR SERVICES				
Institutional expenses	**1,262**	**1,349**	**-87**	**-6.5%**
of which:				
Directors' fees	845	925	-79	-8.6%
Auditors' fees	190	195	-5	-2.4%
Directors' business travels	189	201	-12	-5.8%
Legal, notarial, meeting expenses	10	9	1	12.0%
Participation in conferences	27	20	7	N.S.

Other Services, mainly including contractors, industrial insurance and communication costs.

Amounts in €K	2017	2016	2017/2016 Abs. Diff.	2017/2016 Diff.
COSTS FOR SERVICES				
Other services	**3,858**	**3,425**	**433**	**12.6%**
of which:				
Professional services	1,978	1,760	218	12.4%
Industrial insurance	701	686	15	2.1%
Communications	1,027	622	405	65.2%
DNV audits	9	20	-11	-54.3%
Toscana Aeroporti Start Up	143	337	-194	-57.7%

Start-up expenses for the creation of Toscana Aeroporti refer to the one-off amount spent for external consulting for the organizational start-up of the new Tuscan Airport System.

The Other Personnel Services mainly include corporate canteen, payroll service, employee travelling and training costs.

Amounts shown in € K	2017	2016	2017/2016 Abs. Diff.	2017/2016 Diff.
COSTS FOR SERVICES				
Services for personnel	**1,731**	**1,700**	**31**	**1.8%**
of which:				
Canteen	1,157	1,094	63	5.8%
Insurance	167	160	7	4.2%
Preventive medicine and med. examinations	65	42	23	54.2%
Training	121	95	27	28.2%
Personnel recruitment	32	50	-17	-34.7%
Payroll services	55	51	4	7.6%
Journeys	134	209	-75	-35.9%

Maintenance Services include maintenance of airport infrastructure, systems, equipment and vehicles.

Amounts shown in € K	2017	2016	2017/2016 Abs. Diff.	2017/2016 Diff.
COSTS FOR SERVICES				
Maintenance services	**5,025**	**5,161**	**-136**	**-2.6%**
of which:				
Equipm./Truck maint.	954	871	83	9.5%
BHS system maint.	936	930	6	0.6%
Maint. of infrastructures	2,102	2,310	-209	-9.0%
IT maintenance	1,033	1,049	-16	-1.5%

Utilities mainly include costs for electricity, gas, water and telephone services.

Amounts shown in € K	2017	2016	2017/2016 Abs. Diff.	2017/2016 Diff.
COSTS FOR SERVICES				
Utilities	**3,324**	**3,376**	**-53**	**-1.6%**
of which:				
Electricity	1,584	1,633	-48	-3.0%
Water	336	380	-44	-11.6%
Telephones	224	210	14	6.7%
Mobile phones	148	193	-45	-23.3%
Gas	874	803	71	8.9%
Minors	158	158	0	-0.3%

Operating services mainly include external costs for porters, surveillance, cleaning, rentals, first aid care and other services typically associated with airport operations.

Amounts shown in € K	2017	2016	2017/2016 Abs. Diff.	2017/2016 Diff.
COSTS FOR SERVICES				
Operating services	**11,372**	**11,004**	**368**	**3.3%**
of which:				
Porterage	3,734	3,433	301	8.8%
Aircraft cleaning	731	747	-16	-2.1%
Agency/Wareh. service	257	257	0	0.0%
Cleaning	1,103	1,047	56	5.3%
PRM Support	283	263	20	7.5%
Surveillance service	2,470	2,300	170	7.4%
Services Centre	246	251	-5	-2.0%
Connection ? arco az	174	303	-130	-42.7%
Rental of mach. and equip.	785	849	-64	-7.5%
Management of parking lots	248	232	16	6.7%
Gardening	110	86	24	28.4%
VIP Lounge	437	429	8	1.8%
First Aid Service	475	465	10	2.1%
Shuttle bus	320	342	-21	-6.3%

8. Sundry operating expenses

Sundry Operating Expenses, which total € 2.29 M (€ 2.08 M in 2016), mainly include taxes and levies, membership fees, sundry administrative costs, non-recurring costs and other minor entries.

Amounts shown in € K	2017	2016	2017/2016 Abs. Diff.	2017/2016 Diff.
SUNDRY OPERATING EXPENSES				
Publications	25	19	6	34.0%
Ins. entities and sundry institutions	558	514	43	8.4%
Taxes and levies	531	569	-38	-6.6%
Entertainment	154	208	-54	-25.8%
Revenue stamps	25	33	-8	-24.6%
Non-recurring costs	386	289	98	33.8%
Post and telegraph	17	17	0	-2.3%
Rebates and allowances	0	0	0	63.1%
Sundry administrative costs	595	426	169	39.7%
SUNDRY OPERATING EXPENSES	**2,292**	**2,076**	**217**	**10.4%**
% incid. over Operating Costs	2.5%	2.3%		

9. Airport leases

Airport Leases totalled € 6.2 M (€ 6.03 M in 2016) to include the rents paid for the concessions and the contribution paid to the Fire Protection Fund.

Amounts shown in € K	2017	2016	2017/2016 Abs. Diff.	2017/2016 Diff.
AIRPORT LEASES				
Concession and security fees	4,920	4,730	190	4.0%
Fire Brigade fee	1,288	1,304	-16	-1.2%
TOTAL AIRPORT FEES/LEASES	**6,208**	**6,034**	**174**	**2.9%**
% incid. over Operating Costs	6.7%	6.7%		

10. Costs for construction services

Costs for construction services, totalling € 11.92 M (€ 6.99 M at 31 Dec. 2016), arise from the investment made in airport infrastructures under concession in 2017 and have as contraentry the item "Revenues for Construction Services" with the addition of the capitalization of internal costs for the general coordination of the works carried out by TA. The higher costs of € 4.93 M determined at year-end derive from the corresponding revenue item for the same reasons indicated in the comments.

11. Amortization and impairment
This item totalled € 8.87 M in 2017 (against € 8.4 M in 2016). It includes intangible asset amortization for € 5.84 M (€ 5.2 M in 2016) and tangible asset depreciation for € 3.03 M (€ 3.2 M in 2016).

12. Provision for liabilities and charges
This item shows € 2.93 M (against € 4.22 M in 2016) and includes the amounts set aside in the provision for risks (€ 1.17 M) and in the provision for repairs (€ 1.77 M), which reflect the year's accrual required for future maintenance expenses relating to repair work and replacements to keep the assets used under the two ENAC concessions in good operating conditions.

13. Provision for bad debt
This item shows an amount of € 872 K (€ 415 K in 2016) and consists in the provision for bad debt set aside after estimating the assumed realizable value of receivables existing at 31 Dec. 2017.

14. Financial income
This item totals approx. € 678 K (€ 698 K in 2016) and mainly includes dividends of subsidiaries (€ 557 K), dividends from related entities (€ 30 K), interest receivable from bank accounts (€ 17 K), interest on arrears (€ 17 K), dividends from related entities (€ 50 K), and other minor income (€ 7 K).

15. Financial expenses
This item totals € 1,451 K (€ 1,229 K in 2016) and mainly includes interests payable for € 572 K (€ 693 K in 2016), interest cost on employees' defined-benefit liabilities for € 83 K (€ 160 K in 2016), financial expenses relating to the discounting of the Provision for repair and replacements for € 733 K (€ 398 K in 2016).

16. Profit (loss) from investment
This item shows € 0 K (€ 0 K at 31 Dec. 2016).

17. Year's income taxes
This item includes an aggregate amount of € 4,914 K in 2017 (€ 4,734 K in 2016) deriving from:

- current taxes determined on the 2017 taxable income for € 5,406 K, of which € 4,068 K for consolidated IRES and € 1,346 K for IRAP;
- prepaid/deferred taxes for € 379 K;
- income from tax consolidation with the controlling company "CAI" for € 113 K.

Reconciliation with the theoretical tax rate is provided in Annex "E".

18. Earnings for share / Diluted earnings per share
2017 Earnings Per Share and Diluted Earnings Per Share, which total € 0.559 (€ 0.525 in 2016), have been determined by dividing the Group's profit for the period (€ 10.411 K) by the weighted average of the ordinary shares outstanding during the period (18,611,966 shares), as there was no diluting factor.

NOTES TO TE MAIN ITEMS OF THE FINANCIAL STATEMENT AT 31 DECEMBER 2017: STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

Details of non-current assets at 31 Dec. 2017 are given below.

data in €K	31-Dec-2017	31-Dec-2016	Diff.
NON-CURRENT ASSETS	195,452	187,468	7,984

More specifically, this aggregate consists of the following categories:

Intangible assets

data in €K	31-Dec-2017	31-Dec-2016	Diff.
INTANGIBLE ASSETS	159,552	152,259	7,293

In addition to the aforesaid, an aggregate amount of approx. € 12.9 M has been invested in intangible assets during 2017, namely:

(amounts shown in €K)	
Concession rights	7,127
Construction in Progress	4,963
Software	810
Total	12,900

Investments in Intangible Assets have been:

a) Concession rights for approx. € 7 M, including works for the reconfiguration of passenger flows in the Florence terminal (€ 3.64 M), the reconfiguration and expansion of the VIP Lounge in the Florence airport (€ 809 K), the requalification of Apron 100 in the Florence airport (€ 590 K), the rearrangement of the access areas of the Pisa terminal (canopy of the connection walkway for the People Mover terminal) for € 258 K, the CCTV, access and anti-intrusion systems of the Pisa airport for € 886 K;

b) Construction in Progress for approx. € 5 M. Said ongoing investments are mainly linked to the development of the Florence Airport Master Plan[1] (€ 2.4 M[2]), works in the Florence airport terminal (€ 1.3 M), and the new Arrivals terminal in the Pisa airport (€ 800 K).
c) Software for € 810 K, including the unification of the IT and ERP administrative systems between the two airports for € 543 K.

No divestiture of assets was done in 2017.
Details on intangible assets are provided in Annex A.

19. Concession rights: their value at 31 Dec. 2017 was € 150.9 M (€ 147.8 M at 31 Dec. 2016), with an increase of € 3.1 M mainly due to the combined effect of the lower value of investments compared to the value of the year's amortization. For further details, see section 11 in the Report on Operations.

20. Industrial patents: their value at 31 Dec. 2017 is € 1.4 M (€ 317 K at 31 Dec. 2016), a change mainly due to the investment made in the new ERP for Toscana Aeroporti for over € 1 million.

21. Construction in Progress and advance payments The value of this item at 31 Dec. 2017 was € 12.8 M (€ 9.8 M as at 31 Dec. 2016), up by € 3 M due to the investments made during the year - for more details, see Sect. 11 in the Report on Operations.

22. Tangible assets

data in €K	31-Dec-2017	31-Dec-2016	Diff.
TANGIBLE ASSETS	26,027	25,492	535

On the whole, investments for approximately € 3.9 M have been made during 2017, namely:

(amounts shown in €K)	
Owned land and buildings	64
Plant and machinery	1,877
Ind. and comm. equipm.	114
Cars	612

[1] We remind readers that the 2014-2029 Florence Airport Master Plan (hereinafter the "Master Plan"), which includes the development of the new 2,400 metre runway and the new terminal, has been approved from a technical perspective by ENAC on 3 November 2014. The Master Plan is required to undergo an Environmental Impact Assessment procedure ("Valutazione of Impatto Ambientale", "VIA") pursuant to Legislative Decree no. 152/2006 and must comply with town planning schemes ("Conformità Urbanistica") pursuant to Art. 81 of DPR no. 616/1977. The VIA procedure was started by ENAC on 24 March 2015 at the MATTM. Technical support to the preliminary environmental impact assessment ("VIA") has been provided throughout 2016 and, on 2 December 2016, the Technical Commission issued a "positive opinion with conditions". The procedure further progressed in 2017 and, on 28 December 2017, the MATTM, in cooperation with MiBACT, signed the VIA Decree for the project for the new 2014-2019 Master Plan for the Florence Airport, thus defining the project as environmentally compatible. The signature was the positive result of the work done by the "VIA Technical Committee", which, on 5 December 2017, had issued its supplemental opinion for the New 2014-2019 Florence Airport Master Plan (so-called "positive opinion with conditions").
We also point out that, on 16 February 2017, a framework agreement was signed with ENAC for the financing of the works contemplated in the Master Plan, through which the Airport Operator confirmed its commitment to make the significant investments described in the aforesaid Florence Airport Master Plan and ENAC, together with the MIT, committed to contribute their own financing portion, as required for the implementation of the plan, for a total amount of € 150 million.
[2] That amount also includes internal and external costs for design, consulting engineering and outsourced technical work, also associated with the VIA procedure, regarding the new runway, the new terminal and other airport infrastructure development projects in the Florence airport.

Furniture and fittings	319
Hardware	961
Total	3,948

Investments in **tangible assets** mainly consisted in purchasing ramp vehicles and equipment (€ 1.2 M), X-ray machines (€ 291 K), advertising systems (€ 155 K), automated lines for the control of hand luggage (€ 311 K), furniture and fittings (€ 319 K), and hardware (€ 961 K).
The values indicated in the Statement of Assets and Liabilities are net of the depreciation calculated based on the rates considered to be representative of the residual possibility of utilization of the related tangible assets.
Divestments / decreases of assets have been made during 2017 for € 155 K.
Details on tangible assets are provided in Annex B.

23. Equity investments in other entities

As at 31 Dec. 2017, the Parent Company "TA" held other equity investments measured at purchase cost for € 123 K (€ 141 K at 31 Dec. 2015), referring to:

- I.T. Amerigo Vespucci S.p.a. (0.22 % of the share capital): € 40.6 K;
- Consorzio Turistico Area Pisana S.c.a.r.l. (2.4% of the share capital): €420;
- Scuola Aeroportuale Italiana Onlus (with a 52.7% share in the capital): € 13.2 K;
- Consorzio Pisa Energia S.c.r.l. (5.26% of the share capital): €831;
- Montecatini Congressi S.c.r.l. (5.0% of the share capital): € 0;
- Consorzio per l'Aeroporto di Siena (with a 0.11% share in the capital): € 8.5 K;
- Florence Convention Bureau S.c.r.l. (4.44% of the share capital): € 6.3 K;
- Firenze Mobilità S.p.a. (3.98% of the share capital): € 42.5 K;
- Società Esercizio Aeroporto della Maremma S.p.a. (0.39% of the share capital): € 10.2 K.

Scuola Aeroportuale Italiana Onlus has been classified among "Other entities" because it is a non-profit organization.
Consorzio Turistico Area Pisana, Montecatini Congressi S.c.r.l., and Consorzio per l'Aeroporto di Siena are winding up at the closing date of this Report.

24. Investments in Subsidiaries

As at 31 Dec. 2017, the value of TA's interests in subsidiaries is € 3,388 K (€ 3,338 K at 31 Dec. 2016), as shown in the table below.

data in €K	31 -Dec-201 7	31 -Dec-201 6	Diff.
Parcheggi Peretola	3251	3251	0
Toscana Aeroporti Engineering	80	80	0
Jet Fuel	57	57	0
Total	3,388	3,388	0

25. Investments in Associated Companies

As at 31 Dec. 2017, the value of TA's investments in Associates and related entities is € 560 K (€ 525 K at 31 Dec. 2016), as shown in the table below.

data in €K	31 -Dec-201 7	31 -Dec-201 6	Diff.
Alatoscana Spa	330	330	0
Immobili AOU Careggi Spa	50	50	0
Total	380	380	0

For further considerations on the characteristics of the entities in question, see the section "Relationships with associated companies and related parties" of the Report on Operations. No impairment indicator applies to these stakes.

Financial Assets

26. Guarantee deposits

As at 31 Dec. 2017, this item totals € 195 K (€ 146 K at 31 Dec. 2016), and mainly refers to guarantee deposits issued in favour of utility providers (for connections), tobacco products, cash floats given to ticket offices and parking fees.

27. Receivables from others, due beyond the year

Receivables from others totalled € 2,304 K (€ 2,550 K at 31 December 2016), with receivables mainly consisting in:

- Requests for IRES reimbursement for the non-deduction of IRAP relating to the cost of personnel for € 1,774 K under Art. 2, par. 1, of Leg. Dec. no. 201/2011 (converted into Law no. 214/2011), so-called "Manovra Monti", completed by Leg. Dec. no. 16 of 2 March 2013 (so-called "Decreto semplificazioni fiscali" [tax simplification decree], converted, with amendments, into Law no. 44 of 26 April 2013), which established the possibility to apply the new provisions on the full deductibility of IRAP also effective for previous taxation period (2007-2011);
- Receivables from customers for € 410 K related to agreed repayment plans;
- € 120 K related to the loan granted to the Associate "Firenze Mobilità S.p.a." for works competed by this entity (to be repaid not earlier than 4 years after the final testing of the works).

28. Prepaid taxes recoverable beyond the year

Deferred tax assets and liabilities have been posted in their net amount when they could be offset in the same jurisdiction. The net balance is € 3,485 (€ 3,114 K at 31 Dec. 2016). This amount mainly includes taxes determined on the temporary differences due to taxed provisions (for repair, bad debt, etc.) and to the accounting of intangible assets (concession rights) according to IFRIC 12.
For details regarding the composition of the item and the related details, see Annex D.

CURRENT ASSETS

As shown in the table, current assets total € 51,198 K at 31 Dec. 2017, down by € 3,353 K compared to 31 Dec. 2016.

data in €K	31-Dec-2017	31-Dec-2016	Diff.
CURRENT ASSETS	51,198	47,845	3,353

More specifically, the main differences reflect:

29. Inventories

There is no inventory of raw and ancillary materials, consumables and goods.

Trade and sundry receivables

As at 31 Dec. 2017, this item totals € 39,100 K (€ 21,790 K at 31 Dec. 2016), including:

30. Receivables from customers

As at 31 Dec. 2017, Receivables from customers, net of the Provision for bad debt, totals € 28,081 K (€ 15,324 K at 31 Dec. 2016), as detailed below:

data in €K	31-Dec-2017	31-Dec-2016	Diff.
Total gross receivables	32,163	18,564	13,599
Bad debt reserve	-4,082	-3,240	-842
Total net receivables	28,081	15,324	12,757

The Provision for bad debt has been increased over the period by contributing € 872 K, while € 30 K have been used. The details of this item are given below (in €K):

data in €K	31-Dec-2016	prov.	use	31-Dec-2017
Reserve for bad debt	3,240	872	30	4,082

The composition of receivables by category of expired accounts is detailed in the table below.

	Aggregate Total	Receivables due	Receivables being disputed	Expired receivables	Over 90 days	90 days	60 days	30 days
Receivables at 31-Dec-2017	32,163	7,790	3,000	21,372	2,528	2,789	8,632	7,424
Receivables at 31-Dec-2016	18,564	8,069	3,018	7,477	1,179	207	616	5,475
Difference	13,599	-279	-17	13,895	1,349	2,581	8,016	1,949

31. Receivables from associated companies

Details of these receivables (in €K) are given in the table below:

data in €K	31-Dec-2017	31-Dec-2016	Diff.
Alatoscana Spa	77	87	-10
Immobili AOU Careggi Spa	186	130	56
Total	263	217	46

32. Receivables from subsidiaries

Details of these receivables (in €K) are given in the table below:

data in €K	31-Dec-2017	31-Dec-2016	Diff.
Parcheggi Peretola	17	65	-47
Toscana Aeroporti Engineering	1119	601	518
Jet Fuel	94	63	31
Total	1,229	729	501

The difference in receivables from TAE is due to the invoicing of the annual cost of labour for the 10 staff seconded by TA.

33. Tax receivables

As at 31 Dec. 2017, this item consists of € 496 K (€ 72 K at 31 Dec. 2016), and includes:

34. Receivables from others, due within the year

The item "Receivables from others, due within the year" includes:

Data in € K	31-Dec-2017	31-Dec-2016	Diff.
Receivables from Carriers for additional municipal income tax on passenger boarding fees	7,135	3,424	3,711
Advance payments made to suppliers	682	930	-248
Prepaid expenses	491	464	27
Receivables for land expropriation compensation	135	135	0
Receipts from parking lots	161	100	61
White certificates (EEC)	188	0	188
Receipts from monopoly products	93	95	-2
Receivables from employees	0	68	-68
Receivables from social sec. & insur. inst.	9	24	-15
Other minors	136	209	-72
Total	9,030	5,448	3,582

The receivable for the additional Municipal tax on passenger boarding fees, established by Art. 2, paragraph 11, of Law no. 350 of 24 December 2003, has increased for the same reasons explained in the Receivables from Customers and commented in Section 10.2 of the Report on Operations. This item has the same trend of the item "Tax liabilities" in the current Liabilities (Note #49) because the amount collected is paid to the State.
The item "Prepaid expenses" mainly concerns supplies with advanced billing, subscription fees, insurance.
White Certificates, as Tradable Certificates for Energy Savings (TCES) are called, have been established to certify the energy savings obtained by entities with specific actions aimed to increase energy efficiency, i.e. reduce the consumption of energy in connection with the asset distributed.

35. Cash and cash equivalents

The value of this item at 31 December 2017 compared against 31 December 2016 is given below.

data in €K	31-Dec-2017	31-Dec-2016	Diff.
Cash and cash equivalents	12,098	26,056	-13,957

We point out that the "Cash and Banks" item includes a minimum amount of € 1 M, available and deposited in a current account pledged as collateral for the medium-/long-term Loan Agreement stipulated with the Intesa-San Paolo-MPS bank pool.
For more details, see Statement of Cash Flows.

SHAREHOLDERS' EQUITY AND LIABILITIES

The differences in the Shareholders' Equity occurred during 2017 are detailed below:

Data in € K	31-Dec-2017	31-Dec-2016	Diff.
CAPITAL AND RESERVES	110,969	109,806	1,164

The Shareholders' Equity increased by € 1.2 M mainly as a consequence of the greater result obtained in 2017 compared to 2016 (€ +638 K) and of the € 504 K increase in the Legal Reserve recognised after the allocation of 2016 profits.
More specifically, the Shareholders' Equity consists of the following items:

36. Share Capital

As at 31 December 2017, the fully paid-up share capital consisted of 18,611,966 ordinary shares without nominal value (18,611,966 shares at 31 December 2016).
For details on Shareholders, see the table and section “Shareholders of the Parent Company” in the Report on Operations.

37. Capital reserves

Capital reserves consist of:
- a share premium reserve for €18,941K created with the paid capital increase upon listing SAT S.p.a. on the Stock Exchange in July 2007;
- a legal reserve of € 3,475 K. The € 504 K increase compared to 31 Dec. 2016 reflects the allocation of 2016 profits as deliberated by the Shareholders’ Meeting held on 27 April 2017 during the adoption of the 2016 Financial Statement.
- statutory reserves for an amount of € 25,876 K;
- the other reserves, which mainly consist of the reserve deriving from the merger by incorporation of AdF, for € 24,585 K. Pursuant to point 5 of the first paragraph of art. 2426 of the Civil Code, we specify that there is no restriction on available reserves.

38. IAS adjustments reserve

This reserve contains € (3,329) K, including:
(i) the IAS reserve (negative for € 711 K) after deducting the theoretical tax burden created at 1-Jan-2005 upon First Time Adoption, so as to include the impact of international accounting standards on the Shareholders' Equity;
(ii) the IAS reserve (negative for € 2,618 K) created after applying the new international standard IFRIC 12 from 1 January 2011.

39. Profit/(Loss) carried forward

This item includes profits carried forward for € 200 K (€ 178 K at 31 Dec. 2016). The difference derives from the actuarial effect of the recalculation of the T.I. Provision according to IAS 19.

40. Profit/(loss) for the year

This item includes TA's result at 31 Dec. 2017, which totalled € 10,411 K (€ 9,773 K at 31 Dec. 2016).

41. Other components of the Statement of Comprehensive Income

The value at 31 Dec. 2017 is broken down below:

SITUATION AT 31-DEC-2017	PROFIT (LOSS) CARRIED FORWARD	TA TOTAL
Other comprehensive profit/(loss) that will not be subsequently reclassified to the Income Statement:		
- Profit (loss) arising from the determination of the Termination Benefit after tax	22	22

SITUATION AT 31-DEC-2016	PROFIT (LOSS) CARRIED FORWARD	TA TOTAL
Other comprehensive profit/(loss) that will not be subsequently reclassified to the Income Statement:		
- Profit (loss) arising from the determination of the Termination Benefit after tax	-258	-258

The tax effect regarding the other components of the Statement of Comprehensive Income is broken down below:

SITUATION AT 31-DEC-2017	Gross value	Tax (charge)/benefit	Net Value
- Profit (loss) arising from the determination of the Termination Benefit after tax	30	-8	**22**

SITUATION AT 31-DEC-2016	Gross value	Tax (charge)/benefit	Net Value
- Profit (loss) arising from the determination of the Termination Benefit after tax	-340	82	**-258**

MEDIUM/LONG-TERM LIABILITIES

Details of medium/long-term liabilities during the period considered are given below:

data in €K	31-Dec-2017	31-Dec-2016	Diff.
MEDIUM-LONG TERM LIABILITIES	60,774	64,774	-4,000

More specifically, this aggregate consists of the following categories:

42. Provisions for liabilities and charges

The Provision for liabilities and charges consists of € 3,958 K at 31 Dec. 2017 (€ 2,851 K at 31 Dec. 2016). The details of the year are provided below.

data in €K	31-Dec-2016	prov.	use	31-Dec-2017
Provisions for liabilities and charges	2,851	1,162	-55	3,958

At 31 Dec. 2017, the provision included the following amounts:

1) € 2,351 K of contributions paid in connection with the Fire Brigade Protection Service dispute, which is described in detail in the section "Information on the main items of the Provision for risks and expenses at 31 Dec. 2017";
2) € 1,284 K of contributions paid in connection with potential labour dispute risks, better described in the section "Additional information";
3) € 200 K regarding a dispute initiated last 3 February 2017, where TA has been summoned by the company that was awarded the contract for the expansion works in the west apron of the Florence airport concerning problems identified by TA related to the execution of the contract;
4) € 113 K as best estimate of the liability associated with the risk of a disbursement for the doubling of general aviation duties – Art. 2 *duodecies* of Leg. Dec. of 30 Sept. 1994;

For further information, see section "Information on the main items of the Provision for liabilities and charges at 31 Dec. 2017".

The amounts set aside by the Company to face potential risks deriving from ongoing disputes are deemed appropriate for the predictable outcome of the legal proceedings.

43. Provisions for repair and replacement

This provision (valued according to the best estimate of the expense required to fulfil the obligation at the closing date of the report) includes the amounts spent for the maintenance and repair of infrastructures in the Florence and Pisa airports, to be returned in perfect maintenance conditions to the Grantor at the end of the concession period. The global value of this item at 31 December 2017 was € 25,209 K, up by € 1,298 K with respect to 31 December 2016, due to the effect of the 2017 contribution to the provision, partially offset by the uses of the period. Details are given below:

data in €K	31-Dec-2016	Financial expenses	prov.	use	31-Dec-2017
Provisions for repair and replacement	23,911	733	1,766	-1,201	25,209

Depending on the estimated time of its use within the year, this provision is allocated to medium/long-term liabilities (€ 18,517 at 31 Dec. 2017) and to current liabilities (€ 6,692 at 31 Dec. 2017).
The potential impact on the Provision for repairs in terms of growth as a consequence of a hypothetical annual reduction of 50 bp in interest rates would correspond to + € 520 K. Instead, the potential impact on the Provision for Repairs and Replacement in terms of growth as a consequence of a hypothetical annual reduction of 50 bp in interest rates would correspond to - € 490 K.

44. Termination benefits and other personnel-related provisions (24)

As indicated above, the ETB is considered as a defined benefit obligation to be recognised as recommended by IAS 19 - "Employee Benefits".

As regards the economic-financial scenario, the parameters used for the valuation of the Pisa and Florence staffs at 31 Dec. 2017 are:
- annual technical discount rate: 1.30%
- Annual inflation rate: 1.50%
- annual ETB increase rate: 2.63%

As far as the discount rate is concerned, the Corporate AA iBoxx 10+ index has been selected as criterion for the valuation of this parameter, as its duration is suitable for the average time of permanence of the two staff groups being considered.
There is no defined benefit scheme for the executive personnel of the company.

The value of liabilities at 31 Dec. 2017, as required by IAS 19, is € 6,183 K (€ 6,539 K at 31 Dec. 2016). This provision is booked net of the advance payments and settlements made during the period examined and shows a decrease of € 356 K compared to 31 Dec. 2016, as specified below:

Data in € K	31-Dec-2016	Actuarial (gain)/loss	prov.	use	31-Dec-2017
Termination benefits and other personnel-related provisions	6,539	-28	83	-411	6,183

The difference shown in the Statement of Comprehensive Income (€ +22 K) corresponds to the actuarial gain of € 28 K, after a taxation of € 6 K.

The valuation of future benefits is obviously affected by all the assumptions required for its identification; therefore, in order to obtain the sensitivity shown by the actual value as determined above compared to said assumptions, some tests have been conducted to provide the difference in the actual value against a given difference in some of the assumptions adopted, which may mostly affect that value. The table below provides the sensitivity analysis of the Provision (in €K).

Sensitivity Analysis

	Toscana Aeroporti					
	Annual technical discount rate		Annual technical inflation rate		Annual turnover rate	
	+ 0.50 %	- 0.50 %	+ 0.25 %	- 0.25 %	+ 2.50 %	- 2.50 %
Employee Termination Indemnity	5,868	6,516	6,280	6,081	6,089	6,231

Finally, the table below provides a prediction of disbursement of the provision.

Future Cash Flows (€)

Year	Florence Airport	Pisa Airport
0 – 1	40,271	303,510
1 – 2	39,876	139,901
2 – 3	45,440	208,538
3 – 4	67,860	99,647
4 – 5	66,173	205,644
5 – 6	44,418	248,806
6 – 7	147,949	91,546
7 – 8	44,949	150,252
8 – 9	175,195	272,490
9 – 10	200,325	255,914

45. Financial liabilities

As at 31 Dec. 2017, this item totals € 31.974 K (€ 36,259 K at 31 Dec. 2016),
The details of non-current and current financial liabilities are given below:

Details in €K	*31-Dec-2016*	*Loans*	*Repayment*	*Other movements*	*31-Dec-2017*
Non-current liabilities	**36,259**	-	-	**(4,285)**	**31,974**
Current financial liabilities					
Bank overdrafts (short-term loans)	-	11,000	(6,000)	-	5,000
Current portion of the medium/ long-term indebtedness	4,456	-	(4,340)	4,323	4,439
Total current financial liabilities	**4,456**	**11,000**	**(10,340)**	**4,323**	**9,439**
Total financial liabilities	**40,715**	**11,000**	**(10,340)**	**38**	**41,413**

The amount of € 9,439 K regarding current financial liabilities as at 31 Dec. 2017 refers to the current share of the medium-long term indebtedness relating to the loans described below in this Note for € 4,439 K and to the short-term loan (so-called "hot money") obtained during the period for € 5 M (the loan consisted in a total of € 11 M and has been repaid for € 6 M).

The decrease in non-current financial liabilities - € 4,285 K - refers to the short-term reclassification of the capital shares expiring in the subsequent business year.

As at 31 Dec. 2017, there are € 14.3 M of non-current financial liabilities due beyond five years.

The aggregate amount of said non-current financial liabilities and the related current share of the medium-long term indebtedness refers to two long-term loans granted by banks "Banca Infrastruture Innovazione e Sviluppo" ("BIIS", of the Intesa San Paolo Group) and "MPS Capital Service" to support infrastructure investments. The loans must be respectively repaid before June 2022, the one subscribed with MPS Capital Service and used up for €

12 M, and before September 2027, the € 40 M loan subscribed and completely used up, and have been granted with a Euribor 6-month interest rate plus a spread.
The aforesaid medium/long-term financial debt is required to comply with certain financial indices defined in the related agreement, such as a certain net financial position/EBITDA and net financial position/Shareholders' Equity, according to the definitions agreed with the lending counterparties and measured on the book values of the Parent Company for the € 40 M loan and of the Group for the € 12 M loan.
We finally point out that, in addition to the aforesaid parameters, the € 12 M loan agreement requires a minimum amount of € 1 M to be made available and deposited in a current account pledged as security for the same loan and requires that no non-recurring transaction be performed with third parties (entities that are not members of the Group) without the previous written consent of the lending banks.
Failure to comply with the covenants and the other contractual obligations undertaken with the loan in question shall imply, if not remedied under the agreement provisions, the anticipated reimbursement of the residual loan amount and/or a require a restriction in the distribution of dividends.
As at 31 Dec. 2017, the Company is compliant with all the above-mentioned parameters.

46. Other payables due beyond the year

Payables due beyond the subsequent year consist of € 142 K (€ 43 K as at 31 Dec. 2015) and refer to guarantee deposits received from customers as performance bonds for services provided.

Payables due beyond 5 years

The Company has loans of a duration exceeding 5 years, whose details are given in Note 45 to Financial Liabilities.

CURRENT LIABILITIES

Changes in non-current assets occurred during the period are shown below.

data in €K	31-Dec-2017	31-Dec-2016	Diff.
CURRENT LIABILITIES	74,907	60,734	14,174

More specifically, this aggregate consists of the following categories:

47. Bank overdrafts

As at 31 Dec. 2017, the TA Group has a short-term bank indebtedness of € 5 M (€ 0 at 31 Dec. 2016). We also point out that, in 2017, TA obtained € 11 M in short-term loans ("hot money"), which have been repaid during the year for € 6 M.
Credit line details at 31 Dec. 2017 are given below.

data in €K	31-Dec-2017	31-Dec-2016	Diff.
Credit lines granted	56,550	55,550	1,000
Credit lines used	5,000	0	5,000
% used	*9%*	*0%*	*N.S.*

48. Loans

As at 31 Dec. 2017, TA has bank loans for € 4,439 K (€ 4,456 K at 31 Dec. 2016), exclusively consisting of the expected repayment in the subsequent year of long-term loans (also shown in the related table ad a comment of non-current financial liabilities).

The **Net Financial Position** at 31 Dec. 2017, as shown in the Report on Operations in compliance with CONSOB Resolution prot. no. 6064293 of 28 July 2006, is specified below:

NET FINANCIAL INDEBTEDNESS

Euro K	31-Dec-2017	31-Dec-2016	Abs. Diff.
A. Cash on hand and at banks	12,098	26,056	(13,957)
B. Other cash and cash equivalents	-	-	-
C. Securities held for trading	-	-	-
D. Liquid assets (A) + (B) + (C)	**12,098**	**26,056**	**(13,957)**
E. Current financial receivables	-	-	-
F. Current bank payables	5,000	-	5,000
G. Current portion of non-current indebtedness	4,439	4,456	- 17
H. Other current financial payables due to leasing companies	-	-	-
I. Current financial indebtedness (F) + (G) + (H)	**9,439**	**4,456**	**4,983**
J. Net current financial indebtedness (I) - (E) - (D)	**(2,659)**	**(21,599)**	**18,941**
K. Non-current bank payables	31,974	36,259	(4,285)
L. Bonds issued	-	-	-
M. Other non-current payables due to leasing companies	-	-	-
N. Non-current financial indebtedness (K) + (L) + (M)	**31,974**	**36,259**	**(4,285)**
O. Net Financial Position (J) + (N)(NFP)	**29,316**	**14,660**	**14,656**

See comments in the Report on Operations and to the "Statement of Cash Flows" for a more in-depth analysis of this item.

49. Tax liabilities
The aggregate amount of this item at 31 Dec. 2017 is € 10,494 K (€ 6,846 K at 31 Dec. 2016), as broken down below:

Data in € K	31-Dec-2017	31-Dec-2016	Diff.
Addit. Mun. fees due to Rev. Ag.as mu PAX boarding	8,950	5,671	3,279
IRES/IRAP due	166	259	-93
IRPEF due for employees and self-employed prof.	1,107	763	344
Higher fees due for private flights	136	157	-21
Local taxes	135	149	-14
VAT due	0	6	-6
Other minors	0	1	-1
Totale	10,494	7,006	3,488

More specifically:

i) the account payable to the Revenue Agency for the additional municipal tax on passenger boarding fees has considerably increased as a result of the same dynamics associated with the changes in receivables for additional municipal taxes and trade receivables;

ii) the IRES-IRAP payable consists in TA's IRAP balance;

iii) the account payable to the Revenue Agency for taxes withheld from employees has increased mainly due to the increase in the staff.

50. Payables to suppliers

As at 31 Dec. 2017, Payables to suppliers total € 27.5 M (€ 25.3 M at 31 Dec. 2015), up by € 2.2 M, mainly due to the greater investments made by TA in the last quarter 2017.

51. Payables to Subsidiaries

This item includes accounts payable to Subsidiaries, which total € 2,206 K at 31 Dec. 2016 (against € 1,356 K at 31 Dec. 2016).

Data in € K	31-Dec-2017	31-Dec-2016	Diff.
Parcheggi Peretola	497	104	393
Toscana Aeroporti Engineering	1709	1252	457
Total	2,206	1,356	850

52. Payables to social security institutions

This item includes accounts payable to social security and pension institutions (INPS, INAIL) at 31 Dec. 2017, for € 2,603 K (€ 2,624 K at 31 Dec. 2016).

53. Other payables due within the year

Other payables due within the year at 31 Dec. 2017 consist of € 15.7 M (€ 15 M at 31 Dec. 2016) and include the following items:

data in €K	31-Dec-2017	31-Dec-2016	Diff.
Concession fees	2,393	2,381	12
Ministry of Transport	2,205	2,205	0
Air/bus/train ticket office receipts	704	849	-144
Amounts due to employees and contractors	6,327	6,506	-179
Insurance policies and damage excesses	150	170	-20
Due to Directors and Auditors	399	288	111
Fire-protection service	1,270	1,235	34
Payables to Foundations/Associations/ Social Sec. Inst.	145	191	-46
Deferred income	177	175	-425
Payables to Holding CAI	1,438	602	1,264
Other minors	458	384	74
Total	15,666	14,985	681

More specifically:

- an account payable to the Ministry of Transport, € 2.2 M deriving from an amount collected by the Florence airport in 2013 after the positive outcome of trial no. 2403/2012 as compensation for damages suffered for the non-adjustment of airport fees in the years 1999-2005, which will not be recognised to the income statement until the last-instance trial under IAS 37. About this point, see Section 19 of the Report on Operations.
- The Fire Protection Service is the account payable to the Revenue Agency introduced by the 2007 Finance Law. For further considerations, see details in the section "Provisions for liabilities and charges".
- Prepaid expenses refer to non-aviation revenues invoiced in advance.
- Payables to the Parent Company CAI (Corporación America Italia) reflect the IRES tax balance) TA will have to pay according to the tax consolidation agreement; for details, see section #16 "Relationships with the companies of the Group and related parties" of the Report on Operations.

54. Advance payments

Advance payments, which total € 284 K at year-end (€ 322 K at 2016 year-end), mainly consist of advance payments made to customers.

COMMITMENTS AND GUARANTEES

As at 31 December 2017, commitments and guarantees include € 12,819 K of third party suretyships in favour of TA and € 10,547 K of suretyships given by third parties on behalf of TA. The difference of these last guarantees is mainly due to the release of a suretyship to the Municipality of Florence for € 4 M for works in the Florence airport's passenger terminal.

Data in € K	31-Dec-2017	31-Dec-2016	Diff.
Third-party guarantee in favour of Company	12,819	12,813	6
Third-party guarantee on behalf of Company	10,547	7,213	3,334

Suretyships provided by third parties in the favour of TA (€ 12.8 M) mainly refer to performance bonds for contract works, for compliance with agreements by sub-concessionaires, air carriers and other customers.

The suretyships provided to third parties on behalf of TA (€ 10.5 M) mainly refer to performance bonds in favour of ENAC to ensure full and exact fulfilment of the obligations established with the two 40-year Conventions signed with the Municipalities of Pisa and Florence as a guarantee of TA's compliance with municipal regulations in the expansion works for the airport infrastructures.

ADDITIONAL INFORMATION

Information on the main items of the Provision for liabilities and charges at 31 Dec. 2017

For a detailed description of the pending disputes, see the pertinent section in the Explanatory Notes to the Consolidated Financial Statement.

Remuneration of Directors, Auditors and Executives with strategic responsibilities

For details see the special table in the Report on Remuneration specified in art. 123-ter of Leg. Dec. no. 58/98 (published in the Company's website).
We point out that Directors and Statutory Auditors have no interest in non-recurring transactions performed during 2017 or in similar transactions initiated during previous years and not yet concluded.
At the closing date of this financial statement, no loan existed in the favour of any member of the Board of Directors or Board of Statutory Auditors.

Atypical or unusual transactions

Pursuant to CONSOB's Notice n. 6064293 of 28 July 2006, we point out that
No atypical or unusual transaction was performed during 2017.

Significant events and non-recurring transactions

Pursuant to CONSOB's Notice of 28 July 2006, we specify that no significant non-recurring transaction was performed in 2017.

Significant events occurred after 31 Dec. 2017

See section 19 of the Report on Operations.

Fair value measurement hierarchy

As regards the financial instruments recognised in the Financial Position at fair value, IFRS 7 requires these values to be classified based on a hierarchy of levels that reflects the significance of the input used in the determination of fair value.

The following levels are identified:
Level 1 – the price of the asset or liability being measured is drawn from an active market;
Level 2 – the inputs used are not the listed prices indicated above, but may be observed on the market, either directly (prices) or indirectly (price derivatives);
Level 3 – the inputs are not based on observable market data.

These notions are not applicable to TA's 2017 financial statement.
No assets have been measured at fair value (FVPL or FVOCI) at 31 Dec. 2017.

Information on financial instruments

There are no derivative financial instruments. There are no liabilities measured at fair value.

Authorization to publication

This document has been approved by the Board of Directors on 15 March 2018 and made available to the public on 19 April 2018 upon the Chairman's authorization.

On 9 March 2018, Corporación America Italia S.p.A., owner of 10,366,884 shares for an aggregate 55,7% of the share capital of Toscana Aeroporti S.p.A. (the "Company"), pursuant to Art. 126-bis of Leg. Dec. no. 58/1998, asked the Board of Directors of the Company to include additional proposals for a resolution on the subject matter in the first and only point of the Agenda (the "Request for Addition") of the General Shareholders' Meeting of Toscana Aeroporti S.p.A. called on 4 April 2018 in first call and on 5 April 2018 in second call.
Said proposals for amendments to Articles 12,15, 16 and 19 of the Articles of Association included, *inter alia*, an amendment to the list voting procedure for the appointment of the Board of Directors of the Company.
As far as the Request for Addition is concerned, Corporación America Italia S.p.A. also asked that the annual Meeting - to be held to make resolutions, inter alia, on the appointment of the new Board of Directors of the Company, and to approve the financial statement for the year ended 31 Dec. 2017 - be put off to a date after 27 April 2018, the date marked in the financial calendar of the Company, in order to allow Shareholders to appoint the Board of Directors after the effectiveness date of the amendments to be made to the Articles of Association as requested by the Request for Addition.
As a supplement to the Request for Addition, Corporación America Italia S.p.A., in compliance with Art. 126-bis, paragraph 4, of the TUF (*Testo Unico della Finanza* - Consolidated Act on Financial Brokerage), prepared a report summarising the reasons and objectives underlying the request (the "Shareholder Report"), made available for the public by the Board of Directors, as requested by the applicable legislation.
The Shareholder Report expounds the proposals for amending Articles 12, 15, 16, and 19 of the Articles of Association and indicates that said proposals aim, on the one hand, to simplify the corporate governance structure relating to the Board's operations performed during its three-year mandate, which will expire on the date of approval of the financial statement for the year ending 31 Dec. 2017, and, on the other hand, to allow the members of the Company's BoD to be represented more proportionally in connection with their interests held.
As a preliminary action, the BoD assessed the compliance of the Request for Addition ("RfA") with the applicable legal requirements and concluded that the RfA is lawful because it has been lodged in compliance with the applicable laws. Therefore, the BoD intends to follow up with the procedure under the terms established by the law.

As to the content of the Shareholder's Request, the BoD developed the following considerations:

(i) the proposals for amendments to the Articles of Association proposed by the Shareholder "Corporación America Italia S.p.A." seem to be aimed to simplify the decision-making process for the Board, as well as to favour the appointment of its members according to a more accurate proportionality criterion, and the BoD has nothing to add about this point;
(ii) considering that some of the amendments proposed affect the composition of the Board of Directors and the list voting procedure for the appointment of the Board, the same BoD is willing to admit the request put forward by the Shareholder Corporación America Italia S.p.A. and call the annual Meeting, *inter alia*, to approve the financial statement and appoint the new BoD at a later date, i.e. not the date indicated in the financial calendar, in line with the provisions of Art. 9 of the Articles of Association and Art. 2364, par. 2, of the Civil Code. This should allow the Company's shareholders to appoint the new BoD according to the new corporate bylaws that will be approved by the General Meeting called for 4 April 2018 on first call and for 5 April 2018 on second call.

Finally, the BoD said that the amendments proposed in the Shareholder's Request do not give shareholders the right to withdraw, as set forth in Art. 2437 of the Civil Code, therefore any shareholder who did not approve the Board's resolution concerning said amendments shall have no right of withdrawal.

For the Board of Directors
The Chairman
(Marco Carrai)

ANNEXES TO THE 2017 FINANCIAL STATEMENT

TABLE OF CHANGES OCCURRED IN INTANGIBLE ASSETS IN 2017 (€K)

	CONCESSION RIGHTS (ROYALTIES)	PATENT AND INTELLECTUAL PROPERTY RIGHTS	WORK IN PROGRESS AND ADVANCE PAYMENTS	TOTAL
Historical cost	170,315	10,236	17,102	**197,653**
Accumulated depreciation	-28,180	-9,919	-7,295	**-45,394**
A - Value as at 31-Dec-16	142,135	317	9,807	**152,259**
CHANGES FOR THE PERIOD				
Procurement	7,127	810	4,963	**12,900**
Previous years' work in progress	1,649	581	-2,230	**0**
Reclassification	0	0	230	**230**
Depreciation	-5,547	-290	0	**-5,837**
B - Balance of changes	3,229	1,101	2,963	**7,293**
Historical cost	179,091	11,627	20,065	**210,783**
Accumulated depreciation	-33,727	-10,209	-7,295	**-51,231**
Value as at 31-Dec-2017 (A+B)	**145,364**	**1,418**	**12,770**	**159,552**

TABLE OF CHANGES OCCURRED IN TANGIBLE ASSETS IN 2017 (€K)

	LAND, BUILDINGS AND RUNWAY INSTALLATIONS		PLANT AND MACHINERY	INDUSTRIAL AND COMMERCIAL EQUIPMENT	ASSETS UNDER CONSTRUCTION	OTHER ASSETS	TOTAL
	Revertible for free	Owned by the Company					
Historical cost	12,562	16,533	28,786	1,075	703	15,505	**75,164**
Accumulated depreciation	-10,828	-1,919	-22,076	-811	-241	-13,798	**-49,673**
A - Value as at 31-Dec-16	1,734	14,614	6,710	264	462	1,707	**25,491**
CHANGES FOR THE PERIOD							
Procurement	0	64	1,877	114	0	1,893	**3,948**
Reclassification	176	0	-98	0	-308	0	**-230**
Disinvestments/Decreases	0	0	0	0	-154	0	**-154**
Depreciation	-250	-142	-1,740	-46	0	-850	**-3,028**
Reversal of previous years' accum. depr.	0	0	0	0	0	0	**0**
B - Balance of changes	-74	-78	39	68	-462	1,043	**536**
Historical cost	12,562	16,597	30,663	1,189	703	17,398	**79,112**
Accumulated depreciation	-10,902	-2,061	-23,914	-857	-703	-14,648	**-53,085**
Value as at 31-Dec-2017 (A+B)	**1,660**	**14,536**	**6,749**	**332**	**0**	**2,750**	**26,027**

SHAREHOLDERS' EQUITY AT 31.12.2017: ORIGIN, DISTRIBUTABILITY AND PREVIOUS YEARS' USES (€K)

NATURE	AMOUNT	POSSIBILITY OF USE (*)	SHARE AVAILABLE	SUMMARY OF USES MADE IN 3 PREVIOUS YEARS (**)	
				TO COVER LOSSES	FOR OTHER REASONS
SHARE CAPITAL	30,710				
CAPITAL RESERVES:					
Treasury stock reserves					
Reserves for shares of Subsidiaries					
Share premium reserve	18,941	A, B	18,941		
Other reserves	24,586		24,586		
of which:					
Exchange surplus reserve (AdF incorporation) (***)	*24,085*	*A, B*	*24,085*		
Revaluation reserves purs. to Law 413/91	*435*	*A, B*	*435*		
Other reserves for capital contributions purs. to art. 55 of DPR 917	*66*	*B*	*66*		
RETAINED EARNINGS:					
Legal Reserve	3,475	B	3,475		
Extraordinary reserve	25,876	A, B, C	25,876		
Treasury stock reserves					
Foreign currency translation reserve					
Reserve for write-up of equity investments with the Net Worth method					
Reserves for exceptions purs. to paragraph 4 of art. 2423 of Civil Code					
IAS ADJUSTMENTS RESERVE	- 3,229				
FAIR VALUE RESERVE	-				
Profit (Loss) carried forward	200				
Year's profit (loss)	10,410	A, B, C	10,410		
Total	110,969		79,241		

of which:

Non-distributable reserve	*42,955*
Residual distributable portion	*36,286*

(*) Possibility of use
- A = capital increase
- B = to cover losses
- C = distribution to shareholders

(**) No uses have been made in the last 3 years.

(***) The IAS reserve deriving from AdF's S.E., which totals € 1,025 K, is not available, as per art. 6 of Leg. Dec. no. 38/2005.

Toscana Aeroporti

TABLE OF DEFERRED AND PREPAID TAXES AND CONSEQUENT EFFECTS (€K)

ITEMS	tax	PREPAID / DEFERRED TAXES 31-DEC-2016		2017 REABSORPTION		2017 INCREASES		PREPAID / DEFERRED TAXES 31-DEC-2017	
		taxable base	tax	taxable base	tax	taxable base	tax	taxable base	tax
EXPENSES FOR CAPITAL INCREASE	IRES	695,121	166,829	231,707	55,610	-	-	463,414	111,219
PROVISION FOR BAD DEBT AND OTHER RECEIVABLES	IRES	3,489,262	837,423	-	-	861,055	206,653	4,350,318	1,044,076
IFRIC12 / EXCEEDING PROVISION FOR REPAIRS AND MAINTENANCE	IRES / IRAP	3,080,751	943,039	1,589,008	462,719	1,477,899	430,364	2,969,642	910,684
ACTUARIAL GAIN / LOSS (O.C.I.)	IRES	795,886	191,013	28,485	6,836	-	-	767,401	184,177
SUNDRY MINORS	IRES / IRAP	137,978	37,614	187,589	54,626	239,495	69,741	189,884	52,729
PROVISION FOR FUTURE LIABILITIES AND CHARGES	IRES / IRAP	2,851,251	804,667	55,446	13,307	1,162,000	289,120	3,957,805	1,080,480
ETI IAS USE DIFFERENCES	IRES	555,201	133,248	129,838	31,161	-	-	425,363	102,087
Global total		11,605,450	**3,113,832**	2,222,072	**624,259**	3,740,450	**995,878**	13,123,828	**3,485,451**

TABLE OF RECONCILIATION BETWEEN YEAR'S RESULT AND TAXABLE BASE (€K)

	T.A. S.p.a.		T.A. S.p.a.	
	31/12/2017		31/12/2016	
	IRES (*)	IRAP	IRES (*)	IRAP
Profit before tax according to law tax	15,324	59,518	14,507	57,580
Ordinary applicable tax rate	24.00%	5.12%	27.50%	5.12%
Theoretical tax burden	3,678	3,047	3,989	2,948
Main final differences				
- dividends collected (95% exempt.)	- 605		- 554	
- capital gains from sale of shares (95% exempt)	-		-	
- analytical and lump-sum IRAP deductions	- 463		- 364	
- ACE	- 303		- 876	
- labour costs of permanent employees		- 34,797		- 34,128
- other deductible labour costs		- 1,256		- 1,474
Sundry final variations (balance)	1,736	1,326	817	- 1,207
Sundry temporary variations (balance)	1,260	1,490	- 729	2,267
Taxable base	16,948	26,281	12,801	23,038
Current taxes	4,068	1,346	3,520	1,180
Previous years' taxes	- 8		- 11	47
Deferred taxes	- 302	- 76	244	- 116
Income from consolidation	- 113		- 129	
Total taxes booked	3,645	1,269	3,624	1,110

(*) Tax Consolidation expense

CERTIFICATION OF THE 2017 FINANCIAL STATEMENT PURSUANT TO ART. 81-TER OF CONSOB'S REGULATION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND SUPPLEMENTS

1. The undersigned Gina Giani (Chief Executive Officer) and Marco Gialletti (Financial Reporting Manager) of Toscana Aeroporti S.p.a., also considering the provisions contained in art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, hereby certify:

- the appropriateness in connection with the distinguishing features of the company, and
- the actual implementation

of the administrative and accounting procedures for the preparation of the 2017 Financial Statement.

2. Furthermore, it is hereby certified that the 2017 Financial Statement:

- has been prepared in accordance with applicable accounting standards recognized within the European Community pursuant to EC Regulation no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- reflects the contents of accounting books and records;
- provides a true and fair view of the assets, liabilities, and financial situation of the issuer and of the issuer.

3. The Report on Operations includes a reliable analysis of operating performance and income, as well as the situation of the issuer, along with a description of the primary risks and uncertainties to which it is exposed.

Florence, 15 March 2018

For the Board of Directors

Chief Executive Officer
Gina Giani

Financial Reporting Manager
Marco Gialletti

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Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Toscana Aeroporti SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Toscana Aeroporti SpA (the Company), which comprise the statement of financial position as of 31 December 2017, the income statement, statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2017, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Capitalisation of concession rights	
Explanatory notes to the financial statements as of 31 December 2017: Note "Intangible assets". Report on operations: paragraph "11. The Group's investments". During financial year 2017 costs related to intangible assets were capitalised in a total amount of Euro 12.9 million representing 5.2% of the Company's assets; such costs are made up of Euro 7.13 million related to concession rights and Euro 4.96 million related to construction in progress, of which Euro 2.39 million for the development of the Florence Airport Master Plan. Considering the significance of the investments and use of estimates that the Company's management made to verify the compliance with the requirements of IFRIC interpretation *"IFRIC 12 – Service concession arrangements"* and of international accounting standard *"IAS 38 – Intangible assets"* adopted by the European Union, we specifically focused our attention on the valuations performed by management. The estimates prepared were mainly related to the verification of the identifiability of capitalised costs and the existence of future economic benefits deriving from the investments.	We conducted an understanding and evaluation of the procedure of capitalisation of the concession rights adopted by the Company. We obtained a detail of the amounts of capitalised costs by project, analysing, on a sample basis, increases and decreased occurred during the year. During our audit we paid special attention to the compliance with the requirements of IFRIC interpretation *"IFRIC 12 – Service concession agreements"* and of international accounting standard *"IAS 38 – Intangible assets"* adopted by the European Union for the capitalisation of such intangible assets, with particular reference to the identifiability of capitalised costs and the existence of future economic benefits deriving from the investment. To that end, we examined, on a sample basis, the long-term plans prepared by management and the related estimated future cash flows. As part of our audit procedures we also carried out discussions with management and the technical managers with the aim of understanding the characteristics of the projects. Furthermore, with specific reference to the analyses conducted on investments related to the development of the Florence Airport Master Plan, in our audit procedures we also involved PwC network experts in valuation.
Valuation of provisions for liabilities and charges and provisions for repair and replacement	
Explanatory notes to the financial statements: note 42 "Provisions for liabilities and charges", note 43 "Provisions for repair and replacement" and paragraph "Information on the main items of the Provision for liabilities and charges at 31 December 2017"	We conducted an understanding and evaluation of the procedure adopted by the Company to determine the provisions for liabilities and charges and the provisions for repair and replacement and to evaluate the adequacy of the liabilities recognised within

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
The value of the provisions for liabilities and charges and of the provisions for repair and replacement recorded within the balance sheet liabilities of the financial statements at 31 December 2017 amounted to Euro 3.96 million and Euro 25.21 million respectively, which represent 1.6% and 10.2% of the Company's liabilities. Given the significance of the amounts at issue, the use of estimates that management made to verify the compliance with the requirements under IFRIC interpretation *"IFRIC 12 – Service concession arrangements"* and under the international accounting standard *"IAS 37 - Provisions, Contingent Liabilities and Contingent Assets"* adopted by the European Union, we paid special attention to verifying the liabilities at issue. The main analyses performed by management consisted in the verification of the ongoing obligations, the estimated likelihood to be required to fulfil such obligations and the relevant estimated amount.	the balance sheet liabilities at 31 December 2017. In this respect, we highlight that in relation to the more significant issues the Company is supported by independent external professionals who keep management abreast of the status of the litigation and of the potential impacts on the financial statements. We also obtained a detail of the amounts provisioned and we analysed, on a sample basis, the reasonableness of the assumptions adopted by management to quantify the liability amount to recognise in the financial statements. With reference to the external professionals who support the Company in the evaluation of the provisions for liabilities and charges we also sent requests for information to them and we analysed the replies obtained. Moreover, in order to comprehend the characteristics of the pending lawsuits and of the repairs and replacements carried out on assets under concession, we held discussions with management, the internal legal affairs office, the control managers, the internal technical managers and with the external professionals.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit 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 Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 3 November 2014, the shareholders of ABC SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2014 to 31 December 2022.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Toscana Aeroporti SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Toscana Aeroporti SpA as of 31 December 2017, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of Toscana Aeroporti SpA as of 31 December 2017 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Toscana Aeroporti SpA as of 31 December 2017 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Florence, 18 April 2018

PricewaterhouseCoopers SpA

Signed by

Luigi Necci
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report.

BOARD OF AUDITORS' REPORT ON THE FINANCIAL STATEMENT AND CONSOLIDATED FINANCIAL STATEMENT FOR 2017 TO THE SHAREHOLDERS

(PURSUANT TO ART.153 OF LEG.DEC. 58/1998 AND ART. 2429, PAR. 2, OF THE ITALIAN CIVIL CODE)

To the Shareholders of Toscana Aeroporti SpA

Dear Shareholders,

during the business year ended December 31, 2017, we, the Board of Auditors, carried out our auditing tasks as required by the applicable legislation in compliance with the Code of Conduct recommended by the Italian *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili* (the national Association of Chartered Accountants and Business Advisers), as well as with CONSOB provisions, supplemented with the instructions specified in the Voluntary Code of Conduct concerning corporate control and auditing activities.

The Board of Auditors was appointed during the Shareholders' Meeting held on 27 April 2017 and will remain in office until the date of approval of the financial statement for the year closing on 31 December 2019.

Upon accepting their assignment and subsequently during their period in office, the Board of Auditors checked their members' compliance with the applicable honourability and professional qualification requirements and checked that there was no reason for ineligibility, incompatibility or forfeiture under Art. 148, par. 3, of Leg. Dec. no 58/1998, and that the members of the BoA met the independence requirements specified by Articles 2382 and 2399 of the Civil Code and Rule Q.1.4 of the *"Standards of Conduct for the Boards of Auditors of listed companies"* issued by the Italian national association of Chartered Accountants and Business Advisers and by Art. 8 of the applicable Voluntary Code of Conduct, in order to be enabled to carry out their tasks in a fair and honest manner, with no economic or other conflict of interests. Pursuant to CONSOB Regulation no. 11971 and of the Voluntary Code of Conduct, The Board of Auditors disclosed the outcome of the aforesaid assessments to the Board of Directors for the consequent disclosure to the public.

Based on the information received, the documentation acquired and the reviews carried out, we report the following:

Significant transactions

In this regard, we refer the reader to the exhaustive report provided in the specific section of the Report on Operations for the 2017 Financial Statement.

Auditing of compliance with statutory requirements and the Articles of Association

We, the Board of Auditors, reviewed the operations of the Company to ensure that the law and the Articles of Association were complied with; in particular, the BoA met 12 times during 2017 and took part in: 1 Shareholders' Meeting; 5 Board of Directors' meetings; 5 Executive Committee's meetings; 3 Appointment and Remuneration Committee's meetings; 5 Control and Risk Committee's meetings.

All the applicable disclosure obligations set forth by supervisory authorities have been met and no violation or complaint has been filed by the Shareholders.

Auditing of compliance with correct management principles

At least on a quarterly basis, we obtained information and reports from the Company's Directors concerning general operations and expected trends, as well as the most significant economic, financial and equity transactions performed by the Company, including through its subsidiaries, so we can reasonably ensure that the transactions implemented by the Company are compliant with the applicable legislation and Article of Association, and have not been unwary, risky or in conflict of interest or in contrast with the resolutions made by the Shareholders' Meeting, nor such as to jeopardise the integrity of the corporate equity.

Within the scope of our task, we collected information and audited the compliance of the activities carried out by the Company with correct management principles, primarily by taking part in the meetings of the Board of Directors and corporate Committees, but also by collecting information from the Chief Finance Officer and the managers of the Accounting Department and other corporate functions, as well as by exchanging significant data and information pursuant to art. 150 of Legislative Decree no. 58/1998 with the Auditor. More specifically, as regards the resolution procedures of the Board of Directors and Executive Committee, we supervised the Company's compliance with the applicable legislation and Articles of Incorporation in connection with the operating and management decisions made by Directors.

Based on the information received from Directors and on the interviews with the representatives of the Auditor, no unusual transaction emerged for the business year 2017.

Auditing of the appropriateness of the ownership structure

Our auditing activity revealed the existence of an appropriate ownership structure in terms of layout, procedures, competencies, and responsibilities for the size of the Company and for the nature and method of pursuing the business purpose.

In addition, we checked that the members of our own Board of Auditors met the same independence requirements specified in the Voluntary Code of Conduct for Directors.

We reviewed the operation of the Board of Directors and Committees, particularly as regards the applicable requirements for independent Directors, the determination of their fees, and the responsibilities connected with corporate functions.

Auditing of compliance with the internal control system

We, the BoA, also acting as Internal Audit and Accounting Audit Committee, collected information and audited, as far as our competence extends, the appropriateness of the organizational structure of the Company and its internal control system, also by taking part in the meetings of the Control and Risk Committee. This Committee promptly disclosed all the necessary information on their activities to the BoA during the meeting and explained the contents of their mid-term reports, which confirmed the compliance of the internal control and risk management system.

We also monitored the activities carried out by the Internal Audit Manager, in compliance with the 2015-2017 Audit Plan approved by the Board of Directors on August 28, 2015, subsequently updated with the proposal examined by the Control and Risk Committee during the meeting held on November 25, 2016 and approved by the BoD on January 27, 2017; we listened to the discussions developed at the meetings and reviewed the contents of the mid-term reports, which show that the internal control and risk management systems are appropriate.

We inform the Shareholders that we normally exchanged significant data and information with the various control boards of the Company.

As regards risk assessment, we acknowledge that the current Supervisory Board of the Company was appointed on July 30, 2015 and a new Organization, Management and Control Model was approved with the resolution passed during the Board of Directors' Meeting of May 12, 2016 pursuant to Legislative Decree no. 231/2001, subsequently updated by the Board of Directors during the meeting held on December 20, 2017.

Auditing of compliance of the corporate accounting system and related statutory auditing of accounts

We audited the compliance of the accounting system and its reliability and capacity to correctly reflect and describe corporate operations by obtaining information from the responsible Director, the Managers of the various competent functions, through meetings with the Auditor and by reviewing the Auditing Reports on the Financial Statement and Consolidated Financial Statement issued by the Auditor for the business year considered, and all these documents showed compliance with international accounting standards.

The certification required by art. 154-bis, paragraph 5, of TUF (Consolidated Law on Financial Intermediation), signed by the CEO and by the manager in charge of the preparation of the financial statements of the Company.

The Board audited the independence of the Auditing Company pursuant to Art. 6, paragraph 2), letter a), of EU Regulation 537/2014 and to section 17 of ISA Italia 260. During 2017, as reported in Annex F to the Consolidated Financial Statement under Art.49 – *duodecies* of Consob Issuers' Regulations, the parent company, Toscana Aeroporti SpA, paid PwC S.p.A. the following fees: € 95,000 for account auditing services; € 80,000 for the auditing of the consolidation dossiers of the Corporaciòn America Group; € 24,600 for accounts certification services rendered as required by CIPE Resolution no. 38/2007 to TA Spa; € 33,000 for the limited auditing of the non-financial consolidated statement required by Leg. Dec. no. 254/2016 for the year 2017. The subsidiaries "Parcheggi Peretola Srl" and "Jet Fuel Co. Srl" paid PwC S.p.A. € 13,800 of fees for auditing services.

Corporate Governance implementation

We, the Board of Auditors, audited the compliance of the Company with the Corporate Governance principles specified in the Voluntary Code of Conduct for listed companies adopted by the Company. On March 15, 2018, the Board of Directors approved the Report on Corporate Governance and Ownership prepared pursuant to Art. 123-Bis-bis of TUF (traditional control and management model).

Auditing of relationships with subsidiaries and parent companies

We, the Board of Auditors, audited the nature of relationships with subsidiaries and controlling companies, which have been promptly disclosed to the Committees and Board of Directors, and confirmed their compliance with the instructions given by the Company.

The characteristics of the intra-group transactions conducted during the business year considered, the parties involved and the related economic effects are adequately described in the Explanatory Notes to the Financial Statement and Consolidated Financial Statement of the Company, where all the related credit/debit and cost/revenue entries are also specified.

Auditing of related parties

As required by CONSOB Regulation no. 17221 of March 12, 2010, subsequently amended with Resolution no. 17389 of June 23, 2010, we acknowledged that the Company adopted measures designed to ensure that transactions with related parties, performed either directly or through subsidiaries, be transparent and compliant with substantial and procedural correctness criteria.

Intra-group transactions and any operations carried out with other related parties during 2017, the characteristics of transactions mainly consisting in the transfer of assets or the provision of ordinary services, their financial effects on the corporate equity and the fact that these transactions are conducted at arm's length, as well as the use of the tax consolidation option, are extensively described in the financial statement of TA SpA and in the Group's consolidated financial statement.

Omissions and negligible fact detected, opinions and initiatives undertaken

During the business year 2017, we, the Board of Auditors, received no complaints filed under Art. 2408 of the Civil Code and no petition was filed by third parties.

We presented the specific opinions requested by legal provisions, including the opinion on Directors' Fees (under art. 2389, paragraph 3, of the Civil Code).

No significant data or information, omissions, negligible facts or irregularities or any other significant events worthwhile mentioning in this report have been detected during our supervisory activity and based on the information obtained from the Auditor pursuant to Art. 150, par. 3, of Leg. Dec. no. 58/1998.

Proposals regarding the year's financial statement and the consolidated financial statement

The Board of Auditors carried out the necessary audits to ascertain the compliance of the Company with the standards concerning the formation of the year's financial statement and consolidated financial statement as at 31 December 2017, approved by the Board of Directors on 15 March 2018. More specifically, we acknowledge that the year's financial statement and consolidated financial statement have been prepared in compliance with the International Financial Reporting Standards (IFRS) adopted by the European Unione and that the Company complied with CONSOB's regulations concerning reporting and disclosures.

We audited the Company's compliance with regulations concerning the preparation of the report on operations, as well as, pursuant to Leg. Dec. no. 254/2016, implementing EU Directive 2014/95, the preparation of the Consolidated Non-Financial Statement (DNF, *Dichiarazione non finanziaria*) for the year closed on 31 December 2017, approved by the Board of Directors on 15 March 2018.

On 18 April 2018, the Auditor issued reports on the financial statements of the Company and the Group pursuant to Art. 14 of Leg. Dec. no. 39/2010 and Art. 10 of Regulation (EU) 537/2014, and found no irregularity.

The Auditor said that, in their opinion, the Report on Operations and the information provided in the the above-mentioned Report on Corporate Governance and Ownership are consistent with the Consolidated Financial Statement of Gruppo Toscana Aeroporti as at 31 December 2017.

Furthermore, the Auditor, acting as Internal Audit and Account Audit Committee, also produced the Additional Report for the Board of Auditors, as required by Art.11 of Regulation (EU) no. 537/2014, which contains no significant remarks regarding the internal control system in connection with financial disclosures.

The Auditor, as specifically requested by Toscana Aeroporti S.p.A., issued a specific report certifying the compliance of the Company's Consolidated Non-Financial Statement (DNF, Dichiarazione non finanziaria) of Toscana Aeroporti S.p.A. for the year closed on 31 December 2017, with Leg. Dec. no. 254/2016 and CONSOB Regulation no. 20267.

For any matter within the scope of our competence, we declare that there is no reason to oppose against the adoption of the financial statement and consolidated financial statement, and the related proposals of the Board of Directors.

Conclusions and proposal for the Meeting

Based on all the previous considerations, this Board of Auditors proposes the Meeting to adopt the financial statements for the year ended 31 December 2017 and approves the allocation of the year's profit of Euro 10,410,626 and the distribution of dividends proposed by the Board of Directors.

Florence, 18 April 2018

BOARD OF STATUTORY AUDITORS

Ms. Paola SEVERINI	President of the Board of Statutory Auditors
Ms. Silvia BRESCIANI	Statutory Auditor
Ms. Elena MAESTRI	Statutory Auditor
Mr. Antonio MARTINI	Statutory Auditor
Prof. Roberto GIACINTI	Statutory Auditor