
Gruppo Toscana Aeroporti (Toscana Aeroporti Group)



INTERIM FINANCIAL REPORT AT 30 JUNE 2019

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 Firenze - www.toscana-aeroporti.com

R.E.A. [Administrative Economic Index] FI-637708 - Fully paid-up Share Capital € 30,709,743.90

VAT Number and Tax Code: 00403110505

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Dear Shareholders,

The Consolidated Interim Financial Report at 30 June 2019 (hereinafter also “Interim Report”), approved by the Board of Directors on 06 August 2019, has been prepared in compliance with Legislative Decree no. 58/1998 and subsequent amendments, as well as with CONSOB Issuers’ Regulation.

This Consolidated Interim Financial Report includes the Report on Operations, which contains the Directors’ comments on operations and management trends for the first half of 2019, and the Condensed Consolidated Interim Financial Report.

The valuation and measurement criteria adopted for the preparation of the Consolidated Interim Financial Report (Abridged) included in the Consolidated Interim Financial Report at 30 June 2019 are those required by the International Financial Reporting Standard (IFRS) issued by the International Accounting Standard Board (IASB) and adopted by the European Commission according to the procedure described in Art. 16 of European Regulation no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, with particular reference to IAS 34 concerning interim financial reporting.

These accounting standards are the same that have been used for the preparation of the consolidated financial statement at 31 December 2018, except for IFRS no. 16 “Leasing”, the standard published by the IASB in January 2016 to replace IAS 17, which was adopted on 1 January 2019. The main change concerns the accounting of lease agreements by leaseholders, as, based on IAS 17, a distinction had to be made between finance leases (booked by using the financial method) and operating leases (booked by using the equity method). With IFRS 16, the accounting of operating leases will be the same as that required for finance leases. According to the new standard, a financial asset - the right to use the leased asset - and a financial liability - the payment of rents - must be booked. The IASB established optional exemptions for certain lease agreements and low-value / short-term leases.

The Group adopted the standard starting from the compulsory adoption date - 1 January 2019 - and used the simplified transaction approach without changing the comparative amounts of the year before the first adoption. The assets booked for the right of use have been measured for the amount of the leases due upon adoption: at 1 January 2019, the Group recognised right-of-use assets for approx. € 4.8 M and financial liabilities for the same amount. At 30 June 2019, right-of-use assets were booked for € 4.59 M, financial liabilities connected with non-current rights of use were € 4.21 M, and current financial liabilities were € 0.4 M.

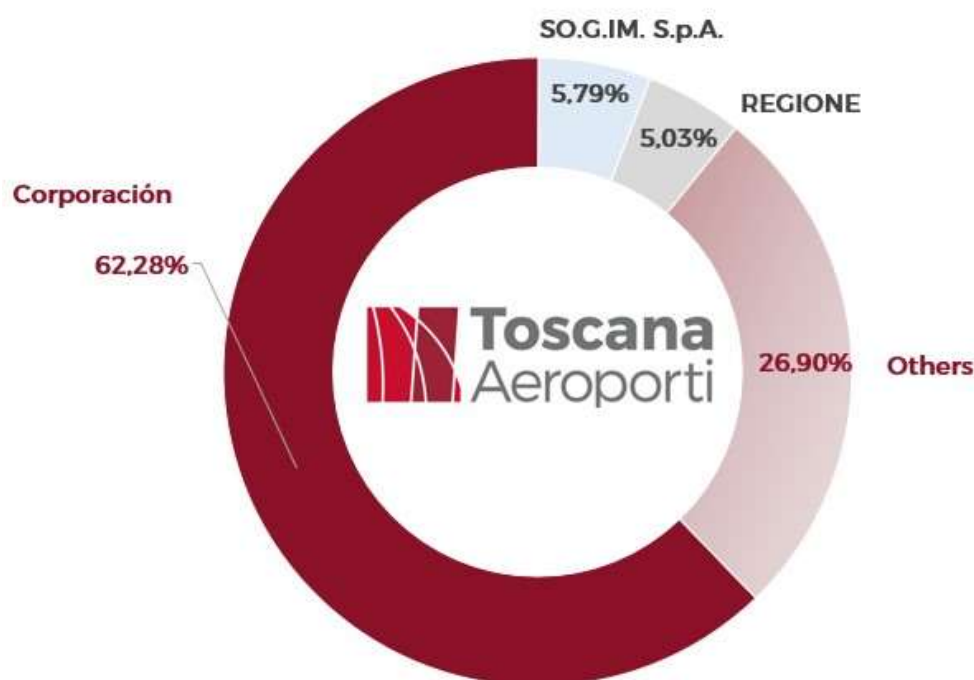
Accounting information as at 30 June 2019 includes data regarding the Holding “Toscana Aeroporti S.p.A.” and its subsidiaries Toscana Aeroporti Engineering S.r.l. (hereinafter “TAE”), “Parcheggi Peretola S.r.l.”, Toscana Aeroporti Handling S.r.l. (hereinafter “TAH”), and “Jet Fuel Co. S.r.l.”, processed according to the full consolidation method.

The limited auditing activity for the Condensed Consolidated Interim Financial Report at 30 June 2019 has been carried out by the auditor “PricewaterhouseCoopers S.p.A.”

Toscana Aeroporti S.p.A. manages the G. Galilei Pisa airport and the A. Vespucci Florence airport. The Group takes care of the development of both airports in terms of air traffic, infrastructures and services for cargo and passenger carriers.

1. COMPOSITION OF THE SHARE CAPITAL OF THE PARENT COMPANY

We are providing below a list of the parties who, at 5 August 2019 directly or indirectly held 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 “Holding”), 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 and by any other information held by the Company.



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

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.

The whole of TA’s shares owned by Corporación America Italy S.p.a. have been pledged until December 2024 as collateral to secure the debenture loan issued by the shareholder in question.

Shareholder Agreements

At the date of this report, a three-year Shareholder Agreement is in place 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 S.p.a. today Toscana Aeroporti S.p.a.) effective from 1 June 2015. Said Shareholder Agreement has been renewed on 10 April 2017 for another three-year period starting from 16 April 2017, and 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.

2. THE TOSCANA AEROPORTI STOCK

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

As of 28 June 2019 (first half closing date), the stock is traded for Euro 15.05 per share, for a corresponding capitalization of Euro 280.1 million.

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 an 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.

4. MACROSTRUCTURE OF THE TOSCANA AEROPORTI GROUP

Legal details of the Holding

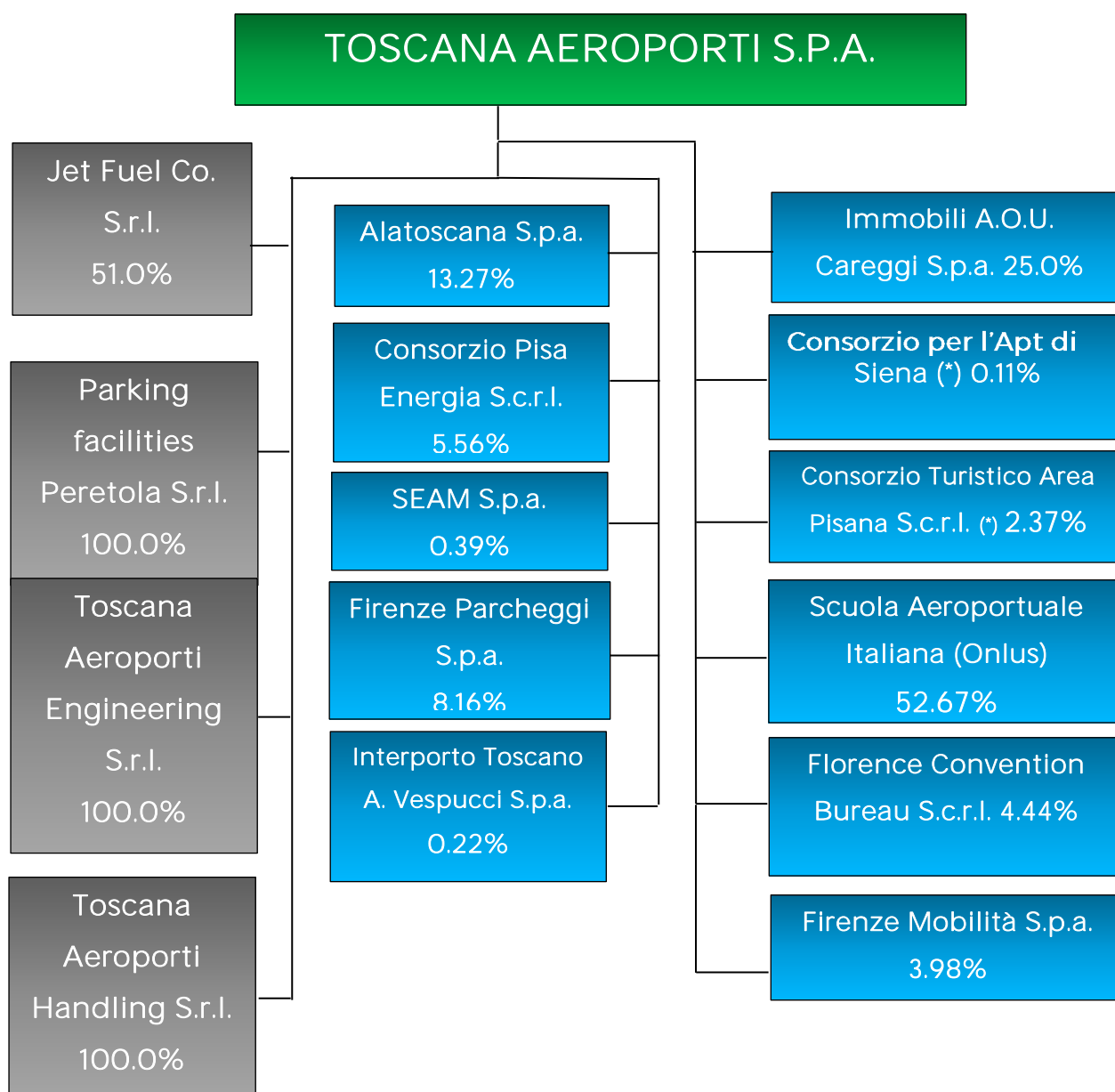
Company name: Toscana Aeroporti S.p.a., briefly “TA”.

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)



Holding- 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., Toscana Aeroporti Handling 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 consolidation¹

¹ Data as of 30 June 2019

Company	Registered Office	Share Capital (€K)	Shareholders' Equity (€K)	%
Toscana Aeroporti S.p.a.	Florence	30,710	107,454	Holding
Toscana Aeroporti Engineering S.r.l.	Florence	80	419	100.00
Parcheggi Peretola S.r.l.	Florence	50	2,640	100.00
Toscana Aeroporti Handling S.r.l.	Florence	750	1,178	100.00
Jet Fuel Co. S.r.l.	Pisa	150	290	51.00

Full Consolidation¹

Company	Registered Office	Share Capital (€k)	Shareholders' Equity (€K)	%
Immobili A.O.U. Careggi S.p.a.	Florence	200	1,013	25.00
Alatoscana S.p.a. (Li)	M. di Campo	2,910	2,820	13.27

5. COMPOSITION OF CORPORATE GOVERNING BODIES

Board of Directors

Marco CARRAI	President
Gina GIANI	CEO
Roberto NALDI	Executive Vice-President
Pierfrancesco PACINI	Vice-President
Vittorio FANTI	Delegated Board Member
Elisabetta FABRI	Board Member
Giovanni Battista BONADIO	Board Member
Stefano BOTTAI	Board Member
Anna GIRELLO	Board Member
Niccolò MANETTI	Board Member
Iacopo MAZZEI	Board Member
Saverio PANERAI	Board Member
Ana Cristina SCHIRINIAN	Board Member
Silvia BOCCI	Board Member
Giorgio DE LORENZI	Board Member

Office held

Board of Auditors

Paola SEVERINI	President
Silvia BRESCIANI	Statutory Auditor

¹ Data as of 31 December 2018

Roberto GIACINTI

Statutory Auditor

Elena MAESTRI

Statutory Auditor

Antonio MARTINI

Statutory Auditor

Secretary of the Board of Directors

Nico ILLIBERI¹

Supervisory Board

Edoardo MARRONI

Michele GIORDANO

Nico ILLIBERI

Office held

President

Member

Member

Financial Reporting Manager pursuant to Law 262/05

Marco GIALLETTI²

Independent Auditor

PricewaterhouseCoopers S.p.a.

6. HIGHLIGHTS

<p>Consolidated operating profit at 30 June 2019</p>	<p>Revenues totalled € 58,379 K, down by € 2,667 K (-4.4%) compared to € 61,046 K of the TA Group at 30 June 2018.</p> <p>Operating Revenues totalled € 54,083 K, up by € 3,467 K (+6.8%) compared to € 50,616 K of the TA Group at 30 June 2018.</p> <p>The EBITDA totalled € 15,625 K, up by € 274 K (+1.8%) compared to € 15,351 K of the TA Group at 30 June 2018.</p> <p>If we compare the adjusted EBITDA of the two half-years examined, calculated by adjusting the 2018 EBITDA from income into "Other revenues" for € 3.9 M and the 2019 EBITDA from minor costs of "Airport fees" for € 2 M, we see a € 2,196 K increase, corresponding to +19.2% of the amount booked in the first half of 2019 compared to the same period of 2018.</p> <p>The EBIT is € 8,855 K, down by € 593 K compared to the TA Group's EBIT of € 9,448 K at 30 June 2018.</p> <p>The Profit Before Tax (PBT) is € 8,089 K compared to a PBT of € 8,936 K for the TA Group in the first half of 2018.</p> <p>The Group's net profit for the period, totalled € 5,282 K of profits against Group period profits of € 5,880 K in the first half of 2018.</p> <p>The Group's adjusted net profit for the period, compared with the same adjusted result for the first half of 2018, i.e. by removing the "Other revenues" for € 3.9 M in the first half of 2018 and adding € 2 M of "Airport fees" in the first half of 2019, nett of their related</p>
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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.

	<p>taxes (by applying the Group's tax rates of the period examined), we see increased results of € 676 K in the first half of 2019 over the same period of 2018 (+20.6%).</p> <p>The Net Indebtedness totalled € 51,961 K at 30 June 2019, against € 28,151 K at 31 December 2018 and € 40,733 K in the first half of 2018.</p>
Investments at 30 June 2019	<p>Investments for an aggregate amount of € 6,781 K have been made at 30 June 2019, of which € 1,254 K for the purchase of capital goods (motor vehicles, equipment, operating systems and machinery), € 2,798 K of intangible fixed assets, including € 2,235 K for projects designed within the framework of the development of the Florence airport Master Plan; € 294 K for the expansion of parking lots in the Pisa airport, and € 275 K for the new connection canopy between the Florence airport and the tramway station.</p>
Traffic	<p>In the first six months of 2019, the Tuscan Airport System carried approx. 3.8 million passengers, with an overall change of +0.6% in the Passenger component, a +1.85% increase in the Aircraft Movements component, a +1.9% increase in the Tonnage component, and a +12.9% increase in the Cargo & Mail component compared to the aggregate data on passengers, movements and tonnage of the Pisa and Florence airports in the first half of 2018.</p>
Outlook	<p>In the first seven months of 2019 the Tuscan Airport System recorded a total traffic of 4,680,626 passengers, down by 0.3% compared to the same period of 2018 (while the Florence airport grew by +3.4%, the Pisa airport decreased by -2.1%).</p> <p>However, we believe that the current planning of summer and winter flights will take the Toscana Aeroporti Group to close the year 2019 with positive growth rates compared to 2018, even if certain criticalities remain regarding the Alitalia situation, as Italy's flag carrier is still under receivership, and the evolution of the Brexit process.</p>

7. THE MACROECONOMIC SCENARIO AND THE AIR TRANSPORT INDUSTRY

The global economic growth has been characterized by events and trends below expectations both in emerging and advanced countries. Bearish risks have increased for global assets due to the worsening of the trade conflicts between the United States and China in connection with the growing protectionist measures, the persistence of geopolitical tensions, and the uncertainties around Brexit timing and outcome.

Italy's GDP, after a mild increase in the first few months of 2019, has remained unchanged or has been slightly decreasing in the second quarter, mainly due to the persistence of international trade tensions which are only partially offset by positive trends in services and constructions.

According to Assaeroporti's data, air traffic in Italian airports reached 89.6 million passengers over the first 6 months of 2019, with a 5% growth compared to the same period of 2018. This result is driven by the growth of both international (+5.1%) and domestic traffic (+4.8%). As at 30 June 2019 craft movements have increased (+4.3%) and the cargo sector decreased (-5.6%).

8. TRENDS IN THE TUSCAN AIRPORT SYSTEM'S TRAFFIC

During the first half of 2019, the Tuscan Airport System carried 3.78 million passengers, for an aggregate +0.6% growth, corresponding to + 22,616 more transiting passengers compared to the same period of 2018.

We recall the constantly high percentage of cancellations/rerouting to the Florence airport (over 52% of which has been due to adverse weather conditions), although decreasing compared to the same period of 2018.

At 30 June 2019, the number of cancelled and rerouted aircraft movements was slightly more than 400 (-45% compared to 2018), with an estimated loss of approx. 40,000 passengers (only partially rerouted to Pisa). After deducting cancellations, Toscana Aeroporti's passenger traffic has grown by 1.4%.

The Cargo traffic recorded in the first 6-month period of 2019 in the Pisa airport shows a 12.9% growth (with +740,875 kg of cargo and mail carried). This result is due to the additional flights operated by DHL in the Pisa airport to fulfil the growing demand of the Tuscan market and to the operation of some All-Cargo charter flights for the transport of turbines by Nuovo Pignone and humanitarian flights to Africa.

The different traffic components for the January-June 2019 period are detailed below, compared against 2018:

TOSCANA AEROPORTI TRAFFIC				
	YTD at 31-06-2019	YTD at 31-06-2018	DIFF. 2019/18	DIFF. % 2019/18
Commercial Passengers	3,778,718	3,756,774	21,944	0.6%
Domestic (Scheduled + Charter)	866,664	885,597	-18,933	-2.1%
International (Scheduled + Charter)	2,912,054	2,871,177	40,877	1.4%
General Flight Passengers	10,202	9,530	672	7.1%
TOTAL PASSENGERS	3,788,920	3,766,304	22,616	0.6%
	YTD at 31-06-2019	YTD at 31-06-2018	DIFF. 2019/18	DIFF. % 2019/18
Commercial Flights	31,240	30,920	320	1.0%
Domestic (Scheduled + Charter)	6,857	6,924	-67	-1.0%
International (Scheduled + Charter)	23,616	23,298	318	1.4%
Cargo	767	698	69	9.9%
General Flights	5,356	5,010	346	6.9%
TOTAL FLIGHTS	36,596	35,930	666	1.9%
	YTD at 31-06-2019	YTD at 31-06-2018	2019/18 DIFF.	2019/18 % DIFF.
Commercial Tonnage	1,937,304	1,907,630	29,674	1.6%
Domestic (Scheduled + Charter)	410,272	418,512	-8,240	-2.0%
International (Scheduled + Charter)	1,469,493	1,440,326	29,167	2.0%
Cargo	57,539	48,792	8,747	17.9%
General Aviation Tonnage	76,153	68,535	7,618	11.1%
TOTAL TONNAGE	2,013,457	1,976,165	37,292	1.9%
	YTD at 31-06-2019	YTD at 31-06-2018	2019/18 DIFF.	2019/18 % DIFF.
Air cargo (kg)	6,232,971	5,455,333	777,638	14.3%
Ground cargo (kg)	234,665	266,014	-31,349	-11.8%
Mail (kg)	27,791	33,206	-5,415	-16.3%
TOTAL CARGO AND MAIL	6,495,427	5,754,552	740,875	12.9%
	YTD at 31-06-2019	YTD at 31-06-2018	2019/18 DIFF.	2019/18 % DIFF.
TOTAL TRAFFIC UNITS	3,853,874	3,823,850	30,025	0.8%

Below is the comparison with the Italian Airport System, which shows an average 5.0% growth:

JANUARY-JUNE 2019			
No.	Airport	Passengers	%
1	Rome (system)	23,438,340	2.0
2	Milan (system)	23,369,847	5.9
3	Venice (system)	6,927,688	5.4
4	Napoli	4,958,049	10.8
5	Catania	4,660,466	4.5
6	Bologna	4,446,457	10.3
7	Palermo	3,191,206	7.5
8	Bari	2,507,914	13.0
9	Pisa	2,449,564	-1.0
10	Cagliari	2,018,426	9.0
11	Turin	2,016,709	-0.8
12	Verona	1,595,840	7.7
13	Florence	1,339,356	3.7
14	Lamezia Terme	1,294,733	8.5
15	Brindisi	1,202,019	6.4
TOTAL		89,597,066	5.0

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.

During the six-month period considered, Tuscan airports have been connected with 91 destinations - 11 domestic and 80 international destinations (20 operated in both airports) - and served by 33 airlines (8 of which operating in both airports), including 17 IATA and 16 Low-Cost (hereinafter briefly "LC") airlines.

The table below provides details on these destinations and airlines.

No. of destinations served January-June 2019					
Tuscan Airport System*					
Domestic destinations:		30	Cologne - Bonn	61	Malta
1	Alghero	31	Copenhagen	62	Manchester
2	Bari	32	Krakow	63	Marrakech
3	Brindisi	33	Gdańsk	64	Munich
4	Cagliari	34	Doha	65	Moscow (Domodedovo)
5	Catania	35	Dublin	66	Moscow (Vnukovo)
6	Comiso	36	Düsseldorf	67	Mykonos
7	Lamezia Terme	37	Dusseldorf (Weeze)	68	Nantes
8	Olbia	38	EastMidland	69	NewCastle
9	Palermo	39	Edinburgh	70	Nuremberg
10	Roma (Fiumicino)	40	Eindhoven	71	Oslo
11	Trapani	41	Frankfurt (Hahn)	72	Paris (Beauvais)
International destinations		42	Frankfurt (Main)	73	Paris (Charles de Gaulle)
12	Amsterdam	43	Fez	74	Palma de Mallorca
13	Antwerp	44	Fuerteventura	75	Paris (Orly)
14	Athens	45	Geneva	76	Prague
15	Barcelona	46	Goteborg	77	Rotterdam
16	Barcelona (Girona)	47	Glasgow (Prestwick)	78	Saint Petersburg
17	Berlin Schönefeld	48	Gran Canaria	79	Santorini
18	Berlin Tegel	49	Helsinki	80	Seville
19	Billund	50	Ibiza	81	Stuttgart
20	Birmingham	51	Istanbul	82	Stockholm (Arlanda)
21	Bordeaux	52	Leeds-Bradford	83	Stockholm (Skavsta)
22	Bristol	53	Lisbon	84	Tenerife
23	Brussels	54	Liverpool	85	Tel Aviv
24	Brussels (Charleroi)	55	London (City)	86	Tirana
25	Bucharest	56	London (Gatwick)	87	Toulouse
26	Budapest	57	London (Heathrow)	88	Valencia
27	Casablanca	58	London (Luton)	89	Warsaw (Modlin)
28	Kephalonia	59	London (Stansted)	90	Vienna
29	Chisinau	60	Madrid	91	Zurich

Airlines that operated from January to June 2019			
Tuscan Airport System*			
1	Aegean Airlines	18	KLM
2	Aer Lingus	19	Laudamotion
3	Air Arabia Maroc	19	Lufthansa
4	Air Dolomiti	20	Norwegian Air Shuttle
5	Air France	21	Pobeda Airlines
6	Air Moldova	22	Qatar Airways
7	Albawings	23	Ryanair
8	Alitalia	24	SAS
9	Austrian Airlines	25	S7 Airlines
10	Blue Air	26	Swiss
11	British Airways	27	TAP
12	Brussels Airlines	28	Transavia
13	easyJet	29	TuiFly Belgium
14	Eurowings	30	Turkish Airlines
15	Ernest Airlines	31	Volotea
16	Iberia	32	Vueling Airlines
17	Jet2.com	33	Wizz air

* Destinations and airlines are listed alphabetically.

8.1 Traffic trends in the Pisa “Galileo Galilei” airport

The table below compares January-June 2019 traffic trends against 2018, broken down into its different components:

PISA AIRPORT TRAFFIC				
	YTD at 31-06-2019	YTD at 31-06-2018	DIFF. 2019/18	DIFF. % 2019/18
Commercial Passengers	2,445,495	2,471,048	-25,553	-1.0%
Domestic (Scheduled + Charter)	682,249	697,116	-14,867	-2.1%
International (Scheduled + Charter)	1,763,246	1,773,932	-10,686	-0.6%
General Flight Passengers	4,069	3,696	373	10.1%
TOTAL PASSENGERS	2,449,564	2,474,744	-25,180	-1.0%
	YTD at 31-06-2019	YTD at 31-06-2018	DIFF. 2019/18	DIFF. % 2019/18
Commercial Flights	17,587	17,753	-166	-0.9%
Domestic (Scheduled + Charter)	4,981	5,044	-63	-1.2%
International (Scheduled + Charter)	11,839	12,011	-172	-1.4%
Cargo	767	698	69	9.9%
General Flights	1,992	1,802	190	10.5%
TOTAL FLIGHTS	19,579	19,555	24	0.1%
	YTD at 31-06-2019	YTD at 31-06-2018	DIFF. 2019/18	DIFF. % 2019/18
Commercial Tonnage	1,174,411	1,172,126	2,285	0.2%
Domestic (Scheduled + Charter)	300,604	303,037	-2,433	-0.8%
International (Scheduled + Charter)	816,268	820,297	-4,029	-0.5%
Cargo	57,539	48,792	8,747	17.9%
General Aviation Tonnage	33,252	30,531	2,721	8.9%
TOTAL TONNAGE	1,207,663	1,202,657	5,006	0.42%
	YTD at 31-06-2019	YTD at 31-06-2018	DIFF. 2019/18	DIFF. % 2019/18
Air cargo (kg)	6,198,957	5,410,327	788,630	14.6%
Ground cargo (kg)	150,254	177,542	-27,287	-15.4%
Mail (kg)	27,791	33,005	-5,214	-15.8%
TOTAL CARGO AND MAIL	6,377,002	5,620,874	756,129	13.5%
	YTD at 31-06-2019	YTD at 31-06-2018	DIFF. 2019/18	DIFF. % 2019/18
TOTAL TRAFFIC UNITS	2,513,334	2,530,953	-17,619	-0.7%

2.45 passengers passed through the Pisa airport during the January-June 2019 period, up by -1.0% compared to the same period of 2018.

The slight decrease in the number of seats offered on scheduled flights (-0.5%) explains the -0.6% increase in scheduled passenger traffic compared to 2018. The Load Factor ("LF") has remained constant in the two periods (85.6% in the first half of 2018 and 85.5% in 2019).

The number of passengers on rerouted flights, included in commercial traffic, is 0.5% of the total traffic (with 12,950 passengers, -17.9% compared to the same period of 2018). The portion coming from Florence is approx. 74%.

General Aviation flights increased in the January-June 2019 period (+10.1%) compared to 2018 (+373 passengers).

The table below shows the main factors that affected scheduled passenger traffic trends in the Pisa Galilei airport during the first half of 2019:

- **AirDolomiti/Lufthansa:** AirDolomiti replaced Lufthansa in operating flights to/from Munich since the start of the summer. The two daily flights are operated with 120-seat EMB195 aircraft, with an increased capacity (Lufthansa alternated between 120-seat EMB195 and 90-seat CRJ aircraft).
- **Ernest Airlines:** increased flights to/from Tirana; from 3/4 flights per week in the first half of 2018 to a daily flight.
- **Air Arabia Maroc:** new connection with Casablanca operated since April with two flights per week.

- **Norwegian Air Shuttle:** summer connections with Oslo, Copenhagen and Stockholm have been resumed since the beginning of the summer. In addition, a new connection with Helsinki has been operated since April replacing Finnair in the capital city.
- **Pobeda Airlines:** this Russian low-cost airline, due to customs service problems in Saint Petersburg airport, suspended all its international flights to this airport starting from the beginning of the summer. In addition, Pobeda reduced flights to Moscow Vnukovo (from 7 to 4 weekly flights) due to the lack of aircraft needed to replace B737/800MAX units.
- **Ryanair:** Ryanair's traffic has been slightly decreasing, specifically with Germany (suspension of the flights to Frankfurt Hahn and reduction of flights to Frankfurt am Main), Italy (reduction of flights to Alghero, Brindisi, Palermo, and non-resumption of flights to Crotone - we remind of the definitive suspension of flights to Trapani starting from the summer 2019), and summer tourist destinations. In particular: the Greek market (with the start of operations in August and not in June as last year) and the Spanish market (reductions on Barcelona, Tenerife, Fuerteventura, and Ibiza). However, it is important to highlight the full operation of the flight to Vienna in the first half of 2019 (4 flights per week against 3 in 2018 - operated by Laudamotion), the new flight to/from Prague operated since the winter 2018/2019, and the new flight to Brussels operated in the summer 2019.
- **easyjet:** Decreasing traffic in Pisa due to the suspension of the 2018 routes to Basel and Geneva in 2019.
- **British Airways:** the British airline focused its operations on London Heathrow (and suspended operations on London Gatwick) in order to ensure a better connection capacity with its global network and reducing the total number of flights in Pisa, which passed from 22/23 in 2018 (operated on both Gatwick and Heathrow) to 18 in 2019 (only on Heathrow).

In 2016, the Pisa airport has been connected with 81 scheduled destinations operated by 24 airlines, of which 10 were Full Service Carriers (FSC) and 14 Low-Cost Carriers (LCC).

No. of destinations served January-June 2019

Pisa Airport*

Domestic destinations:		27	Kephalonia	55	London (Stansted)
1	Alghero	28	Cologne - Bonn	56	Madrid
2	Bari	29	Copenhagen	57	Malta
3	Brindisi	30	Krakow	58	Manchester
4	Cagliari	31	Gdańsk	59	Marrakesh
5	Catania	32	Doha	60	Munich
6	Comiso	33	Dublin	61	Moscow (Domodedovo)
7	Lamezia Terme	34	Düsseldorf	62	Moscow (Vnukovo)
8	Olbia	35	Dusseldorf (Weeze)	63	Nantes
9	Palermo	36	EastMidlands	64	NewCastle
10	Roma (Fiumicino)	37	Edinburgh	65	Nuremberg
11	Trapani	38	Eindhoven	66	Oslo
International destinations		39	Fez	67	Paris (Beauvais)
12	Amsterdam	40	Frankfurt (Main)	68	Paris (Orly)
13	Athens	41	Frankfurt (Hahn)	69	Prague
14	Barcelona	42	Fuerteventura	70	Rotterdam
15	Barcelona (Girona)	43	Goteborg	71	Saint Petersburg
16	Berlin Schönefeld	44	Glasgow (Prestwick)	72	Seville
17	Berlin Tegel	45	Gran Canaria	73	Stuttgart
18	Birmingham	46	Helsinki	74	Stockholm (Arlanda)
19	Bristol	47	Ibiza	75	Stockholm (Skavsta)
20	Billund	48	Istanbul	76	Tenerife
21	Bordeaux	49	Leeds-Bradford	77	Tirana
22	Brussels (Charleroi)	50	Lisbon	78	Toulouse
23	Brussels (Zaventem)	51	Liverpool	79	Valencia
24	Bucharest	52	London (Gatwick)	80	Warsaw (Modlin)
25	Budapest	53	London (Heathrow)	81	Vienna
26	Casablanca	54	London (Luton)		

Airlines that operated from January to June 2019

Pisa Airport*

1	Aegean Airlines	13	Lufthansa**
2	Aer Lingus	14	Norwegian Air Shuttle
3	Air Arabia Maroc	15	Pobeda Airlines
4	Air Dolomiti**	16	Qatar Airways
5	Albawings	17	Ryanair Limited
6	Alitalia	18	SAS
4	Austrian Airlines	19	S7 Airlines
7	British Airways	20	Transavia
8	Easy Jet	21	Turkish Airlines
9	Eurowings	22	Volotea
10	Ernest Airlines	23	Vueling Airlines
11	Jet2.com	24	Wizzair
12	Laudamotion		

* Airlines are listed alphabetically.

** Starting from the summer season, Air Dolomiti replaced Lufthansa in Munich operations.

Scheduled passenger traffic by Country

A total of 25 markets have been regularly connected with scheduled flights with the Pisa airport in the first half of 2019.

The international market accounts for 72% of the total scheduled passenger traffic of the Galilei airport, while domestic traffic accounts for 28%.

The table below shows the percentage incidence of each European country over the total number of scheduled traffic passengers recorded by the Galilei airport in the January- June period of 2019 and the difference, both in absolute and percentage terms, compared to the same period of 2018:

Passenger line traffic	2019	2018	Diff.	Diff. %	% over TOT
Italy	678,065	693,777	-15,712	-2.3%	28.0%
United Kingdom	487,869	494,249	-6,380	-1.3%	20.1%
Spain	249,289	264,244	-14,955	-5.7%	10.3%
Germany	165,430	180,293	-14,863	-8.2%	6.8%
France	129,590	125,503	4,087	3.3%	5.3%
The Netherlands	124,303	119,948	4,355	3.6%	5.1%
Belgium	88,447	74,707	13,740	18.4%	3.7%
Albania	76,794	61,157	15,637	25.6%	3.2%
Russian Federation	64,401	68,740	-4,339	-6.3%	2.7%
Poland	42,628	36,615	6,013	16.4%	1.76%
Morocco	36,559	28,219	8,340	29.6%	1.51%
Qatar	32,501	33,104	-603	-1.8%	1.34%
Ireland	28,712	29,254	-542	-1.9%	1.18%
Sweden	28,412	29,159	-747	-2.6%	1.17%
Portugal	27,151	22,663	4,488	19.8%	1.12%
Czech Republic	26,588	2,076	24,512	1180.7%	1.10%
Hungary	22,397	26,507	-4,110	-15.5%	0.92%
Malta	22,073	24,275	-2,202	-9.1%	0.91%
Denmark	21,228	22,197	-969	-4.4%	0.88%
Romania	20,357	18,944	1,413	7.5%	0.84%
Austria	17,682	3,185	14,497	455.2%	0.73%
Norway	14,751	15,110	-359	-2.4%	0.61%
Turkey	8,513	8,052	461	5.7%	0.35%
Greece	4,888	26,343	-21,455	-81.4%	0.20%
Finland	4,467	959	3,508	365.8%	0.18%
Bulgaria		9,169	-9,169	-100.0%	0.00%
Switzerland		18,454	-18,454	-100.0%	0.00%
TOTAL	2,423,095	2,436,903	-13,808	-0.6%	100.0%

In the January-June 2019 period, domestic traffic decreased by 2.3% compared to 2018, mainly due to the reduction of Ryanair flights to/from Alghero, Brindisi and Palermo, as well as to the non-resumption of the connection with Crotone.

The British market, which is the leading foreign market (with 490,000 passengers; 20.1% of total markets), decreased by 1.3%, due to the aforesaid reductions by British Airways,

which focused on London Heathrow with 18 flights per week against 22/23 in the first half of 2018. Ryanair has been operating extensively on London Stansted, which had been reduced due to cancellations caused by crew and pilot strikes in 2018. Other Ryanair UK routes have also been slightly reduced (Leeds-Bradford, in particular) due to Brexit uncertainties at the beginning of the year, which led the carrier to review its capacity in the British market.

The Spanish market decreased by 5.7%, accounting for 10.3% of the total traffic. Ryanair also reduced its flights to Barcelona, Tenerife, Fuerteventura, and Ibiza, which are only partially offset by increased in connections with Seville (3 flights rather than 2 during the winter).

The German market decreased by 8.2%. Ryanair's flight to Frankfurt am Main became a seasonal connection in 2019 and the flights to/from Frankfurt Hahn have been suspended starting from the summer; this has only partially been offset by the increased capacity and frequency of flights operated by Airdolomiti on Munich (2 daily flights with 120-seat EMB195 aircraft).

We also point out the decrease of the Greek market (-81.4%) due to the delayed start of the seasonal connections with Rhodes, Chania and Corfu, which were operated only since August 2019.

The Bulgarian and Swiss markets have not been served in the first half of 2019 due to the suspension of the flight to/from Sofia, operated by Ryanair in 2018, and of the flights to/from Basel and Geneva, operated by easyJet in 2018.

It is worthwhile mentioning the strong growth of the Czech market, with the operation of a new Ryanair flight to/from Prague (3 flights per week starting from winter 2018/2019), of the Albanian market (+25.6%), with Albawings and Ernest Airlines flights to/from Tirana, and of the Belgian market, with a new Ryanair flight to/from Brussels Zaventem.

In addition, the following markets also recorded a growth:

- Morocco (+29.6%), with increased Ryanair flights to/from Marrakech (from 2 to 3 flights per week) and a new flights to/from Casablanca operated by Air Arabia Maroc;
- Poland (16.4%), with continued Ryanair flights to/from Krakow and Gdańsk, even in the winter 2018/2019;
- Portugal (+19.8%), with increased flights to/from Lisbon (from 2 to 3 flights per week);
- Austria (+455.2%), with full operations and an increased frequency (from 3 to 4 per week) of the Ryanair flight to Vienna (through the carrier Laudamotion).

Cargo & Mail Traffic

Cargo traffic data recorded in the first 6-month period of 2019 in the Pisa airport show a 13.5% growth (with +756,129 kg of cargo and mail carried). This result is due to the additional flights operated by DHL to fulfil the growing demand of the Tuscan market and to the operation of some All-Cargo charter flights for the transport of turbines by Nuovo Pignone and humanitarian flights to Africa.

8.2 Traffic trends in the Florence “Amerigo Vespucci” airport

The table below compares January-June 2019 traffic trends with those for the same period in 2018, broken down into their different components:

FLORENCE AIRPORT TRAFFIC				
	YTD at 31-06-2019	YTD at 31-06-2018	DIFF. 2019/18	DIFF. % 2019/18
Commercial Passengers	1,333,223	1,285,726	47,497	3.7%
Domestic (Scheduled + Charter)	184,415	188,481	-4,066	-2.2%
International (Scheduled + Charter)	1,148,808	1,097,245	51,563	4.7%
General Flight Passengers	6,133	5,834	299	5.1%
TOTAL PASSENGERS	1,339,356	1,291,560	47,796	3.7%
	YTD at 31-06-2019	YTD at 31-06-2018	DIFF. 2019/18	DIFF. % 2019/18
Commercial Flights	13,653	13,167	486	3.7%
Domestic (Scheduled + Charter)	1,876	1,880	-4	-0.2%
International (Scheduled + Charter)	11,777	11,287	490	4.3%
General Flights	3,364	3,208	156	4.9%
TOTAL FLIGHTS	17,017	16,375	642	3.9%
	YTD at 31-06-2019	YTD at 31-06-2018	DIFF. 2019/18	DIFF. % 2019/18
Commercial Tonnage	762,893	735,504	27,389	3.7%
Domestic (Scheduled + Charter)	109,668	115,475	-5,807	-5.0%
International (Scheduled + Charter)	653,225	620,029	33,196	5.4%
General Aviation Tonnage	42,901	38,004	4,897	12.9%
TOTAL TONNAGE	805,794	773,508	32,286	4.17%
	YTD at 31-06-2019	YTD at 31-06-2018	DIFF. 2019/18	DIFF. % 2019/18
Air cargo (kg)	34,014	45,006	-10,992	-24.4%
Ground cargo (kg)	84,411	88,472	-4,061	-4.6%
Mail (kg)	0	201	-201	-100.0%
TOTAL CARGO AND MAIL	118,425	133,679	-15,254	-11.4%
	YTD at 31-06-2019	YTD at 31-06-2018	DIFF. 2019/18	DIFF. % 2019/18
TOTAL TRAFFIC UNITS	1,340,540	1,292,897	47,643	3.7%

In the first half of 2019, approximately 1.34 million passengers transited through the Florence airport, with a 3.7% increase (+47,796 passengers) compared to the same period of 2018.

The higher number of seats offered (+4.4%) brought about a growth in passenger traffic (+3.77%). The Load Factor for scheduled flights increased by 0.5 percentage points (against a LF of 79.3% in the first half of 2018 and 78.8% in 2019).

General Aviation flights increased by +5.1% in the January-June 2019 period compared to the first half of 2018 (+299 passengers).

The main factors that contributed to 2018 traffic results are described below:

- **TAP:** full operation with 9 flights per week in the winter and up to 10 flights in the summer to Lisbon since June 2018.
- **Iberia:** increased operations on Madrid, from 4 to 7 flights per week in the winter and up to 11 in the summer.
- **Air France:** full operations on Paris Charles de Gaulle. We remind readers that the carrier had frequently cancelled flights in the first quarter of 2018 due to pilot and flight crew strikes.
- **Brussels Airlines:** the Belgian carrier anticipated its seasonal operations on Brussels compared to 2018 by resuming its flights since 27 February 2019. In addition, it increased its summer activities passing from 5 to 7-8 flights.
- **Eurowings:** the German carrier operated a direct winter connection with Dusseldorf in 2018, which restarted in 2019 with the start of the summer.

- **Scandinavian Airlines:** new connection for Copenhagen operated since April with 3 flights per week.
- **CityJet:** suspension of operations on London City since the winter 2018/2019. However, this destination has remained in the Florence airport network thanks to British Airways' operations.
- **Air Moldova:** the carrier suspended its flights to Chişinău since mid-May (last flight on 14 May).

In the first half of 2019, the Florence airport has been connected with 31 scheduled destinations operated by 18 airlines, of which 13 were Full Service Carriers (FSC) and 5 Low-Cost Carriers (LCC).

No. of destinations served January-June 2019			
Florence Airport*			
Domestic destinations:		16	London (City)
1	Catania	17	London (Gatwick)
2	Palermo	18	London (Luton)
3	Rome FCO	19	London (Stansted)
International destinations		20	Madrid
4	Amsterdam	21	Manchester
5	Antwerp	22	Munich
6	Barcelona	23	Mykonos
7	Brussels	24	Palma de Mallorca
8	Bucharest	25	Paris (Charles de Gaulle)
9	Chisinau	26	Paris (Orly)
10	Copenhagen	27	Santorini
11	Düsseldorf	28	Tel Aviv
12	Edinburgh	29	Tirana
13	Frankfurt	30	Vienna
14	Geneva	31	Zurich
15	Lisbon		

Airlines that operated from January to June 2019			
Florence Airport*			
1	Air Dolomiti	10	Eurowings
2	Air France	11	Iberia
3	Air Moldova	12	KLM
4	Albawings	13	Lufthansa
5	Alitalia	14	SAS
6	Austrian Airlines	15	Swiss
7	Blue Air	16	Tap-Air Portugal
8	British Airways	17	Tui Fly Belgium
9	Brussels Airlines	18	Vueling

* Airlines are listed alphabetically.

Scheduled passenger traffic by Country

A total of 16 markets have been regularly connected with the Florence airport through scheduled flights in the first half of 2019.

The international market accounts for 86.2% of the total scheduled passenger traffic of the Vespucci airport, while the domestic traffic accounts for 13.8%.

The table below shows the percentage incidence of each European country over the total number of scheduled traffic passengers recorded by the Vespucci airport in the January-June 2019 period and the difference, both in absolute and percentage terms, compared to the same period of 2018:

Passenger line traffic	2019	2018	Diff.	Diff. %	% over TOT
France	281,159	256,570	24,589	9.6%	21.1%
Germany	250,893	260,552	-9,659	-3.7%	18.8%
Italy	184,196	188,239	-4,043	-2.1%	13.8%
Spain	156,425	142,280	14,145	9.9%	11.7%
The Netherlands	125,666	130,197	-4,531	-3.5%	9.4%
United Kingdom	97,127	104,695	-7,568	-7.2%	7.3%
Switzerland	88,666	94,695	-6,029	-6.4%	6.7%
Portugal	37,156	5,400	31,756	588.1%	2.8%
Belgium	31,768	26,907	4,861	18.1%	2.4%
Romania	22,070	20,328	1,742	8.6%	1.7%
Albania	20,304	23,264	-2,960	-12.7%	1.5%
Austria	17,620	13,701	3,919	28.6%	1.3%
Denmark	12,206	5,372	6,834	127.2%	0.9%
Moldavia	3,522	6,820	-3,298	-48.4%	0.3%
Israel	2,867	1,911	956	50.03%	0.2%
Greece	965	3,142	-2,177	-69.3%	0.1%
Croatia		686	-686	-100.00%	0.0%
TOTAL	1,332,610	1,284,759	47,851	586.8%	100.0%

As shown in the table above, the French market is the first in the airport to have over 280,000 passengers, with a 9.6% growth obtained with full operations in the first half of 2019, after the cancellations ordered by the carrier due to pilot and flight crew strikes in the same period of 2018.

The second international market is the German market, which decreased by 3.7% with over 250,000 passengers. The entrance of AirDolomiti with some flights determined a slight decrease in the Load Factor due to the alignment of booking systems.

The Italian market (184,196 passengers) is confirmed as the third one, albeit a slight decrease compared to 2018 (-4,043 passengers)

The Spanish market grew by 9.9% in connection with Iberia operations on Madrid.

The strong growth recorded by the Portuguese market (+31,756 passengers) is due to the new TAP operations on Lisbon operated since June 2018.

In addition, we registered the growth of the Danish market, with 3 new Scandinavian Airlines seasonal flights per week for on Copenhagen since April 2019.

The British market decreased by 7.2%, affected by the cancellation of City Jet flights on London City (suspended since the summer 2018). This destination has remained in the Vespucci airport network thanks to British Airways' flights.

The Moldavian market decreased due to the cancellation of the Air Moldova flight to Chişinău in mid-May.

9. SIGNIFICANT EVENTS OF THE FIRST 6 MONTHS OF 2019

A project for the expansion of the Pisa airport terminal and related flight infrastructure was presented on 26 January 2019 within the framework of the 2018-2028 Master Plan, detailing the programme of works required to expand the entire Pisa airport infrastructure system, from the secondary runway to aircraft parking areas, up to the development of an aircraft maintenance hub.

Simultaneously, the strengthening of the partnership with Ryanair has been announced, with the airline being confirmed as the leading European carrier by number of passengers carried per year. The partnership, started in 1998, was confirmed with the signature of a new agreement valid until 2023, to create the conditions for the development of further traffic and new destinations starting from the Pisa airport.

The works of the Conference of Services were concluded on 6 February 2019 with a positive outcome and the favourable opinion of the approx. 40 attending parties, with the sole exclusion of the 3 Municipalities of Sesto Fiorentino, Prato and Campi Bisenzio, concerning the town-planning compliance of the new 2014-2029 Masterplan project for the Florence airport, which includes the development of a new 2,400 metre runway and a new terminal.

On 9 February 2019, the new Line 2 of the tramway connecting the Florence airport with the Santa Maria Novella railway station was opened at the Florence airport.

On 4 March 2019, due to the limited operating spaces available in the Pisa airport, TA obtained from ENAC (with prot. 886/B2 of 4 March 2019) a positive opinion concerning the request to restrict the number of ground handling operators for categories 3 and 5, as specified in Annex A to Leg. Dec. 18/991. More specifically, a maximum number of two handlers was established for Commercial Aviation, one of whom (the Airport Operator) should provide both Commercial Aviation and General Aviation services, and a maximum number of two handlers was established for General Aviation.

On 16 April 2019, the Ministry of Infrastructure and Transports signed the Director's Decree [Decreto Direttoriale] that ratified the positive conclusion of the Conference of Services regarding the 2014-2029 Master Plan of the Florence Amerigo Vespucci Airport.

On 8 May 2019, the Transport Regulation Authority [Autorità di Regolazione dei Trasporti (ART)] issued Resolution no. 50/2019 for final compliance with the Tariff Models for the Pisa airport for the years 2019-2022.

On 27 May 2019, the Regional Administrative Court (TAR) of Tuscany accepted the petitions lodged by some committees and Municipalities of the Florence Plain ("Comuni della Piana") and cancelled the law decree that approved the Environmental Impact Assessment ("VIA") for the construction of the new runway of the Florence airport, consequently forcing TA to restart the procedures to address the gaps identified by the TAR. Therefore, the judgement interrupted the procedures for the development of the work, in spite of the favourable conclusion of the Conference of Services.

¹ Baggage Assistance and runway operations.

10. TOSCANA AEROPORTI GROUP'S OPERATING RESULTS

10.1 Consolidated Income Statement

The table below compares the data of the Consolidated Income Statement of the first 6-month period of 2019 with those of the first 6-month period of 2018.

GRUPPO TOSCANA AEROPORTI - CONSOLIDATED INCOME STATEMENT

Amounts in € K	INTERIM 2019	INTERIM 2018	Abs. Diff. 2019/2018	% Diff.
REVENUES				
Operating income				
Aviation revenues	44,813	43,384	1,429	3.3%
Non-Aviation revenues	15,497	14,003	1,493	10.7%
Network development expenses	-6,226	-6,771	545	-8.0%
Total operating revenues	54,083	50,616	3,467	6.8%
Other revenues	775	4,835	-4,060	-84.0%
Revenues from construction services	3,521	5,595	-2,074	-37.1%
TOTAL REVENUES (A)	58,379	61,046	-2,667	-4.4%
COSTS				
Operating Costs				
Consumables	568	588	-20	-3.5%
Staff cost	21,542	21,270	272	1.3%
Costs for services	15,943	14,690	1,254	8.5%
Sundry operating expenses	1,119	1,235	-115	-9.3%
Airport leases	985	2,977	-1,992	-66.9%
Total operating costs	40,158	40,760	-602	-1.5%
Costs for construction services	2,596	4,935	-2,338	-47.4%
TOTAL COSTS (B)	42,754	45,695	-2,941	-6.4%
GROSS OPERATING MARGIN (A-B)	15,625	15,351	274	1.8%
% incid. over total revenue	26.8%	25.1%		
% incid. over operating revenue	28.9%	30.3%		
Amortization and impairment	5,413	4,864	549	11.3%
Provision for risks and repairs	1,278	979	299	30.6%
Value write-ups (write-downs) net of trade	78	60	18	30.6%
OPERATING EARNINGS	8,855	9,448	-593	-6.3%
% incid. over total revenue	15.2%	15.5%		
% incid. over operating revenue	16.4%	18.7%		
ASSET MANAGEMENT				
Financial income	4	36	-32	-90.1%
Financial expenses	-802	-584	-218	37.4%
Profit (loss) from equity investments	32	36	-4	N.S.
TOTAL ASSET MANAGEMENT	-767	-512	-254	49.7%
PROFIT (LOSS) BEFORE TAX	8,089	8,936	-847	-9.5%
Taxes for the period	-2,739	-3,019	280	-9.3%
PROFIT/(LOSS) FOR THE PERIOD	5,350	5,917	-567	-9.6%
Minority Interest's loss (profit) for the period	-68	-37	-31	86.1%
GROUP'S PROFIT/(LOSS) FOR THE PERIOD	5,282	5,880	-598	-10.2%
Earnings per share (€)	0.284	0.316	-0.0321	-10.2%

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), we specify that the summarised income statement details reported can be easily reconciled with those indicated in financial statements. As to alternative performance indicators, in this Condensed Consolidated Interim Financial Report, TA will provide, in addition to the financial measures prescribed by IFRS, some ratios derived from the latter, although not required by 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. 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.

As regards the EBITDA (Earnings Before Interests, Taxes, Depreciation, Amortization) or Gross Operating Margins, we point out that it reflects the EBIT before amortization and provisions.

In general terms, 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 interim profits might not be consistent with those adopted by other companies.

For a better evaluation of the operating profits of the Group, this Interim Financial Report contains a comparison between certain results of the interim reports called **"Adjusted GOM or EBITDA"** and **"Adjusted Group's net profit for the period"**. For details on the determination of the aforesaid results, see the following sections.

The table below shows the main income statement results for the period examined.

REVENUES

Total consolidated revenues, down by 4.4%, passed from € 61.0 M at mid-2018 to € 58.4 M at mid-2019. This difference is the result of the € 3.47 M increase in Operating Revenues (up by 6.8%) and of the € 4.06 M increase in "Other revenues and proceeds" and € 2.07 M decrease in "Revenues for construction services".

We point out that, in compliance with IFRS 15, operating revenues have been booked net of network development expenses deriving from marketing support agreements and show a € 0.55 M reduction compared to first quarter 2018.

OPERATING INCOME

Consolidated operating revenues totalled € 54.08 M at mid-2019, up by 6.8% compared to the same period of 2018.

Aviation revenues

Aviation revenues totalled € 44.8 M at mid-2019, up by 3.3% compared to the same period of 2018, when they totalled € 43.38 M.

More specifically, revenues from duties, fees and airport taxes slightly increased by 4.2% as a consequence of the greater traffic managed during the 6-month period (+0.6% passengers, +1.85% aircraft movements, +1.9% tonnage) and of the positive impact of regulated tariffs on the two airports (+3.1%).

Handling revenues increased by 1.3%, as a consequence of the increased aircraft movements recorded in the two airports (+1.85%).

Non-Aviation revenues

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

- 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).

At 30 June 2019, revenues deriving from subcontracted activities accounted for 60.1% of Non-Aviation revenues, while those deriving from directly managed activities accounted for the remaining 39.9%. During the first 6 months of 2018, these percentages were respectively 58.4% and 41.6%.

Year-to-date Non-Aviation Revenues at 30 June 2019 totalled € 15.5 M, up by 10.7% compared to the first half of 2018, when they totalled € 14 M.

The € 1,493 K increase, which exceeds the increased passenger traffic recorded in the period examined (+0.6%), confirms the positive results of the Non-Aviation strategies implemented by the Group.

More specifically, Car Rental (+€735K, +36.8%), Retail (+€405K, +17.1%), VIP Lounges (+€272K, +23.2%), and Food revenues (+€251K, +16.5%) had excellent performances during the 6-month period examined.

Network development expenses

Network development expenses totalled € 6.23 M at 30 June 2019, down by € 545 K compared to 30 June 2018, when they totalled € 6.77 M.

OTHER REVENUES

Year-to-date “Other revenues and proceeds” at 30 June 2019 totalled € 775 K, a lower amount compared to the first half of 2018, when they totalled € 4.83 M. The difference of approx. € 4 M mainly stems from the presence, in the first half of 2018, of income earned after the issuance of the Ministry of Transport - Toscana Aeroporti judgement for € 3.9 M.

REVENUES FROM CONSTRUCTION SERVICES

During the first half of 2019, revenues from construction services amounted to € 3.5 M, down by € 5.6 M (-37.1%) compared to the first half of 2018 (€ 5.69 M) due to the effect of Group investments.

COSTS

At mid-2019, the total amount of costs is € 42.8 M, up by 6.4% compared to mid-2018, when they totalled € 45.7 M. This result is mainly due to a -1.5% decrease in operating costs (which passed from € 40.76 M at mid-2018 to € 40.16 M at mid-2019, as well as to the simultaneous decrease in costs for construction services for € 2.34 M.

OPERATING COSTS

Operating costs totalled € 40.16 M in the first half of 2019, up by 1.5% compared to € 40.76 M reported for the same period of 2018.

Consumables totalled € 568 K at mid-2019, down by € 20 K compared to the same period of 2018.

The Group spent € 21.54 M in the first half of 2019 for its staff, up by € 272 K compared to the first half of 2018 (+1.3%).

This increase is mainly due to the growth (+4.3%) in the number of staffs required by the increased number of passengers and consequent operations, as well as to the increase in the incidence of variable remuneration items.

“Costs for services” totalled € 15.94 M at mid-2019, up by 8.5% compared to the same period of 2018, when they totalled € 14.69 M (€ +1.25 M). The higher costs of the period examined are mainly related to the increased costs paid for operating services (€ +354 K), maintenance (€ +333 K) and utilities (€ +215 K) related to the greater traffic managed during the period, and to increased communication costs (€ +421 K).

During the first half of 2019, “Sundry operating expenses” totalled € 1.12 M, down by € 115 K (-9.3%) compared to the same period of 2018.

“Airport fees” totalled € 985 K at mid-2019, down by 66.9% compared to the same period of 2018. The main change is due to the impact of the release of the € 2 M “Provision for Risks” for the Fire Brigade airport service dispute¹.

COSTS FOR CONSTRUCTION SERVICES

“Costs for construction services” totalled € 2.6 M at mid-2019, reflecting a substantial decrease with respect to the same period of 2018, when they totalled € 4.94 M.

YEAR'S PROFIT

¹ More specifically, judgement no. 2517/19 issued by the Rome Provincial Tax Commission [Commissione Tributaria Provinciale di Roma] became final on 10 May 2019, admitting and approving the entire defence raised by the Company over the last few years concerning the Fire Protection Fund and, together with the other recent judgements of the Constitutional Court and Court of Cassation, overturned the outcome of all the ongoing disputes in favour of the Company.

The EBITDA totalled € 15.62 M in the first half of 2019, up by € 274 K (+1.8%) compared to the first half of 2018, when it was € 15.35 M.

As reported in the summary table below, if we compare the adjusted EBITDAs of the two interim reports examined, determined by adjusting the EBITDA with the income described in the sections “Other revenues” (€ 3.9 M) for 2018 and “Airport fees” (€ 2 M) for 2019, respectively, we see a positive period deviation of approx. € 2.2 M (+19.2%).

Amounts in €K	INTERIM 2019	INTERIM 2018	Diff. Abs.	% Diff.
			2019/2018	
Gross Operating Margin (GOM)	15,625	15,351	274	1.8%
Adjustments	-2,000	-3,922	1,922	-49.0%
Adjusted GOM (EBITDA)	13,625	11,429	2,196	19.2%

“Amortization and provisions” totalled € 6.77 M at mid-2019, up by € 867 K compared to the same period of 2018. This is mainly the consequence of higher amortization (€ +549 K) and a higher provision for repair (€ +287 K).

The EBIT of the first half of 2019 is € 8.85 million, down by € 593 K compared to the first half of 2018, when it was € 9.45 M.

Financial operations passed from a negative amount of € 512 K in the first half of 2018 to a negative amount of € -767 K in the first half of 2019. The € 254 K difference is mainly due to higher financial expenses determined on the provision for repair (€ +40 K), IFRS 16 expenses for € 70 K, and higher interests for € 56 K.

Profit Before Tax (PBT) is € 8.09 M at mid-2019, down by € 847 K compared to the same period in 2018, when it totalled € 8.94 M.

The tax burden for the period is calculated based on the best estimate of the weighted average tax rate expected for the entire period.

Therefore, based on the data disclosed above, the first half of 2019 was closed with net Group profits of € 5.28 M, down by € 598 K compared to 2018, when the total was € 5.88 M.

As reported in the summary table below, if we compare the two adjusted Group net profits for the period, determined by adjusting the Group net profits mentioned in the comment to the adjusted EBITDA in “Other revenues” (€ 3.9 M) and “Airport fees” (€ 2 M), after deducting the related taxes (by applying the Group tax rates for the period examined), we obtain increased profits for € 676 K in the first half of 2019 compared to the same period of 2018 (€ +20.6%).

Amounts in €K	INTERIM 2019	INTERIM 2018	Diff. Abs.	% Diff.
			2019/2018	
GROUP'S PROFIT/(LOSS) FOR THE PERIOD	5,282	5,880	-598	-10.2%
Adjustments	-2,000	-3,922	1,922	-49.0%
Taxation	677	1,325	-648	-48.9%
GROUP'S adjusted PROFIT/(LOSS) FOR THE PERIOD	3,959	3,283	676	20.6%

10.2 Consolidated Statement of Financial Position

The table below provides a comparison between the **Consolidated Statement of Financial Position** of the TA Group at 30 June 2019 and the same value at 31 December 2018.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (amounts in € K)			
ASSETS	30.06.2019	31.12.2018	DIFFERENCE
NON-CURRENT ASSETS			
Intangible assets	173,309	172,956	353
Property, Plant and Equipment	28,137	26,853	1,284
Rights of use	4,588	0	4,588
Equity investments	3,515	3,541	-26
Other financial assets	3,491	3,589	-98
Deferred tax assets	1,693	2,221	-527
TOTAL NON-CURRENT ASSETS	214,734	209,160	5,574
CURRENT ASSETS			
ACCOUNTS RECEIVABLE			
Other receivables from customers	28,684	18,861	9,823
Receivables from associated companies	215	174	42
Tax assets	2,271	2,355	-85
Receivables from others, due within the year	10,896	9,050	1,846
Total trade and sundry receivables	42,066	30,440	11,627
Cash and cash equivalents	6,653	14,270	-7,617
TOTAL CURRENT ASSETS	48,719	44,710	4,010
TOTAL ASSETS	263,453	253,870	9,583
SHAREHOLDERS' EQUITY AND LIABILITIES	30.06.2019	31.12.2018	DIFFERENCE
TOTAL SHAREHOLDERS' EQUITY	110,318	118,528	-8,210
NON-CURRENT LIABILITIES			
Provisions for liabilities and charges	2,225	4,164	-1,939
Provisions for repair and replacement	18,527	18,939	-412
Provisions for employee retirement and benefits	5,984	5,782	202
Financial liabilities due beyond one year	22,011	28,164	-6,153
Financial liabilities for rights of use beyond one year	4,212	0	4,212
Other payables due beyond the year	248	202	46
TOTAL NON-CURRENT LIABILITIES	53,207	57,251	-4,044
CURRENT LIABILITIES			
Financial liabilities due within one year	36,603	14,256	22,347
Financial liabilities for rights of use within one year	398	0	398
Tax liabilities	12,045	10,985	1,059
Trade and sundry receivables	50,883	52,849	-1,967
TOTAL CURRENT LIABILITIES	99,928	78,091	21,837
TOTAL LIABILITIES	153,135	135,342	17,793
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	263,453	253,870	9,583

The difference in total assets, up by € 9,583 K compared to total assets at 31 December 2018, reflects the increased non-current assets (€ +5.57 M) and current assets (€ +4.01 M).

More specifically, non-current assets increased by € 4.59 M after the application of the new IFRS 16 adopted at 1 January 2019, with the consequent recognition of the rights of use, and for the positive change in intangible and tangible assets determined by investments net of depreciation/amortization for the period (€ +1.64 M).

Current assets have been mainly affected by increased receivables from customers (€ +9.82 M) and by other sundry receivables (€ +1.85 M) in connection with the seasonal nature of traffic, partially offset by the reduced liquidity (€ -7.62 M).

The Shareholders' Equity decreased by € 8.21 M, mainly due to the effect of the distribution of dividends, partly offset by the year's profit.

As to non-current liabilities, financial liabilities have been recognised at 1 January 2019 for rights of use (€ 4.21 M) as required by the new IFRS 16, while non-current financial liabilities have been reduced by approx. € 6.15 M after the reclassification performed as described in Explanatory Note 44 "Financial liabilities". In addition, the reduction of approx. € 1.94 M in the Provision for liabilities and charges caused by the release of funds for the recent positive judgements issued for the airport Fire Brigade service dispute (€ 2 M).

Current liabilities (€ +21.8 M) include short-term bank loans (€ +18.5 M), the reclassification of non-current liabilities for € 6.15 M and increased tax liabilities (€ +1.06 M), partially offset by the reduction of trade payables (€ -1.97 M).

10.3 Analysis of financial flows

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

STATEMENT OF CASH FLOWS (amounts in €K)

Euro K	INTERIM 2019	INTERIM 2018
OPERATING ACTIVITY		
Net result for the period	5,350	5,917
<i>Adjusted for:</i>		
- Amortization	5,413	4,864
- Other provisions and impairment losses	25	(221)
- Change in the provision for liabilities and charges	(1,939)	32
- Net change in termination benefit and other provisions	(170)	(327)
- Financial expenses for the period	728	584
- Financial expenses for rights of use	70	0
- Net changes in (prepaid)/deferred taxes	527	33
- Taxes for the period	2,212	2,987
<i>Cash flows of operating activities before changes in the working capital</i>	<i>12,216</i>	<i>13,868</i>
- (Increase)/decrease in trade receivables	(9,823)	6,245
- Increase/(decrease) in other receivables	(1,804)	(3,144)
- Increase/(decrease) in payables to suppliers	(1,841)	(5,486)
- Increase/(decrease) in other payables	424	(374)
<i>Cash flows of operating activities before changes in the working capital</i>	<i>(13,043)</i>	<i>(2,760)</i>
Liquid assets generated by operating activities	(828)	11,108
- Interest payable paid	(233)	(163)
- Taxes paid	(2,570)	(2,553)
Cash flow generated by operating activities	(3,631)	8,392
INVESTMENT ACTIVITIES		
- Purchase of tangible assets	(2,950)	(999)
- Sale of tangible assets	0	50
- Purchase of intangible assets	(3,831)	(5,903)
- Equity investments and financial assets	124	(3,758)
Cash flow from investing activities	(6,657)	(10,610)
CASH FLOW FROM OPERATIONS	(10,288)	(2,218)
FINANCIAL ASSETS		
- Dividends paid	(13,188)	(9,993)
- Short-/long-term loans taken out	18,500	18,500
- (Repayment of) short-/long-term loans	(2,333)	(7,219)
- (RR)repayment of) financial liabilities for rights of use	(308)	0
Net cash flow generated by/(used for) investments	2,671	1,288
Net increase/(decrease) in available cash Cash equivalents	(7,617)	(930)
Cash and cash equivalents at beginning of period	14,270	13,360
Cash and cash equivalents at end of period	6,653	12,430

At 30 June 2019, primary liquidity is positive for approx. € 6.65 M, down by approx. € 7.62 M compared to the liquidity and cash balance at 31 December 2018, for approx. € 14.27 M. More specifically, the items of the Consolidated Financial Statement at 30 June 2019 include:

- A cash absorption by the working capital connected with the seasonal nature of the business; in this regard, we remind readers that a lower portion of the working capital was absorbed during the first half of 2018 as a consequence of the reabsorption, in the first months of 2018, of the receivables recognised at 31 December 2017 after the start-up of the new Group ERP, which had caused temporary delays in credit invoicing;

- The repayment of principal of approx. € 2.3 M for the medium/long-term loans obtained by the Group;
- The payment of approx. € 13.2 M in dividends;
- investments for approx. € 6.8 M;
- Short-term loans ("hot money") obtained by TA for € 18.5 M.

10.4 Consolidated Net Financial Position

To complete the disclosure, we are providing the Consolidated Net Financial Position at 30 June 2019 and at 31 December 2018, in compliance with the provisions set forth in CONSOB's Notice prot. no. 6064293 of 28 July 2006.

NET CONSOLIDATED FINANCIAL INDEBTEDNESS				
<i>Euro K</i>	30.06.2019	31.12.2018	Diff. Abs.	30.06.2018
A. Cash on hand and at banks	6,653	14,270	(7,617)	12,430
B. Other cash and cash equivalents	-	-	-	-
C. Securities held for trading	-	-	-	-
D. Liquid assets (A) + (B) + (C)	6,653	14,270	(7,617)	12,430
E. Current financial receivables	-	-	-	-
F. Current bank payables	28,005	9,501	18,504	18,000
G. Current portion of non-current indebtedness	8,598	4,755	3,843	4,705
H. Other current financial payables due to leasing companies	398	-	398	-
I. Current financial indebtedness (F) + (G) + (H)	37,001	14,256	22,745	22,705
J. Net current financial indebtedness (I) - (E) - (D)	30,348	(13)	30,362	10,275
K. Non-current bank payables	22,011	28,164	(6,153)	30,458
L. Bonds issued	-	-	-	-
M. Other non-current payables due to leasing companies	4,212	-	4,212	-
N. Non-current financial indebtedness (K) + (L) + (M)	26,223	28,164	(1,941)	30,458
O. Net Financial Position (J) + (N)(NFP)	56,571	28,151	28,421	40,733

The Group's liquidity at 30 June 2019 is € 6.65 M. 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, of which MPS Capital Service is the leader. We point out that the residual debt of this last loan of € 5.4 M has been classified among current liabilities as a consequence of the failure to fulfil the levels agreed as at 30 June 2019, although to a minimum extent, and in consideration of the opportunities of the Company concerning early repayment over the next 12 months.

At 30 June 2019, current bank payables reached € 28 M, a much higher amount than that recorded at 31 December 2018 (€ +10 M) as a consequence of the factors mentioned in the comments to the Cash Flow Statement.

The amount of € 22 M of non-current bank payables includes the non-current portion of the existing loans obtained by the Holding for the investments specified in the Group's business plan.

Finally, starting from 1 January 2019, current and non-current financial liabilities also include "Other non-current payables to leasing companies" for € 0.4 M and € 4.2 M, respectively, after the application of the new IFRS 16 "Leases" from 1 January 2019. For further details, see the section "New accounting standards, amendments and interpretations effective for annual reporting periods beginning on or after 1 January 2019".

The consolidated net financial indebtedness at the closing date (30 June 2019) is € 56.6 M, up by € 28.4 M compared to 31 December 2018, when it was € 28.2 M. The consolidated net financial indebtedness at 30 June 2018 was € 40.7 M.

At 30 June 2019, the Debt/Equity ratio is 0.51 (against 0.24 at 31 Dec. 2018), against 0.37 at 30 June 2018. Please note that data at 30 June 2019 is affected by the adoption of the new IFRS 16 from 1 January 2019 (0.47 net of said effect).

11. THE GROUP'S INVESTMENTS

Group investments amount to **€ 6.78 M** at the end of the first six months of 2019, € 3.83 M of which related to intangible fixed assets and € 2.95 M to tangible fixed assets.

Amounts shown in € K		Airport	Sub-tot	Sub-tot	Sub-tot	TOTAL
Total TA Investments at 30 June 2019						6,782
A) Intangible assets						3,831
- Software			291			
- concession rights (royalties)			712			
Expansion of the parking system	PSA	294				
New bathrooms in "Non-Schengen" boarding area	FLR	132				
Video-surveillance on north-eastern area	FLR	89				
Re-protection of Financial Police offices	FLR	67				
Other minor items	PSA/FLR	129				
- Assets under construction			2,798			
Development of 2014-2029 Master Plan	FLR	2,235				
New trainway canopy	FLR	275				
BHS EDS adjustment to standard 3	PSA/FLR	85				
Re-protection of vehicle shelters	FLR	46				
Terminal works	ANN.	102				
Other minors	PSA/FLR	55				
- Current software:			31			
B) Tangible Assets						2,950
- Land and Buildings			101			
Fuel distributor in remote parking lot P4	PSA	56				
Other minors	PSA/FLR	45				
- motor vehicles			51			
- Ind. and comm. equipm.			39			
- Plant and machinery			1,215			
Purchase of tractors	PSA	408				
Requalification of vehicles	PSA-FLR	315				
Pisa airport sweeper	PSA	314				
Expansion of passenger queue management system	PSA	81				
Other minors	PSA-FLR	98				
- Assets under construction			755			
Revamping / expansion of parking lots in Palagio degli Spini area	FLR	643				
Works in parking lot P4, sector C	PSA	110				
Other minors	PSA-FLR	3				
- Other assets			789			
Electronic machines (HW)	PSA-FLR	569				
Furniture and fittings	PSA-FLR	185				
Others	PSA-FLR	36				

Investments in **Intangible assets** consisted in € 2.24 M of studies and design for the development of the Florence airport Master Plan¹; € 294 K for the expansion of the Pisa airport parking system, and € 275 K for the new canopy connecting the Florence terminal with the tramway station.

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 di 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"**. On 28 December 2017, the MATTM, in cooperation with MiBACT, signed VIA Decree no. 377 for the new 2014-2029 Florence Airport Master Plan, 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"**). Therefore, the Conference of Services works started on 7 September 2018 and, during the last meeting held on 6 February 2019, the compliance of the Plan with town-planning regulations was **acknowledged with a "Favourable opinion with prescriptions"**. On 16 April 2019, the MIT (Ministry of the Infrastructure and Transport) signed a Director's Decree with the positive conclusion of the Conference of Services regarding the Master Plan.

During 2018, some committees and the Municipalities of the Florence Plain (**"Comuni della Piana"**) had filed appeals with the Tuscan Administrative Court (**"TAR"**) against the VIA Decree no. 377 of 28 December 2017 and the appeals were discussed during the hearing of 3 April 2019. On 27 May 2019, the TAR admitted the appeals and cancelled VIA Decree no. 377, thus requiring the defendants to restart the VIA procedure in order to address and resolve certain issues raised by the TAR. Therefore, the judgement interrupted the procedures for the development of the work, in spite of the favourable conclusion of the Conference of Services. Based on the TAR's decision, on 15 July 2019 the MIT adopted the suspension measure regarding Director's Decree of 16 April 2019, which had ratified the conclusion of the Conference of Services regarding the Florence airport.

In the light of the facts described above, on 26 July 2019 TA lodged an appeal with the Council of State based on the considerations, also developed with the support of its lawyers, that the VIA has been conducted on the basis of design documentation offering a sufficient amount of detail, contained all the surveys required by the applicable legislation, and the prescriptions imposed by the authorities exclusively concerned the execution phase.

As a matter of fact, today TA has already completed most of the design regarding the major works required for the implementation of the Master Plan approved by ENAC. In addition to that, the Company is currently continuing its project activities, which have reached an almost final executive stage, connected with the incorporation of the prescriptions specified in the VIA and town-planning compliance assessments. Based on the details contained in the plans and designs that are being implemented and that have been completed to date, as well as within the framework of the territorial development defined in the decisions of the competent local authorities (Region, Province, Municipalities

¹ That amount also includes costs for in-house and outsourced design, consulting engineering and outsourced technical work, also connected with the VIA procedure, regarding the new runway, the new terminal and other airport infrastructure development projects in the Florence airport.

involved), we consider it reasonable to ask that the specialist analyses and design works developed and booked as work under construction to date will be fully used even in case of a negative outcome of the appeal filed against the aforesaid judgement, with the start of a new approval procedure.

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**. In addition, the Company initiated negotiations with banks with the objective to define the most appropriate financial structure to be implemented for the implementation of the next investments.

As to investments in **tangible assets**, these mainly consisted in the purchase and requalification of ramp vehicles (€ 1,086 K) and the requalification/expansion of parking lots in the Palagio degli Spini area (€ 643 K).

Pursuant to Art. 10 of Law 72/83, the Group informs the public that no revaluation (write-up) was made to its assets pursuant to any special law in the first 6-month period of 2019.

12. HUMAN RESOURCES

During the first half of 2019, the average number of employees working for TA has been € 769.2 FTEs, up by 31.5 (+4.3%) FTEs in absolute terms compared to the same period of 2018. This change is partially affected by traffic trends in the two airports and by the creation of new departments in the Airport Operator (i.e. TA), in parallel with the transfer of the handling company branch to the subsidiary TAH last July 2018.

Compared to first quarter 2018, the Holding TA passed from 721.7 FTEs to 332.5 FTEs (-389.1 FTEs) after the passage of the handling staff to the subsidiary TAH on 1 July 2018.

As a consequence of the aforesaid separation from TA, the subsidiary TAH recorded a staff of 418.13 FTEs at 30 June 2019 (against 0 at 30 June 2018).

The number of FTEs of the subsidiary Jet Fuel, the company that manages the fuel storage facility in the Pisa airport, increased by 1.5 units and reached 12.5 FTEs with respect to the same period of 2018.

At 30 June 2019, the subsidiary TAE increased its staff by 1 unit, thus reaching a total staff of 6.0 FTEs (against 5 at 30 June 2018).

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

TA Group FTE Table	INTERIM 2019	INTERIM 2018	Diff.	% diff.
Group	769.2	737.7	31.5	4.3%

NOTE: Part-time FTEs are determined proportionally to full-time units (1 FTE).

The Group spent € 21.54 M in the first half of 2019 for its staff, up by € 272 K compared to the first half of 2018 (+1.3%). This increase is mainly due to the staff growth and spin-off of the subsidiary TAH, completed as required by the legislation and ENAC.

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

Revenues, costs, receivables and payables at 30 June 2019 from/to parent companies, subsidiaries, associates and other related parties concern the sale of assets or services that consist of routine Group operations. Transactions are performed at an arm's length, based on the characteristics of the goods sold and the services delivered. Information regarding relationships with related parties, including the disclosures required by CONSOB communication no. DEM/6664293 of 28 July 2006, are provided in the Explanatory Notes to the Condensed Consolidated Interim Financial Report at 30 June 2019.

At 30 June 2019, the TA Group holds 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 December 2018), 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.

At 30 June 2019, 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 approx. € 18 K and a variable payment based on € 61 K revenues.

- 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. 2018), while the majority of its share capital is owned by Regione Toscana (51.05%) and the Maremma and Tirreno Chamber of Commerce (34.36%).

A service level agreement is in place with this associated company at 30 June 2019, continuing from previous years, for staff activities, for a global value of approx. € 32 K.

The main relationships with the other related parties at 30 June 2019 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 € 97 K in revenues for TA at 30 June 2019;
- the sub-concession of offices and other types of spaces in the Pisa airport for a value of € 93 K in revenues at 30 June 2019;
- Aviation revenues for € 74 K for the invoicing of airport duties and taxes, and Pisa airport General Aviation handling fees, plus approx. € 1 K regarding the provision of extra-handling services upon request.

In addition, the interim report at 30 June 2019 shows a further € 5 K in revenues to said related party concerning 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.

At 30 June 2019, 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:

- € 377 K Aviation revenues for the invoicing of airport duties and taxes, handling and centralised infrastructure expenses concerning general aviation in the Florence airport, € 7.5 K for the same services in the Pisa airport, and approx. € 1 K for the provision of extra-handling services upon request and for the supply of de-icing liquid to the Florence airport;
- the sub-licensing of offices and other types of spaces in the Pisa airport for a value of € 16.5 K in revenues for TA at 30 June 2019;
- Non-aviation revenues for € 22 K at 30 June 2019 regarding the sub-concession of 130 square metres in the air-side area in the Florence airport.

In addition, the interim report at 30 June 2019 shows a further € 1 K in revenues to said related party concerning 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 (€ 18 K of revenues for TA at 30 June 2019).

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 Holding gave ICCAB in sub-concession approx. 40 sq.m. of premises in the Florence airport to be used for retail activities (of € 30 K of revenues for TA at mid-2019).

In addition, an agreement is in place for the sub-concession of premises located in an air-side area of the Pisa airport used by ICCAB for retail activities, for a value of € 20 K in revenues at 30 June 2019.

Finally, during the first half of 2019, the Group accrued a further € 1 K in revenues from ICCAB S.r.l. for the charge-back of common services of the two airports.

- Corporación America Italy S.p.A.

We point out that, since 2016, the Holding 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.), whose consolidating entity is Corporación America Italy 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, the 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 D.P.R. 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. At 30 June 2019, TA owes € 598 K to the subsidiary CAI generated by the IRES accrued on the result of the period.

- Comune di Firenze (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 land-side of the Florence airport, for a value of approx. € 3 K in revenues from tourist information activities at mid 2019. In addition, the costs for services of the subsidiary Parcheggio Peretola include the transfer to the Municipality of Florence of 7% of revenues from parking lots under an agreement existing for a value of € 53 K at 30 June 2019.

Finally, we specify that no non-typical transaction was performed with related parties in the first 6 months of 2019 and that Toscana Aeroporti S.p.A. does not own and did not purchase or transfer treasury stock or stock of parent companies, including through the intermediary of trust companies or other persons.

Stakes of the members of the management and control boards

At the date of this Interim Report, the following stakes are held in the Holding TA:

- 3,765 shares by statutory auditor Roberto Giacinti;
- 2,403 shares by board member Saverio Panerai.

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

14.1 Parcheggio Peretola s.r.l.

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 the first 6 months of 2019 show revenue accounts (value of production) of **€ 1,002 K, up by € 72 K compared to the first 6 months of 2018**, mainly due to the increase in the number of passengers transiting the Florence airport in the first half of 2019, and consequently of customers using the parking lot 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 **Holding's parking rates**.

The EBITDA of the first half of 2019 is € 590 K, up by 73 K, and the year's net profit is € 402 K, up by € 51 K compared to the first half of 2018.

14.2 Toscana Aeroporti Engineering S.r.l.

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. detachment of technical/engineering staff by TA (12 units at 30 June 2019);
2. in-house staff (6 units at 30 June 2019);
3. specialized service contractors.

In continuity with the last financial year (2018), the design activities carried out by TAE on behalf of TA during the first half of 2019 consisted in the re-development of the Florence and Pisa 2014-2029 Master Plans. 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 executive design of the environmental mitigation works directly connected with the development of the new Florence flight infrastructure;
- the executive design of the new Florence flight infrastructure and the specialist inspections regarding the new airport flooring and related safety surfaces;
- the preliminary and executive design of the works to expand the Pisa passenger terminal to the east side (new Arrivals Terminal).

Also, during the first half of 2019, the Environmental Observatory's activities related to the works designed in the 2014-2019 Florence airport Master Plan continued after the conclusion of the Environmental Impact Assessment ("VIA").

At 30 June 2019, the Company has 6 direct employees and, in continuity with 2018, staff-related activities have been carried out by the Holding 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.

Revenues totalled € 2,304 K in the first 6 months of 2019, reflecting the year's portion of the projects commissioned by TA, as better described above.

Total costs for the first half of 2019 amount to € 2,110 K, mainly including € 197 K of staff cost, € 1,400 K of outsourced survey and design costs, and € 403 K of TA seconded staff cost.

The EBITDA of the period is € 194 K and the net profit for the period is € 104 K.

14.3 Jet Fuel Co. S.r.l.

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 Italy S.p.A. So, for consolidation purposes, said equity investment has been considered as a 33% share and portion of profits pertaining to the TA Group.

A total of 47,280 cubic metres of jet fuel passed through the storage facility during the first 6 months of 2019, with a 5.3% volume increase compared to 44,883 cubic metres in the first half of 2018. The company provided into-plane services for 32,378 cubic metres of fuel, with a 5.6% increase compared to 30,663 cubic metres in the first half of 2018.

At 30 June 2019, Jet Fuel has a sub-licensing agreement in place with TA for the management of the centralized fuel storage facility for a global value of € 326 K in the first semester 2019, and an administrative services agreement for € 10 K.

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.

The main revenues of Jet Fuel (Aviation) for the first half of 2019 consist of € 670 K (€ 636 K at 30 June 2018) from the fuel storage service and € 468 K for the into-plane service (€ 409 K at 30 June 2018).

The main costs in the first half of 2019 have been the cost of labour (€ 380 K), the airport sub-lease (€ 326 K), tank truck maintenance and fuel (€ 34 K), professional services (€ 61 K), and industrial insurance (€ 26 K).

As a consequence, the result for the first half of 2019 is a profit of € 102 K for the period, compared to a profit for the period of € 55 K in the first 6 months of 2018.

14.4 Toscana Aeroporti Handling S.r.l.

Toscana Aeroporti Handling S.r.l. is a 100% subsidiary of Toscana Aeroporti S.p.A. incorporated on July 1st, 2018 with the business purpose of providing the services described in Legislative Decree no. 18 of 13 January 1999, and subsequent amendments and supplements, as well as conducting further activities related to its core business - i.e. the activities consisting in airport ground aircraft, passenger and cargo handling services.

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.

The main revenues of the first half of 2019 consist of approx. € 13,5 M of handling services and approx. € 1 M of other revenues and proceeds substantially consisting in the debiting of the required operating services to TA.

The main costs of the first half of 2019 are the cost of Staff (€ 10.4 M) and Outsourced Services (€ 3.2 M).

In spite of a positive EBITDA of € 531 K, the Net Profit recorded by the Company for the first half of 2019 is a negative value of € -37 K.

15. 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. In general, 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 2015-2018 period, 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, these services are mostly provided by TAH, a subsidiary of TA, in the Pisa and Florence airports starting from 1 July 2018.

Due to the limited operating spaces available both in the Pisa airport (ENAC Resolution of 4 March 2019) and in the Florence airport (ENAC Resolution of 30 November 2018), TA obtained a positive opinion concerning the request to restrict the number of ground handling operators for categories 3 and 5, as specified in Annex A to Leg. Dec. 18/99¹. In

¹ Baggage Assistance and runway operations.

both airports, the number of handlers for Commercial Aviation has been limited to 2, one being Toscana Aeroporti Handling.

Since March 2019, another competitor started operating as handler in the Pisa airport for Commercial Aviation, while, in the Florence airport, the same competitor obtained the handler certification from ENAC, but has not yet been operating.

In the first half of 2019, revenues generated by the handling business accounted for 23.3% over total revenues (24.7% 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.

- REGULATORY RISK

The Group, 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 Group.

A potential risk factor in the airport sector is the constant evolution of the specific legislative and regulatory scenario where the Group, like the other airport operators, operates. The Company's financial results are affected by developments in the regulatory framework, particularly as regards the regulation of airport service tariffs.

In this regard, we remind readers that, at the date of approval of this interim financial statement, consultations with airport users had been positively concluded according to the procedure established by the tariff models for the 2019-2022 period for both the Pisa and Florence airports. The Transport Regulation Authority issued Resolutions no. 50/2019 and no. 94/2019 for the final compliance with tariff models for the Pisa and Florence airport, respectively, for the 2019-2022 period.

As to the development of the infrastructure, TA could find it difficult to implement its planned investments, as defined in the Plan approved by ENAC, due to unpredictable events or delays, also due to legal disputes connected with authorization or implementation procedures, which will negatively impact the applicable tariff amount and the general economic, equity and financial situation of the Group.

- RISKS ASSOCIATED WITH RELATIONSHIPS WITH EMPLOYEES AND TRADE UNIONS

The Holding 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.

In the recent past, within a changing corporate framework and with the implementation of strategic organizational changes (separation of handling activities), no significant strikes blocked the provision of services in the Florence or Pisa airport.

On 21 December 2018, after approximately one year of negotiations with trade unions, three agreements were signed with all the unions representing all levels of employees - executives, clerical staff and workers - of the two airports, to regulate important rationalization and simplification projects regarding labour costs, second level wage arrangements, and the stabilization of the labour contracts and working hours of some operating employees who passed to permanent employment. Furthermore, in order to increase the wellbeing of its employees, TA implemented a corporate welfare services platform.

The Company holds regular meetings with Trade Unions for a stable and constructive relationship.

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

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

In the course of the first half of 2019, TA recorded approx. 3.79 million passengers. The total incidence of the first three airlines is 56%. In detail, the incidence of the first carrier is 39.4%, with the second and third carriers at 9.1% and 7.5%, respectively.

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

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

However, we may 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 Group.

In order to minimize the risk of traffic concentration on some carriers, the Group, albeit in the context of the air traffic sector, which is characterised by integration and merger processes between carriers, is pursuing an airline diversification strategy in the two airports. In addition, the Company is constantly monitoring the situation of the national airline, Alitalia, which is presently under receivership, as well as the potential economic and social repercussions of Brexit specifically on air transport, which are still difficult to estimate today. However, at the closing date of this financial statement, virtually all the airlines operating in the Pisa and Florence airports reconfirmed their flights to and from United Kingdom for the summer 2019.

- RISKS ASSOCIATED WITH DEPENDENCE ON KEY STAFF

The Group believes that its operating and management structure is capable of ensuring the continuity of the management of its corporate affairs. Furthermore, the Group started a process of development of human resources in view of a Succession Plan. However, the perspectives, operations and financial results of the Group could be negatively impacted by the interruption of the cooperation of one or more key Group staff, such as the CEO or other senior/top managers, without appropriate notice.

- 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.

16. SIGNIFICANT EVENTS OCCURRED AFTER THE CLOSING OF THE PERIOD AT 30 June 2019

Main news on the operations of the Pisa airport

- WizzAir will operate two new weekly flights to Kutaisi (Georgia) since December 18th;
- Ryanair has already started operating a new flight to Bucharest Otopeni, which will be increased to two weekly flights starting from next winter.

Main news on the operations of the Florence airport

- The Spanish carrier Vueling has announced the positioning of its third aircraft in the Vespucci airport starting on September 3rd, with the following destinations: Bilbao (2 flights per week), Munich (5 flights per week), Prague (4 flights per week each), and Vienna (one daily flight), plus the addition of further flights to Barcelona, Amsterdam, and Palermo with the third aircraft.
- Eurowings will continue operating its winter flights to and from Dusseldorf (2 per week);
- Iberia will increase its winter operations, passing from the 7 flights per week operated in the 2018/2019 season to 11 flights per week in the 2019/2020 season.

Significant events occurred after 30 June 2019

An agreement was signed on 12 July 2019 between the Municipality of Pisa and Toscana Aeroporti for accessibility in the Galileo Galilei airport plot. The agreement includes the concession by Toscana Aeroporti of the parking slots located in the airport plot for passenger shuttle bus operations in the conditions specified in the agreement, otherwise **the buses will keep using the People Mover's park-and-ride area.**

The MIT adopted the suspension measure regarding Director's Decree that ratified the conclusion of the Conference of Services regarding the Florence airport.

On 25 July 2019, Toscana Aeroporti S.p.A. notified the Council of State about the appeal filed against the Tuscan TAR decision of 27 May 2019, which cancelled the favourable opinion of the Decree on the environmental impact of the new Florence Airport 2014-2019 Master Plan.

On 31 July 2019, the Transport Regulation Authority (ART) issued Resolution no. 94/2019 for final compliance with the Tariff Models for the Florence airport for the years 2019-2022.

17. OUTLOOK

In the **first seven months of 2019**, the Tuscan airport system has recorded a total traffic of **4,680,626** passengers, **down by 0.3%** compared to the same period of 2018 (with the Florence airport growing by 3.4% and the Pisa airport decreasing by 2.1%).

However, we believe that the current planning of summer and winter flights will take the Toscana Aeroporti Group to close the year 2019 with positive growth rates compared to 2018, **even if certain criticalities remain regarding the Alitalia situation**, as Italy's flag carrier is still under receivership, and the evolution of the Brexit process.

The Financial Reporting Manager, Mr. Marco Gialletti, hereby declares, pursuant to art. 154-bis, paragraph 2, of "Testo Unico della Finanza" (Consolidated Finance Act), that the information contained in this Report reflects the accounting records and books of the company.

For the Board of Directors
Marco Carrai (President)

CONSOLIDATED INTERIM FINANCIAL REPORT (ABRIDGED)
FOR THE PERIOD CLOSED ON 30 JUNE 2019

GRUPPO TOSCANA AEROPORTI - CONSOLIDATED INCOME STATEMENT

Amounts in € K	N o t e s	INTERIM 2019	of which Related Parties	INTERIM 2018	of which Related Parties
REVENUES					
Operating income	1-2	54,083	819	50,616	727
Other revenues and proceeds	3	775	57	4,835	63
Revenues from construction services	4	3,521	0	5,595	0
TOTAL REVENUES (A)		58,379	876	61,046	790
COSTS					
Operating Costs					
Consumables	5	568	0	588	0
Staff cost	6	21,542	0	21,270	0
Costs for services	7	15,943	53	14,690	0
Sundry operating expenses	8	1,119	0	1,235	0
Airport leases	9	985	0	2,977	0
Total operating costs		40,158	53	40,760	0
Costs for construction services	10	2,596	0	4,935	0
TOTAL COSTS (B)		42,754	53	45,695	0
GROSS OPERATING MARGIN (A-B)		15,625	823	15,351	790
Amortization and impairment	11	5,413		4,864	
Provision for risks and repairs	12	1,278		979	
Value write-ups (write-downs) net of trade receivables and	13	78		60	
OPERATING EARNINGS		8,855		9,448	
ASSET MANAGEMENT					
Financial income	14	4		36	
Financial expenses	15	-802		-584	
Profit (loss) from equity investments	16	32		36	
TOTAL ASSET MANAGEMENT		-767		-512	
PROFIT (LOSS) BEFORE TAX		8,089		8,936	
Taxes for the period	17	-2,739		-3,019	
PROFIT/(LOSS) FOR THE PERIOD		5,350		5,917	
Minority Interest's loss (profit) for the period	18	-68		-37	
GROUP'S PROFIT/(LOSS) FOR THE PERIOD		5,282		5,880	
Earnings per share (€)	19	0.2838		0.3159	
Diluted earnings per share (€)		0.2838		0.3159	

GRUPPO TOSCANA AEROPORTI - COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

Amounts in €K	Notes	INTERIM		INTERIM
		2019		2018
PROFIT (LOSS) FOR THE PERIOD (A)		5,350		5,917
<i>Other comprehensive profits/(losses) that will not be subsequently reclassified to the Income Statement:</i>				
- Profit (loss) arising from the determination or the termination of financial assets	43	-372		138
Benefit after tax				
<i>Total other profit (loss) before tax (B)</i>		-372		138
COMPREHENSIVE PROFIT FOR THE PERIOD (LOSS) (A) + (B)		4,977		6,055
Minority Interest's comprehensive profit (loss) for the period	40	-62		-57
GROUP'S COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD		4,916		5,998

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (amounts in € K)

ASSETS	Notes	30.06.2019	31.12.2018
NON-CURRENT ASSETS			
Intangible assets	20-22	173,309	172,956
Property, Plant and Equipment	23	28,137	26,853
Rights of use	24	4,588	0
Equity investments in other entities	25	2,945	2,945
Investments in associated companies	26	570	596
Other financial assets	27-28	3,491	3,589
<i>of which to Related Parties</i>		160	259
Deferred tax assets	29	1,693	2,221
TOTAL NON-CURRENT ASSETS		214,734	209,160
CURRENT ASSETS			
Other receivables from customers	30	28,684	18,861
<i>of which to Related Parties</i>		460	552
Receivables from associated companies	31	215	174
Tax assets	32	2,271	2,355
Receivables from others, due within the year	33	10,896	9,050
Cash and cash equivalents	34	6,653	14,270
TOTAL CURRENT ASSETS		48,719	44,710
TOTAL ASSETS		263,453	253,870

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (amounts in € K)

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	30.06.2019	31.12.2018
CAPITAL AND RESERVES			
Share Capital	35	30,710	30,710
Capital reserves	36	74,124	73,405
IAS adjustments reserve	37	-3,229	-3,229
Profit/(Loss) carried forward	38	3,238	2,754
Group's profit (loss) for the period	39	5,282	14,596
TOTAL GROUP SHAREHOLDERS' EQUITY		110,124	118,236
MINORITY INTEREST	40	194	292
TOTAL SHAREHOLDERS' EQUITY		110,318	118,528
NON-CURRENT LIABILITIES			
Provisions for liabilities and charges	41	2,225	4,164
Provisions for repair and replacement	42	18,527	18,939
Provisions for employee retirement and benefits	43	5,984	5,782
Financial liabilities due beyond one year	44	22,011	28,164
Financial liabilities for rights of use beyond one year	45	4,212	0
Other payables due beyond the year	46	248	202
TOTAL NON-CURRENT LIABILITIES		53,207	57,251
CURRENT LIABILITIES			
Financial liabilities due within one year	44	36,603	14,256
Financial liabilities for rights of use within one year	45	398	0
Tax liabilities	47	12,045	10,985
Trade and sundry receivables			
Trade payables	48	26,766	28,606
<i>of which to Related Parties</i>		<i>12</i>	<i>36</i>
Payables to social security institutions	49	2,098	2,955
Other payables due within the year	50	13,892	14,201
<i>of which to Related Parties</i>		<i>604</i>	<i>1,571</i>
Provisions for repair and replacement (current portion)	42	7,448	6,473
Advance payments	51	678	614
Total trade and sundry receivables		50,883	52,849
TOTAL CURRENT LIABILITIES		99,928	78,091
TOTAL LIABILITIES		153,135	135,342
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		263,453	253,870

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

	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	STATUTO RY RESERVE S	OTHER RESERVES	IAS ADJUST MENTS RESERVE	TOTAL RESULT RESERVES	TOTAL GROUP'S S.E.	MINORI TY INT. S.E.	TOTAL SHAREHOL DERS' EQUITY
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
NET PROFIT (LOSS) FOR THE PERIOD	-	-	-	-	-	-	5,880	5,880	37	5,917
OTHER COMPON. OF COMPREH. I.S.	-	-	-	-	-	-	118	118	20	138
<i>TOTAL COMPREHENSIVE PROFIT (LOSS)</i>	-	-	-	-	-	-	5,998	5,998	57	6,055
PROFIT ALLOCATION	-	-	528	0	-	-	-528	-	-	-
DIVIDENDS	-	-	-	-	-	-	-9,883	-9,883	- 110	-9,993
<i>TOTAL ITEMS DIRECTLY SHOWN IN S.E.</i>	-	-	528	0	-	-	-10,411	-9,883	- 110	-9,993
S.E. AT 30 June 2018	30,710	18,941	4,003	25,876	24,585	- 3,229	8,590	109,475	168	109,643
S.E. AT 31 December 2018	30,710	18,941	4,003	25,876	24,585	-3,229	17,351	118,236	292	118,528
NET PROFIT (LOSS) FOR THE PERIOD	-	-	-	-	-	-	5,282	5,282	68	5,350
OTHER COMPON. OF COMPREH. I.S.	-	-	-	-	-	-	-366	-366	-6	-372
<i>TOTAL COMPREHENSIVE PROFIT (LOSS)</i>	-	-	-	-	-	-	4,916	4,916	62	4,977
PROFIT ALLOCATION	-	-	687	31	-	-	-718	0	-	0
DIVIDENDS	-	-	-	-	-	-	-13,028	-13,028	- 160	-13,188
<i>TOTAL ITEMS DIRECTLY SHOWN IN S.E.</i>	-	-	688	31	-	-	-13,746	-13,027	- 160	-13,188
S.E. AT 30 June 2019	30,710	18,941	4,691	25,906	24,585	-3,229	8,520	110,124	194	110,318

STATEMENT OF CASH FLOWS (amounts in €K)

<i>Euro K</i>	INTERIM 2019	INTERIM 2018
OPERATING ACTIVITY		
Net result for the period	5,350	5,917
<i>Adjusted for:</i>		
- Amortization	5,413	4,864
- Other provisions and impairment losses	25	(221)
- Change in the provision for liabilities and charges	(1,939)	32
- Net change in termination benefit and other provisions	(170)	(327)
- Financial expenses for the period	728	584
- Financial expenses for rights of use	70	0
- Net changes in (prepaid)/deferred taxes	527	33
- Taxes for the period	2,212	2,987
<i>Cash flows of operating activities before changes in the working capital</i>	<i>12,216</i>	<i>13,868</i>
- (Increase)/decrease in trade receivables	(9,823)	6,245
- Increase/(decrease) in other receivables	(1,804)	(3,144)
- Increase/(decrease) in payables to suppliers	(1,841)	(5,486)
- Increase/(decrease) in other payables	424	(374)
<i>Cash flows of operating activities before changes in the working capital</i>	<i>(13,043)</i>	<i>(2,760)</i>
Liquid assets generated by operating activities	(828)	11,108
- Interest payable paid	(233)	(163)
- Taxes paid	(2,570)	(2,553)
Cash flow generated by operating activities	(3,631)	8,392
INVESTMENT ACTIVITIES		
- Purchase of tangible assets	(2,950)	(999)
- Sale of tangible assets	0	50
- Purchase of intangible assets	(3,831)	(5,903)
- Equity investments and financial assets	124	(3,758)
Cash flow from investing activities	(6,657)	(10,610)
CASH FLOW FROM OPERATIONS	(10,288)	(2,218)
FINANCIAL ASSETS		
- Dividends paid	(13,188)	(9,993)
- Short-/long-term loans taken out	18,500	18,500
- (Repayment of) short-/long-term loans	(2,333)	(7,219)
- (Repayment of) financial liabilities for rights of use	(308)	0
Net cash flow generated by/(used for) investments	2,671	1,288
Net increase/(decrease) in available cash Cash equivalents	(7,617)	(930)
Cash and cash equivalents at beginning of period	14,270	13,360
Cash and cash equivalents at end of period	6,653	12,430

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT AT 30-06- 2019

INTRODUCTION

The Toscana Aeroporti Group (hereinafter also briefly referred to as the “Group” or the “TA Group”) includes the Holding, Toscana Aeroporti S.p.A. (hereinafter also briefly the “Holding” or “TA”, formerly called Società Aeroporto Toscano Galileo Galilei S.p.A.), a joint-stock company with registered office in Florence, Via del Termine n. 11, registered in the Register of Companies of Florence, and its subsidiaries, Toscana Aeroporti Engineering S.r.l., Parcheggio Peretola S.r.l., Toscana Aeroporti Handling S.r.l., and Jet Fuel Co. S.r.l.

The main activities of the Group are described in the Report on Operations.

This Condensed Consolidated Interim Financial Report of the TA Group shows amounts in Euro thousands (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 of the Consolidated Interim Financial Report of the TA Group has been carried out by the company “PricewaterhouseCoopers S.p.A.”

BASIS FOR CONSOLIDATION

At 30 June 2019, the structure of the TA Group is the one described in the annex to the Report on Operations, which is recalled in this document. No change was made to the corporate structure of the Group compared to 31 December 2018.

STRUCTURE AND CONTENT OF STATEMENTS AND REPORTS

The Condensed Consolidated Interim Financial Report of the TA Group at 30 June 2019 has been prepared in compliance with 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”).

In the preparation of this Condensed Interim Financial Report, prepared in compliance with IAS 34 - Interim Financial Reporting, we applied the same accounting standards adopted for the preparation of the Consolidated Financial Statement at 31 December 2018,

except for the contents of the section “New accounting standards, amendments and interpretations effective for annual reporting periods beginning on or after 1 January 2019”. The information provided in this Interim Financial Report must be read together with the Consolidated Financial Statement at 31 December 2018, prepared in compliance with IFRS.

To prepare this Interim Financial Report, the Management is required to develop estimates and assumptions that affect revenues, costs, assets and liabilities entered in the balance sheet, as well as the information disclosed regarding potential assets and liabilities at the closing date. Should said estimates and assumptions prepared by the Management be seen to differ from the actual circumstances in the future, they would be amended appropriately in the year when said circumstances would occur. For a more in-depth description of the most significant valuation processes used by the Group, see the section “Use of estimates” in the Consolidated Financial Statement at 31 December 2018.

Furthermore, we point out that some valuation processes, and particularly the most complex, such as the determination of any impairment of fixed assets, are generally made completely only during the preparation of the annual report, when all the necessary information is available, except for the rare case where there are indicators requiring an immediate assessment of any impairment.

Income taxes are recognised based on the best estimate of the weighted average tax rate expected for the entire period.

INFORMATION ON THE SEASONAL NATURE OF THE AIRPORT SECTOR

Due to the cyclic nature of the sector where the Group operates, higher operating revenues and profits are generally expected in the second and third quarter rather than in the first and fourth quarters. The highest sales usually concentrate in the June-September holiday peak period, when the maximum user level is recorded by the airport infrastructures managed.

New accounting standards, amendments and interpretations effective for annual reporting periods beginning on or after 1 January 2019

IFRS 16 “Leases”

During January 2016, the IASB published IFRS 16 “Leases”. This new standard replaced IAS 17. The main change concerns the accounting of lease agreements by leaseholders, as, based on IAS 17, a distinction had to be made between finance leases (booked by using the financial method) and operating leases (booked by using the equity method). IFRS 16 established that operating leases should be accounted for as finance leases. According to the new standard, the financial asset corresponding to the right to use the leased asset and the financial liability corresponding to the future payment of rents must be booked simultaneously. The IASB established optional exemptions for certain lease agreements and low-value / short-term leases.

So, the principle mainly affected the accounting of operating leases that involve the Group as leaseholder.

The Group decided to adopt the simplified transition approach, therefore did not amend the comparative amounts of the year before first adoption. The assets booked for the right of use are measured for the lease amount due upon adoption, determined by discounting the lease rentals due.

At 31 December 2018, the Group's non-cancellable operating leases amounted to € 6.2 M, referred to short-term lease agreements for approx. € 0.1 M and to moderate-value leases for € 0.1 M, for which the Group decided to adopt the optional exemption permitted by

the IASB, which consists in recognising the cost incurred for the use of the leased assets on a straight-line basis.

For the remaining existing leases for which the Group adopted the simplified transition approach, approx. € 4.8 M of right-of-use assets and an equal amount of liabilities were recognised at 1 January 2019, determined by discounting the value of the lease rentals due. The assets for which the Group is the lessor had no significant effects on the financial statement.

IFRS 9 "Financial instruments"

In October 2017, the IASB published an amendment to IFRS 9 concerning the "Prepayment features with negative compensation". The amendment confirms that, when a financial liability accounted for at amortized cost is amended without involving a de-recognition, the related profit or loss must be immediately recognised in the Income Statement. The profit or loss are measures as difference between the previous financial flow and the flow re-determined as a function of the amendment. Said amendment, effective for annual reporting periods beginning on or after 1 January 2019, had no significant impact on the financial statement or on the disclosure.

IAS 28 "Investments in Associates and Joint Ventures"

In October 2017, the IASB published some amendments to IAS 28 that provide clarifications on those associates or joint-ventures for which, according to IFRS 9, the equity method should not be adopted. Said amendments, effective for annual reporting periods beginning on or after 1 January 2019, had no significant impact on the financial statement or on the disclosure.

Annual Improvements to IFRSs 2015-2017 Cycle (IFRS 3, IFRS 11, IAS 12 and IAS 23)

In December 2017, the IASB issued a set of amendments to IFRS (Annual Improvements to IFRSs 2015-2017 Cycle). The provisions approved introduced amendments to: (i) IFRS 3 "Business combinations"; (ii) IFRS 11 "Joint arrangements"; (iii) IAS 12 "Income taxes"; (iv) IAS 23 "Borrowing costs" regarding the accounting of loans originally connected with the development of an asset. Said amendments, effective for annual reporting periods beginning on or after 1 January 2019, had no significant impact on the financial statement or on the disclosure.

IAS 19 "Employee Benefits"

In February 2018, the IASB published some amendments to IAS 19 that require companies to review their assumptions for the determination of current service cost and net interest at each change to the plan. Said amendments, effective from 1 January 2019, had no significant impact on the financial statement or on the disclosure.

IFRIC 23 "Uncertainty over income tax treatments"

In June 2017, the IASB published interpretation IFRIC 23 to provide indications on how to reflect the uncertainties related to the tax treatment of a certain transaction or circumstance in the accounting of current or deferred income taxes. IFRIC 23 became effective on 1 January 2019 and had no significant impact on the financial statement or on the disclosure.

Accounting standards, amendments and interpretations not yet applicable

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

- 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 October 2018, the IASB published some amendments to IAS 1 and to IAS 8, which provide clarifications concerning the definition of “materiality”. These changes will apply from 1 January 2020.
- In October 2018, the IASB published some amendments to IFRS 3, which amend the definition of “business”. These changes will apply from 1 January 2020.

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 Holding usually asks for sureties as guarantee (e.g. from sub-licensees) or pre-payments (e.g. from unknown airlines).

We point out that the Holding 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, the Holding hired a company for its long-term debt collection activities.

2) Liquidity risk

At 30 June 2019, the Group has a negative Net Financial Position (NFP) of € 56.6 M (€ 28.15 M at 31 December 2018). This is the result of a negative current PFN of € -30.3 K (€ 13 K at 31 December 2018) and a negative non-current PFN of € 26.2 M (€ 28.2 M at 31 December 2018). For details on the features of the Group's loans, see Explanatory Note # 44 “Financial liabilities”.

The Group pays six-month EURIBOR interest rates on its loans and is bound to certain financial covenants.

The Group also uses short-term bank loans to meet its short-term requirements, particularly in the six-month period related to the seasonal nature of its assets.

The Group believes that the existing funds and medium/long-term credit lines, in addition to those that will be generated by operations, will suffice to meet its liquidity requirements, including the repayment of debts by their natural maturity dates.

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 30 June 2019 is € M and the debt-to-equity ratio (NFP/Shareholders' Equity) at 30 June 2019 is 0.51(vs 0.24 at 31 December 2018), which confirms the financial soundness of the Group.

Based on the NFP at 30 June 2019, 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 € +/-520 K.

In addition, 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 approx. € +523 K. Instead, the potential impact on the Provision in terms of reduction as a consequence of a hypothetical annual growth of 50 bp in interest rates would be approx. € -558 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.

Information on the main customers of the Holding "TA"

During the first half of 2019, TA recorded over 3,8 million passengers in a system with 37 operating carriers. The total incidence of the first three carriers is 56%. More specifically, the incidence of the first carrier (Ryanair) is 39.4%, while the incidences of the second (Vueling) and third (easyJet) carriers are 9.1% and 7.5%, respectively.

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 operating segment includes the so-called "air-side" activities (after the security check), 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.

- ***Corporate segment***: the values indicated in unallocated items mainly refer to corporate costs not directly attributable to the two operating segments, such as, for example, staff cost, executive professional services, 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.

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/staff (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.

Operating segment reporting: CONSOLIDATED FINANCIAL STATEMENT

(values in € K)	Aviation		Non-Aviation		Unallocated assets (Corporate)		Total	
<i>TA Group - Income Statement</i>	<i>30/06/2019</i>	<i>30/06/2018</i>	<i>30/06/2019</i>	<i>30/06/2018</i>	<i>30/06/2019</i>	<i>30/06/2018</i>	<i>30/06/2019</i>	<i>30/06/2018</i>
Operating income and other revenues	44,274	43,384	9,566	7,231	1,017	4,836	54,858	55,451
of which Pisa	24,669	24,900	3,266	2,344	766	3,310	28,702	30,553
of which Florence	19,605	18,484	6,300	4,887	251	1,526	26,156	24,897
Revenues from construct. serv.	2,109	4,517	310	343	1,103	734	3,521	5,595
of which Pisa	212	1,811	300	2	0	66	513	1,819
of which Florence	1,896	2,706	10	341	1,103	668	3,008	3,776
Total Segment Income	46,383	47,901	9,876	7,574	2,120	5,570	58,379	61,045
Operating Costs (*)	31,034	29,438	2,282	4,078	6,840	7,245	40,157	40,760
of which Pisa	18,664	18,232	1,143	3,129	3,152	3,842	22,959	25,203
of which Florence	12,370	11,206	1,140	948	3,688	3,403	17,197	15,557
Cost of construct. serv.	1,555	4,517	228	343	813	74	2,596	4,935
of which Pisa	157	1,811	221	2	0	46	378	1,858
of which Florence	1,398	2,706	7	341	813	28	2,218	3,076
Amortization and provisions	4,179	3,839	850	944	1,742	1,120	6,770	5,903
of which Pisa	2,155	2,026	553	530	969	402	3,677	2,958
of which Florence	2,024	1,813	297	414	773	718	3,094	2,945
Operating Earnings	9,615	10,107	6,515	2,210	-7,275	-2,868	8,855	9,448
of which Pisa	3,906	4,041	1,049	-1,315	-3,351	-913	2,204	2,413
of which Florence	5,709	6,066	4,466	3,525	-3,924	-1,955	6,651	7,035
Asset management	0	0	0	0	-767	-513	-767	-512
Profit before tax	9,615	10,107	6,515	2,210	-8,042	-3,381	8,089	8,936
Year's taxes	0	0	0	0	-2,739	-3,019	-2,739	-3,019
Net year's result	9,615	10,107	6,515	2,210	-10,781	-6,400	5,350	5,917
Loss (profit) of minority interest	0	0	0	0	-68	-37	-68	-37
Net Group result	9,615	10,107	6,515	2,210	-10,849	-6,437	5,282	5,880
<i>TA Group - Statement of financial position</i>	<i>30/06/2019</i>	<i>31/12/2018</i>	<i>30/06/2019</i>	<i>31/12/2018</i>	<i>30/06/2019</i>	<i>31/12/2018</i>	<i>30/06/2019</i>	<i>31/12/2018</i>
Current assets	31,343	20,378	9,013	4,591	8,363	19,741	48,719	44,710
Non-current assets	141,571	141,248	47,737	42,595	25,426	25,317	214,734	209,160
<i>TA Group - Additional information</i>	<i>30/06/2019</i>	<i>30/06/2018</i>	<i>30/06/2019</i>	<i>30/06/2018</i>	<i>30/06/2019</i>	<i>30/06/2018</i>	<i>30/06/2019</i>	<i>30/06/2018</i>
Investments	4,069	5,557	1,324	383	1,388	963	6,781	6,903

(*) including Airport leases for € 985 K in the first half of 2019 (€ 2,977 K in the first half 2018). Please, note that the airport fees of the first half of 2019 are affected by the release of the Fire Brigade Risk Provision for € 2 M.

Information on the main customers

In the course of the first half of 2019, TA recorded approx. 3.79 million passengers. The total incidence of the first three airlines is 56%. More specifically, the incidence of the first carrier (Ryanair) is 39.4%, while the incidences of the second (Vueling) and third (easyJet) carriers are 9.1% and 7.5%, respectively.

NOTES TO THE MAIN ITEMS OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT: INCOME STATEMENT

VALUE OF PRODUCTION (REVENUE ITEMS)

On the whole, consolidated revenues at 30 June 2019 totalled € 58.38 M (€ 61.05 M at 30 June 2018), with a negative difference of € 2,667 K, broken down below:

Amounts in € K	INTERIM 2019	INTERIM 2018	Abs. Diff. 2019/2018	% Diff.
REVENUES				
Operating Income				
Aviation revenues	44,813	43,384	1,429	3.3%
Non-Aviation revenues	15,497	14,003	1,493	10.7%
Network development expenses	-6,226	-6,771	545	-8.0%
Total operating revenues	54,083	50,616	3,467	6.8%
Other revenues	775	4,835	-4,060	-84.0%
Revenues from construction services	3,521	5,595	-2,074	-37.1%
TOTAL REVENUES (A)	58,379	61,046	-2,667	-4.4%

For the analysis of the main deviations of the two six-month periods examined, see section 10.1 of the Report on Operations.

1. Aviation revenues

The table below shows the items of "Aviation revenues" at 30 June 2019 and the changes, both in absolute and percentage terms, compared to 30 June 2018:

Amounts in € K	INTERIM 2019	INTERIM 2018	Diff. Abs. 2019/2018	Diff. %
AVIATION REVENUES				
Passenger boarding fees	13,838	13,932	-93	-0.7%
Landing/departure fees	7,555	7,214	340	4.7%
Stopover fees	613	539	74	13.7%
PRM assistance fees	1,881	1,226	655	53.4%
Cargo fees	247	267	-20	-7.5%
Passenger security fees	3,721	3,367	354	10.5%
Baggage security fees	1,741	1,990	-249	-12.5%
Handling	14,059	13,875	184	1.3%
Centralised infrastructures	1,158	974	184	18.9%
TOTAL AVIATION REVENUES	44,813	43,384	1,429	3.3%
% incid. over gross op. revenues Network Development	74.3%	75.6%		

2. Non-Aviation revenues

The table below provides details on revenues from non-aviation activities carried out during the first 6 months of 2019 and those of the first 6 months of 2018:

Amounts in €K	INTERIM 2019	INTERIM 2018	Diff. Abs. 2019/2018	Diff. %
NON-AVIATION REVENUES				
Parking facilities	3,278	3,159	119	3.8%
Food	1,770	1,519	251	16.5%
Retail	2,768	2,362	405	17.1%
Advertising	1,046	1,142	-97	-8.5%
Real Estate	877	939	-62	-6.6%
Car rentals	2,729	1,995	735	36.8%
Other subconcessions	1,169	1,361	-192	-14.1%
VIP Lounges	1,442	1,170	272	23.2%
Air tickets	236	199	37	18.5%
Cargo agency	183	157	26	16.4%
TOTAL NON-AVIATION REVENUES	15,497	14,003	1,493	10.7%
% incid. over gross op. revenues Network Development	25.7%	24.4%		

Network development expenses

The main objective of the holding, TA, is to encourage the development of passenger scheduled and cargo traffic in the Tuscan Pisa (PSA-Galileo Galilei) and Florence (FLR-Amerigo Vespucci) airports, consistently with the characteristics of the Tuscan market and of the airport Infrastructure available, as well as to increase the number of scheduled flight connections to and from the airports, in order to support the consolidation and development of air traffic and thus contribute to the economic growth of the airport manager and meet the demand of the territory for better accessibility.

To pursue said objectives, TA has developed an action plan with incentives based on marketing contributions (the so-called “network development expenses”) of differing amounts based on the extent of the air services provided by the carriers in the airports and on the extent of the strategic interest of the operation for the reference airport and territory, in consideration of free business initiative.

Network development expenses totalled € 6.23 M at 30 June 2019, down by € 545 K compared to 30 June 2018, when they totalled € 6.77 M.

3. Other revenues and proceeds

The table below provides details on “Other revenues and proceeds” recognised during the first six months of 2019 and on those of the first six months of 2018.

Amounts in € K	INTERIM 2019	INTERIM 2018	Diff. Abs. 2019/2018	Diff. %
OTHER REVENUE AND INCOME				
Indemnifications	165	4,247	-4,082	-96.1%
Services and consulting	109	96	14	14.4%
Utilities and others	469	463	5	1.2%
Minors	31	29	3	9.8%
TOTAL REVENUES AND INCOME	775	4,835	-4,060	-84.0%
% incid. over Revenues	1.3%	7.9%		

4. Revenues from construction services

At 30 June 2019, Revenues from construction services total € 3.5 M (€ 5.6 M at 30 June 2018), with a negative difference of € 2.1 K.

The lower revenues determined at the end of the period considered stem from the different investment trends compared to the first half of 2018.

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

The table below distinguishes between revenues based on whether services have been completed at a given point in time or over time.

Data in €K	INTERIM 2019	INTERIM 2018
Revenues not included in the scope of IFRS 15	10,086	8,654
“Over time” revenues	48,293	52,392
“Point in time” revenues	0	0
Total Revenues	58,379	61,046

COSTS

On the whole, consolidated costs total € 42.75 M at 30 June 2019 (against € 45.7 M at 30 June 2018), with a negative difference of € 2,941 K, as detailed below:

Amounts in € K	INTERIM 2019	INTERIM 2018	Abs. Diff. 2019/2018	% Diff.
COSTS				
Operating Costs				
Consumables	568	588	-20	-3.5%
Staff cost	21,542	21,270	272	1.3%
Costs for services	15,943	14,690	1,254	8.5%
Sundry operating expenses	1,119	1,235	-115	-9.3%
Airport leases	985	2,977	-1,992	-66.9%
Total operating costs	40,158	40,760	-602	-1.5%
Costs for construction services	2,596	4,935	-2,338	-47.4%
TOTAL COSTS (B)	42,754	45,695	-2,941	-6.4%

For the analysis of the main deviations of the two six-month periods examined, see section 10.1 of the Report on Operations.

5. Consumables

This item refers to the cost of consumables, a total of € 568 K at 30 June 2019 (against € 588 K at 30 June 2018). More specifically, they consist in fuel costs (€ 354 K), clothing (€ 77 K) and materials for operating services (€ 85 K).

6. Staff cost

The total cost of staff is € 21.54 M at 30 June 2019, up by € 272 K compared to 30 June 2018. This cost item is broken down below:

Amounts in € K	INTERIM 2019	INTERIM 2018	Diff. Abs. 2019/2018	Diff. % 2019/2018
STAFF COST				
Remuneration	21,480	21,134	346	1.6%
of which:				
Wages	12,406	12,939	-533	-4.1%
Salaries	3,156	2,526	630	25.0%
Social security contributions	4,633	4,429	204	4.6%
ETB	1,285	1,240	45	3.6%
Other labour costs	62	137	-75	-54.6%
of which:				
Contributions to CRAL	5	6	-1	-22.3%
Social Fund	0	6	-6	-100.5%
Benefits to personnel	51	46	4	9.2%
Administered and sundry	7	78	-72	-91.7%
TOTAL COST OF STAFF	21,542	21,270	272	1.3%
% incid. over Operating Costs	51.1%	52.1%		

The table below specified **the average annual number of employees** (expressed in *Equivalent Full Time*) regarding the first 6 months of 2019 and the difference compared to the same period of 2018:

FTE	INTERIM 2019	INTERIM 2018	Δ+/-	Δ%
TOSCANA AEROPORTI	332.5	721.7	-389.1	-53.9%
TOSCANA AEROPORTI HANDLING	418.1	0.0	418.1	N.S.
Jet Fuel	12.5	11.0	1.5	13.6%
TAE	6.0	5.0	1.0	20.0%
Group	769.2	737.7	31.5	4.3%

For the analysis of the main deviations of the two six-month periods examined, see section 12 of the Report on Operations.

7. Costs for services

On the whole, costs for services in the first 6-month period 2019 and 2018 consist of.

1 In FTE, 2 part-time units are considered as 1 full-time unit.

Amounts in € K	INTERIM 2019	INTERIM 2018	Diff. Abs. 2019/2018	Diff. % 2019/2018
COSTS FOR SERVICES				
Sales services	126	126	0	-0.1%
Institutional expenses	868	804	65	8.0%
Other services	2,613	2,228	385	17.3%
Staff services	889	987	-98	-9.9%
Maintenance services	3,032	2,700	333	12.3%
Utilities	1,881	1,667	215	12.9%
Operating services	6,533	6,178	354	5.7%
TOTAL COSTS FOR SERVICES	15,943	14,690	1,254	8.5%
Incid.% over Costs	37.8%	36.0%		

“*Retail services*”, for € 126 K at 30 June 2019 (€ 126 K at 30 June 2018), include the following costs:

Amounts in € K	INTERIM 2019	INTERIM 2018	Diff. Abs. 2019/2018	Diff. % 2019/2018
COSTS FOR SERVICES				
Sales services	126	126	0	-0.1%
<u>of which:</u>				
Advertising commissions	12	12	0	0.0%
Management of advertising systems	41	30	11	37.5%
Retail promotions	13	24	-11	-46.6%
Dry cleaning service	60	60	0	0.0%

“*Institutional expenses*”, for € 868 K (€ 804 K at 30 June 2018), mainly include the cost of control and auditing boards;

Amounts in € K	INTERIM 2019	INTERIM 2018	Diff. Abs. 2019/2018	Diff. % 2019/2018
COSTS FOR SERVICES				
Institutional expenses	868	804	65	8.0%
<u>of which:</u>				
Directors' fees	594	580	14	2.5%
Auditors' fees	124	91	34	36.9%
Directors' business travels	116	100	17	16.8%
Legal, notarial, meeting expenses	8	28	-20	-71.3%
Participation in conferences	26	6	20	329.1%

“*Other services*”, for € 2.61 M (€ 2.23 M at 30 June 2018), mainly include professional services, industrial insurance and communication costs.

Amounts in € K	INTERIM 2019	INTERIM 2018	Diff. Abs. 2019/2018	Diff. % 2019/2018
COSTS FOR SERVICES				
Other services	2,613	2,228	385	17.3%
<u>of which:</u>				
Professional services	1,266	1,313	-47	-3.6%
Industrial insurance	325	335	-10	-2.9%
Communication	974	553	421	76.3%
Other minors	48	28	20	73.0%

The main change in these costs is due to the higher communication costs (+421 €K) incurred by the Holding and new sponsorships.

“*Staff services*” for € 889 K (€ 987 K at 30 June 2018) are specified below. They mainly refer to costs for the employees’ canteen.

Amounts in €K	INTERIM 2019	INTERIM 2018	Diff. Abs. 2019/2018	Diff. % 2019/2018
COSTS FOR SERVICES				
Staff services	889	987	-98	-9.9%
<u>of which:</u>				
Canteen	603	588	15	2.6%
Insurance	103	145	-42	-28.9%
Preventive medicine and med. examinations	19	31	-12	-39.6%
Training	44	74	-30	-40.0%
Staff recruitment	14	20	-6	-31.0%
Payroll services	63	43	19	44.0%
Journeys	44	85	-42	-48.9%

“*Maintenance services*”, for € 3.03 M (€ 2.7 M at 30 June 2018), include airport infrastructure, systems and installation, equipment and truck maintenance.

Amounts in € K	INTERIM 2019	INTERIM 2018	Diff. Abs. 2019/2018	Diff. % 2019/2018
COSTS FOR SERVICES				
Maintenance services	3,032	2,700	333	12.3%
<u>of which:</u>				
Equipm./Truck Maint.	597	422	175	41.5%
BHS system maint.	453	451	2	0.4%
Maint. of infrastructures	1,149	1,139	10	0.8%
IT maintenance	834	688	146	21.3%

“*Utility services*”, for € 1.88 M (€ 1.67 M at 30 June 2018), mainly include electricity, gas, and water costs.

Amounts in € K	INTERIM 2019	INTERIM 2018	Diff. Abs. 2019/2018	Diff. % 2019/2018
COSTS FOR SERVICES				
Utilities	1,881	1,667	215	12.9%
<u>of which:</u>				
Electricity	837	735	102	13.9%
Water	226	175	52	29.6%
Telephones	106	113	-7	-6.0%
Mobile phones	92	68	24	34.8%
Gas	496	483	13	2.7%
Minors	123	93	30.3	32.6%

“*Operating services*”, for € 6.53 M (€ 6.18 M at 30 June 2018), mainly include outsourced costs for porters, surveillance, cleaning, rentals, parking lots, first aid care and other services typically associated with airport operations. More specifically, the higher portage, surveillance, VIP Lounge, and shuttle bus costs are closely connected with the greater traffic managed during the semester considered.

Amounts in € K	INTERIM 2019	INTERIM 2018	Diff. Abs.	Diff. %
			2019/2018	2019/2018
COSTS FOR SERVICES				
Operating services	6,533	6,178	354	5.7%
of which:				
Porterage	1,900	1,829	70	3.8%
Aircraft cleaning	327	326	1	0.3%
Agency/Wareh. service	90	97	-7	-7.1%
Cleaning	667	557	110	19.8%
PRM Support	297	173	124	72.0%
Surveillance service	1,677	1,271	407	32.0%
Services Centre	124	116	8	6.6%
Connection ? arco az	39	102	-63	-61.6%
Rental of mach. and equip.	112	472	-359	-76.2%
Management of parking lots	358	368	-10	-2.8%
Gardening	83	94	-11	-11.8%
VIP Lounge	338	271	67	24.7%
First Aid Service	192	244	-52	-21.4%
Other operating services	25	0	25	N/A
Shuttle bus	304	259	45	17.3%

8. Sundry operating expenses

"Sundry management expenses", for € 1.12 M (€ 1.23 M at 30 June 2018), mainly include taxes and levies, membership fees, sundry administrative costs, and other minor entries.

Amounts in € K	INTERIM 2019	INTERIM 2018	Diff. Abs.	Diff. %
			2019/2018	2019/2018
SUNDRY OPERATING EXPENSES				
Publications	10	9	1	5.6%
Ins. entities and sundry institutions	265	281	-16	-5.7%
Taxes and levies	393	299	94	31.5%
Entertainment	37	18	19	104.8%
Sundry administrative costs	265	285	-20	-7.2%
Other minors	150	342	-192	-56.2%
SUNDRY OPERATING EXPENSES	1,119	1,235	-115	-9.3%
% incid. over Operating Costs	2.7%	3.0%		

9. Airport leases

"Airport leases", for € 985 K (€ 2.98 M at 30 June 2018), include the rents paid for the concessions and the contribution paid to the fire-protection fund. Both costs are variable over the finally reported traffic.

The reduction in this item reflects the release of the provision for risks set aside for the Fire Brigade dispute - for details, see section "Additional information" in these Explanatory Notes.

Concession and Fire Brigade fees present a value in line with the first half of 2018.

Amounts in € K	INTERIM 2019	INTERIM 2018	Diff. Abs.	Diff. %
			2019/2018	2019/2018
AIRPORT LEASES				
Concession and security fees	2,379	2,359	20	0.9%
Fire Brigade fee	606	618	-12	-2.0%
Release of Fire Brigade Risk Provision	-2000	0	-2,000	
TOTAL AIRPORT FEES/LEASES	985	2,977	-1,992	-66.9%
% incid. over Operating Costs	2.3%	7.3%		

10. Costs for construction services

Costs for construction services, totalling € 2.6 M (€ 4.94 M at 30 June 2018), arise from the investment made in the airport infrastructures under concession during the first half of 2019. See section 11 “Group investments” of the Report on Operations for further details.

11. Amortization and impairment

This item totalled € 5.41 M at mid 2019 (against € 4.86 M at 30 June 2018). It includes the following amortization and impairments:

- intangible assets for € 3.48 M (€ 3.26 M at 30 June 2018);
- property, plant and equipment for € 1.67 M (€ 1.6 M at 30 June 2018);
- rights of use for € 268 K (€ 0 at 30 June 2018).

12. Provision for liabilities and charges

This item shows € 1,278 K (against € 979 K at 30 June 2018) and essentially includes the amounts set aside in the provision for repairs (€ 1,014 K), which consists of the year's portion required for future maintenance expenses relating to repairs/replacements of assets used under the two ENAC concessions to keep them in good operating conditions. The residual item is the Provision for risks (€ 264 K), mainly linked to the renewal of the National Collective Labour Agreement “CCNL” for the period (€ 247 K).

13. Value write-ups (write-downs) net of trade receivables and other receivables

This item amounts to € 78 K (€ 60 K at 30 June 2018) and consists of the provision set aside for bad debt.

	INTERIM 2019	INTERIM 2018
Bad debt reserve	78	60
Credit loss	0	0
Release of provision for bad debt	0	0
total	78	60

14. Financial income

This item of € 4 K (€ 36 K at 30 June 2018) mainly refers to interest receivable accrued on bank current accounts and interest on arrears.

15. Financial expenses

This item amounts to € 802 K (€ 584 K at 30 June 2018) and mainly includes interests and commissions due on bank current accounts and loans (€ 259 K) and financial charges regarding the discounting of the Provision for repair and replacements (€ 405 K).

16. Profit (loss) from investment

This item shows € 32 K (€ 36 K at 30 June 2018), reflecting the recognition in the Shareholders' Equity of equity investment in associates (Immobili A.O.U. Careggi S.p.a. and Alatoscana S.p.a.).

17. Taxes for the period

Taxes for the period have been determined, as required by IAS 34 and IAS 12, by applying the best estimate of the expected weighted average tax rate at period-end. This approach led to an estimated tax burden of € 2.74 M, corresponding to a tax rate of 33.9% of the PBT (against 33.8% at mid-2018).

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 mid-2019 property and dividend rights, the profit for the period of the subsidiary Jet Fuel - approx. € 102 K - is a minority interest to a 66.67% extent, which corresponds to approx. € 68 K (€ 37 K in the first half of 2018). The overall minority interest's profit for the period is € 62 K (profit of € 57 K at 30 June 2018).

19. Earnings per share

Basic earnings per share at 30 June 2019 are € 0.284 (€ 0.316 at 30 June 2018), as calculated by dividing the Group's profit for the period (€ 5,282 K) by the weighted average of the ordinary shares outstanding during the period (18,661,996 shares). No diluting factor exists.

NOTES TO THE MAIN ITEMS OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT: STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

Changes in non-current assets at 30 June 2019 are shown below.

Data in €K	30.06.2019	31.12.2018	DIFF.
NON-CURRENT ASSETS	214,734	209,160	5,574

More specifically, this aggregate consists of the following categories:

Intangible assets

Data in €K	30.06.2019	31.12.2018	DIFF.
INTANGIBLE ASSETS	173,309	172,956	353

In addition to previous disclosures, an aggregate amount of approximately € 3.8 M has been invested in intangible assets during the first 6 months of 2019, specifically:

<i>(amounts in €K)</i>	Amount
Concession rights	712
Construction in Progress	2,828
Software	291
Total	3,831

For a detailed analysis of the main investments made during the six-month period examined, see Section 11 of the Report on Operations.

No divestiture of assets was done in the first 6 months of 2019.

Details on intangible assets are provided in Annex A.

20. Concession rights (royalties)

The value of this item at 30 June 2019 is € 155.7 M (€ 157.2 M at 31 December 2018), down by € 1.6 M due to the effect of the year's amortization, partly offset by the investments made during the six-month period.

21. Industrial patent rights

This item totalled € 1.09 M at 30 June 2019 (against € 1.3 M at 31 December 2018), down by € 207 K due to the higher value of the year's amortization compared to investments.

22. Work in progress and advance payments

At 30 June 2019, this item totalled € 16.3 M (against € 14.4 M at 31 December 2018), up by € 1.89 M as a result of the new ongoing investments for € 2.8 M - a difference partly offset by the item "Concession rights" for € 0.94 M after the conclusion of the related projects. The value at 30 June 2019 mainly refers to investments made on the projects contained in the new Florence "A. Vespucci" airport's 2014-2019 Master Plan. See section "Group investments" of the Report on Operations for further details.

23. Property, Plant and Equipment

Data in €K	30.06.2019	31.12.2018	DIFF.
Property, Plant and Equipment	28,137	26,853	1,284

On the whole, investments of approximately € 2,950 K have been made in the first 6 months of 2019 on:

(amounts in €K)	Amount
Owned land and buildings	101
Plant and machinery	1,215
Ind. and comm. equipm.	39
motor vehicles	51
furniture and fittings, hardware	789
Work in progress	755
Total	2,950

For a detailed analysis of the main investments made during the six-month period examined, see Section 11 of the Report on Operations.

No divestiture of assets was done in the first 6 months of 2019.

Details on tangible assets are provided in Annex B.

24. Rights of use

This item has been recognised at 1 January 2019 after the first adoption of the accounting standard IFRS 16 "Leases", as described above in the section "New accounting standards, amendments and interpretations effective for annual reporting periods beginning on or after 1 January 2019".

We remind readers that the Group had non-cancellable operating leases for € 6.2 M, of which approx. € 0.1 M referred to short-term leases and € 0.1 M to moderate value leases. For the remaining leases, the Group recognised right-of-use assets for € 4.8 M and liabilities for € 4.8 M, determined by discounting the value of the lease rentals due.

At 30 June 2019, the Company had Rights of Use for € 4.59 M, including:

1. rights of use on parking lots for € 4.29 M, related to long-term contracts signed for the concession of car park areas;
2. rights of use on vehicles for € 302 K, related to long-term contracts signed for corporate cars.

25. Equity investments in other entities

As at 31 Dec. 2019, the Holding "TA" owns shares and shares in other equity investments for € 2,945 K (€ 2,945 K at 31 Dec. 2018), 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;
- 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. (with a 0.39% share in the capital): € 10.2 K

- Firenze Parcheggio S.p.A. (with an 8.16% share in the capital): € 2,823 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.

26. Investments in Associated Companies

At 30 June 2019, the value of TA's equity interests in associates and related entities is € 570 K (€ 596 K at 31 December 2018), as shown in the table below.

Data in €K	30.06.2019	31.12.2018	DIFF.
Alatoscana Spa	374	336	38
Immobili AOU Careggi Spa	196	260	-64
Total	570	596	-26

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.

Other financial assets

This item includes guarantee deposits (€ 204 K at 30 June 2019) and other receivables due beyond the year (€ 3,287 K at 30 June 2019).

27. Guarantee deposits

At 30 June 2019, this item totalled € 204 K (€ 190 K at 31 December 2018), mainly consisting of guarantee deposits issued in favour of utility providers (for connections), tobacco products, cash floats given to ticket offices and parking operators.

28. Other receivables due beyond the year

The other receivables due beyond the year total € 3,287 K (€ 3,399 K at 31 December 2018) and mainly include:

- a receivable consisting in the guarantee deposit paid as advance on the price of € 3 million paid in June 2018 upon signing the preliminary agreement for the purchase from NIT – Nuove Iniziative Toscane S.r.l. (a real property subsidiary of the Unipol Group) of the “Piana di Castello” area in the vicinity of the Florence airport for Master Plan development purposes;
- receivables for € 191 K related to repayment plans agreed with customers;
- € 96 K related to the loan granted to the Associate “Firenze Mobilità S.p.A.” for works completed (to be repaid not earlier than 4 years after the final testing of the works).

29. Deferred tax assets

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 € 1,693 K (€ 2,221 K at 31 December 2018). 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. We remind the reader that taxes for the period have been determined, as required by IAS 34 and IAS 12, by applying the best estimate of the expected weighted average tax rate at period-end.

CURRENT ASSETS

As shown in the table, current assets total € 48,719 at 30 June 2019, with an increase of € 4 M compared to 31 December 2018.

Data in €K	30.06.2019	31.12.2018	DIFF.
CURRENT ASSETS	48,719	44,710	4,009

The item is broken down below:

30. Receivables from customers

At 30 June 2019, receivables from customers, net of the Provision for bad debt, totalled € 28,684 K (€ 18,861 K at 31 December 2018), as detailed below.

Data in €K	30.06.2019	31.12.2018	DIFF.
Toscana Aeroporti	26,302	17,978	8,324
Parcheggi Peretola	40	20	20
TA Handling	6,083	4,921	1,162
Jet Fuel	623	258	365
Total gross receivables	33,048	23,177	9,871
Bad debt reserve	-4,364	-4,316	-48
Total net receivables	28,684	18,861	9,823

The provision for bad debt has increased over the period after the contribution of € 78 K and decreased by € 31 K for uses. The details of this item are given below (in €K):

Data in €K	31.12.2018	prov.	use	30.06.2019
Bad debt provision	4,316	78	(31)	4,364

31. Receivables from associated companies

Details of these receivables (in €K) are given in the table below:

Data in €K	30.06.2019	31.12.2018	DIFF.
Alatoscana Spa	32	63	-32
Immobili AOU Careggi Spa	184	111	73
Total	215	174	42

32. Tax assets

This item totalled € 2,271 K at 30 June 2019 (against € 2,355 K at 31 December 2018), mainly including VAT credit of the Holding for € 1,455 K and of its subsidiaries TAH for € 511 K and Jet Fuel for € 209 K.

33. Receivables from others, due within the year

The item "Receivables from others, due within the year" includes (data in €K):

Data in € K	30.06.2019	31.12.2018	DIFF.
Receivables from Carriers for additional municipal income tax on passenger boarding fees	7,415	7,184	231
Advance payments made to suppliers	1,062	740	321
Prepaid expenses	1,371	398	973
Receivables for land expropriation compensation	135	135	0
Receipts from parking lots	221	186	35
Receipts from monopoly products	195	96	99
Advance paym. to Carriers	121	100	20
Other minors	377	210	166
Total	10,896	9,050	1,846

The receivable for the additional Municipal tax in passenger boarding fees, established by Art. 2, par. 11, of Law no. 350 of 24 December 2003, increased in connection with the seasonal nature of turnover from carriers. 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.

"Prepaid expenses" mainly refers to consumable materials such as airport uniforms, supplies invoiced in advance, membership fees, insurance. The increase exclusively reflects the seasonal nature of the business.

34. Cash and cash equivalents

Data in €K	30.06.2019	31.12.2018	DIFF.
Cash and cash equivalents	6,653	14,270	-7,617

For more details, see Statement of Cash Flows.

SHAREHOLDERS' EQUITY AND LIABILITIES

The differences in the Shareholders' Equity occurred during the first 6-month period 2019 are detailed below:

Data in € K	30.06.2019	31.12.2018	DIFF.
CAPITAL AND RESERVES	110,318	118,528	-8,210

The Shareholders' Equity shows a decrease of € 8.21 M, mainly as a consequence of the payment of dividends approved by the Shareholders' Meeting of 29 April 2019 (€ -13.2 M), partly offset by the period's profit (€ +5.3 M). The unit dividend distributed by TA in the month of May was € 0.7 per share.

For more details on each individual item, see the specific tables in the financial statements.

More specifically, the Shareholders' Equity consists of the following items:

35. Share Capital

At 30 June 2019, the fully paid-up share capital consisted of 18,611,966 ordinary shares without nominal value (18,611,966 shares at 31 December 2018).

For details on Shareholders, see the table and section no. 2 "The Holding's Shareholders" in the Report on Operations.

36. Capital reserves

Capital reserves consist of € 74,124 K at 30 June 2019 (€ 73,405 K at 31 December 2018), including:

- a share premium reserve for € 18,941 K created with the paid capital increase determined upon listing SAT S.p.a. on the Stock Exchange in July 2007;
- a legal reserve of € 4,691 K. The € 687 K increase compared to 31 December 2018 arises from the allocation of 2018 profits, as approved by the Shareholders' during their meeting for the adoption of the 2018 Financial Statement;
- statutory reserves for € 25,906 K;
- other reserves mainly consisting of the reserve deriving from the merger by incorporation of AdF, for approx. € 24 M.

37. IAS adjustments reserve

This reserve contains € (3,229) 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 € 2,518 K) created after adopting the new international standard IFRIC 12 from 1 January 2011.

38. Profit/(Loss) carried forward

This item includes profits carried forward for € 3,238 K (€ 2,754 K at 31 December 2018). The difference mainly reflects the discounting effect of the recalculation of the provision for Employees' Indemnity [Fondo TFR] according to IAS 19, partly offset by the allocation of the Group's year profits for 2018.

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

This item includes TA Group's profits at 30 June 2019, consisting of € 5,282 K (against € 14,596 K at 31 December 2018).

40. Minority interest

Based on the equity interests existing in the first half of 2019, the 66.67% Minority Interest corresponds to € 194 K (€ 292 K at 31 December 2018). The difference is mainly due to the distribution of the dividends of the subsidiary Jet Fuel.

Other components of the Statement of Comprehensive Income

Aircraft movements at 30 June 2019 are detailed below (values in €K):

SITUATION AT 30.06.2019	PROFIT/(LOSS) CARRIED FORWARD	GROUP TOTAL	MINORITY INT. S.E.	TOT. OTHER COMPON. OF COMPREH. I.S.
<i>Other comprehensive profit/(loss) that will not be subsequently reclassified to the Income Statement:</i>				
- Profit (loss) arising from the determination of the Termination Benefit after tax	-366	-366	-6	-372

SITUATION AT 30.06.2018	PROFIT/(LOSS) CARRIED FORWARD	GROUP TOTAL	MINORITY INT. S.E.	TOT. OTHER COMPON. OF COMPREH. I.S.
<i>Other comprehensive profit/(loss) that will not be subsequently reclassified to the Income Statement:</i>				
- Profit (loss) arising from the determination of the Termination Benefit after tax	108	108	30	138

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

SITUATION AT 30.06.2019	Gross value	Tax (charge)/benefit	Net Value
- Profit (loss) arising from the determination of the Termination Benefit after tax	-490	118	-372

SITUATION AT 30.06.2018	Gross value	Tax (charge)/benefit	Net Value
- Profit (loss) arising from the determination of the Termination Benefit after tax	182	-44	138

MEDIUM/LONG-TERM LIABILITIES

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

Data in €K	30.06.2019	31.12.2018	DIFF.
NON-CURRENT LIABILITIES	53,207	57,251	-4,044

More specifically, this aggregate consists of the following categories:

41. Provisions for liabilities and charges

The Provision for liabilities and charges consists of € 2,225 K at 30 June 2019 (€ 4,164 K at 31 December 2018).

At 30 June 2019, the provision mainly includes the following amounts:

- 1) € 1,590 K of contributions paid in connection with potential labour dispute risks, better described in the section "Additional information";
- 2) € 351 K set aside for the "Fire Brigade Service" dispute, better described in the section "Additional information";
- 3) € 200 K regarding a dispute initiated on 3 February 2017, where TA was summoned by the company that had been 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.

For further information, see Section "Information on the main items of the Provision for liabilities and charges at 30 June 2019".

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.

The details of the year are provided below.

Data in €K	31.12.2018	prov.	use	30.06.2019
Provisions for liabilities and charges	4,164	264	(2,203)	2,225

The Provision for risks set aside for the Fire Brigade airport service dispute was released in the first six months of 2019 for € 2 M. More specifically, judgement no. 2517/19 issued by the Rome Provincial Tax Commission [Commissione Tributaria Provinciale di Roma] became final on 10 May 2019, admitting and approving the entire defence raised by the Company over the last few years concerning the Fire Protection Fund and, together with the other recent judgements of the Constitutional Court and Court of Cassation, overturned the outcome of all the ongoing disputes in favour of the Company and allowed for a new positive and different assessment of the entire issue of the Fire Protection Fund.

42. Provisions for repair and replacement

This provision includes the amounts required 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 30 June 2019 is € 25,975 K, up by € 563 K with respect to 31 December 2018, due to the effect of the contribution made during the first half of 2019, partly offset by the uses of the period. Details are given below:

Data in € K	31.12.2018	Financial expenses	prov.	use	30.06.2019
Provisions for repair and replacement	25,412	405	1,014	(856)	25,975

Depending on the estimated time of its use within the 12 months of the year, this provision is allocated to medium/long-term liabilities (€ 18,527 K at 30 June 2019) and current liabilities (€ 7,448 K at 30 June 2019).

43. Provisions for employee retirement and benefits

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 actuarial valuations at 30 June 2019 are:

- annual technical discount rate: 0.92%
- 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 staff group being considered.

There is no defined benefit scheme for the executive staff of the company.

The Provision for liabilities and charges consists of € 5,984 K at 30 June 2019 (€ 5,782 K at 31 December 2018). This provision is posted net of the advance payments and settlements made during the period examined and shows an increase of € 202 K compared to 31 December 2018, as specified below (in €K):

Data in €K	31.12.2018	Actuarial (gain)/loss	prov.	transfers	use	30.06.2019
Provisions for employee retirement and benefits	5,782	490	63	65	-416	5,984

The difference shown in the Statement of Comprehensive Income (€ 490 K) equals the actuarial loss for € 372 K, after taxation for € 118 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 with certain changing valuation parameters.

<i>Toscana Aeroporti Group</i>						
	Annual technical discount rate		Annual inflation rate		Annual turnover rate	
	+ 0.50 %	- 0.50 %	+ 0.25 %	- 0.25 %	+ 2.50 %	- 2.50 %
Employee Termination Benefit	5,676	6,316	6,077	5,893	5,858	6,041

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

Year	TA Group
0 - 1	214,981
1 - 2	270,787
2 - 3	236,131
3 - 4	284,782
4 - 5	166,409
5 - 6	152,846
6 - 7	330,694
7 - 8	381,055
8 - 9	570,241
9 - 10	371,031

44. Financial liabilities

This item totalled € 58,614 K (€ 42,420 K at 31 December 2018).

The details of non-current and current financial liabilities are given below:

Data in €K	31/12/2018	Loans	Repayments	Other movements	30/06/2019
Non-current liabilities	28,164			- 6,153	22,011
Current financial liabilities					
Bank overdrafts (short-term loans)	9,501	18,500		4	28,005
Current portion of medium/long-term indebted	4,755	-	2,333	6,176	8,598
Total current financial liabilities	14,256	18,500	- 2,333	6,179	36,603
Total financial liabilities	42,420	18,500	-2,333	26	58,614

The total increase of financial liabilities, a total of € 16,193 K, refers to € 18.5 M of increases in short-term loans ("hot money"), partially offset by the repayment of the principal amount instalments due on long-term loans (€ 2.33 M).

At 31 December 2018, the value of non-current financial liabilities included:

- the amounts due over the next twelve months for two long-term loans granted to the Holding TA by the banks "Banca Infrastruttura Innovazione e Sviluppo" (of the Intesa San Paolo Group) and "MPS Capital Service" for the Group's investments in infrastructure. These loans have to be repaid before September 2027 (the € 40 M loan disbursed by Intesa San Paolo, completely used up) and June 2022 (the € 12 M loan disbursed by MPS, completely used up), and have paid a Euribor rate with a maturity of 6 months, plus a spread. The amortization plans for these loans define 6-monthly repayments of approx. € 2.3 M in total.

- The amounts due over the next twelve months for two 5-year € 500 K loans each, respectively disbursed during the first half of 2017 and first half of 2018, respectively, to the subsidiary Jet Fuel by Banco Popolare di Milano for the purchase of the four airplane fuel supply trucks for Into-plane activities in the Pisa airport.

During the first half of 2019, the principal amounts due over the next twelve months have been reclassified among current liabilities. Even the residual debt at 30 June 2019 of the € 5.4 M loan disbursed by MPS Capital Services has been classified among current liabilities as a consequence of the failure to completely fulfil the covenant levels recognised at 30 June 2019, also considering the appropriateness of early repayment by the Company over the next 12 months.

In this regard, we remind readers that the Holding has to comply with preset financial ratios defined in the agreements signed for its loans, such as the Net Financial Position/EBITDA and the Net Financial Position/Shareholders' Equity ratios, according to the definitions agreed with the lending counterparties and measured annually on the book values of the Holding, for the € 40 M loan, and on a six-month basis on the book values 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 in a current account pledged as security for the same loan, and that no extraordinary transaction be entered into with third parties (entities not belonging to 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 loans in question shall imply, if not remedied under the agreement provisions, the anticipated reimbursement of the residual loan amount.

As to the covenants agreed for the loan disbursed by MPS, see comments above: the loan disbursed by Intesa San Paolo for an initial amount of € 40 M, at 30 June 2019 TA fully complied with the financial parameters that will be measured during the preparation of the year's financial statement.

The amount of current financial liabilities, € 36,603 K, includes the instalments of long-term loans due within the next twelve months, consisting of € 8,598 K, and payables for short-term loans for € 28 M.

At 30 June 2019, TA Group has short-term loans for a total of € 28 M (€ 9.5 M at 31 December 2018). These short-term lines of credit (so called "hot money") have been requested for liquidity requirements connected with the seasonal nature of the business.

Data in € K	30.06.2019	31.12.2018	DIFF.
Credit lines granted	69,350	69,350	0
<i>of which TA</i>	<i>69,250</i>	<i>69,250</i>	<i>0</i>
<i>of which subsidiaries</i>	<i>100</i>	<i>100</i>	<i>0</i>
Credit lines used	28,000	9,500	18,500
<i>% used</i>	<i>40%</i>	<i>14%</i>	<i>N.S.</i>

Bank loans existing at 30 June 2019 are shown below, carried at their book value and at fair value.

¹ Reimbursement due within a maximum term of 18 months; interest rate applied lower than 50 bp.

Amounts in €K	30 June 2019	
	balance sheet	fair value
TA - INTESA SAN PAOLO	24,459	24,997
TA - MPS	5,444	5,472
JET FUEL - BPM	706	719
TA - SHORT-TERM LOANS	28,005	28,005
TOTAL	58,614	59,192

The **Net Financial Position** at 30 June 2019, as shown in the Report on Operations in compliance with Consob Resolution prot. no. 6064293 of 28 July 2006, is specified in the table below:

NET CONSOLIDATED FINANCIAL INDEBTEDNESS				
<i>Euro K</i>	30.06.2019	31.12.2018	Diff. Abs.	30.06.2018
A. Cash on hand and at banks	6,653	14,270	(7,617)	12,430
B. Other cash and cash equivalents	-	-	-	-
C. Securities held for trading	-	-	-	-
D. Liquid assets (A) + (B) + (C)	6,653	14,270	(7,617)	12,430
E. Current financial receivables	-	-	-	-
F. Current bank payables	28,005	9,501	18,504	18,000
G. Current portion of non-current indebtedness	8,598	4,755	3,843	4,705
H. Other current financial payables due to leasing companies	398	-	398	-
I. Current financial indebtedness (F) + (G) + (H)	37,001	14,256	22,745	22,705
J. Net current financial indebtedness (I) - (E) - (D)	30,348	(13)	30,362	10,275
K. Non-current bank payables	22,011	28,164	(6,153)	30,458
L. Bonds issued	-	-	-	-
M. Other non-current payables due to leasing companies	4,212	-	4,212	-
N. Non-current financial indebtedness (K) + (L) + (M)	26,223	28,164	(1,941)	30,458
O. Net Financial Position (J) + (N)(NFP)	56,571	28,151	28,421	40,733

As shown in section “New accounting standards, amendments and interpretations effective for annual reporting periods beginning on or after 1 January 2019”, with the adoption of the new standard IFRS 16 “Leases” from 1 January 2019, the current portion of the “Other current financial payables due to leasing companies” has been added to current financial liabilities for € 398 K and “Other non-current payables due to leasing companies” have been added to non-current financial liabilities for € 4.2 M.

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

45. Financial liabilities for rights of use

This item has been recognised at 1 January 2019 after the first adoption of the accounting standard IFRS 16 “Leases”, as described above in the section “New accounting standards, amendments and interpretations effective for annual reporting periods beginning on or after 1 January 2019”.

At 30 June 2019, financial liabilities for rights of use, determined by discounting the value of the lease rentals due, total € 4.6 M, of which € 4.2 M classified among non-current liabilities and € 0.4 M among current liabilities.

46. Other payables due beyond the year

Payables due beyond the subsequent year consist of € 248 K (€ 202 K at 31 December 2018). This amount refers to guarantee deposits received from customers as performance bonds for services provided.

CURRENT LIABILITIES

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

Data in €K	30.06.2019	31.12.2018	DIFF.
CURRENT LIABILITIES	99,928	78,091	21,837

More specifically, this aggregate consists of the following categories:

47. Tax liabilities

The aggregate amount of this item at 30 June 2019 is € 12,045 K (against € 10,985 K at 31 December 2018), as broken down below:

Data in €K	30.06.2019	31.12.2018	DIFF.
Addit. Mun. fees due to Rev. Ag.as mu Passeng. boarding	9,325	8,710	616
IRES/IRAP due	1,003	1,142	-139
IRPEF due for employees and self-employed prof.	1,124	729	395
Higher fees due for private flights	244	251	-7
VAT due	242	0	242
Local taxes	105	152	-47
Total	12,045	10,985	1,060

Accounts payable to the Revenue Agency for the municipal surtax on passenger boarding fees, presently consisting of € 9.3 M, established by Art. 2, par. 11, of Law no. 350 of 24 December 2003 starting from 1 June 2004, has increased mainly as a consequence of the seasonal nature of the business, which - compared to 31 December - led to higher amounts invoiced to air carriers.

50. Payables to suppliers

At 30 June 2019, payables to suppliers totalled € 26.8 M (€ 28.6 M at 31 December 2018), down by € 1.8 M as a consequence of the payment of invoices for current operations and for the investments made by the Group during the period.

51. Payables to social security institutions

This item includes accounts payable to social security and pension institutions (INPS, INAIL) at 30 June 2019, for a total amount of € 2,098 K (€ 2,955 K at 31 December 2018).

52. Other payables due within the year

Other payables due within the year at 30 June 2019 consist of € 13.89 M (€ 14.2 M at 31 December 2018), and include the following debit items:

Data in € K	30.06.2019	31.12.2018	DIFF.
Concession fees	2,564	2,669	-105
Air/bus/train ticket office receipts	566	517	50
Employees and contractors for accrued fees	4,068	5,105	-1,037
Insurance policies and damage excesses	145	89	56
Due to Directors and Auditors	499	610	-111
Fire-protection service	1,049	1,090	-41
Payables to Foundations/Associations/Social Sec.	59	89	-30
Deferred income	3,327	1,584	1,743
Payables to Holding CAI	598	1,541	-943
Other minors	1,016	908	108
Total	13,892	14,201	-310

Specifically:

- balance of accounts payable to the Revenue Agency for the portion related to 30 June 2019 of the contribution paid for the Fire Brigade fire protection service introduced by the 2007 Finance Law has been paid by the Company. This account payable also includes the amounts set aside while waiting for the outcome of the pending case initiated by the same Ministry against the Company for the collection of arrears for the years 2007-2009. For further considerations, see section "Additional information".
- Prepaid expenses refer to non-aviation revenues invoiced in advance. The difference mainly reflects the seasonal nature of the business.

53. Advance payments

Advance payments total € 678 K (€ 614 K at 31 December 2018), mainly consisting of advances from customers.

COMMITMENTS AND GUARANTEES

At 30 June 2019, total commitments and guarantees (regarding the Holding) include € 16,501 K of third-party suretyships in favour of TA and € 10,551 K of suretyships given by third parties on behalf of TA.

Data in €K	30.06.2019	31.12.2018	DIFF.
Third-party guarantee in favour of Company	16,501	12,164	4,337
Third-party guarantee on behalf of Company	10,551	10,137	414

Suretyships provided by third parties in the favour of TA (€ 16.5 M) mainly refer to performance bonds for contract works, for compliance with agreements by sub-concessionaires, air carriers and other customers.

Suretyships provided to third parties on behalf of TA (€ 10.6 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; in favour of the Revenue Agency (Agenzia delle Entrate) as a guarantee for 2013 VAT reimbursement; and of the Municipalities of Pisa and Florence, to ensure compliance with municipal regulations in the execution of works for the expansion of the airport infrastructures by TA; and minor entries.

ADDITIONAL INFORMATION

Information on the main items of the Provision for liabilities and charges at 30 June 2019

1. Provision for liability risks connected with the dispute on the Fire Brigade airport service (€ 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 ("Fondo Antincendi"), the Parent Company TA (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.

A harsh legal dispute arose on the issue, with confirmed decisions expressed by the finance and civil courts, with a specific legislative instrument, and lastly with specific judgements issued by our highest jurisdictional bodies, the Constitutional Court and the Court of Cassation, with united sections.

In such a context, we remind readers that the lawmaker (with paragraph 478, Art. 1, of Law no. 208/2015, the so-called "Stability Law" - *Legge di Stabilità 2016*), had retroactively amended the regulation of the Fire-Prevention Fund in order to affect all the ongoing disputes in favour of the Administrations and thus imposing the nature of a consideration and the jurisdiction of the Ordinary Court. After the legislative amendment introduced by the Stability Law 2016 on the matter, a specific petition had been filed to raise the question of the constitutional legitimacy of the provision at issue. The Constitutional Court, with judgement no. 167/2018, deposited on 20 July 2018, confirmed TA's thesis and declares the lack of constitutional legitimacy for Art. 1, paragraph 478, of Law no. 208 of 28 December 2015.

Several positive judgements have been pronounced in the favour of TA in the first half of 2019, thus confirming that the Fire-Prevention Fund was factually a tax, and therefore not due, being a specific-purpose tax. This allowed the Company to assess the risks associated with this dispute with a different attitude.

More specifically, judgement no. 2517/19 issued by the Rome Provincial Tax Commission [Commissione Tributaria Provinciale di Roma] became final on 10 May 2019, admitting and approving the entire defence raised by the Company over the last few years concerning the Fire Protection Fund and, together with the other recent judgements of the Constitutional Court and Court of Cassation, overturned the outcome of all the ongoing disputes in favour of the Company.

Therefore, TA, with the support of its external attorneys, based on the present judicial situation and of the positive judgements issued in the first few months of 2019 - i.e. judgement no. 3162/19 issued by the Court of Cassation with United Sections on 1 February 2019, judgement no. 2517/19 of the Rome Provincial Tax Commission on 20 February 2019, which became final on 10 May 2019, and judgement no. 4874/8/19 of 2 April 2019 of the Rome Provincial Tax Commission - acknowledged a change in the risk of an adverse outcome of the above-mentioned dispute.

Consequently, the provision for risks allocated to the financial statement has been adjusted **to € 351 K at 30 June 2019 after the release of an amount of € 2 M.** So, considering the developments of the period, the amounts set aside at 30 June 2019, assessed also with the support of independent advisors, are consistent with the predictable outcome of the dispute.

2. Provision for the risk of potential labour dispute liabilities (€ 1,590 K)

The provisions for risks existing at 30 June 2019 include € 482 K of liabilities from ongoing mediation negotiations with employees and labour disputes with a probable unfavourable outcome.

Finally, the Group set aside a provision of € 1,108 K corresponding to the estimate of the liabilities deriving from the non-renewal of the National Collective Labour Contract ("CCNL") in 2017 and 2018, and for the first six months of 2019.

The amounts set aside by the Group, also with the support of independent advisors, are consistent with the predictable outcome of the dispute.

3. Other potential liabilities

We finally report risks for potential liabilities, also assessed as "possible" with the support of independent professionals, concerning:

- a) the appeal proposed on 31 Dec. 2017 by Regione Toscana^[1] Incidental appeal brought by Toscana Aeroporti on 26 January 2017, against judgement no. 1310/2016, with which the "TAR" (Regional Administrative Court) of Tuscany, in August 2016, had admitted the petitions lodged by several 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. Finally, further petitions have been filed with the TAR in June 2019, with an application for interim relief, by a part of the same parties who filed a petition against the VIA Decree, for the cancellation of the provision issued by the Ministry of Infrastructure and Transport concerning the conclusion of the Conference of Services on the Florence airport development project. As regards the latter petitions, the interim relief has been rejected, considering, *inter alia*, that the MIT initiated the suspension proceeding under self-protection for the execution of its own measure. On 15 July 2019, the MIT ordered the suspension of the measure at issue.
- b) the dispute for the return of the fees for fuel supplies requested by certain airlines from oil companies, where the Group has been summoned as third party;
- 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.

For the aforesaid disputes, the Company did not consider it appropriate to set aside provisions in the light of the related progress status.

Relationships with related parties

See the specific section in the Report and Annex C to this Condensed Consolidated Interim Financial Report at 30 June 2019 for a summary of the main effects on the financial statement of the transactions performed by the Holding with related parties, whose amount is scarcely significant.

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 during the first half of 2019.

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

^[2] Piano di Intervento Territoriale [Territory Planning Scheme].

Subsequent events

For the main events occurred after 30 June 2019, see point 17 in the Report on Operations.

Atypical or unusual transactions

According to Consob's Notice no. 6064293 of 28 July 2006, we disclose the information that no significant non-recurring events and transactions took place during 2019.

Allocation of financial instruments by valuation category applied

30 June 2019 (data in €K)

Assets

Trade receivables
Other financial assets
Other accounts receivable
Cash and cash equivalents

Total

Assets valued at fair value	Assets valued at amortized cost	Total
-	28,954	28,954
2,945	-	2,945
-	12,758	12,758
-	6,653	6,653
2,945	48,365	51,310

30 June 2019 (data in €K)

Liabilities

Financial liabilities
Financial liabilities for rights of use
Trade payables and other liabilities

Total

Liabilities valued at fair value	Liabilities valued at amortized cost	Total
-	58,614	58,614
-	4,610	4,610
-	34,189	34,189
-	97,413	97,413

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. "Assets valued at fair value" belong to this category.

Authorization to publication

This document has been approved by the Board of Directors on 06 August 2019 and will be made available to the public on the same date as required by the applicable legislation.

For the Board of Directors
President (Marco Carrai)

**ANNEXES TO THE
CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
2019**

TABLE OF CHANGES IN INTANGIBLE ASSETS FOR THE FIRST HALF OF 2019
(amounts in €K)

	CONCESSION RIGHTS (ROYALTIES)	PATENT AND INTELLECTUAL PROPERTY RIGHTS	ASSETS UNDER CONSTRUCTI ON	OTHER FIXED ASSETS	TOTAL
Historical cost	196,834	12,444	14,411	12	223,701
Accumulated depreciation	-39,599	-11,145	0	0	-50,744
A - Value as at 31-12-18	157,235	1,299	14,411	12	172,957
<i>CHANGES FOR THE PERIOD</i>					
Purchases	712	291	2,828	0	3,831
Reclassification	631	56	-940	253	0
Depreciation	-2,912	-553	0	-13	-3,478
B - Balance of changes	-1,569	-207	1,887	241	352
Historical cost	198,177	12,790	16,299	266	227,532
Accumulated depreciation	-42,511	-11,698	0	-13	-54,223
Value as at 30-06-2019 (A+B)	155,666	1,092	16,299	253	173,309

TABLE OF CHANGES IN TANGIBLE ASSETS FOR THE FIRST HALF OF 2019
(amounts in €K)

	LAND, BUILDINGS AND RUNWAY INSTALLATIONS		PLANT AND MACHINE RY	INDUSTRIAL AND COMMERCIAL EQUIPMENT	ASSETS UNDER CONSTRU CTION	OTHER ASSETS	TOTAL
	to be freely assigned	owned by the Company					
Historical cost	12,314	16,796	32,481	1,430	639	18,598	82,258
Accumulated depreciation	-11,042	-2,269	-26,216	-938	0	-14,939	-55,404
A - Value as at 31-12-18	1,272	14,527	6,265	492	639	3,659	26,854
<i>CHANGES FOR THE PERIOD</i>							
Purchases	71	29	1,215	39	755	841	2,949
Reclassification	-58	-3	145	3	-12	-74	0
Depreciation	-113	-63	-1,018	-24	0	-449	-1,667
B - Balance of changes	-100	-37	341	18	743	318	1,283
Historical cost	12,327	16,822	33,841	1,472	1,382	19,365	85,207
Accumulated depreciation	-11,155	-2,332	-27,234	-962	0	-15,387	-57,071
Value as at 30-06-2019 (A+B)	1,172	14,490	6,606	510	1,382	3,977	28,137

RELATIONSHIPS WITH RELATED PARTIES

	30 June 2019			30 June 2018		
balance sheet item	Values in € K	% incidence on balance sheet item	Book item (€K)	Values in € K	% incidence on balance sheet item	Book item (€K)
Associated companies						
<i>Immobili A.O.U. Careggi Spa</i>						
Investments in Associated Companies	195.7	34.35%	570	209.3	35.13%	596
Receivables from associated companies	183.9	85.34%	215	234.2	75.44%	310
Non-Aviation revenues	61.0	0.39%	15,497	50.0	0.36%	14,003
Other revenues and proceeds	18.0	2.32%	775	24.5	0.51%	4,835
<i>Alatoscana Spa</i>						
Investments in Associated Companies	374.1	65.65%	570	386.5	64.87%	596
Receivables from associated companies	31.6	14.66%	215	76.2	24.56%	310
Other revenues and proceeds	31.6	4.08%	775	31.6	0.65%	4,835
Other related parties						
<i>Comune di Pisa</i>						
Payables to suppliers	12.2	0.05%	26,766	12.2	0.05%	23,053
<i>Pisamo Spa (*)</i>						
Payables to suppliers	-	0.00%	26,766	23.7	0.10%	23,053
<i>Delta Aerotaxi srl</i>						
Aviation revenues	73.6	0.16%	44,813	70.3	0.16%	43,384
Non-Aviation revenues	189.7	1.22%	15,497	178.1	1.27%	14,003
Other revenues and proceeds	5.2	0.67%	775	5.0	0.10%	4,835
Receivables from customers	368.8	1.29%	28,684	232.7	1.05%	22,083
Receivables from others due beyond the year	160.5	4.88%	3,287	258.9	4.91%	5,268
<i>Corporate Air Services srl</i>						
Aviation revenues	384.6	0.86%	44,813	310.9	0.72%	43,384
Non-Aviation revenues	38.3	0.25%	15,497	36.0	0.26%	14,003
Other revenues and proceeds	1.1	0.14%	775	0.9	0.02%	4,835
Receivables from customers	23.2	0.08%	28,684	218.4	0.99%	22,083
<i>Delifly srl</i>						
Non-Aviation revenues	18.0	0.12%	15,497	18.3	0.13%	14,003
Other revenues and proceeds	0.4	0.05%	775	0.5	0.01%	4,835
Receivables from customers	0.2	0.00%	28,684	7.7	0.03%	22,083
<i>ICCAB srl</i>						
Non-Aviation revenues	50.5	0.33%	15,497	60.3	0.43%	14,003
Other revenues and proceeds	1.0	0.13%	775	0.6	0.01%	4,835
Other receivables from customers	67.0	0.23%	28,684	33.3	0.15%	22,083
<i>Corporación America Italy srl</i>						
Receivables from customers	0.9	0.00%	28,684	0.9	0.00%	22,083
Other payables due within the year	597.7	4.30%	13,892	1,017.3	6.60%	15,410
<i>Comune di Firenze</i>						
Non-Aviation revenues	3.0	0.02%	15,497	3.0	0.02%	14,003
Receivables from customers	-	-	28,684	1.5	0.01%	22,083
Costs for services	53.3	0.33%	15,943	-	0.00%	-
Other payables due within the year	6.3	0.05%	13,892	-	0.00%	-

CERTIFICATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT 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 Condensed Consolidated Interim Financial Report at 30 June 2019.

2. Furthermore, it is hereby certified that the Condensed Consolidated Interim Financial Report at 30 June 2019:

- 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, 06 August 2019

For the Board of Directors
Gina GIANI (CEO)

Financial Reporting Manager
Marco Gialletti

LIMITED AUDITING ACTIVITY REPORT BY PWC



REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the shareholders of
Toscana Aeroporti SpA

Foreword

We have reviewed the accompanying condensed consolidated interim financial statements of Toscana Aeroporti SpA and its subsidiaries (the Toscana Aeroporti Group) as of 30 June 2019, comprising the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, statement of changes in the consolidated shareholders' equity, consolidated cashflow statement and related explanatory notes. The directors of Toscana Aeroporti SpA are responsible for the preparation of the condensed consolidated interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of condensed consolidated interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial statements.

PricewaterhouseCoopers SpA

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the Toscana Aeroporti Group as of 30 June 2019 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Florence, 6 August 2019

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.