

7.13 Discontinued Operations profit/(loss)

The Discontinued Operations report a loss of Euro 130 thousand, against a profit of Euro 3,238 thousand for 2015.

The account includes the result of the company SEA Handling SpA in liquidation, following its classification as discontinued operations during 2014.

For further information, reference should be made to the Note 5.2.

7.14 Earnings per share

The basic earnings per share is calculated by dividing the Group net profit by the weighted average number of ordinary shares outstanding in the year. For the diluted earnings per share, as no equity instruments were issued by the parent company, the weighted average of the shares in circulation is the same as that utilised for the establishment of the basic earnings per share. Therefore, the basic earnings per share at December 31, 2016 was Euro 0.37 (net profit for the year of

Euro 93,619 thousand/number of shares in circulation 250,000,000).

The basic earnings per share at December 31, 2015 was Euro 0.34 (net profit for the year of Euro 83,850 thousand/number of shares in circulation 250,000,000).

8. Transactions with Related Parties

The transactions with Related Parties are not atypical or unusual and form part of the ordinary business activities of the companies of the Group.

These operations are regulated at market conditions and take account of the characteristics of the goods and services provided.

The following tables show the balances with related parties at December 31, 2016 and December 31, 2015 and the income statement amounts for the years 2016 and 2015, with indication of the percentage of the relative account.

Group transaction with Related Parties at December 31, 2016

(In thousands of Euro)

	Trade receivables	Trade payables	Operating revenues	Operating costs (excluding costs for work on assets under concession)
<i>Investments in associated companies</i>				
SACBO(*)	138	342	866	9,518
Dufrital	5,469	1,173	29,297	19
Malpensa Logistica Europa	1,029	986	4,116	0
SEA Services	354	834	2,548	2,569
Disma	130	98	230	0
Signature Flight Support Italy	402	32	777	135
Total related parties	7,522	3,465	37,834	12,241
Total financial statements	86,968	161,530	653,512	422,617
% of total financial statements	8.65%	2.15%	5.79%	2.90%

(*) The item "Operating costs" regarding relations with SACBO, of Euro 9,518 thousand, does not include the portion billed by SEA to end customers and transferred to the associate.



Group transaction with Related Parties at December 31, 2015

<i>(In thousands of Euro)</i>	Trade receivables	Trade payables	Operating revenues	Operating costs (excluding costs for work on assets under concession)
<i>Investments in associated companies</i>				
SACBO(*)	209	419	738	8,030
Dufrital	8,901	1,000	29,037	22
Malpensa Logistica Europa	1,157	987	4,131	0
SEA Services	443	440	2,841	2,604
Disma	127	99	232	0
Total related parties	10,837	2,945	36,979	10,656
Total financial statements	90,527	164,486	642,408	425,180
% of total financial statements	11.97%	1.79%	5.76%	2.51%

(*) The item "Operating costs" regarding relations with SACBO, of Euro 8,030 thousand, does not include the portion billed by SEA to end customers and transferred to the associate.

The table below shows the cash flows from the transactions of the Group with related parties for the years

ended December 31, 2016 and December 31, 2015, with indication of the percentage of the relative account:

Cash flow generated from Group transactions with Related Parties at December 31, 2016

<i>(In thousands of Euro)</i>	Investments in associated companies	Investments in other companies	Total transactions with related parties	Consolidated balance	%
A) Cash flow generated from operating activities	3,835		3,835	152,717	2.5%
B) Cash flow generated from investing activities	2,935		2,935	(61,778)	-4.8%
C) Cash flow generated from financing activities				(97,681)	0.0%

Cash flow generated from Group transactions with Related Parties at December 31, 2015

<i>(In thousands of Euro)</i>	Investments in associated companies	Investments in other companies	Total transactions with related parties	Consolidated balance	%
A) Cash flow generated from operating activities	(913)		(913)	181,390	-0.5%
B) Cash flow generated from investing activities	2,337		2,337	(75,511)	-3.1%
C) Cash flow generated from financing activities				(75,392)	0.0%

The transactions between the Group and related parties for the year ended December 31, 2016 mainly related to:

- relationships related to the management of parking at the Orio al Serio-Bergamo airport (SACBO);
- commercial transactions with reference to the recognition to SEA of royalties on sales (Dufrital and SEA Services);
- rental of premises (Malpensa Logistica Europa);
- supply to SEA of catering services (SEA Services);
- commercial transactions deriving from the concession for the distribution of fuel (Disma);
- supply by SEA Energia of electricity to Dufrital;
- revenues for administrative service, as well as relative to payments and the concession issued by SEA Prime for fuel supply; costs for *push-back* (Signature Flight Support Italy).

Other transactions with Related Parties

SACBO SpA

In 2016, SACBO distributed dividends to SEA for Euro 1,800 thousand.

SEA Services Srl

In 2016, SEA Services distributed dividends to SEA for Euro 680 thousand.

Disma SpA

In 2016, Disma distributed dividends to SEA for Euro 281 thousand.

Malpensa Logistica Europa SpA

In 2016, Malpensa Logistica distributed dividends to SEA for Euro 173 thousand.

9. Directors' fees

In 2016, the remuneration for the Board of Directors, including welfare and accessory charges, amounted to Euro 603 thousand (Euro 799 thousand in 2015).

10. Statutory auditors' fees

In 2016, the remuneration for the Board of Statutory Auditors, including welfare and accessory charges, amounted to Euro 295 thousand (Euro 315 thousand in 2015).

11. Independent Audit Firm fees

The fees for the audit of Statutory Financial Statements of SEA SpA and subsidiaries recognised to the independent audit firm Deloitte & Touche SpA for the year 2016 amounted to 159 thousand Euro in addition to 107 thousand Euro for other activities.



12. Commitments and guarantees

Euro 22,433 thousand at December 31, 2016 (Euro 64,068 thousand at December 31, 2015), which is reported net of the works already realized and invoiced to the Group, as follows.

12.1 Investment commitments

The Group has investment contract commitments of

Breakdown of Commitments by project

<i>(In thousands of Euro)</i>	At December 31, 2016	At December 31, 2015
Design and construction of a new warehouse at Malpensa Cargo City	7,582	9,688
Design and extraordinary maintenance civil works and installations at Linate and Malpensa	6,403	21,797
Design and extraordinary maintenance of airport infrastructure and roads at Linate and Malpensa	3,201	9,283
Extraordinary maintenance for general aviation civil works and installations	2,212	3,000
General Aviation Lambro river design and restructuring works	1,542	2,889
General Aviation Hangar	1,270	26
Runway motor vehicles	104	
Framework Agreement for activities supporting the design of plants	100	
Security coordination framework agreement	20	
Design and construction of new building for Malpensa T2 railway station		12,608
Design and extraordinary maintenance Linate infrastructure		2,043
Complementary construction works for Malpensa T1 Passengers area		949
Internal architectural and structural completion works at Malpensa		731
Complementary construction works - mechanical systems of Malpensa passengers Terminal T1 and third satellite		462
Redesign of arrivals and check-in floors at Malpensa T1		331
Redesign of general aviation external and eating areas		110
Automatic system for managing general aviation parking		100
R.T.I. Consorzio Costruzioni infrastrutture		51
Total	22,433	64,068

12.2 Commitments for rental contracts

At December 31, 2016, the SEA Group has commitments on rental contracts totalling Euro 19,187 thousand, principally relating to the rental of airport buses and motor vehicles.

The breakdown of the minimum payments on the contracts of the Group at December 31, 2016 is as follows:

<i>(In thousands of Euro)</i>	At December 31, 2016
Within 12 months	5,760
Between 1 & 5 years	13,427
Total	19,187

12.3 Commitments and guarantees

The secured guarantees, amounting to Euro 2,033 thousand at December 31, 2016, relate to the lien on receivables against loans provided by credit institutions on European Investment Bank funds.

At December 31, 2016, the guarantees in favour of third parties were as follows:

- two Bank Guarantees on the first two tranches drawn down in June 2015 on the EIB line entered into in December 2014 of respectively Euro 31,500 thousand and Euro 34,500 thousand;
- guarantee of Euro 25,000 thousand to Banca Popolare di Milano to guarantee credit lines received from companies within the centralised treasury system;
- guarantee of Euro 22,930 thousand in favour of ENAC, as guarantee of the concession fee;
- guarantee of Euro 4 million in favour of the Ministry for Defence for utilisation by SEA of land owned by the Ministry following the road access works undertaken for the opening of the new multi-storey parking at Milan Linate Airport, for the realisation of works at Ghedi which began in 2015. This guarantee is within the technical agreement which SEA signed on June 4, 2009 with the Defence Ministry and with ENAC which establishes that the Ministry of Defence transfers to ENAC some state buildings no longer of military interest adjacent to the Milan Airport. SEA, having the necessity to utilise these assets to improve and develop the airport infrastructure, acquired the concession to utilise these assets until 2041 against the realisation of a series of works in favour of the Ministry of Defence for a total amount of Euro 25,900 thousand, including works against the availability of land at Linate. In relation to the areas of Malpensa negotiations are in course with the Ministry for the definition of the land to be transferred to SEA and the relative works which they will be requested to undertake;
- guarantee of Euro 2,000 thousand in favour of Sacbo as guarantee for the parking management at Bergamo airport;
- guarantee of Euro 2,000 thousand in favour of the Ministry of Defence to secure the obligations under the technical agreement of 04/06/2009 following the advanced delivery of an area comprised in "Cascina Malpensa";
- guarantee provided by Banca Popolare di Milano to Enel Distribuzione for electricity transport amounting to Euro 902 thousand;
- guarantee issued by Banca Popolare di Milano to Terna (Rete elettrica nazionale SpA) as security for the dispatch of electricity of Euro 1,214 thousand;
- guarantee provided by Banca Popolare di Milano to GESAC for the supply of electricity to the Naples and Turin airports for Euro 112 thousand;
- guarantee provided by Banca Popolare di Milano to Unareti for electricity transport amounting to Euro 173 thousand;
- guarantee provided by Banca Popolare di Milano to SACBO for participation in a call for tenders for the supply of electricity to the Bergamo airport for Euro 96 thousand. The commitment was extinguished in January 2017;
- guarantee of Euro 102 thousand in favour of the supplier Contract GmbH for the rental of airport buses;
- guarantee provided by Banca Popolare di Milano in favour of the Milan Customs Agency as guarantee for the proper payment of consumption taxes for Euro 69 thousand;
- guarantee provided by Banca Popolare di Sondrio in favour of UTF as guarantee for the proper payment of consumption taxes for Euro 52 thousand and other guarantees of Euro 30 thousand;
- guarantee of Euro 75 thousand in favour of Milan 3 Customs Office Department (General Aviation);
- Euro 376 thousand for other minor guarantees.

12.4 Contingent liabilities and other commitments

Reference should be made to the explanatory notes in relation to receivables (Note 6.10) and operating risks (Note 6.14).



13. Seasonality

The Group business is characterised by revenue seasonality, which are normally higher in the periods of August and December due to increased flights by the airlines at its airports. It should be noted that the airports of Milan Malpensa and Milan Linate are to a certain degree complementary from a seasonality viewpoint, in view of the different profile of the indirect customers (i.e. leisure vs. *business*). This feature limits the seasonal peaks from an overall consolidated operational and financial viewpoint.

14. Contingent assets

With reference to judgement 7241/2015 of the Milan Court, as not all appeals have been made this contingent asset was not recognized in the income statement as per IAS 37.

For more details, please refer to the comments in the section “*Subsequent events*” of the Directors’ Report.

15. Transactions relating to atypical or unusual operations

In accordance with CONSOB Communication of July 28, 2006, in 2016 the Company did not undertake any transactions deriving from atypical or unusual operations, as set out in the communication.

16. Significant non-recurring events and operations

Pursuant to CONSOB Communication of July 28, 2006, in the view of Directors, in 2016, the Group did not undertake non-recurring significant operations.

17. Significant events after year end

Reference should be made to the Directors’ Report.

The Chairman of the Board of Directors
Pietro Modiano