

10 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.

They 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, 2017 and at December 31, 2016 and the income statement amounts for the years 2017 and 2016, with indication of the percentage of the relative account.



GROUP TRANSACTIONS WITH RELATED PARTIES

	at December 31, 2017			
(Euro thousands)	Trade Receivables	Trade payables	Operating revenues	Operating costs (excl. costs for works on assets under concession)
<i>Investments in associates</i>				
SACBO ^(*)	276	510	838	10,496
Dufrital	5,542	1,149	31,103	21
Malpensa Logistica Europa	1,840	1,046	4,277	10
SEA Services	1,137	1,714	3,115	3,331
Disma	117	99	215	0
Signature Flight Support Italy	507	1	944	0
Total related parties	9,419	4,519	40,492	13,858
Total book value	111,078	153,497	697,698	456,968
% on total book value	8.48%	2.94%	5.80%	3.03%

^(*) The account "Operating costs" relating to transactions with SACBO, equivalent to Euro 10,496 thousand, does not include that invoiced by SEA to the final clients and transferred to the associate.

	at December 31, 2016			
(Euro thousands)	Trade Receivables	Trade payables	Operating revenues	Operating costs (excl. costs for works on assets under concession)
<i>Investments in associates</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 book value	86,968	161,530	653,512	422,617
% on total book value	8.65%	2.15%	5.79%	2.90%

^(*) The account "Operating costs" relating to transactions with SACBO, equivalent to Euro 9,518 thousand, does not include that invoiced by SEA to the final clients 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, 2017

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

GROUP CASH FLOWS WITH RELATED PARTIES

(Euro thousands)	at December 31, 2017				
	Investments in associates	Investments in other companies	Total transactions with related entities	Consolidated balance	%
A) Cash flow from operating activities	(843)		(843)	161,407	-0.5%
B) Cash flow from investing activities	7,552		7,552	(63,432)	-11.9%
C) Cash flow from financing activities				(87,195)	0.0%

(Euro thousands)	at December 31, 2016				
	Investments in associates	Investments in other companies	Total transactions with related entities	Consolidated balance	%
A) Cash flow from operating activities	3,835		3,835	152,717	2.5%
B) Cash flow from investing activities	2,935		2,935	(61,778)	-4.8%
C) Cash flow from financing activities				(97,681)	0.0%

The transactions between the Group and related parties for the year ended December 31, 2017 mainly related to:

- parking management transactions at 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 de-

iving from the concession for the distribution of fuel (Disma);

- supply by SEA Energia of electricity to Dufrital;
- revenue for administration services, as well as payments and concessions issued by SEA Prime for the supply of fuel; push back costs (Signature Flight Support Italy).

Other transactions with related parties

SACBO SpA

In 2017, SACBO distributed div-

idends to SEA for Euro 2,128 thousand.

Dufrital SpA

In 2017, Dufrital distributed dividends to SEA for Euro 1,679 thousand.

Malpensa Logistica Europa SpA

In 2017, Malpensa Logistics distributed dividends to SEA for Euro 1,236 thousand.

Disma SpA

In 2017, Disma distributed dividends to SEA for Euro 234 thousand.

SEA Services Srl

In 2017, SEA Services distributed dividends to SEA for Euro 624 thousand.

11 Directors' fees

In 2017, the remuneration for the Board of Directors, including welfare and accessory charges, amounted to Euro 529 thousand (Euro 603 thousand in 2016).

12 Statutory auditors' fees

In 2017, the remuneration for the Board of Statutory Auditors, including welfare and accessory charges, amounted to Euro 290 thousand (Euro 295 thousand in 2016).

13 Independent Audit Firm fees

The audit fees recognised by the company SEA SpA and its subsidiaries to the audit firm Deloitte & Touche SpA for the year 2017

amounted to Euro 191 thousand for audit services and Euro 88 thousand for other services.

14 Commitments and guarantees**14.1 Investment commitments**

The Group has investment contract commitments of Euro 36,315 thousand at December 31, 2017 (Euro 22,433 thousand at December 31, 2016), which are reported net of the works already realised and invoiced to the Group, as follows.

BREAKDOWN PROJECT COMMITMENTS

(Euro thousands)	at December 31, 2017	at December 31, 2016
Design and extraordinary maintenance civil works and plant at Linate & Malpensa	21,532	6,403
Design and construction of new warehouse at Cargo City of Malpensa	4,006	7,582
Redesign of land side frontage and new shelters Linate	3,381	
Executive design and extraordinary maintenance telecommunications and AVL	3,466	
Extraordinary maintenance for civil works and general aviation plant	1,480	2,212
Design and extraordinary maintenance flight infrastructure and roadways at Linate and Malpensa	1,148	3,201
New de-icing area at north apron Linate	777	
Design and works Lambro general aviation	400	1,542
Final phase new changing rooms, air side area general aviation	100	
Hangar general aviation	25	1,270
Runway vehicles		104
Framework agreement for design support of general aviation plant		100
Framework agreement security co-ordination general aviation		20
Total	36,315	22,434

14.2 Commitments for rental contracts

At December 31, 2017, the SEA Group has commitments on rental contracts totalling Euro 24,592 thousand, principally relating to

software and hardware components for the airport IT system, the rental of airport buses and the motor vehicles fleet.

The breakdown of the minimum

payments on the contracts of the Group at December 31, 2017 is as follows:

(Euro thousands)	at December 31, 2017
Within 12 month	7,088
Between 1 and 5 years	17,504
Total	24,592

14.3 Guarantees

The secured guarantees, amounting to Euro 2,348 thousand at December 31, 2017, relate to the lien on receivables against loans provided by credit institutions on European Investment Bank funds.

At December 31, 2017, the sureties in favour of third parties were as follows:

- two bank sureties, equal respectively to Euro 42,000 thousand and Euro 46,000 thousand, as guarantee on funds drawn down in June 2015 and June 2017 on the EIB line subscribed in December 2014;
- surety of Euro 25,000 thousand to Banca Popolare di Milano to guarantee credit lines received from companies within the centralised treasury system;
- surety of Euro 24,096 thousand in favour of ENAC, as guarantee of the concession fee;
- surety of Euro 3,500 thousand in favour of A2A Trading Srl as guarantee of the obligations under the provision of the natural gas contract signed between A2A Trading Srl and SEA Energia SpA;
- surety of Euro 2,000 thousand in favour of SACBO as guarantee for the parking management at Bergamo airport;
- surety of Euro 2,000 thousand in favour of the Ministry of Defence as guarantee of the obligations pursuant to the technical agreement of June 4, 2009 following the advance delivery of the "Cascina Malpensa" area;
- surety by Banca Popolare di Milano to Terna (National Electricity Grid) as guarantee of the provision of electricity for Euro 1,214 thousand;
- guarantee by Banca Popolare di Milano to ENAL Distribution for the transport of energy for Euro 902 thousand;
- guarantee by Banca Popolare di Milano to GESAC for the supply of electricity to the Naples airport for Euro 228 thousand;
- guarantee by Banca Popolare di Milano to GESAC for the participation in a tender for the supply of electricity to the Naples, Turin and Algeria airports for Euro 210 thousand. In February 2018, a part of the commitment equal to Euro 112 thousand expired;
- guarantee by Banca Popolare di Milano to SAGAT for the supply of electricity to the Turin airport for Euro 210 thousand;
- guarantee by Banca Popolare di Milano to Unareti for the transport of energy for Euro 173 thousand;
- surety of Euro 102 thousand in favour of the supplier Contract GmbH for the rental of airport buses;
- surety by Banca Popolare di Milano in favour of the Milan Customs Agency as guarantee of the correct payment of consumption taxes for Euro 69 thousand;
- surety of Euro 75 thousand in favour of the Milan 3 Customs Office (General aviation);
- surety by Banca Popolare di Sondrio in favour of UTF as guarantee of the correct payment of consumption taxes for Euro 52 thousand;
- Euro 420 thousand for other minor sureties.

15 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.

16 Contingent liabilities

Reference should be made to the explanatory notes in relation to receivables (Note 8.10) and operating risks (Note 8.14).

17 Contingent assets

With reference to Judgment 7241/2015 of the Milan Court, confirmed by the Milan Court of Appeal with Judgment No. 331/2017, as not all appeals have been made this contingent asset was not recognised in the income statement as per IAS 37.

For further information reference should be made to "Subsequent events to the year-end" in the directors' report.

18 Transactions relating to atypical or unusual operations

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

19 Significant non-recurring events and transactions

Pursuant to CONSOB Communication of July 28, 2006, in the view of Directors, in 2017 the companies of the Group undertook the following non-recurring significant operations:

- On May 30, 2017, the Authority confirmed the re-assessment of the fine, issued by AGCM on the conclusion of the procedure following the claim brought

by Cedicor Sociedad Anonima ("CEDICOR"), contesting that SEA abused its dominant position in violation of Article 102 of the Treaty on the functioning of the European Union ("TFUE") in relation to the tender procedures for the disposal of ATA Ali Trasporti Aerei SpA (now SEA Prime SpA), for the amount of Euro 936,320 and the communication to the Ministry for the Economy and Finance of the approval of the refunding of the total amount of Euro 2,430,343 (of which Euro 2,428,680 in fines and Euro 1,663 for default interest). While awaiting payment of this amount the company recorded income amounting to Euro 2,430,343.

- With the conversion of Decree-Law 244/2016 (commonly known as the "Milleproroghe Decree"), the legislature decided to postpone the application of system charges starting from January 1, 2018. Therefore, the amounts accrued in the years 2015 and 2016 were reversed.
- On July 10, 2017, the Ordinary Shareholders' Meeting of SEA Handling SpA in liquidation approved the final liquidators accounts at June 30, 2017 and the relative division plans, authorising the Liquidator to request the cancellation of the company (cancellation on July 25, 2017). The liquidator has arranged to pay the sole shareholder SEA SpA the sum of Euro 8,376 thousand resulting from the distribution plan. The company SEA SpA recorded in the separate financial statements income under "Investment Income and Charges" of Euro 1,705 thousand as the difference between the carrying amount of the subsidiary at December 31, 2016 and the value of the assets liquidated. In the Consolidated Financial Statements, a net profit of Euro

1,556 thousand in the discontinued operations net result and Euro 23 thousand of other investment income for payments received concerning SEA Handling following liquidation were recorded.

20 Subsequent events

Reference should be made to the Directors' Report.

The Chairman of the Board of Directors

Pietro Modiano