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## Annual Report

2018

ANA Aeroportos de Portugal

VINCI AIRPORTS

# CONTENTS

# Management report

Annual Report 2018

Aeroportos de Portugal

AIRPORTS

# 1. KEY PERFORMANCE INDICATORS

Table 1. **ANA Group – Indicators** (2016-2018)

| INDICATORS | Real 2018 | Real 2017 | Real 2016 | Var. % 2018/2017 |
|---|---|---|---|---|
| OPERATING INDICATORS | | | | |
| **Commercial traffic** | | | | |
| Passengers | 55,325,527 | 51,802,422 | 44,477,908 | 6.8 |
| Aircraft movement | 418,541 | 398,344 | 358,981 | 5.1 |
| Cargo (tonnes) | 175,001 | 167,064 | 137,113 | 4.8 |
| **Activities** | | | | |
| Turnover (thousand euros)[1] | 830,220 | 760,639 | 657,814 | 9.1 |
| Aviation (share of total %) | 73.7 | 73.8 | 73.7 | (0.1) p.p. |
| Non-aviation (share of total %) | 26.3 | 26.2 | 26.3 | 0.1 p.p. |
| **Staff** | | | | |
| Staff at 31 December | 3,143 | 3,286 | 3,201 | (4.4) |
| Average staff | 3,443 | 3,514 | 3,456 | (2.0) |
| Staff costs (thousand euros) | 131,264 | 126,463 | 122,995 | 3.8 |
| **Productivity** | | | | |
| Passengers/staff | 16,069 | 14,742 | 12,870 | 9.0 |
| **Earnings** | | | | |
| EBITDA[2] (thousand euros) | 558,573 | 485,385 | 384,568 | 15.1 |
| EBITDA[3] margin (%) | 66.1 | 62.0 | 55.4 | 4.1 p.p. |
| EBIT[4] (thousand euros) | 467,562 | 393,841 | 287,416 | 18.7 |
| EBIT margin (%) | 54.3 | 50.1 | 41.3 | 4.2 p.p. |
| FINANCIAL INDICATORS | | | | |
| **Earnings** | | | | |
| Net profit (thousand euros) | 284,114 | 248,451 | 168,097 | 14.4 |
| **Financial structure[5]** | | | | |
| Equity (thousand euros) | 648,706 | 764,259 | 515,325 | (15.1) |
| Debt (thousand euros) | 1,203,440 | 1,131,748 | 1,413,363 | 6.3 |
| Capital employed (thousand euros) | 1,852,147 | 1,896,007 | 1,928,688 | (2.3) |
| **Cash flow** | | | | |
| Operating cash flow (thousand euros) | 421,315 | 398,256 | 353,990 | 5.8 |

[1] Does not include amounts related to construction services (IFRIC 12).

[2] EBITDA - Earnings before interest, taxes, depreciation and amortization.

[3] EBITDA / turnover.

[4] EBIT - Earnings before interest and taxes.

[5] Indicators detailed in point 6. Economic and Financial Analysis.

Table 2. **ANA, S.A. – Indicators** (2016-2018)

| INDICATORS | Real 2018 | Real 2017 | Real 2016 | Var. % 2018/2017 |
|---|---|---|---|---|
| OPERATING INDICATORS | | | | |
| **Commercial traffic** | | | | |
| Passengers | 55,325,527 | 51,802,422 | 44,477,908 | 6.8 |
| Aircraft movement | 418,541 | 398,344 | 358,981 | 5.1 |
| Cargo (tonnes) | 175,001 | 167,064 | 137,113 | 4.8 |
| **Activities** | | | | |
| Turnover (thousand euros)[1] | 781,627 | 710,891 | 608,388 | 10.0 |
| Aviation (share of total %) | 71.4 | 71.3 | 70.8 | 0.1 p.p. |
| Non-aviation (share of total %) | 28.6 | 28.7 | 29.2 | (0.1) p.p. |
| **Staff** | | | | |
| Staff at 31 December | 1,279 | 1,272 | 1,239 | 0.6 |
| Average staff | 1,262 | 1,250 | 1,241 | 1.0 |
| Staff costs (thousand euros) | 79,217 | 75,410 | 72,912 | 5.0 |
| **Productivity** | | | | |
| Passengers/staff | 43,840 | 41,442 | 35,840 | 5.8 |
| **Earnings** | | | | |
| EBITDA[2] (thousand euros) | 553,388 | 483,220 | 381,334 | 14.5 |
| EBITDA[3] margin (%) | 69.5 | 65.9 | 59.1 | 3.6 p.p. |
| EBIT[4] (thousand euros) | 463,529 | 392,620 | 285,236 | 18.1 |
| EBIT margin (%) | 57.0 | 53.2 | 43.9 | 3.8 p.p. |
| FINANCIAL INDICATORS | | | | |
| **Earnings** | | | | |
| Net profit (thousand euros) | 282,255 | 249,154 | 168,412 | 13.3 |
| **Financial structure[5]** | | | | |
| Equity (thousand euros) | 643,603 | 761,014 | 511,377 | (15.4) |
| Debt (thousand euros) | 1,218,470 | 1,143,093 | 1,423,642 | 6.6 |
| Capital employed (thousand euros) | 1,862,073 | 1,904,107 | 1,935,019 | (2.2) |
| **Cash flow** | | | | |
| Operating cash flow (thousand euros) | 415,007 | 393,144 | 348,434 | 5.6 |

[1] Does not include amounts related to construction services (IFRIC 12).
[2] EBITDA - Earnings before interest, taxes, depreciation and amortization.
[3] EBITDA / turnover.
[4] EBIT - Earnings before interest and taxes.
[5] Indicators detailed in point 6. Economic and Financial Analysis.

# 2. THE ANA GROUP AT A GLANCE

The ANA Group comprises ANA - Aeroportos de Portugal, S.A. ("ANA, S.A." or "Company"), the parent company and Portway - Handling de Portugal, S.A. ("Portway, S.A.").

Within the scope of the 50-year Concession Contract signed with the Portuguese State, ANA, S.A. is responsible, until 2062, for providing public airport facilities and services in support of civil aviation at Lisbon, Porto, and Faro airports and at the Beja Civilian Terminal, all on mainland Portugal, at the airports of Ponta Delgada, Santa Maria, Horta and Flores in the Autonomous Region of the Azores and also at the two airports in the Autonomous Region of Madeira, Madeira and Porto Santo.

On 31 December 2018, ANA, S.A.'s share capital stood at 200,000,000 euros, fully subscribed and paid up, represented by 40,000,000 shares, each with a nominal value of 5 euros.

Up to 30 November 2018, VINCI Airports International, S.A. ("VAI, S.A.") owned all the shares in ANA, S.A.. As from that date, and following the merger by incorporation of VAI, S.A. into VINCI Airports, SAS, the latter company now owns 100% of ANA, S.A..

ANA, S.A. fully owns Portway, S.A., which has a share capital of 4,500,000 euros.

More detailed information on the business framework, the constitution of the share capital of the companies comprising the ANA Group and the transactions between related parties can be found in the Notes to the Financial Statements (Part III of this report).

# 3. ECONOMIC ENVIRONMENT

## 3.1. MACROECONOMIC OVERVIEW

Although the world's economy has grown at a relatively resilient rate in recent times, this growth became more uneven in 2018. Framed by the risks arising from persistent geopolitical uncertainties, an increase in protectionism, vulnerabilities in emerging markets and volatility in financial markets, there have been signs that the global economy is running out of steam.

Economic expansion in the eurozone in 2018 was helped by the growth of both private consumption and investment. Although there was growth in all eurozone countries, it did slow down over the year. For the eurozone, the European Central Bank's December projections forecast real annual GDP growth of 1.9% in 2018 and 1.7% in both 2019 and in 2020[1].

Bank of Portugal's projections indicate that the current expansion seen in the Portuguese economy will likely continue over the next few years, but at a slower pace. Portugal's real GDP is forecast to grow by 2.1% in 2018, 1.8% in 2019 and 1.7% in 2020. GDP growth in Portugal will largely track the eurozone average over the forecast period (2018-2020)[2].

[1] Source: ECB Economic Bulletin no. 8/2018.

[2] Source: Economic Bulletin December / 2018 of the Bank of Portugal.

### 3.2. THE AIR TRANSPORT SECTOR

The performance of the air transport sector, historically, tracks the level of economic activity. Demand for this form of transport tends to correlate strongly with economic growth, in all its facets.

Given that they are unquestionably central infrastructures in this global network of mobility, airports are responsible for delivering an appropriate response to the competitive challenges faced by the industry. They are also partners in the economic development of the regions in which they are embedded. Far more than just providers of infrastructure to the airlines, the airports are a critical link in the air travel value chain.

For this sector, the last few decades have been marked by the “liberalisation” of air transport and by the establishment of open-skies agreements. These, in turn, have driven the type of new business models employed by low-cost carriers (LCC). By offering a simplified service and lower prices, these airlines have been able to compete robustly with the legacy airlines. They have helped open up new destinations and underpinned significant growth in both flight and passenger numbers, particularly in Europe.

More recently, though, the strategies of legacy and LCC airlines have begun to converge, with legacy carriers also opting to offer lower quality services and low-cost prices. The fact that a number of European LCC have gone out of business in the last two years also has contributed to this strategic repositioning.

In 2018 there was a widespread traffic increase at European airports. This growth was driven by the behaviour of the euro area economies and global economic growth, aided by suppressed oil prices. The change in consumption habits, which are largely grounded in the economy of the “experience”, associated with the ongoing development of the low-cost airlines, has also led to increased demand for travel, particularly for leisure purposes.

In Portugal, the growth in passenger traffic is closely linked to the gradual and somewhat persistent improvement in the economy and to the leveraging provided by other drivers. These include a notable surge in the tourism sector, which has underpinned much of recent growth.

In this context, the strategy implemented in Portugal over the last few years, of developing and promoting tourism, taken together with ANA, S.A.’s proactive route building has allowed the country to make the most of the current economic climate. This has, quite naturally, resulted in a sustained increase in tourist demand and an ongoing rise in passenger traffic through Portuguese airports.

The tourism-related awards that Portugal picked up in 2018 have reaffirmed the country’s reputation and reinforced the expectation of increasing demand over the coming years. For the second consecutive time, the World Travel Awards 2018 chose Portugal as the World’s Leading Destination, Lisbon as the World’s Leading City Break Destination and Madeira as the World’s Leading Island Destination. In its European version, World Travel Awards 2018 selected, amongst others, Lisbon as Europe’s Leading Destination and Madeira as Europe’s Leading Island Destination. The European Consumers Choice awards decided, for the second consecutive time, that Porto was the Best European Destination in 2018.

## 4. BUSINESS REVIEW

The ANA Group's business portfolio essentially comprises the management of the airport infrastructures that serve aircraft, passengers and cargo alike (generally defined as “aviation”) at the airports of the ANA network, which includes the airports of Lisbon, Porto and Faro and the civilian terminal in Beja, in continental Portugal. These same services are also delivered at Ponta Delgada, Santa Maria, Horta and Flores airports, in the Azores Autonomous Region, and at Madeira and Porto Santo airports, in the Madeira Autonomous Region. The Group's business activities also include the operation of commercial and advertising spaces at the airports, real estate (linked to airport operations, commercial buildings and hotels), car parks and car rental services (known collectively as our non-aviation business). As a whole, these businesses accounted for 92.8% of ANA Group turnover.

Through Portway, S.A., the Group also provides the full range of handling services required by air transport businesses, which equates to 7.2% of the turnover generated by the Group in 2018.

This year, ANA Group continued the sustainable development strategy of air traffic at the airports it manages, through the constant and dynamic commitment to the development of routes, as a cornerstone of the process of creating value.

## 4.1. AIR TRAFFIC EVOLUTION

In 2018, 55.3 million commercial passengers passed through ANA network airports (3.5 million more than in 2017), a year-on-year increase of 6.8%.

Growth at Portuguese airports continues to stand out in European terms, with Lisbon and Porto airports posting record passenger numbers in 2018. For the first time in their history, these airports passed the 29 and 11.9 million passenger marks, respectively.

In 2018, Lisbon Airport, which accounts for over half of all ANA network passenger traffic, handled 29 million commercial passengers (around 2.4 million, or 8.9%, more than in 2017) and 213.7 thousand aircraft movements (+7.3% year-on-year).

Within the ANA network, it was in the legacy airline segment that the most significant evolution occurred in 2018, carrying a total of 31.3 million passengers (10.3% more than in 2017). The low-cost segment also expanded, carrying around 22.8 million passengers (3.9% more than the previous year).

The legacy carriers also turned in the strongest growth on the supply side, which was up 5.1% in aircraft movements and 6.9% in seats. The average load factor for commercial flights across the ANA network fell slightly this year (0.2 p.p. down on 2017).

The best origination/destination passenger increases in the main markets, in absolute terms, were as follows: Spain (+570 thousand), France (+470 thousand), Portugal (+398 thousand), Germany (+280 thousand) and Italy (+234 thousand). However, the United Kingdom market fell by 218 thousand passengers, mostly because of the bankruptcy and subsequent operational shutdown, in late 2017, of the British airline Monarch, which had accounted for a significant percentage of this market, and the negative influence of the ongoing Brexit process.

A total of 30 brand new routes were opened by ANA airports in 2018 (8 in Lisbon, 10 in Porto, 6 in Faro, 4 in Madeira and 2 in Ponta Delgada). There were also 42 new operations on routes already served by other companies (12 in Lisbon, 8 in Porto, 10 in Faro, 10 in Madeira and 2 in Ponta Delgada). Furthermore, 4 new scheduled airlines began operating out of ANA airports.

For this performance contributed the consolidation of an aviation marketing strategy, which is coordinated across the various airports in the ANA network and all other VINCI airports around the world. The focus was on developing both our route profile and the airport product, with the overall aim of driving sustained growth.

This strategy seeks to ensure that the airports in the ANA network are served by a vast range of airlines, with a multi-segment and comprehensive offer from a market dispersal point of view. The penetration of new markets is our main priority. For this purpose, ANA, S.A. has an extensive network with a broad range of airlines and uses these to actively promote new business opportunities, particularly as regards enhancing the offer on existing routes and opening up routes to new destinations.

The programme of action of this strategy is developed in close cooperation with the national and regional tourism boards, to ensure that there is a desirable alignment between the development of new routes and the promotion of the destination Portugal and its regions. This cooperation has certainly been reflected in the results that have been obtained.

One of the tools that have contributed to achieving this strategic objective is the incentive system for route development, which has been in place since April 2015. This incentive system was reviewed and updated in 2017, to make sure that it was best matched to market conditions. In the case of Porto and Faro airports, the existing system was upgraded in 2018, with enhanced incentives designed to encourage airlines to set up operational bases and, thus, improve capacity usage at these airports and diversify the network of destinations they serve.

The main commercial traffic indicators for ANA network airports in 2018 were as follows:

Table 3. **Commercial traffic by area** (2018)

| | Lisbon | Porto | Faro | Beja | Azores | Madeira | ANA Group |
|---|---|---|---|---|---|---|---|
| Passengers (unit) | 29,031,268 | 11,939,562 | 8,685,571 | 5,096 | 2,318,148 | 3,345,882 | **55,325,527** |
| Var. % 2018/2017 | *8.9%* | *10.7%* | *(0.5%)* | *337.0%* | *3.2%* | *(0.9%)* | ***6.8%*** |
| Aircraft movements (unit) | 213,711 | 92,025 | 57,352 | 114 | 28,381 | 26,958 | **418,541** |
| Var. % 2018/2017 | *7.3%* | *7.9%* | *(0.2%)* | *171.4%* | *2.1%* | *(5.4%)* | ***5.1%*** |
| Cargo (tonnes) | 124,205 | 39,755 | 120 | 0 | 7,677 | 3,244 | **175,001** |
| Var. % 2018/2017 | *7.3%* | *(4.0%)* | *2.9%* | *0.0%* | *12.6%* | *10.0%* | ***4.8%*** |
| Seats (unit) | 35,146,629 | 14,054,296 | 9,890,914 | 7,438 | 2,984,350 | 4,046,552 | **66,130,179** |
| Var. % 2018/2017 | *9.6%* | *10.8%* | *(1.1%)* | *391.3%* | *(1.0%)* | *(0.6%)* | ***6.9%*** |
| Load factor (%) | 82.6% | 85.7% | 88.4% | 68.5% | 79.0% | 83.1% | **84.0%** |
| Var. % 2018/2017 | *(0.6 p.p.)* | *0.2 p.p.* | *0.7 p.p.* | *(8.5 p.p.)* | *3.0 p.p.* | *(0.5 p.p.)* | ***(0.2 p.p.)*** |

## 4.2. AVIATION BUSINESS

As in previous years, the Group's aviation business, which includes the handling business operated through the subsidiary Portway, S.A., was responsible for most of the turnover. In 2018, it contributed with 611.5 million euros, or 73.7% of total ANA Group turnover.

Regulated revenues comprise by far the major part of aviation income (97.5%). These revenues were generated under the economic regulation model, the application of which led to the updating of the regulated charges in 2018. This year, ANA, S.A. decided that airport charges income from the Lisbon Group would be set at 7.4% less than the maximum average income allowed under the regulation model. The aviation revenues for 2018 included the recouping of 7.4 million euros attributable to 2016 revenues, resulting from the application of the estimate error adjustment factor built into the Concession Contract.

Towards the end of 2017, and following the normal user consultation process, the National Civil Aviation Authority (ANAC) approved the regulated charge structure for 2018.

The charges subject to the economic regulation model, paid in return for use of airport installations and services, are detailed in the Charges Guide, which can be accessed on the ANA, S.A. (www.ana.pt/en/business/airlines/charges).

Within the current regulatory framework and the applicable legislation, the Company has been acting in the modeling of airport charges, in a transparent and non-discriminatory manner, in its suitability to market conditions and infrastructure capabilities. This pricing strategy has been used successfully to adapt airport charges as a function of the seasonality of demand, especially in the winter period at Faro, Porto Santo and Porto airports, in the development of traffic transfer and where there is reason to promote a more efficient use of the installed capacity at our airports.

The investment in the quality of the service provided to the various stakeholders has been another critical factor in ensuring an ongoing improvement in performance and in our ability to meet our commitments, as set out in Annexe 7 to the Concession Contract. This document details the minimum service levels that we must provide, in terms of both infrastructure availability and passenger satisfaction.

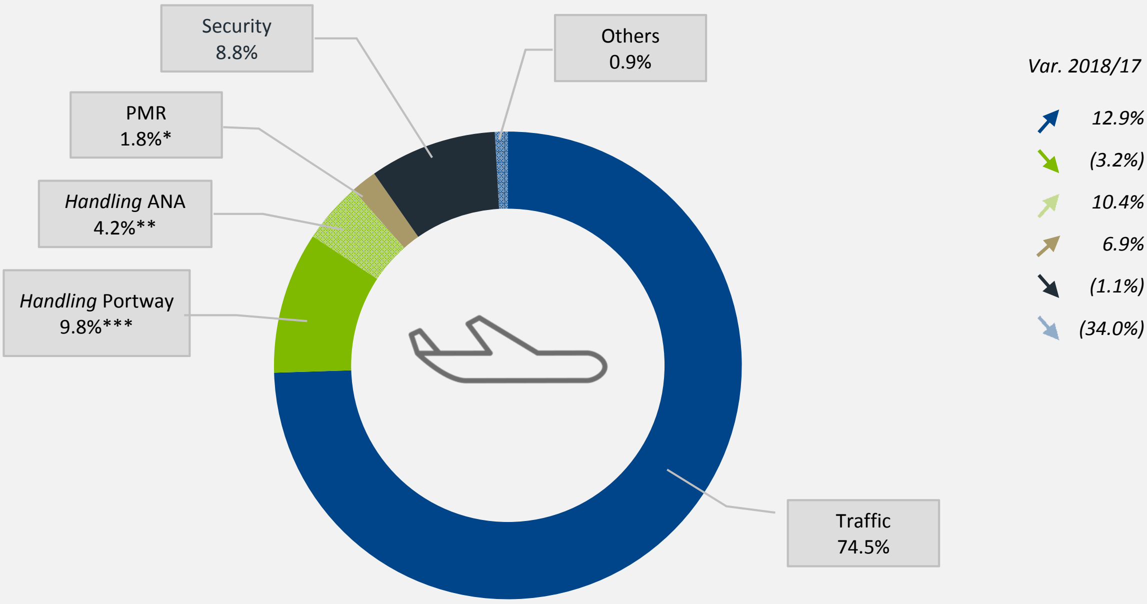
Building on the work done in previous years, the aviation product development strategy resulted in a number of studies and initiatives aimed at improving service provision and the efficiency of those airport processes that directly and indirectly involve users. These included:

- a satisfaction questionnaire for passengers with reduced mobility (PRM). Following 2017's pilot questionnaire in Lisbon, this has now been extended to all the airports in the network;
- initiatives designed to establish the self-service bag drop concept at Porto Airport;
- self-check-in kiosks at Lisbon's New Cruise Terminal;
- tutorials on a range of themes - self-service bag drop-off and the transfer process at Lisbon Airport.

The ANA Group's aviation business is sub-divided into five different revenue streams. The most important of these streams, in revenue terms, was traffic, which accounted for 74.5% of the group's aviation turnover in 2018. It was also the stream that turned in the highest year-on-year growth (up 12.9%). Revenue from handling services (including from our subsidiary Portway, S.A.) also feeds into this business segment and contributed 14% of aviation turnover for the year. Other aviation segment revenue streams include security services, PRM and other aviation services, which accounted for 8.8%, 1.8% and 0.9% of 2018 aviation turnover, respectively.

The following graph summarises the contributions of the streams comprising the ANA Group's aviation business and their year-on-year performance.

Graph 1. **Distribution of ANA Group's aviation business** (2018; %)




* PMR - Passengers with reduced mobility
** Charges for third party handling services
*** Handling services

## 4.3. NON-AVIATION BUSINESS

As at the end of 2018, ANA Group's non-aviation income represented 26.3% of the total turnover for this business, which was 218.7 million euros. This was an increase of 9.9% compared to 2017.

The retail business continued to generate the largest part of our non-aviation income, at 56.4%. Growth in this business area is based on four actionable priorities:

- continuation of the reconfiguration of the shopping areas in the main airports, including:
  - the conclusion of the reorganisation and expansion of the airside retail units in Lisbon Airport's Terminal 2, allowing the reinforcement of the offer in terms of catering in this Terminal;
  - the conclusion of the remodelling and expansion of the terminal at Faro Airport, which includes an in-depth refurbishment and modernisation of the shopping areas, led to the opening of the last commercial areas.
- optimisation of the revenue stream was built into the new licensee selection process for new spaces or existing spaces, as well as into the processes for renegotiating and/or extending current licences;
- maximisation of occupancy rates for the retail areas, including the opening of a pop-up fashion store at Ponta Delgada Airport, plus other projects designed to improve the food and drink offer at network airports;
- continued optimisation of the retail business based on the governance model agreed between ANA, S.A. and the licence holders, with the aim of providing a better shadowing of results and of helping concessionaires to develop their businesses. To this end, it was sought to ensure that space layout, the offer

mix in stores and the business policies employed by the concessionaires matches both what the customers are looking for and the ongoing shifts in passenger profile. Sharing and exchanging information helped those involved to optimise the results of this approach.

The year-on-year growth of 8.9% in retail revenues in 2018 was helped by a set of economic factors associated with the increase in the number of passengers in all ANA network airports.

Revenue from the ANA Group's real estate business grew by 9.3% year-on-year. This growth was largely driven by specific initiatives directed at maximising occupancy rates.

In growth terms, the parking business was the best performing non-aviation business for the ANA Group in 2018. Revenues were 14.6% higher than in the previous year. The continued growth and development of this business area can be attributed to a set of initiatives designed to enhance the offer and quality of existing parking services. A number of dynamic strategies aimed at harnessing demand were also put in place. Key factors in 2018 included the consolidation of the new pricing model for kiss & fly (K&F) parks and the change in the departures area layout at Lisbon Airport, both of which aimed to encourage a more rational usage of the available space.

The Rent-a-car business continued to grow, with an increase of 13.9% in 2018 compared to the previous year. The following factors fed into the successful performance of this business area:

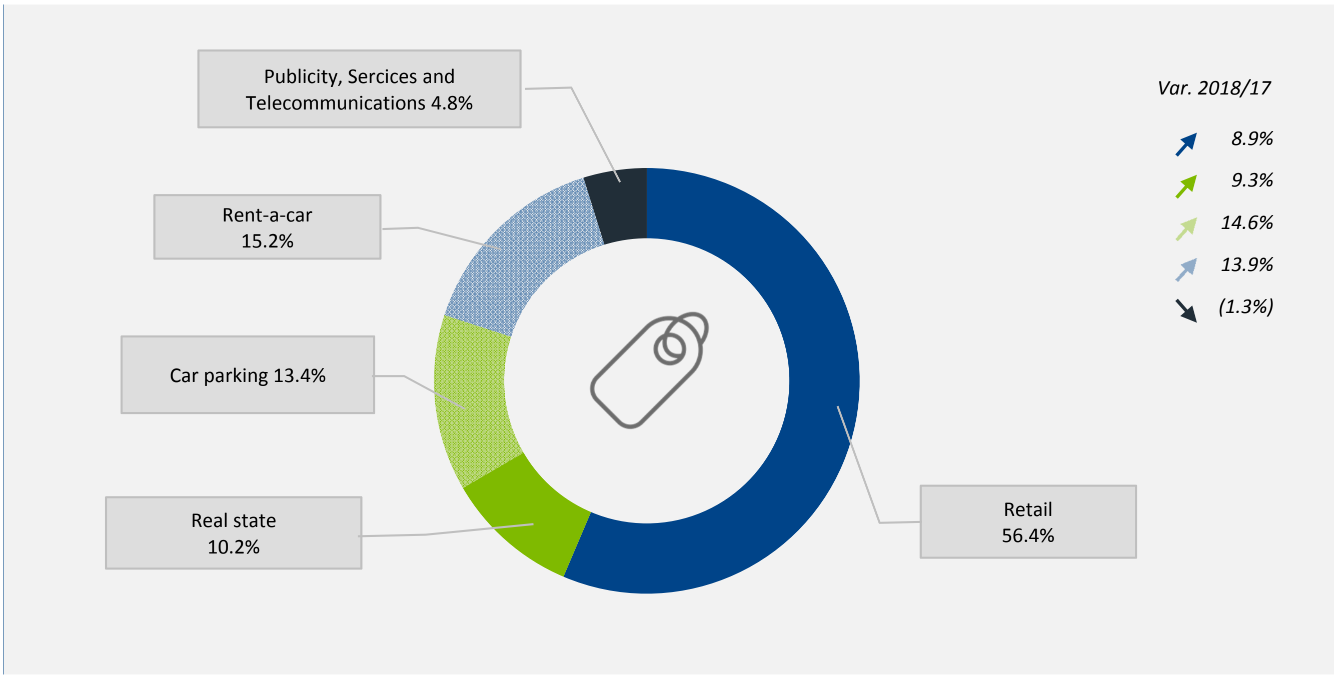
- consolidation of the new business model implemented at mainland airports in 2016, which includes the application of effort rates to sales. This model encourages car rental companies to make significant investments in their existing car rental infrastructures at Lisbon, Porto and Faro airports, which will revert to the ANA Group at the end of the license period;
- a new car sharing business was also launched at Lisbon Airport under the DriveNow brand, contributing to the increase of the existing offer at this form of transport;
- negotiation of new licences with car rental companies at Ponta Delgada Airport.

Over the year, the Group also continued to implement the regulations for rent-a-car companies without facilities at the mainland airports and extended their application to the Madeira Airport.

The performance of the publicity, services and telecommunications businesses remained relatively stable, although there was a slight decrease of 1.3% compared to 2017.

The graph below illustrates the distribution of the revenue streams comprising ANA Group’s non-aviation business as well as the year-on-year growth rates for these streams.

Graph 2. **Distribution of the ANA Group's non-aviation business** (2018; %)




# 5. SUSTAINABILITY

## 5.1. HUMAN RESOURCES

### 5.1.1. RECRUITMENT

The recruitment initiatives in 2018 were firmly focused on fostering and training up young talent. To this end, a second edition of the Trainees Programme was carried out. Similar to the previous edition, this programme aims at offering young people with significant potential 12 months long structured internships in our various departments.

Following completion of the 2nd edition of the Trainees Program, which began in October 2018, the Company took on 22 trainees from a wide range of backgrounds. These new hirings have brought in both youthfulness and reinforcement of competencies at ANA, S.A..

### 5.1.2. HUMAN RESOURCES DEVELOPMENT

In 2018, ANA, S.A. held a review of the Integrated Development System, with the purpose of aligning the individual objectives set for each employee with the Company's mission and its strategic and operating plans, matching these objectives to function responsibilities, strengthening the sharing of objectives across divisions and ensuring that there was a fair and level playing field between teams and departments.

In implementing this process, the Executive Committee, directors and senior management held a series of meetings in February and March to establish the macro-objectives for 2018, which are to be applied to all employees.

Several training courses were run to ensure practices are aligned across departments. These courses focused on best practices, the setting of objectives and the measurement metrics for the key performance indicators (KPI) at issue.

Over the year, the scope of the People Review initiative was broadened to cover the whole of ANA, S.A.. This tool is used throughout the VINCI Group for the forward management of human resources. It ensures that succession plans are in place for key functions and also identifies key people in each area and/or employees who need development plans or to readjust their competences profiles.

The FEEDBACK 360º project was also implemented this year. Through a bottom-up and peer-to-peer mechanism, this project aims to ensure that all those who occupy the various levels of ANA, S.A.'s management structure are made aware of what their line managers, peers and teams think about the way they exercise their leadership responsibilities and, thus, are better able to develop their team management skills.

### 5.1.3. SKILLS DEVELOPMENT

The ANA Group continued to implement our skills-building training plan in 2018 and organised a number of training courses at the local, transversal and operational levels. These focused specifically on competence acquisition and on the ongoing personal and professional enhancement of its employees.

The following training initiatives were developed over the year:

- courses run as part of the transversal operational plan, including GSN3 – Emergency Planning and Crisis Management and GSN6 – Aerodrome Auditing and Compliance;
- rescue and fire-fighting courses: CCEBA – Course for airport fire service team leader and CSBA.01 - Functional training course for airport fire-fighting team shift leader/supervisor and the accompanying qualification-oriented and practical training;
- a training course on security risk and crisis management;
- over a number of sessions, a total of 620 hours of training was given on the new General Data Protection Regulation;
- development of a set of e-learning courses and launch of the 12 Golden Rules course, which was designed to build competences in the area of health and safety at work (SST). Altogether, 1,016 employees took part in a total of 5,967 training hours.
- various staff development initiatives were run at the subsidiary Portway, S.A..

The ongoing investment in building workforce competences translated into the group-wide delivery of 172,677 hours of (internal and external) training in 2018, which is 13.9% more hours than were given in the previous year. Of this total, 31,948 hours were delivered to ANA, S.A. employees and 140,729 hours to Portway, S.A. employees.

### 5.1.4. HUMAN RESOURCES IN NUMBERS

As at 31 December 2018, the ANA Group had a total workforce of 3,143[3]. From this, 1,279 people were employed by ANA, S.A. and 1,864 by Portway, S.A., as detailed in the table below.

Table 4. **Distribution of ANA Group employees by company, gender and age group** (2017-2018)

| | ANA, S.A. | | | Portway, S.A. | | | ANA Group | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2018 | 2017 | Var. % 2018/17 | 2018 | 2017 | Var. % 2018/17 | 2018 | 2017 | Var. % 2018/17 |
| **Total staff** | 1,279 | 1,272 | *0.6%* | 1,864 | 2,014 | *(7.5%)* | **3,143** | **3,286** | ***(4.4%)*** |
| *Gender* | | | | | | | | | |
| Male | 814 | 801 | *1.6%* | 1,403 | 1,531 | *(8.4%)* | **2,217** | **2,332** | ***(4.9%)*** |
| Female | 465 | 471 | *(1.3%)* | 461 | 483 | *(4.55%)* | **926** | **954** | ***(2.9%)*** |
| *Age* | | | | | | | | | |
| < 30 | 48 | 48 | *0.00%* | 292 | 363 | *(19.6%)* | **340** | **411** | ***(17.2%)*** |
| 30-50 | 741 | 758 | *(2.2%)* | 1,405 | 1,495 | *(6.0%)* | **2,146** | **2,253** | ***(4.8%)*** |
| >50 | 490 | 466 | *5.2%* | 167 | 156 | *7.1%* | **657** | **622** | ***5.7%*** |
| **Average age** | 47.4 | 46.9 | *1.1%* | 38.2 | 37.2 | *2.6%* | **42.8** | **42.05** | ***1.8%*** |

As can be seen from the table above, there were 4.4% fewer employees in 2018 than in the previous year. This reduction, which reflects the balance of a number of new hirings and leavers, was mainly accounted for by a drop in the number of permanent employees at Portway, S.A., managed in line with business requirements.

The average age of the Group's employees is 42.8, which is slightly up from 2017's average age.

## 5.2. ENVIRONMENT

ANA, S.A. has put the environment at the heart of its daily management. Its environmental management system (which is fully embedded in a single management system along with quality, health and safety at work and innovation) is ISO 14001:2015 certified. Thus, the Company is committed to monitoring, controlling and reducing any potential impacts that its work might have on the environment in general, as it seeks to ensure that it is operating in an environmentally responsible way. The following areas of intervention are both relevant to this report and of significant note in their own right.

[3] Includes members of the Executive Committee.

### 5.2.1. NOISE AND AIR QUALITY

One strategic area that ANA, S.A. prioritises for action and that we have comprehensively covered in our environmental policy is the management of the negative impacts of noise emissions.

Therefore, the noise environment monitoring programme already in place is designed to assess the real impact of the noise generated by airport activity on the neighbouring community, as well as to check that it complies with legal requirements.

To address this issue, ANA, S.A. has installed a monitoring system comprising both fixed and mobile stations at all our airports where noise is a significant factor. A noise simulation and modelling system that is used to draw up noise maps (for both existing and forecast traffic) was also set up. More specifically, the Company prepared noise maps for Lisbon and Porto airports in 2017, for the reference year of 2016, as these are both legally classified as large air transport infrastructures. The maps were used to set up a reference database, which then fed into the updating of our current noise reduction action plans, submitted to the Portuguese Environment Agency in 2018.

ANA, S.A. strictly controls all gaseous emissions at the airports, particularly as regards one-off releases, in compliance with legal obligations. In this particular area, the air quality at Lisbon, Porto, Faro and Madeira airports is similarly monitored.

### 5.2.2. VOLUNTARY CARBON MANAGEMENT

All airports of ANA network are accredited under the Airport Carbon Accreditation programme run by the Airports Council International (ACI). In 2018, the ten airports that are managed by the Company achieved level-2 accreditation (Reduction), thereby maintaining the recognition of the efforts they have made to manage and reduce their direct and controllable greenhouse gas emissions.

### 5.2.3. INCREASE IN ENERGY EFFICIENCY

Energy efficiency is of prime importance in the airport business, both in economic terms and in what concerns the environmental impact resulting from atmospheric emissions. This is a key area in the Company’s sustainability management.

In this context, several energy efficiency measures have been implemented, some in an across-the-board corporate sense while others have been adapted to the reality of each airport. It is worth mentioning the renewal of the energy certification of ANA, S.A. buildings, as well as more efficient technologies, namely, LED.

### 5.2.4. CONSERVATION OF NATURAL RESOURCES

ANA, S.A. has worked particularly hard to optimise management of its water resources, to ensure that usage is efficient and overall consumption is reduced. The Company’s total usage of this natural resource has steadily declined in recent times, thanks to the implementation of several measures that include the reuse of test water at Lisbon and Porto airports.

In 2018, the Company also invested in improving its waste recovery rate, by making sure that waste produced at ANA network airports was disposed of in a suitable manner.

### 5.2.5. RESEARCH, DEVELOPMENT AND INNOVATION

Over the year, a corporate structure was put in place to underpin and provide strategic support to the management of the current Research, Development and Innovation Management System (SGIDI) – which is certified under Portuguese Standard 4457:2007. The aim of this initiative is to foster and develop innovation that is sustainable and contributes to the achievement of the Company's strategic objectives.

To this end, an 'as is' and 'to be' analysis of the SGIDI tool was carried out. This resulted in the development of the "Strategic Innovation Route", a cohesive roadmap for the path of this tool that has allowed the main strategic directions for the next four years to be clearly identified, namely: Leadership, Human Resources, Knowledge and Surroundings.

In 2018, work started on the "IDK – Innovation, Development and Knowledge Platform", which is based on four principles: innovation, transversality, foresight and openness. This platform is intended to drive knowledge sharing and employee entrepreneurship and, so, foster a spirit and culture of innovation.

ANA is also a member of Portuguese networks, particularly COTEC Portugal. This allows the Company to join research, development and innovation (RDI) project consortia, share resources and obtain, disseminate and foster results of interest to the airport sector.

The Company engaged in the following RDI initiatives in 2018:

- financial incentives candidature for the "MEGE – Structural Monitoring of Large Structures" project. This project involves monitoring the condition of the infrastructure at Madeira Airport and focusing on two key components: runway support infrastructure and the breakwater on the protection berm. This candidature was approved by the competent authorities;
- the "LIS_iAOP" project is currently ongoing at Lisbon Airport. The aim of this project is to improve alignment with the best practices and methods identified in the "SESAR 2020 R&D Programme" and, thus, contribute to enhancing the airport's performance;
- conclusion of the ATAEGINA project run in partnership with Pildo Labs, NAV Portugal, ENVISA and TAP Portugal. This project was designed to validate the "Flight Management Systems" that were worked up under the "Clean Sky" Programme to make operations (namely landing and take-off) more environmentally friendly, in terms of both noise and gas emissions ($CO_2$ and $NO_x$).

## 5.3. INFORMATION SYSTEMS

A significant effort was made in 2018 to consolidate and update the technical infrastructures and application platforms that underpin the increasing levels of availability and performance demanded by business growth. A new governance model for information technologies (IT) also came on stream during the year. This model, which has been aligned with best market practices and fine-tuned to new challenges, is of considerable strategic value to the Company.

This year's main initiatives in the area were as follows:

- strengthening of both physical and logical system security, with a focus on updating the backup platforms, strengthening the peripheral network, pen-testing (vulnerabilities) exercises, implementation of an information security management system (ISMS) and work on cybersecurity. The Company also took part in the national EXCNCS18 and Ciberperseu (military) exercises and, at the international level, in CyberEurope, which focused on the aviation sector;

- in terms of technical infrastructures, the storage solutions and the virtual server corporate platform were strengthened, the self-service bag drop system and two new video walls were installed at Lisbon Airport, the passenger throughput system was extended at the Beja Civilian Terminal and the egate security check point came online at Porto Airport;
- work on existing applications included:
  - adaptation to the new functionalities and growing demands of the Outsystems platform that hosts the main operations systems, such as Airport Collaborative Decision-Making (A-CDM) system (which saw the connection to OPS mode approved by Eurocontrol this year) and MyWay;
  - the enhancement of the digital workplace through improved Office365 (Microsoft Teams, Planner and Power BI) technologies, the launch of the new Digital Hub partner portal and the development of new SAP Fiori applications and the new support application for ANA, S.A. employees: App4staff;
  - the provision of cloud platforms, either for SAP (with the new procurement process support system: Ariba) or for hybrid Outsystems (Amazon Web Services) or analytical (Ms Azure) platforms.

# 6. ECONOMIC AND FINANCIAL ANALYSIS

## 6.1. RESULTS

ANA Group turnover[4] in 2018 was 830.2 million euros, a year-on-year increase of 9.1%. This growth can be attributed to the remarkable performance of both the aviation (+8.9%) and non-aviation (+9.9%) businesses.

ANA, S.A.'s contribution to group turnover, excluding intragroup operations in the form of the invoicing of the Portway, S.A. subsidiary, was 770.1 million euros, 10.3% more than in 2017. This increase was slightly higher than the 10% rise in ANA, S.A. turnover, as shown in the following table:

Table 5. **ANA Group turnover** (2016-2018; thousands of euros)

| ANA Group | 2018 | 2017 | 2016 | Var. % 2018/2017 |
|---|---|---|---|---|
| ANA, S.A. | 781,627 | 710,891 | 608,388 | 10.0% |
| Portway, S.A. | 78,685 | 77,805 | 74,771 | 1.1% |
| Intra-group operations | (30,092) | (28,058) | (25,345) | 7.3% |
| **ANA Group** | **830,220** | **760,639** | **657,814** | **9.1%** |

Portway, S.A. turned in a positive performance in 2018. Although there is now a new competitor at Faro Airport, which has affected the Company's overall business, the efforts made by Portway, S.A. to attract new customers and optimise costs allowed it to offset this effect.

[1] Turnover is presented net of construction services (IFRIC 12).

Group's EBITDA for 2018 came to 558.6 million euros, 15.1% higher than in 2017. This translates into an EBITDA margin of 66.1%, a year-on-year rise of 4.1 p.p..

Group revenue per passenger amounted to 15 euros, an increase of 2.2% over the previous year. This increase is mainly due to the evolution of the Group's traffic revenues.

Net profits for the ANA Group were 284.1 million euros, 14.4% higher than the previous year.

This performance was mainly driven by revenue performance, which rose by 61,5 million euros year-on-year, as detailed in chapter 4 of this report.

In a year of business growth, the Company managed its operating costs efficiently, which meant that these costs grew at a slower pace than revenues.

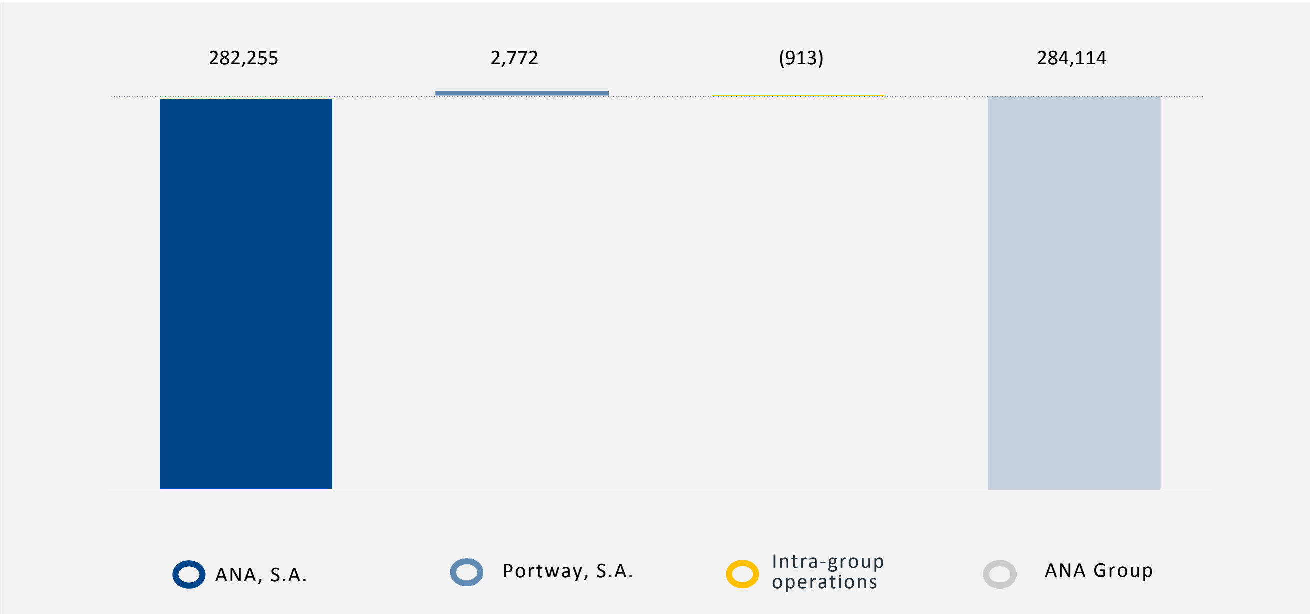
The provision of external supplies and services to the ANA Group, amounting to 164.6 million euros, excluding the 18.7 million euro impact of IFRIC 12, was 5.8% higher than in 2017, in a context of activity growth around 7%.

Staff costs showed an increase of 3.8% compared to 2017, a reflection of the combined factors of salary updates and staff numbers.

As regards net financial income in 2018, the fall of 2% in funding costs is explained by the fall in the reference interest rates for our loans (3-month and 6-month Euribor) and lower finance charges due to the loans that were repaid in 2017.

The following graph shows the breakdown of net profits for each Group company in 2018:

Graph 3. **Breakdown of the net profits of the ANA Group companies** (2018; thousand of euros)



## 6.2. FINANCIAL SITUATION

At the end of 2018, the capital invested in the ANA Group totalled approximately 1.9 thousand million euros.

The change in the value of the fixed tangible and intangible assets is the result from the combined effect of the investments made and the amortisations and depreciations for the year.

The change in net applications is largely accounted for by a one-off rise in financial liabilities.

On the finance side, the fall in equity reflects the dividends distributed to the shareholder in 2018, in respect of the profits earned in 2016 and 2017, and the accounting of the net profit for 2018.

The net debt to other entities was influenced by the excess liquidity achieved as at the end of 2018 (326 million euros) and by the repayment of EIB loans (totalling 25.2 million euros).

Table 6. **Financial situation in the ANA Group** (2016-2018; thousand of euros)

| ANA, S.A. | | | | ANA Group | | |
|---|---|---|---|---|---|---|
| 2018 | 2017 | 2016 | | 2018 | 2017 | 2016 |
| 230,062 | 250,050 | 259,716 | Tangible Fixed Assets (net of subsidies) | 233,878 | 253,333 | 261,620 |
| 1,738,852 | 1,752,952 | 1,784,794 | Intangible Assets (net of subsidies) | 1,740,282 | 1,754,382 | 1,786,224 |
| 46,425 | 41,794 | 40,763 | (+) Deferred tax assets | 46,477 | 41,859 | 40,814 |
| 365 | 372 | 320 | (+) Inventories | 1,096 | 972 | 1,024 |
| 81,646 | 79,091 | 88,086 | (+) Third party debt | 85,043 | 84,276 | 93,364 |
| (241,032) | (225,276) | (243,931) | (+) Debt to third parties and other liabilitie: | (255,810) | (239,365) | (255 055) |
| **1,856,318** | **1,898,983** | **1,929,748** | **(=) Net use of capital** | **1,850,966** | **1,895,457** | **1,927,991** |
| 5,755 | 5,124 | 5,271 | (+) Financial investments | 1,181 | 550 | 697 |
| **1,862,073** | **1 904 107** | **1 935,019** | **(=) Total use of capital** | **1,852,147** | **1,896,007** | **1,928,688** |
| 643,603 | 761,014 | 511,377 | Equity | 648,706 | 764,259 | 515,325 |
| 1,332,200 | 1,332,200 | 1,332,200 | (+) Debt to shareholder | 1,332,200 | 1,332,200 | 1,332,200 |
| (113,730) | (189,107) | 91,442 | (+) Net debt to other entities[1] | (128,760) | (200,452) | 81,163 |
| **1,862,073** | **1,904,107** | **1,935,019** | **(=) Capital employed** | **1,852,147** | **1,896,007** | **1,928,688** |

[1] Includes other loans and derivative financial instruments, less cash and cash equivalents.

## 6.3. RISK MANAGEMENT

Risk management in the ANA Group is an integral part of the organisation's processes and is based on the principle that the "owners" of the various risks are responsible for managing them, under the supervision of senior management.

The ANA Group presents its main risks into five main categories:

- strategic - dependent on external forces that can impact the group's strategy, performance, operations and organisation in the mid to long term;
- operational - arising from the engagement in the business activities and from the Group's internal processes;

- financial - associated with the Group's financial performance. The financial risk management policy for the ANA Group is detailed in the Notes to the Financial Statements, in points 2.20. Coverage Policy and 3. Management of Financial Risk;
- conformity - pertaining to compliance with the domestic and international legislation and regulations that govern the Group's business activity;
- fraud - associated with deliberate misconduct, whether originating inside or outside the Group.

The different risks that are identified are prioritised based on their inherent risk and their mitigation measures are applied.

## 7. INVESTMENTS

In 2018, the ANA Group invested 49.5 million euros in the ten airports under its management. Of this total, around 55.9% was invested to expand our installed capacity. The remainder was absorbed by maintenance, conservation and replacement projects for the existing infrastructures and equipment.

Geographically speaking, the investment plan focused on the mainland airports (Lisbon, Porto and Faro), which accounted for 36.9 million euros, a weight of about 74% of the overall investment. It should also be noted that approximately 66% of this investment has been allocated to capacity expansion, as a result of air traffic growth in recent years.

The island airports, Madeira and Azores, accounted approximately for 7.2 million euros, or around 14.5% of the total investment, with the focus being on improving the quality of the service provided to passengers.

Other major investments over the year included:

- at Lisbon Airport, major investments were made in the construction and installation of the equipment for the new self-service bag drop, the purchase of basic equipment and resurfacing work on the runway;
- at Faro Airport, the completion of the enlargement and remodelling of the terminal;
- at Ponta Delgada Airport, the refurbishment of the terminal roof;
- at Porto Airport, work was started on extending the taxiway, an investment with significant impact as it will lead to increased airside capacity (movements per hour);
- investment across the ANA network in the implementation of Additional Measures for the Tracking of Electronic Items and Staff (MARAES).

A total of 1.6 million euros was invested at Portway, S.A.. Most of this amount was accounted for by airport support equipment, security and surveillance equipment, furniture and administrative and transportation equipment.

## 8. SUBSEQUENT EVENTS

An agreement was signed with the Concession Grantor on 8 January 2019. This agreement covers a number of aspects of the negotiation process, specifically those pertaining to the Economic Regulation framework and financial assumptions. These negotiations will culminate in the Concessionaire submitting a final proposal for an NAL alternative. This will be formalised by the Concessionaire once the contents of the Environmental Impact Statement on Montijo Airport are known. Finally, the Concession Contract will be formally amended to take into account the agreements reached during the negotiations.

# 9. 2019 OUTLOOK

After a year of significant growth in traffic at our airports, the ANA Group is now focusing on working with airlines to open up new routes and increase frequencies on existing routes. These initiatives are expected to ensure that traffic levels will continue to rise at ANA network airports throughout 2019.

As a result of the efforts that we have made to ensure that the layout and offer of our shopping areas are in tune with passenger consumption and preference trends, the Group fully expects to see significant growth in this revenue stream in the coming years.

Like the measures designed to drive business development, ANA, S.A. is determined to continue improving the conditions offered by the infrastructures we manage, which already clearly exceed the scope of the specific development commitments written into the concession contract.

In our 2019 investment plan, projects relating to development obligations written into the concession contract account for 16% of the total investment. The remainder will be spent on capacity management and improving service quality.

## 10. PROPOSED ALLOCATION OF NET PROFIT

ANA, S.A. closed out the 2018 financial year with net profits of 282,254,971.42 euros.

On the basis of the results and objectives attained in 2018, the Board of Directors proposes that the amount of 937,700.00 euros be shared with its employees. In accordance with the accounting principles underpinning the preparation of the Company's financial statements, this amount is already reflected in the net profits stated above.

The Board of Directors proposes that the net profits for the year be appropriated in the following manner:

Retained earnings: 282,254,971.42 euros

Lisbon, 26 of april 2019

**Board of Directors**

***Chairman:***

_______________________________________________

José Luís Fazenda Arnaut Duarte

***Member of the Board and Chairman of the Executive Committee:***

_______________________________________________

Thierry Franck Dominique Ligonnière

***Members of the Board:***

_______________________________________________

Nicolas Dominique Notebaert

_______________________________________________

François Jean Amossé

_______________________________________________

Olivier Patrick Jacques Mathieu

_______________________________________________

Chloé Anne Cecile Tanguy Lapeyre

_______________________________________________

Remi Guy Ferdinand Maumon-Falcon de Longevialle

_______________________________________________

António dos Santos Morgado

_______________________________________________

Cedric Alain Bernard Laurier

_______________________________________________

Francisco José Simões Crespo Vieira Pita

_______________________________________________

Carlos Filipe Pires de Gouveia Correia de Lacerda

_______________________________________________

Luís Manuel dos Santos Silva Patrão

# Financial statements

Annual Report 2018

Aeroportos de Portugal

AIRPORTS

## STATEMENT OF FINANCIAL POSITION SEPARATE AND CONSOLIDATED

*(thousand euros)*

| ANA, S.A. 2018 | ANA, S.A. 2017 | Description | Notes | ANA Group 2018 | ANA Group 2017 |
|---|---|---|---|---|---|
| | | **ASSETS** | | | |
| | | **Non-Current** | | | |
| | | Tangible fixed assets | | | |
| 88,454 | 98,170 | State property acquired | 6 | 88,454 | 98,170 |
| 145,824 | 151,546 | Company assets | 6 | 149,402 | 154,744 |
| 12,341 | 19,111 | Fixed assets in progress | 6 | 12,579 | 19,196 |
| - | - | *Goodwill* | 8 | 1,430 | 1,430 |
| 1,735,936 | 1,749,829 | Concession right | 7 | 1,735,936 | 1,749,829 |
| 2,916 | 3,123 | Other intangible assets | 7 | 2,916 | 3,123 |
| 4,574 | 4,574 | Investment in subsidiaries and associates | 9 | - | - |
| 1,181 | 550 | Financial investments | 11 | 1,181 | 550 |
| 72 | 90 | Derivatives financial assets | 12 | 72 | 90 |
| 1,293 | 1,844 | Receivables and others | 13 | 1,293 | 1,844 |
| 46,425 | 41,794 | Deferred tax assets | 14 | 46,477 | 41,859 |
| 2,039,016 | 2,070,631 | | | 2,039,740 | 2,070,835 |
| | | **Current** | | | |
| 365 | 372 | Inventories | 15 | 1,096 | 972 |
| 86,310 | 87,991 | Receivables and others | 16 | 90,532 | 93,364 |
| 326,252 | 422,659 | Cash and cash equivalents | 20 | 326,490 | 423,319 |
| 412,927 | 511,022 | | | 418,118 | 517,655 |
| 2,451,943 | 2,581,653 | Total assets | | 2,457,858 | 2,588,490 |
| | | **EQUITY** | | | |
| 200,000 | 200,000 | Share capital | 21 | 200,000 | 200,000 |
| 82,211 | 74,312 | Reserves | 22 | 83,171 | 75,273 |
| 79,137 | 237,548 | Retained earnings | 23 | 81,421 | 240,535 |
| 282,255 | 249,154 | Net profit | | 284,114 | 248,451 |
| 643,603 | 761,014 | | 24 | 648,706 | 764,259 |
| 643,603 | 761,014 | Total equity | | 648,706 | 764,259 |
| | | **LIABILITIES** | | | |
| | | **Non-Current** | | | |
| 1,488,007 | 1,507,856 | Loans | 25 | 1,488,007 | 1,507,856 |
| 2,140 | 2,559 | Derivatives financial liabilities | 26 | 2,140 | 2,559 |
| 3,952 | 4,802 | Provisions | 27 | 4,394 | 5,607 |
| 1,445 | 1,225 | Retirement benefits obligations | 18 | 1,445 | 1,225 |
| 94,473 | 91,252 | Payables and other liabilities | 28 | 94,709 | 91,397 |
| 1,590,017 | 1,607,694 | | | 1,590,695 | 1,608,644 |
| | | **Current** | | | |
| 54,647 | 55,427 | Loans | 25 | 39,855 | 44,742 |
| 129,019 | 124,399 | Payables and other liabilities | 29 | 143,770 | 137,683 |
| 34,657 | 33,119 | Current tax | 19 | 34,832 | 33,162 |
| 218,323 | 212,945 | | | 218,457 | 215,587 |
| 1,808,340 | 1,820,639 | Total liabilities | | 1,809,152 | 1,824,231 |
| 2,451,943 | 2,581,653 | Total of equity and liabilities | | 2,457,858 | 2,588,490 |

The notes are part of the financial position at the end of 31 December 2018.

## INCOME STATEMENT SEPARATE AND CONSOLIDATED

*(thousand euros)*

| ANA, S.A. 2018 | ANA, S.A. 2017 | Description | Notes | ANA Group 2018 | ANA Group 2017 |
|---|---|---|---|---|---|
| 798,621 | 736,308 | Revenue | 30 | 845,870 | 784,377 |
| 736 | 522 | Work executed by the entity and capitalised | 6 | 736 | 522 |
| (2,385) | (2,076) | Goods sold and materials consumed | 31 | (3,688) | (3,391) |
| (176,071) | (171,852) | External supplies and services | 32 | (164,644) | (163,705) |
| (79,217) | (75,410) | Personnel expenses | 33 | (131,264) | (126,463) |
| 12,757 | 212 | Impairment in receivables and other assets | 17 | 12,893 | (558) |
| 946 | 79 | Provisions | 27 | 1,144 | (575) |
| 469 | 444 | Other income | 34 | 387 | 516 |
| (2,749) | (4,533) | Other expenses | 35 | (3,187) | (4,857) |
| 2,596 | 3,113 | Investment subsidies | 29 | 2,596 | 3,113 |
| (92,174) | (94,187) | Amortisation and depreciation | 36 | (93,281) | (95,138) |
| 463,529 | 392,620 | **Operating results** | | 467,562 | 393,841 |
| (46,886) | (47,822) | Finance costs | 37 | (46,886) | (47,822) |
| 927 | 1,624 | Share in the results of associates and others | 38 | 14 | 8 |
| (1,507) | 284 | Other financial results | 39 | (1,520) | 288 |
| (47,466) | (45,914) | **Financial results** | | (48,392) | (47,526) |
| 416,063 | 346,706 | Results before income tax | | 419,170 | 346,315 |
| (133,808) | (97,552) | Corporate income tax expenditure | 40 | (135,056) | (97,864) |
| 282,255 | 249,154 | **Net profit** | | 284,114 | 248,451 |
| | | Earnings per share (euros) | 41 | | |
| 7.06 | 6.23 | Basic earnings per share | | 7.10 | 6.21 |
| 7.06 | 6.23 | Diluted earnings per share | | 7.10 | 6.21 |

The notes are part of the income statement at the end of 31 December 2018.

## COMPREHENSIVE INCOME STATEMENT SEPARATE AND CONSOLIDATED

*(thousand euros)*

| ANA, S.A. 2018 | ANA, S.A. 2017 | Description | Notes | ANA Group 2018 | ANA Group 2017 |
|---|---|---|---|---|---|
| 282,255 | 249,154 | Net profit | | 284,114 | 248,451 |
| | | Other income not qualified as results | | | |
| (446) | 39 | Remeasurements | 18 | (446) | 39 |
| 140 | 49 | Deferred tax | 14 | 140 | 49 |
| | | Other income qualified as results | | | |
| 420 | 784 | Fair value variation of swaps coverage | 26 | 420 | 784 |
| 613 | (187) | Fair value variation of assets available-for-sale | 11 | 613 | (187) |
| (104) | - | IFRS 9 - Financial Instruments | | (104) | - |
| (289) | (202) | Deferred tax | 14 | (289) | (202) |
| 282,589 | 249,637 | **Total comprehensive income** | | 284,448 | 248,934 |
| | | **Net profit** | | | |
| 282,255 | 249,154 | Allocated to shareholders | | 284,114 | 248,451 |
| 282,255 | 249,154 | | | 284,114 | 248,451 |
| | | **Total comprehensive income** | | | |
| 282,589 | 249,637 | Allocated to shareholders | | 284,448 | 248,934 |
| 282,589 | 249,637 | | | 284,448 | 248,934 |

The notes are part of the comprehensive income statement at the end of 31 December 2018.

## STATEMENT OF CONSOLIDATED CHANGES IN EQUITY

*(thousand euros)*

| Description | Notes | Allocated to shareholders | | | | Total Group |
|---|---|---|---|---|---|---|
| | | Capital | Reserves | Retained earnings | Net profit | |
| **Balance as of 1 January 2017** | | 200,000 | 67,080 | 80,148 | 168,097 | 515,325 |
| Application of the result of the previous year | 22/23 | - | 8,421 | 159,676 | (168,097) | - |
| Other movements | | - | (623) | 623 | - | - |
| Total income in the period | | - | 395 | 88 | 248,451 | 248,934 |
| **Balance as of 31 December 2017** | 24 | 200,000 | 75,273 | 240,535 | 248,451 | 764,259 |
| **Balance as of 1 January 2018** | | 200,000 | 75,273 | 240,535 | 248,451 | 764,259 |
| Application of the result of the previous year | 22/23 | - | 7,186 | 241,265 | (248,451) | - |
| Dividends | 42 | - | - | (400,000) | - | (400,000) |
| Total income in the period | | - | 712 | (379) | 284,114 | 284,447 |
| **Balance as of 31 December 2018** | 24 | 200,000 | 83,171 | 81,421 | 284,114 | 648,706 |

The notes are part of the statement of consolidated changes in equity at the end of 31 December 2018.

## STATEMENT OF SEPARATE CHANGES IN EQUITY

*(thousand euros)*

| Description | Notes | Allocated to shareholders | | | | Total ANA |
|---|---|---|---|---|---|---|
| | | Capital | Reserves | Retained earnings | Net profit | |
| **Balance as of 1 January 2017** | | 200,000 | 66,120 | 76,845 | 168,412 | 511,377 |
| Application of the result of the previous year | 22/23 | - | 8,421 | 159,991 | (168,412) | - |
| Other movements | | - | (624) | 624 | - | - |
| Total income in the period | | - | 395 | 88 | 249,154 | 249,637 |
| **Balance as of 31 December 2017** | | 200,000 | 74,312 | 237,548 | 249,154 | 761,014 |
| **Balance as of 1 January 2018** | | 200,000 | 74,312 | 237,548 | 249,154 | 761,014 |
| Application of the result of the previous year | 22/23 | - | 7,187 | 241,967 | (249,154) | - |
| Dividends | 42 | - | - | (400,000) | - | (400,000) |
| Total income in the period | | - | 712 | (378) | 282,255 | 282,589 |
| **Balance as of 31 December 2018** | | 200,000 | 82,211 | 79,137 | 282,255 | 643,603 |

The notes are part of the statement of separate changes in equity at the end of 31 December 2018.

*Direct method*

## CASH FLOW STATEMENT SEPARATE AND CONSOLIDATED

*(thousand euros)*

| ANA, S.A. 2018 | ANA, S.A. 2017 | | Notes | ANA Group 2018 | ANA Group 2017 |
|---|---|---|---|---|---|
| | | Operating activities | | | |
| 875,553 | 807,625 | Receipts from customers | | 923,744 | 855,507 |
| (197,567) | (179,904) | Payments to suppliers | | (192,738) | (177,272) |
| (78,895) | (75,986) | Payments to personnel | | (121,123) | (118,752) |
| (137,229) | (105,319) | Payments and receipts of income tax | | (137,757) | (105,532) |
| (46,855) | (53,272) | Other operating payments and receipts | | (50,811) | (55,695) |
| 415,007 | 393,144 | **Operating cash flows** | | 421,315 | 398,256 |
| | | Investment activities | | | |
| | | Receipts from: | | | |
| 50 | 215 | Tangible fixed assets | | 50 | 215 |
| 96 | - | Investment subsidies | | 96 | - |
| 927 | 1,624 | Dividends | | 14 | 7 |
| | | Payments regarding: | | | |
| (44,665) | (47,400) | Tangible fixed assets and intangible assets | | (46,376) | (49,840) |
| (43,592) | (45,561) | **Investments cash flows** | | (46,216) | (49,618) |
| | | Financing activities | | | |
| | | Receipts from: | | | |
| 61 | 70 | Interest and similar income | | 61 | 70 |
| 4,107 | 661 | Other financing operations (Cash Pooling) | | - | - |
| - | - | Other financing operations | | 1 | 11 |
| | | Payments regarding: | | | |
| (25,159) | (28,223) | Loans | 25 | (25,159) | (28,223) |
| (46,831) | (48,704) | Interest and similar costs | | (46,831) | (48,704) |
| (400,000) | - | Dividends | 42 | (400,000) | - |
| (467,822) | (76,196) | **Financing cash flows** | | (471,928) | (76,846) |
| (96,407) | 271,387 | Variation of cash and equivalents | | (96,829) | 271,792 |
| 422,659 | 151,272 | Cash and equivalents at the beginning of the period | 20 | 423,319 | 151,527 |
| 326,252 | 422,659 | Cash and equivalents at the end of the period | 20 | 326,490 | 423,319 |

The notes are part of the cash flow statement at the end of 31 December 2018.

# Notes to the financial statements

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Aeroportos de Portugal

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## PRELIMINARY NOTE

ANA - Aeroportos de Portugal, S.A. (“ANA, S.A.” or “Company”) was set up by Decree-Law no. 404/1998, of 18 December. This law transformed the former Empresa Pública Aeroportos e Navegação Aérea, ANA, E.P., itself set up by Decree-Law no. 246/1979, of 25 July, into a legal person under private law, with the status of a public limited liability company.

The Company is governed by its articles of association, by the regulatory standards applicable to limited liability companies, by the Concession Contracts to which it is party and also by the special regulations applicable because of the Company's specific business activity.

ANA - Aeroportos de Portugal, S.A. is currently the concessionaire for the provision of public airport services in support of civil aviation operations at ten national airports. These are located in continental Portugal (Lisbon, Porto, Faro and Beja), in the Autonomous Region of the Azores (Ponta Delgada, Santa Maria, Horta and Flores) and in the Autonomous Region of Madeira (Madeira and Porto Santo).

The legal framework for these concessions is set out in decree-Law no. 254/2012, of 28 November, and in the amendments to this introduced by Decree-Law no. 108/2013, of 31 July, which brings the airports in the Autonomous Region of Madeira into the airport network managed by ANA, S.A.

This legal framework is completed by the Concession Contracts for the provision of public airport services in support of civil aviation operations at national airports: (i) in continental Portugal and the Azores, through the contract signed by ANA, S.A. and the Portuguese State on 14 December 2012, and (ii) in the airports in the Autonomous Region of Madeira, accordingly to the contract signed on 10 September 2013. Under this latter contract, ANA, S.A. succeeded to ANAM, S.A. as concessionaire, as from October 2014, when ANAM, S.A. was incorporated by merger into ANA, S.A.

ANA, S.A. has its registered office at Rua D, Edifício 120, Lisbon Airport, and is the “parent company” of the ANA Group. The shareholder structure and business purpose are described in the following points.

The Financial Statements given refer to the individual financial statements for ANA, S.A. and the consolidated financial statements for the ANA Group.

All values are expressed in thousands of euros, unless otherwise indicated.

Some of the monetary figures referred to in these Notes may slightly differ from the sum of their parts or from amounts stated in other points. This is due to the automatic rounding up or down of such figures.

# 1. ACTIVITY

## 1.1. GROUP STRUCTURE AND FRAMEWORK OF ACTIVITY

**SHAREHOLDERS:**

VINCI Airports International, S.A. owned all the shares in ANA, S.A. up until 30 November 2018, when a VINCI Airports merger operation took place.

Therefore, as of 1 December 2018, ANA, S.A. is fully owned by VINCI Airports, SAS.

**GROUP COMPANIES:**

ANA, S.A., the parent company, is the sole owner of Portway, Handling de Portugal, S.A. ("Portway, S.A."), its handling subsidiary.

The main business purpose of ANA, S.A. is to operate public airport services, as a concession, in support of civil aviation in Portugal. Additionally, the Company may carry out business activities and commercial or financial operations that are directly or indirectly related, wholly or partially, to the main purpose, or that may help or ease the achievement of this main purpose.

## 1.2. CONCESSION OF PUBLIC AIRPORT SERVICES CONTRACTS

ANA, S.A. is a concessionaire of the public airport service in support of aviation at eight national airports in mainland Portugal (Lisbon, Porto, Faro and Beja) and in the Autonomous Region of Azores (Ponta Delgada, Santa Maria, Horta and Flores), under the Concession Contract signed with the Portuguese State on 14 December 2012.

Following the merger by incorporation of ANAM, S.A., ANA, S.A. succeeded ANAM, S.A. as contract concession holder for the provision of public airport services in support of aviation at the two airports in the Autonomous Region of Madeira (Madeira and Porto Santo), as provided for under the contract signed by ANAM, S.A. and the Portuguese State on 10 September 2013 (clause 43.4).

Thus, ANA, S.A. has been the concession holder under two Concession Contracts since October 2014. Although these contracts are independent, the grantor is the same and the form of the contracts is entirely identical.

**OBJECT OF THE CONTRACTS**

These Concession Contracts for the provision of airport services includes the following activities:

a) Airport activities and services –directly provided by the concessionaire and for which it provides airport infrastructures, particularly in relation to:

   1. The availability of airport infrastructures consisting of runways, taxiways and aprons;
   2. The availability of airport infrastructures necessary for air traffic control;
   3. The parking of aircraft on the aprons, as well as their shelter in hangars, when applicable;
   4. The safety of airport operations within the entire airport perimeter;

5. The provision of emergency, rescue and fire fighting services;
6. The availability of areas specifically designed for the embarking, disembarking, transfer or transit of passengers, cargo and mail;
7. The availability of airport infrastructures for the provision of assistance services to aircraft, passengers, cargo and mail, including the supply of fuel, oil and meals (catering);
8. The supply, operation and maintenance of equipment for embarking and disembarking passengers and equipment for remote embarking of persons with reduced mobility, as well as supply of energy to aircraft;
9. The availability of passenger check-in counters or any other infrastructure associated with the processing of passengers, including common use computer platforms;
10. The supply, operation and maintenance of infrastructures for the reception, treatment, handling and collection of baggage;
11. The availability of car parks with public access to airports;
12. General maintenance and upkeep of airport infrastructures.

b) The exclusive right (for a limited time) of the concessionaire to present a proposal for the design, construction, financing and/or operation and management of the new airport for Lisbon (“NAL”);

c) The provision of activities for design, projects, construction, strengthening, reconstruction, expansion, deactivation and closing of airports, under the terms of the contract;

d) The carrying out of business activities that may be performed in airports or other areas affected by the concession.

Under Clause 42.3 of the Concession Contract, the Concessionaire is also entitled to present alternatives that it believes are more efficient and less costly for the Concession Grantor than the development of the NAL. To this end, the Concessionaire worked up a series of technical studies on a solution for expanding airport capacity in the Lisbon region and presented these to the Concession Grantor. This solution involves increasing the capacity of Humberto Delgado Airport and building supplementary airport capacity at Base Aérea no. 6 in Montijo.

Recognising the advantage in developing this solution further, the Concession Grantor and the Concessionaire signed a Memorandum of Understanding on 15 February 2017. In this memorandum, the Concessionaire undertook to prepare a preliminary non-binding proposal on its alternative to the NAL, which it duly presented on 31 October 2017. Subsequent to the submission of this preliminary proposal, the Portuguese State instigated negotiations that, generally speaking, have followed the terms of the Concession Contract.

The ensuing agreement, signed with the Concession Grantor on 8 January 2019, covers a number of aspects of the negotiation process, specifically those pertaining to the Economic Regulation framework and financial assumptions. These negotiations will culminate in the Concessionaire submitting a final proposal for an NAL alternative. This will be formalised by the Concessionaire once the contents of the Environmental Impact Statement on Montijo Airport are known. Finally, the Concession Contract will be formally amended to take into account the agreements reached during the negotiations.

**CONCESSION ASSETS AND ASSOCIATED OBLIGATIONS**

The Concession Contract was awarded for a period of 50 years, from the date of the signing of the contract (14 December 2012) for the airports in mainland Portugal and in the Autonomous Region of Azores. The contract signed with the Autonomous Region of Madeira has the same term.

In return for being granted this concession, ANA, S.A. paid the grantor the amount of 1,200 million euros, maintaining the right of use over all the airport infrastructures that make up the concession and assuming the responsibilities inherent in the maintenance of airport infrastructures according to the parameters of service quality set forth in the contract.

In addition to the initial payment of 1,200 million euros, ANA, S.A. is obligated to share with the grantor, in two equal annual payments (31 March and 30 September) between the 10$^{th}$ and 50$^{th}$ years of the concession, an amount corresponding to a percentage of the gross income from the concession, which varies between 1 and 10% according to the defined time intervals. Under IFRIC 12 these variable remunerations will be recognized in the income statement at the moment of its occurrence due to its contingent nature.

The establishment of the concession includes all the assets allocated to the concession, regardless of their ownership, which includes: (i) buildings and land; (ii) other tangible assets; and (iii) intangible assets.

ANA, S.A. may not engage in any business deals related to the assets allocated to the concession that could jeopardise the effectual and continuing allocation of these to the concession, except when there is a need for replacement or when these have been shown to be obsolete or inadequate for the performance of the activities of the concession.

Under the Concession Contract, ANA, S.A. assumes specific obligations for development, including the maintenance of the airports in good operating conditions, assuming the total and exclusive responsibility for the operation, repair, replacement, maintenance and management of airports, and in particular to:

a) Maintain the runways, aprons, taxiways and cargo and mail infrastructures, as well as all the areas of the airport essential to the secure access to air transports, in conditions that are at least equal to those at the date of the contract;

b) Maintain all the passenger terminals at a C service level, according to the IATA (International Air Transport Association) manual;

c) Keep airports free from any environmental damage resulting from the concession activity;

d) Guarantee, on the expiration date of the contract, the delivery of the assets allocated to the concession in operating conditions that meet the minimum reversion conditions.

**FINANCING**

As concessionaire, ANA, S.A. assumes full financing of the concession, although this may be renegotiated, provided that the debt servicing coverage ratio stipulated in the contract is maintained.

**INCOME AND REBALANCING OF THE CONCESSION**

The concession income consists of proceeds from charges issued by the concessionaire in return for providing airport activities and services and includes income from commercial or other activities related to the management of the concession.

The charges under the provision of public service are regulated by Autoridade Nacional de Aviação Civil ("ANAC"), which sets the maximum values that can be put into practice.

The concessionaire assumes complete responsibility for all the risks inherent in the concession, rebalancing only being permitted in those cases expressly provided for in the contract. Rebalancing can take one or more forms:

a) Change in the charges subject to economic regulation;

b) Attribution of co-payment or direct compensation by the grantor;

c) Extension of the concession period; or

d) Any other form agreed upon between parties.

At the end of the concession, all the concession assets revert to the grantor, with the concessionaire retaining no rights of indemnification, except for investments greater than 30 million euros made in the last five years of the Concession Contract with the approval of the grantor. In these cases, the grantor shall pay the residual amount of the assets or extend the concession period.

## 1.3. ECONOMIC REGULATION LEGAL FRAMEWORK

- Decree-Law no. 254/2012 approved the rules applicable to the airport sector. The aforesaid Decree-Law regulates: (i) the licensing regime for the private use of airport assets in the public domain and the performance of activities and services in airports and national public aerodromes, as well as the fees related to these activities; (ii) a set of fees applied to all airports and aerodromes located in Portuguese territory, specifically the security fee due on the number of passengers boarded; (iii) the conditions for applying the juridical regime related to the rights of passengers with disabilities and passengers with reduced mobility; (iv) the rules and common principles applicable to the fees subject to economic regulation and setting the indicators of quality in service, to be followed at airports and aerodromes located in Portuguese territory;
- Under article 49 of Decree-Law no. 254/2012, the security fee consists of two distinct components. One part covers the charges levied by ANAC and the security forces. The other part covers the costs incurred by the airport management bodies in providing civil aviation security services and also in installing, operating and maintaining the systems for screening all hold baggage. The part of the charge pertaining to this second component is fixed by ministerial order issued by the members of the government responsible for finance, internal administration and the economy. Prior to this, the airport management body makes a proposal that has been guided by the opinions of airport users, or their representatives, and is based on the costs of the security services provided, as per no. 2 of article 52 of Decree-Law no. 254/2012;
- In order to cover the costs inherent to providing assistance to persons with reduced mobility, a fee was created that came into effect in December 2008, complying with Regulation no. 1107/2006, of 5 July. This fee is paid by the airlines using airports or aerodromes in Portugal. The amount is fixed, per passenger embarked, by decision of the administrative board of ANAC. Prior to this, the airport management body makes a proposal that has been guided by the opinions of airport users, or their representatives, or users' associations, as per nos. 1 and 3 of article 61 of Decree-Law no. 254/2012.

[1] Harmonised Consumer Price Index.

### 1.3.1. ECONOMIC REGULATION ESTABLISHED IN THE CONCESSION CONTRACTS

The economic regulation defines the principles and rules applicable to the charges paid by airport customers for the use of available facilities and for services provided by the airport operator related to the landing, take-off, lighting and parking of aircraft and for the processing of passengers, cargo and mail.

The Concession Contracts for the provision of public airport services in support of aviation at the national airports in mainland Portugal, the Azores and Madeira specify the economic regulation applicable to the business carried out at these airports, through a common and materially standardised model.

In terms of the regulation model adopted, the activities provided by the airport managing entity are divided into:

a) Regulated activities: i) directly related to aircraft operations; ii) related to the processing and assistance to passengers, on arrival, departure and in transfer; and

b) Monitored activities: i) the commercial activities on the airside not included in the “airside retail activities”; ii) availability of ticket sale counters or for support of the airline operations; iii) activities for supplying fuel and catering to aircraft and other categories of assistance during stopover; and iv) activities related to flights exclusively operated by cargo planes.

The setting of the income per terminal passenger is made by airport or set of airports,

i) Lisbon group [Lisbon, Azores, Madeira (Madeira and Porto Santo) and Beja Civilian Terminal]

ii) Porto and

iii) Faro,

the concessionaire being free to set the structure and amounts of the charges owed, as long as the limits established for the Regulated Price Cap are observed.

The following factors feed into the calculation of the annual Regulated Price Cap: i) the Regulated Price Cap from the previous year indexed to the HCPI[5], less the applicable efficiency factor; ii) the contribution made by the airside retail income for the year; and iii) the estimate of the number of terminal passengers for the year. However, the calculated amount may be subject to adjustments or restrictions dictated by the economic regulation. In practice, the most likely of these to be applied are those arising from the restrictions drawn up specifically for the “Lisbon group”, such as the adjustments resulting from the biannual comparative test or the mechanisms for sharing traffic risk.

At the end of each year, the difference between the proposed Regulated Price Cap and the actual Regulated Price Cap is calculated. When this difference results from errors in estimating annual passenger traffic volumes or errors in estimating the traffic mix and/or composition of services provided, the negative difference in the maximum average regulated income can be recovered through adjustment in year n+2. When the calculated difference is in the favour of ANA, S.A., the Company must return this difference to airlines within six months.

In any case, the amount to be fixed as annual Regulated Price Cap must be evaluated in the light of aviation market conditions on the date on which this amount is fixed. This is to ensure that the airport network does not lose competitiveness. In the case of the “Lisbon group”, the restrictions referred to in point six of annexe 12 of the economic regulation and the established rules of preponderance must also be observed.

The rates to be applied for monitored activities are not subject to being set by ANAC, as they are merely monitored. Monitored activities may be reclassified as regulated activities and vice-versa by decision of the regulator with justification.

A regulatory description of rates due for using the airport facilities and services and for operating commercial activities can be found in the 'Regulated Charges Guide' available online at ANA, S.A.'s official website (www.ana.pt).

### 1.3.2. GROUND HANDLING SERVICES

Via Portway, S.A., the Group is involved in the activity of providing the aircraft that use Lisbon, Porto, Faro, Madeira, Porto Santo and Ponta Delgada airports with assistance during stopovers, as defined by Decree-Law no. 275/99 dated 23 July, under licence from ANAC for the following activities:

- Administrative assistance on the ground and supervision;
- Assistance to passengers;
- Assistance with baggage;
- Assistance for cargo and mail;
- Assistance for runway operations;
- Assistance for cleaning and servicing aircraft;
- Assistance for air operations and crew management;
- Assistance for ground transport.

## 2. ACCOUNTING POLICIES

The main accounting policies applied while preparing these financial results are described below. These policies were applied consistently to all the years presented herein, unless otherwise indicated.

### 2.1. BASIS FOR THE PRESENTATION

These financial statements sheets were prepared according to the International Financial Reporting Standards (IFRS) adopted by the European Union, issued and in force at 31 December 2018.

Financial assets and liabilities are recognized in the balance sheet when the Company becomes part of the corresponding contractual provisions.

The preparation of the financial statements in accordance with the IFRS requires the use of some important estimates that affect the amounts of assets and liabilities as well as the amounts of income and costs during the reported period. These estimates and assumptions are derived from a better knowledge of management with regard to current events and activities. However, it is not expected that significant adjustments of the values of assets and liabilities in future years will result from these estimates. The areas that involve a greater degree of judgement or where the estimates are more significant for the financial statements are described in note 4.

## 2.2. IFRS DISCLOSURES – NEW RULES AS OF 31 DECEMBER 2018

### 2.2.1. STANDARDS AND INTERPRETATIONS THAT CAME INTO FORCE ON JANUARY 1, 2018, AND THAT THE GROUP APPLIED IN PREPARING ITS FINANCIAL STATEMENTS

As at the date of approval of these financial statements, the following accounting standards, interpretations, amendments and revisions have been endorsed by the European Union. Application of these was mandatory as of the fiscal year beginning 1 January 2018:

- **IFRS 9 – Financial instruments.** This standard is based on the draft revision of IAS 39 and establishes new requirements for the classification and measurement of financial assets and liabilities, for the method used to calculate impairment and for the application of hedge accounting rules. The changes resulting from the adoption of IFRS 9, as well as the qualitative and quantitative impacts of adopting this standard, are presented in section 2.2.4.
- **IFRS 15 – Revenue from contracts with customers.** This standard introduces a structure for recognising revenue that is based on principles and a model that is to be applied to all contracts with customers. It replaces the following standards: IAS 18 - Revenue, IAS 11 – Construction contracts, IFRIC 13 – Loyalty programmes, IFRIC 15 – Agreements for the construction of real estate, IFRIC 18 – Transfers of assets from customers and SIC 31 – Revenue –Direct exchange transactions involving publicity. The adoption of this standard had no significant impact on the Group's financial statements, as described in section 2.2.4.
- **IFRS 15 (Clarifications) – Revenue from contracts with customers.** These amendments introduce various clarifications into the standard, with a view to preventing the possibility of divergent interpretations of a number of issues.
- **IFRS 4 (Amendment) – Application of IFRS 9, Financial instruments, with IFRS 4, Insurance contracts.** This amendment sets out guidelines on applying IFRS 4 jointly with IFRS 9. IFRS 4 will be replaced with the entry into force of IFRS 17.
- **IFRS 2 (Amendment) – Classification and measurement of share-based payment transactions.** This amendment introduces a number of clarifications into the standard pertaining to: (i) the accounting of cash-settled share-based payment transactions; (ii) the accounting of modifications of share-based payment transactions (from cash-settled to equity-settled); (iii) the classification of transactions with an element of offsetting in the settlement.
- **Improvements to the international financial reporting standards (2014-2016 cycle).** These improvements are concerned with the clarification of certain aspects of: IFRS 1 – First-time adoption of the international financial reporting standards: elimination of some short-term exemptions; IFRS 12 – Disclosure of interests in other entities: clarification of the scope of the standard with respect to its application to interests classified as held for sale or held for distribution under IFRS 5; IAS 28 – Investments in associates and joint ventures: introduction of clarifications on the measurement of investments in associates or joint ventures held by risk capital firms or investment funds by means of fair value through profit or loss.
- **IFRIC 22 – Foreign currency transactions, including advance consideration for asset purchases** This interpretation establishes that, for the purposes of determining the exchange rate to be used in recognising the revenue, the initial recognition date for the advance consideration or deferred income is the transaction date.

- **IAS 40 (Amendment) – Transfer of investment properties.** This amendment clarifies that the change in classification to or from the investment property category can only take place when there is evidence of a change of asset use.

The adoption of the standards, interpretations, amendments and clarifications referred to above: IFRS 15 (clarifications); IFRS 4 (amendment); IFRS 2 (amendment); Improvements to the international financial reporting standards (2014-2016 cycle); IFRIC 22 and IAS 40 (amendment) had not significant effects on the Group's financial statements for the year ended December 31, 2018.

### 2.2.2. STANDARDS, CHANGES AND INTERPRETATIONS ISSUED AND ENDORSED BY THE EUROPEAN UNION. APPLICATION OF THESE WILL BE MANDATORY IN FUTURE YEARS

- **IFRS 16 – Leasing** (applicable to reporting periods beginning on or after 1 January 2019). This standard introduces the recognition and measurement principles for leases. It replaces IAS 17 – Leasing. The standard sets out a single model for the accounting of leasing contracts. Under this model, the lessee must recognise the assets and liabilities for all leasing contracts, except for contracts of less than 12 months or for low-value assets. Lessors will continue to classify leases as being either operating or financial. For lessors, IFRS 16 does not imply any substantial changes, when compared to IAS 17. The expected impacts arising from the future adoption of this standard in the Group's financial statements are as follows:

| ANA, S.A. | Impact on 01.01.2019 | ANA Group |
|---|---|---|
| | Non-current assets | |
| (1,476) | Tangible fixed assets | (1,476) |
| (41) | Other intangible assets | (41) |
| 2,200 | Right-of-use asset | 2,315 |
| 683 | Total assets | 798 |
| | Non-current liabilities | |
| (1,069) | Loans | (1,069) |
| 1,440 | Payables and other liabilities | 1,510 |
| 371 | | 441 |
| | Current liabilities | |
| (610) | Loans | (610) |
| 922 | Payables and other liabilities | 967 |
| 312 | | 357 |
| 683 | Total liabilities | 798 |

- **IFRS 9 (Amendment) – Prepayment features with negative compensation** (applicable to reporting periods beginning on or after 1 January 2019). For those financial assets whose contractual conditions stipulate that, in the case of prepayment, the creditor must pay a considerable sum, this amendment now allows such assets to be measured at amortised cost or at fair value through reserves (depending on the business model), provided that: (i) on the date on which the asset is initially recognised, the fair value of the prepayment component is insignificant; and (ii) the possibility of negative compensation in the prepayment is the only reason why the asset in question is not considered to be an instrument that solely involves the payment of capital and interest. Future adoption of this standard is not expected to have any significant impact on the Group’s financial statements.

- **IFRIC 23 – Uncertainty over income tax treatments** (applicable to reporting periods beginning on or after 1 January 2019). This interpretation offers guidelines on calculating taxable profit/loss, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments. No significant impacts arising from the future adoption of this interpretation in the Group's financial statements are identified.
- **IAS 28 (Amendment) – Long-term investments in associates and joint ventures** (applicable to reporting periods beginning on or after 1 January 2019). This amendment clarifies that IFRS 9 (including the respective impairment requirements) should be applied to investments in associates and joint ventures when the equity method is not used in measuring such investments. This amendment will have no impact on the Group’s financial statements.

### 2.2.3. STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT HAVE BEEN PUBLISHED BUT HAVE NOT YET BEEN ENDORSED BY THE EUROPEAN UNION

As at 31 December 2018, the IASB had issued the following standards and interpretations that have not yet been endorsed by the European Union, but which are mandatorily applicable in the next reporting period or in later reporting periods:

- **IFRS 17 – Insurance contracts.** This standard establishes the principles underpinning the recognition, measurement, presentation and disclosure of insurance contracts that fall within its scope. This standard replaces IFRS 4 – Insurance contracts. The future adoption of this standard will have no impact on the Group's financial statements.
- **Improvements to the international financial reporting standards (2015-2017 cycle)**. These improvements are concerned with the clarification of certain aspects of: IFRS 3 – Business combinations: mandatory remeasurement of previously held interests when an entity gains control of a holding over which it previously had joint control; IFRS 11 – Joint ventures: clarification that there should be no remeasurement of previously held interests when an entity gains joint control over a joint operation; IAS 12 – Income taxes: clarification that all the fiscal consequences of dividends should be accounted for in the income statement, irrespective of how the tax was levied; IAS 23 – Costs of loans obtained: clarification that the part of a loan that is directly associated with the purchase/construction of an asset and that remains outstanding once the corresponding asset has been readied for the intended use is, for the purposes of calculating the capitalisation rate, considered an integral part of the entity’s generic funding. Future adoption of these improvements is not expected to have any impact on the Group’s financial statements.
- **IAS 19 (Amendment) - Plan Amendment, Curtailment or Settlement.** If there is an amendment, curtailment or settlement of a plan, the current cost of the service and the net interest for the period after remeasurement are calculated using the assumptions applied to remeasurement. Modifications were also included to clarify the effect of an amendment, curtailment or settlement of a plan on the requirements regarding the maximum limit for the asset. This amendment will have no significant impact on the Group’s financial statements.

- **Amendments to references to the Conceptual Structure in the IFRS Standards -** This pertains to the amendments made to various standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32) regarding references to the Structural Concept revised in March 2018. This revision includes the updated definitions of an asset and a liability and new guidelines on the measurement, derecognition, presentation and disclosure of the same. These amendments will have no significant impact on the Group's financial statements.
- **IFRS 3 (Amendment) – Definition of a business**. This amendment revises the definition of a business and aims to clarify the distinction between the acquisition of a business and the acquisition of a group of assets. The revised definition also clarifies the definition of the output of a business as being the supply of goods or services to customers. The amendments include examples that illustrate the acquisition of a business. This amendment will have no significant impact on the Group's financial statements.
- **IAS 1 and IAS 8 (Amendment) – Definition of material.** These amendments clarify the definition of materiality in IAS 1. The definition of materiality in IAS 8 now references that in IAS 1. The amendment changes the definition in other standards, so as to ensure consistency. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. This amendment will have no significant impact on the Group's financial statements.

### 2.2.4. IMPACT OF THE APPLICATION OF STANDARDS AND INTERPRETATIONS THAT CAME INTO EFFECT ON 1 JANUARY 2018

The accounting standards IFRS 9 - Financial instruments and IFRS 15 - Revenue from contracts with customers came into effect as of 1 January 2018.

These standards triggered several changes in the accounting policies listed below. Changes to specific accounting models and procedures have ensued from this:

- **IFRS 9 - Financial instruments** This standard replaces IAS 39 and establishes new criteria for the classification and measurement of financial instruments, introducing changes in respect of:
  - ✓ the classification of financial assets;
  - ✓ the method for calculating the impairment of financial assets; and
  - ✓ the designation of hedge relationships.

  The new approach to the classification and measurement of financial assets taken by IFRS 9 reflects the business model used in managing these assets and the characteristics of the contractual cash flows. Thus, IFRS 9 establishes three new categories for the classification of financial assets: (i) measured at amortised cost; (ii) at fair value through other comprehensive income; and (iii) at fair value through profit or loss. However, it also eliminates the following IAS 39 categories: (i) loans and accounts receivable; (ii) held to maturity; and (iii) available for sale.

  In adopting IFRS 9, the Group assessed the nature and purpose of the financial instruments recognised in its financial statements, in order to identify any changes in measurements.

  As at 1 January 2018, the financial assets recognised by the Group mostly fell into the following categories:

- ✓ Loans made and accounts receivable;
- ✓ Financial assets available for sale;
- ✓ Derivative financial instruments.

Subsequent to this analysis, the financial assets in the loans and accounts receivable category (customer items, other debtors and cash and cash equivalents) have been moved to the “financial assets measured at amortised cost” category. This reclassification had no impact on the Group’s equity.

Financial assets available for sale (Shareholdings - Futuro) are now carried at fair value and have been allocated to the “at fair value through other comprehensive income” category. This reclassification had no impact on the Group’s equity.

Derivative financial instruments are still classified in the “assets at fair value through profit or loss” category.

IFRS 9 retains the IAS 39 requirements for the classification of financial liabilities, that is, financial liabilities at amortised cost and financial liabilities at fair value.

The Group opted to take a simplified approach to the calculation of impairments (switching from the incurred loss model to expected loss) that was underpinned by a risk table aligned with the company’s risk management policy. This approach involves taking the following main steps:

1. Identification of commercial debts, stratified into current debt and non-current debt, net of guarantees given (sureties and bank guarantees);
2. Estimate of the customer default risk, as a function of the information provided by a risk analysis and management company, which is then combined with the customers’ transaction record with ANA, S.A..

In this context, current debt credit risk is stratified into four levels, from one to four, with four representing the highest default risk.

A default risk percentage of 100% is attributed to all debt that is over one year old and has been deemed hard to collect.

As at 1 January 2018, the impact, recognised in equity, for the Group resulting from the adoption of IFRS 9 was 72 thousand euros, as detailed below:

| | 01.01.2018 |
|---|---|
| Receivables and others | 104 |
| Fiscal effect | (32) |
| Impact on equity | 72 |

With respect to hedge accounting, the Group concluded that all the hedge relationships so designated under IAS 39 continued to qualify as such under IFRS 9, so the application of the hedge requirements in this new standard had no impact on the Group’s equity.

In adopting IFRS 9, the Group decided to make use of the option provided for in the transitional schedule, namely retrospective application with the initial cumulative effect being recognised in retained earnings as at 1 January 2018.

- **IFRS 15 - Revenue from contracts with customers** This standard is based on the principle that the revenue from the sale of goods and provision of services is recognised on the date on which control is transferred to the customer. The transaction price is allocated to the various performance obligations agreed with the customer and subject to adjustment on measurement, whenever the consideration is variable or subject to a significant financial effect.

  The standard's revenue recognition model is based on a five-step analysis that determines when the revenue should be recognised and what the amount of this revenue is:

  1. Identify the contract with the customer;
  2. Identify the performance obligations;
  3. Determine the transaction price;
  4. Allocate the transaction price;
  5. Recognition of the revenue.

  Up until December 2017, the Group had applied IAS 18 to the recognition of revenue from the transfer of goods and services to customers. In January 2018, this standard was replaced by IFRS 15.

  The implementation of the standard at the group was assessed as follows:

  - ✓ 5-step model;
  - ✓ assessment of the costs of contracts with customers; and
  - ✓ determination of the impacts of adopting the standard.

  This assessment resulted in the conclusion that the recognition of such revenue by the Group was, in every way, similar to recognition under IAS 18. Therefore, the adoption of IFRS 15 had no impact on the Group's financial statements.

## 2.3. CONSOLIDATION

### SUBSIDIARIES

The financial holdings in companies over which the Group exercises control are consolidated by means of the full consolidation method. The method is applied from the date on which the Group gains control over the financial and operational activities of the subsidiary and until the date on which it relinquishes such control.

The Group is presumed to have control when it is exposed, or is entitled, to variable returns arising from its involvement in the holding and where it is able to influence such returns through the power it exercises over the holding, irrespective of the percentage of equity that it owns.

On an individual basis, investments in financial holdings that are not classified as non-current assets held for sale or included in a disposal Group that is classified as non-current assets held for sale are recognised at acquisition cost. They are also subject to periodic impairment tests, whenever there are signs that a given financial holding may be impaired.

Business combinations are measured using the purchase method. The cost of an acquisition is assessed by the fair value of the goods handed over, capital instruments issued and liabilities incurred or undertaken on the date of the acquisition. The transaction costs are recorded as expenses when incurred, in accordance with IFRS 3.

The identifiable assets that were acquired and the liabilities and contingent liabilities undertaken in a merger have initially been measured at the fair value on the date of the acquisition, irrespective of the existence of non-controlled interests. The surplus cost of acquisition with regard to the fair value of the Group's share of the identifiable assets that have been recorded has been recorded as goodwill. If the cost of the acquisition was lower than the fair value of the Group's share of the net assets of the subsidiary that has been acquired, the difference is recorded directly on the income statement.

Internal transactions, balances and unrealised gains in transactions between Group companies have been eliminated. Unrealised losses have also been eliminated, except in cases where the transaction proves to be evidence of the impairment of a transferred asset. The accounting policies of subsidiaries are altered whenever necessary, so as to ensure consistency with the policies adopted by the Group.

Investments in companies over which the Group exercises control, shown in the separate financial statements of ANA, S.A., are measured at acquisition cost, less any impairment losses.

## 2.4. REPORT PER SEGMENT

An operating segment is a component of an entity:

a) Which develops business activities from which revenues can be obtained and expenditure can be incurred (including revenues and expenditure related to transactions with other components of the same entity);

b) Whose operating results are regularly reviewed by the main body responsible for making operating decisions for the entity, for the purpose of making decisions about the allocation of resources to the segment and for assessing its performance; and

c) With regard to which separate financial information is available.

The ANA Group has identified the Executive Committee as being responsible for making operating decisions. This is the body that reviews internal information that has been prepared so as to assess the performance of the activities of the Group and the allocation of resources. The operating segments were defined on the basis of the information that is analysed by the Executive Committee.

The operating segments of the ANA Group are Airports and Handling:

- Airports – includes all activities related to the provision of public service support to civil aviation as well includes all activities relating to the areas of retail, real estate, parking, rent-a-car, publicity and other services;

- Handling – includes all the activities provided by Portway, S.A. in support of aircraft, passenger, baggage and air freight in the airports of ANA, S.A.

## 2.5. FOREIGN EXCHANGE CONVERSIONS

### A. Operating currency

The figures in the financial statements are expressed in thousands of euros (the currency of the economic environment in which the ANA Group operates).

**B. Transactions and balances**

Transactions in currencies other than the euro have been converted into the operational currency using the exchange rates in effect on the date of the transaction.

The differences in exchange rates during the financial year, as well as those that were not realised, identified regarding the monetary assets and liabilities that existed on the date of the balance sheet, at the exchange rates in effect on that date, have been included in the income statement.

The following exchange rates with regard to the Euro were used for the conversion of monetary assets and liabilities in foreign currencies, which existed on the date of the balance sheet:

| Currency | 2018 | 2017 |
|---|---|---|
| USD | 1.1450 | 1.1993 |
| GBP | 0.8945 | 0.8872 |

## 2.6. CONCESSION ASSETS

The concessions granted to ANA, S.A. include the following concession assets.

### 2.6.1. FIXED TANGIBLE ASSETS

The fixed tangible assets include the State property and Company assets:

a) State property – includes all assets acquired by the Group companies that are implanted on lands in the public domain and attributable to the activities of providing public service;

b) Patrimony:

- ✓ Property assigned to the concession – includes all the assets used in providing the public service and, thus, assigned to the operation of the concession but which are, in substance, controlled by the concessionaire;
- ✓ Others – remaining assets not used in providing the public service, but which have been acquired by Group companies.

The concession operator is deemed to have substantial control over the concession assets when it can independently, and without prior authorisation from the grantor, make decisions on the timing of the replacement of such assets, the size of the investment to be made and the specifications of the equipment to be procured (see note 2.6.2).

Fixed tangible assets are recorded at the value of the initial exchange paid and are subject to legal revaluations, within the scope of the former standards, which constitutes the presumed cost at the date of transition. The fixed tangible assets are being amortised by the respective estimated useful life, the linear method.

Subsequent expenditure is included in the sum recorded on the amount of the property or shown as separate assets, when appropriate, only when it is likely that the future outflow of the economic benefits for the companies and the cost can be reliably measured. Other expenditure related to repairs and maintenance has been shown as an expense during the period in which it was incurred.

The costs incurred with loans obtained for the construction of qualifiable assets have been capitalised during the period required to complete and prepare the asset for its intended use. Other costs with loans have been shown as expenditure for the period.

Direct costs related to the technical areas involved in constructing the Group's assets are likewise capitalised into tangible assets. This capitalisation is carried out according to the internal resources used and the time spent, as a counterpart to the heading of work executed by the entity and capitalised.

The gains or losses derived from the sale or writing off of assets are determined by the difference between the receipts from the sale and the sum recorded on the amount of the asset and is shown as income or expenses on the income statement.

The period of useful life of the main fixed tangible assets can be summarised as follows:

| | |
|---|---|
| Buildings | 10 to 50 years |
| Other constructions | 10 to 50 years |
| Basic equipment | 3 to 20 years |
| Transport equipment | 4 to 7 years |
| Administrative equipment | 4 to 10 years |

Amortisation for the period is calculated using the linear method.

### 2.6.2. INTANGIBLE ASSETS – CONCESSION RIGHT

In accordance with the Concession Contracts of ANA, S.A. and the economic regulation established in those instruments, as described in note 1.3, the model for recording the concession assets as applied under IFRIC 12 is that of intangible asset, since there is no unconditional right to receive fixed or determinable amounts associated with public service provided. There is only the right to charge the airport users, while the concessionaire is exposed to the risk of demand.

In determining the property to be classified as assets comprising the concession right, the classes associated to the various activities carried out were identified, being considered as assets integrating the concession right those that are related to the services/activities in which:

i) the grantor controls or regulates:

   a) which services are to be provided – the concessionaire is obligated to provide the services set forth in the Concession Contract;

   b) the users – the concessionaire is obligated to provide access to the public service to all users indiscriminately; and

   c) the price – the concessionaire is obligated to practice the prices established by the grantor or other equivalent entity (e.g., the regulator);

ii) concession grantor substantially controls any significant interest in the infrastructure and the concessionaire cannot make free use of the assets without permission from the grantor.

The value of subsidies received for these investments was deducted from the total of these assets, the net amounts invested in the concession right being presented in the accounts, according to the policy defined for the ANA Group.

The concession right presented on the statement of the financial position includes the additional amounts agreed to with the grantor for the construction/acquisition of assets for the establishment of the concession that consist of investments for the expansion or renewal of infrastructures (see note 1.2).

The concession right is amortised over the period of the concession (50 years), up to 2062, by the linear method.

## 2.7. OTHER INTANGIBLE ASSETS

Other intangible assets are valued at the cost of acquisition less accumulated amortisation and impairment losses.

Intangible assets are only recognised if identifiable and if it is likely that they will result in future economic benefits controlled by the Group and can be reliably measured.

The other intangible assets refer to software, with an estimated 3-year lifetime.

### A. GOODWILL

Goodwill represents the surplus of the cost of acquisition as compared to the fair value of the identifiable assets and liabilities of the subsidiary/associate at the date of acquisition. In individual accounts, goodwill is included as part of subsidiaries' investments. This is subject to impairment tests, on an annual basis, and is presented at cost, less the accumulated impairment losses. Gains or losses derived from the sale of an entity include the value of the goodwill pertaining to the entity.

The goodwill is allocated to the units that generate the cash flows for purposes of conducting impairment tests. The tests are conducted at least once a year with reference to the financial reporting date.

### B. RESEARCH AND DEVELOPMENT EXPENDITURE

Expenditure on research carried out while pursuing new technical or scientific knowledge, or a quest for alternative solutions, is shown in the results when incurred.

The expenditure incurred on account of development is capitalised when it is proved that the product or process being developed can be executed in technical terms and that the Group has the intention and the capacity to complete its development and begin its use or sale.

### C. SOFTWARE

The costs incurred with the acquisition of software are capitalised whenever it is expected that they will be used by the Group.

## 2.8. IMPAIRMENT OF NON-FINANCIAL ASSETS

The assets of the ANA Group are analysed during each report period so as to detect possible losses due to impairment.

The determination of the value recoverable is made considering the following operating segments:

- The airport activity managed by ANA, S.A.;

- The handling activity developed by Portway, S.A..

## 2.9. FINANCIAL ASSETS

The Group determines the classification of its financial assets on the date that the asset is first shown in accordance with the objective of its purchase, re-evaluating this classification on the date of each report.

Financial assets can be classified as:

- Assets measured at amortised cost – this includes non-derivative financial assets, the business model of which involves holding financial assets in order to receive contractual cash flows, where such flows are solely repayments of capital and the payment of interest on the outstanding capital.
- Financial assets at fair value through other comprehensive income – these assets are classified at fair value through other comprehensive income if they are held under a business model objective of which is attained by collecting contractual cash flows and selling financial assets, where the contractual terms of the financial asset result in specifically dated cash flows that are solely repayments of capital and the payment of interest on the outstanding capital.
- Financial instruments classified at fair value through profit or loss – the assets classified in this category are derivative financial instruments and capital instruments that the company has not classified, on initial recognition, as financial assets through other comprehensive income. This category also covers all financial instruments contractual cash flows of which do not solely comprise capital and interest.

Financial assets are removed when the rights to receive the monetary flows created by these investments expire or are transferred, along with all the risks and benefits associated with their possession.

## 2.10. INVENTORIES

Inventories are valued as the lesser of the cost of acquisition or the net sale value. Inventories essentially refer to fuels, spare parts and other materials. Inventories are initially shown at the cost of acquisition, which includes all the expenses associated with the purchase. The cost is determined using the pondered average cost method.

## 2.11. CASH AND CASH EQUIVALENTS

The cash and cash equivalents item includes: cash, bank deposits, other short-term investments with high levels of liquidity, insignificant risk of changes in value and with an initial maturity of up to 3 months and bank overdrafts.

It also includes the cash pooling figure, as the ANA Group is now part of the VINCI Group cash pooling mechanism. Cash pooling qualifies as being a cash equivalent because there are no restrictions on the way it is used, it is immediately available because it meets all the other pertinent criteria.

Bank overdrafts are shown on the statements of the financial position, in current liabilities under the loans item. For the purposes of cash flow statements, the bank overdrafts are included in the cash and cash equivalents item.

## 2.12. DIVIDENDS

Dividends are shown as a liability whenever approved by Shareholders General Meeting.

## 2.13. FINANCIAL LIABILITIES

The IFRS 9 classifies financial liabilities into two categories:

- Financial liabilities at amortized cost;
- Financial liabilities at fair value.

Financial liabilities at amortized cost include Loans obtained (note 2.14) and Payables and other liabilities (note 2.15).

Financial liabilities at fair value refer to derivative financial instruments contracted within the scope of managing the Group's financial risks.

Derivative financial instruments are shown on the date they are contracted at their fair value. Subsequently, the fair value of the derivative financial instruments is regularly evaluated. The gains or losses resulting from this evaluation are shown directly in the results for the period or in coverage reserves, in equity, in situations that these gains or losses qualify for cash flow hedge accounting (note 3.3).

The financial liabilities are removed when the underlying obligations are eliminated by payment or are cancelled or expire.

## 2.14. LOANS OBTAINED

A financial instrument is classified as a financial liability when the issuer is contractually obliged to pay back the capital and/or interest by disbursing money or handing over some other financial asset, irrespective of its legal form. Financial liabilities are recognised (i) initially, at fair value, less the transaction costs incurred and (ii) subsequently, at amortised cost, which is calculated using the effective rate method.

They are classified as current liabilities, except if the Group has an unconditional right to defer the liquidation of the liability for, at least, 12 months after the date of the balance sheet. In this case they are classified as non-current liabilities.

## 2.15. PAYABLES AND OTHER LIABILITIES

The balances of suppliers and other payables are initially shown at the fair value and are subsequently measured at the amortised cost in accordance with the effective interest rate method.

## 2.16. RETIREMENT BENEFITS

The parent company has responsibilities with complementary retirement benefits.

ANA, S.A. has a Complementary Pension Fund, managed by an autonomous entity, which includes two plans:

- Defined contribution plan – covers all employees, contributions for this plan are shown as a cost, in the financial year in which they occur;

- Defined benefits plan – covers only the employees who had already retired before 1 January 2004 (the date the defined benefits fund was changed to the defined contributions fund). The actuarial calculation of the Company's responsibilities is carried out annually using the immediate annuity method. The actuarial differences (re-measurements) are recognised immediately and only in 'Other comprehensive income'. The financial cost of funded plans is calculated on the basis of the net non-funded liability.

## 2.17. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Provisions are shown when:

- There is a legal, contractual or a constructive obligation, as a result of past events;
- It is likely that an outflow of resources will be necessary to satisfy the obligation; and
- A reliable estimate of the amount of the obligation can be made.

When there are similar obligations, the probability of generating an outflow of resources is determined together. The provision is shown even if the likelihood of an outflow owing to one element included in the same class of obligations might be lower.

Provisions are reviewed at each reporting date and are adjusted so that they reflect the best estimate. Provisions are measured based on their nominal value, plus any legally applicable interest, so that the outflow of resources arising from the liability is duly accounted for.

For ongoing legal cases, management bases its judgement on external legal advice in conjunction with the assessment of the internal Legal and Litigation Office.

Those situations in which there is a present obligation resulting from a past event but for which there is unlikely to be an outflow of resources or any situations that cannot be reliably estimated are classified as contingent liabilities. Such liabilities are disclosed in the financial statements, unless the possibility of any outflow is remote (note 45.2).

Contingent assets are not recognised in the financial statements but are only disclosed whenever it is likely that there will be a future economic inflow of resources (note 45.1).

## 2.18. SUBSIDIES

Subsidies are shown at their fair value when there is a reasonable assurance that they will be received and that the Group will fulfil the inherent obligations.

Subsidies received for financing acquisitions of tangible fixed assets are recorded under liabilities and shown in the results, in proportion to the amortisation of the subsidised assets.

The subsidies granted under the public service activities are deducted from the value of construction contracts provided in concession right by constituting reimbursement of certain expenses incurred.

Subsidies concerning expenses are deferred and recognised in the balance sheet for the period necessary to balance them with the expenses that they are meant to compensate.

Subsidies are classified as non-current liabilities, under the Accounts payable and other liabilities item, when the period of deferral is greater than 12 months. The remaining balance is classified under current Accounts payable and other liabilities.

## 2.19. LEASING

### FINANCIAL LEASING

Assets acquired via financial leasing contracts, in which the Group has all the risks and benefits inherent to the ownership of these assets, are accounted for using the financial method, therefore the respective asset value and the corresponding liabilities are recognised in the statement of financial position.

Leases are capitalised at the beginning of the lease as the lesser between the fair value of the leased asset and the present value of the minimum leasing payments, established on the date when the contract began. The resulting debt from a financial leasing contract is shown net of financial costs, under the current and non-current loans item. The financial costs included in the rental and depreciation of leased assets are shown in the income statement of the respective period.

The assets acquired under the regime of financial leasing are considered to be part of the services provided and consequently are deemed to be an additional intangible asset if they constitute investments for expansion or upgrading.

### OPERATIONAL LEASING

Leases are considered to be operational as long as a significant part of the risks and benefits inherent to the possession of the property in question is retained by the lessor.

The rents paid under operational leasing contracts are recorded as a cost in the financial year during which they occur, during the period of the lease.

## 2.20. HEDGING POLICY

The ANA Group follows a policy of resorting to derivative financial instruments which comply with the provisions of IFRS 9, with a view to covering the financial risks to which it is exposed, resulting from variations in interest rates.

Derivative financial instruments are shown on their trade date, at their fair value. Subsequently, the fair value of the derivative financial instruments is regularly re-evaluated, the resulting gains or losses of this re-evaluation are shown directly in the results for the period, except in cases that refer to cash flow coverage derivatives. The recognition of the variations of the fair value of the coverage derivatives depends on the nature of the risk covered and the model of coverage used.

### COVERAGE ACCOUNTING

Derivative financial instruments used for purposes of coverage can be classified in accounting terms as coverage as long as they fulfil, cumulatively, the following conditions:

i) On the date the transaction is initiated, the coverage relation has been identified and formally documented, including the identification of the covered item, the coverage instrument and an evaluation of the effectiveness of the coverage;

ii) There is an expectation that the coverage relation will be highly effective, at the date the transaction is initiated and over the life of the operation;

iii) The effectiveness of the coverage can be reliably measured at the date the transaction is initiated and over the life of the operation;

iv) For cash flow coverage operations, there must be a high probability that they will occur.

**INTEREST RATE RISK (COVERAGE OF FAIR VALUE)**

Coverage instruments that are designated and qualify as fair value coverage are shown in the statement of financial position at their fair value. Simultaneously, the change in the fair value of the hedged instruments, in the component that is being covered, is adjusted as a counterpart to results. Consequently, any ineffectiveness of the coverages is immediately shown in the results.

If the coverage ceases to comply with the criteria required for coverage accounting, the derivative financial instrument is transferred to the trading portfolio and the coverage accounting is prospectively discontinued.

**INTEREST RATE RISK (CASH FLOW COVERAGE)**

The operations that qualify as coverage instruments with regard to cash flow coverage are shown in the statement of financial position at their fair value and, insofar as they are considered to be effective coverages, the variations in the fair value of the instruments are initially shown as a counterpart to equity and are later reclassified under the finance costs item.

If the coverage operations are ineffective, this is directly shown in the results. Thus, in net terms, the flows associated with covered operations are accrued at the rate inherent to the contracted coverage operation.

When a coverage instrument expires or is sold, or when the coverage ceases to comply with the criteria required for coverage accounting, the variations of the fair value of the derivative accumulated in reserves are shown under results when the covered operation also shows results.

## 2.21. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

While determining the fair value of a financial asset or liability, if there is an active market, the market quotation is used. This constitutes level 1 of the fair value hierarchy.

In case there is no active market, which is the case for some financial assets and liabilities, valuation techniques that are generally accepted by the market are used, based on market assumptions. This constitutes level 2 of the fair value hierarchy.

The Group uses valuation techniques for non-quoted financial instruments, such as derivatives, fair value financial instruments by means of results and for financial assets available for sale. The valuation models that are used most frequently are discounted cash flow (DCF) models and options evaluation models that incorporate, for example, interest rate curves and market volatility.

For financial assets and liabilities for which there is no market data or equivalent, more advanced valuation models are used containing assumptions and data that are not directly observable in the market, for which the Group uses internal estimates and assumptions. This constitutes level 3 of the fair value hierarchy.

## 2.22. INCOME TAX AND DEFERRED TAX

In 2017, VINCI, S.A. opted to apply the Special Tax Scheme for Groups of Companies (RETGS) to an extended number of companies that have their registered offices in Portugal and meet the conditions set out in article 69-A of the Income Tax Code (CIRC). The decision to apply this scheme is valid for three fiscal years, after which it may be renewed in the same terms.

ANA, S.A. was named the designated controlled company by VINCI, S.A. and, as a result, bears the responsibility for compliance with all the obligations incumbent on the controlling company, in the terms of no. 3 of article 69-A of the CIRC.

In 2018, the RETGS covered 9 companies (including ANA, S.A.).

Income comprises current tax and deferred tax. Current tax is calculated on the basis of net book profit/loss, adjusted in line with the applicable tax legislation.

Deferred taxes, calculated using the balance sheet liability method, reflect the temporary differences between consolidated asset and liability values for accounts reporting purposes and the respective values for tax purposes.

However, if the deferred tax ensues from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the transaction date, does not affect either the book result or the tax result, it is not recognised.

Deferred tax assets and liabilities are determined and annually evaluated at the tax rates in force or announced at the balance sheet date and expected to be applicable in the period in which the deferred tax asset or the settlement of the deferred tax liability occurs.

Deferred tax assets are recognised to the extent that it is likely that future taxable profits will allow the company to make use of the temporary difference.

Deferred taxes are carried on the income statement, unless they result from amounts recognised directly in equity, in which case the tax is carried in the same equity item.

## 2.23. INCOME

IFRS 15 is based on the principle that the revenue from the sale of goods and the provision of services is recognised on the date on which control is transferred to the customer. The transaction price is allocated to the various performance obligations agreed with the customer and subject to adjustment on measurement, whenever the consideration is variable or subject to a significant financial effect.

The standard's revenue recognition model is based on a five-step analysis that determines when the revenue should be recognised and what the amount of this revenue is:

a. Identify the contract with the customer;

b. Identify the performance obligations;

c. Determine the transaction price;

d. Allocate the transaction price;

e. Recognition of the revenue.

Recognition of the revenue depends on whether the performance obligations are fulfilled over time or whether, on the contrary, control over the good or service is transferred to the customer at a given time. Revenue is measured as the amount that the entity expects to receive.

**SALES**

Sales of merchandise are recognised in the accounting period in which the Group transfers control over the same to the purchaser and comprise the fair sale value of the goods, net of taxes and discounts. The new model did not result in any change in the recognition of sales revenue, as the performance obligation is discharged at the time that the entity hands over the good to the customer.

**SERVICES**

The providing of services essentially encompasses charges for services in the areas of traffic, security, passengers with reduced mobility (PRM), handling services, rents, exploitation and other commercial rates, as foreseen in economic regulation.

Under IFRS 15, the revenue is only recognised at the time at which the performance obligation is discharged. The Group's performance obligations for service provisions are discharged at the time that the following services are duly provided:

- Traffic, handling, security and PRM charges are recognised in the reporting period in which the services are provided. They are carried as the fair value of the service provision, net of taxes and the air traffic development incentives paid to airlines;
- Rents are recognised by the linear method over the period of the occupancy licence;
- Exploitation charges have a fixed component and/or a variable component. The fixed component is recognised by the linear method over the licence period. The variable component is arrived at by applying a set percentage to the concessionaire's revenues. This amount is recognised in the period in which the concessionaire earns these revenues. Moreover, most of the operating licences incorporate a minimum guaranteed earnings component.

Other business charges are recognised in the period in which the services are provided.

**CONSTRUCTION CONTRACTS**

The construction services item refers to the carrying of construction services associated with the Concession Contracts. The Group carries the costs associated with the acquisition/construction of expansion assets or the upgrade of concession infrastructures in the income statement, recognising the revenue of the corresponding construction. The calculation of construction services income also takes into account the direct costs of the technical areas involved in the construction of the expansion assets.

### OTHER EARNINGS

The other earnings item mainly comprises services debited to Portway, S.A., the Company's handling subsidiary. These services are: technical and management services, staff secondments, occupational health, maintenance of information systems and others.

# 3. MANAGEMENT OF FINANCIAL RISK

## 3.1. FACTORS FOR FINANCIAL RISK

The Group's activities are exposed to a variety of financial risk factors: credit risk, liquidity risk and cash flow risk associated to interest rates.

The Group has a risk management programme that seeks to minimize potential adverse effects, using the appropriate instruments to cover certain risks to which it is exposed.

### A. CREDIT RISK

Credit risk may result from counterpart risk, risk of cash balances and cash equivalents, deposits and derivative financial instruments in financial institutions, as well as the credit risk related to receivables from clients and other debtors.

The ANA Group is subject to the credit risk given to its different aviation and non-aviation clients. The Group assesses the credit risk of its clients by evaluating the impact any potential default could have on the Group's financial situation.

The assessment of this risk, which underpins any credit decision, is based on a model that combines internal information on the client with information provided by Dun & Bradstreet's Portfolio Manager tool.

Credit risk is monitored systematically and the Group has adopted a set of credit risk mitigation measures. These include the requirement to provide a bank guarantee, depending on the loan amount.

With regard to counterpart risk, the following table summarises the credit quality of the financial institutions, as regards deposits and applications. The Group applies its excess liquidity at institutions rated Aa3 for risk.

| Rating | Balances 2018 | Balances 2017 |
|---|---|---|
| Cash equivalents | | |
| Aa3 | 324,601 | 421,937 |
| A3 | 2 | - |
| Baa2 | 17 | - |
| Baa3 | 77 | - |
| Ba1 | 188 | 586 |
| Ba3 | 46 | - |
| B1 | - | 125 |
| B3 | 31 | 21 |
| Caa2 | 1,471 | 589 |
| | 326,433 | 423,258 |

Rating assigned by Moody's at 31.12.2018.

## B. LIQUIDITY RISK

The management of liquidity risk implies the maintenance, at a sufficient level, of availability of cash and its equivalents, the consolidation of floating debt, via an adequate amount of credit facilities, and the ability to liquidate market positions.

Through the cash pooling mechanism established with the VINCI Group, the ANA Group has unconditional access to short-term cash funds, up to an amount equivalent to 2 months of sales. This has allowed the Group to manage its floating debt in a much more flexible manner.

The table below details the Group's liabilities by maturity intervals:

| 2018 | 0 - 6 Months | 6 - 12 Months | 1 - 5 Years | > 5 Years |
|---|---|---|---|---|
| Accounts payable - current | 18,448 | - | - | - |
| Accounts payable - investments | 10,901 | - | - | - |
| Accounts payable - leasing [1] | 349 | 295 | 1,095 | - |
| Other creditors | 16,895 | - | - | - |
| Guarantees by third parties | 48 | 35 | 4,726 | - |
| Bank loans [1] | 28,152 | 38,356 | 1,592,465 | 57,453 |
| Derivatives | 292 | 279 | 1,371 | 251 |
| Contractual liabilities [2] | 2,137 | 679 | 39,040 | 127,235 |
| Accrual of costs, except banking interest and contractual liabilities | 73,872 | - | - | - |
| | 151,094 | 39,644 | 1,638,697 | 184,939 |

[1] Include interests until the end of the financing
[2] Contractual liabilities with substitution/replacement

The bank loans (1 to 5-year terms) item includes loans in the amount of 1,332,000 thousand euros. This funding, which matures in 2022, will be refinanced.

| 2017 | 0 - 6 Months | 6 - 12 Months | 1 - 5 Years | > 5 Years |
|---|---|---|---|---|
| Accounts payable - current | 20,593 | - | - | - |
| Accounts payable - investments | 20,092 | - | - | - |
| Accounts payable - leasing [(1)] | 325 | 225 | 653 | - |
| Other creditors | 4,302 | - | - | - |
| Guarantees by third parties | 111 | 213 | 3,691 | 313 |
| Bank loans [(1)] | 33,219 | 38,668 | 1,603,414 | 102,361 |
| Derivatives | 331 | 312 | 1,603 | 421 |
| Contractual liabilities [(2)] | 1,535 | 3,751 | 40,973 | 116,264 |
| Accrual of costs, except banking interest and contractual liabilities | 66,911 | - | - | - |
| | 147,419 | 43,169 | 1,650,334 | 219,359 |

[(1)] Include interests until the end of the financing
[(2)] Contractual liabilities with substitution/ replacement

## C. CASH FLOW RISKS AND FAIR VALUE RISKS ASSOCIATED TO INTEREST RATES

The Group's operating cash flows are independent of changes in market interest rates.

The Group's risk associated to interest rates is derived from long term loans that have been obtained. Such loans that have been issued with floating interest rates are exposed to cash flow risks associated to interest rates and those issued with fixed rates are exposed to the fair value risk of the debt.

The prevailing interest rates at 31 December 2018, plus a stress factor of +0.30% to -0.30%, were used in analysing sensitivity to changes in interest rates, as a way of estimating the impact on results for the 12-month period ending on 31 December 2019.

This analysis of sensitivity to interest rate changes shows the following likely impacts on results:

| 2018 | Scenario at present rate * | Scenario +0.30% | Scenario -0.30% |
|---|---|---|---|
| Loans at variable rate | (44,614) | (4,302) | 4,302 |
| Loans at fixed | (1,305) | - | - |
| Financial leasing interest | (34) | - | - |
| Approximate impact on results/ present rate scenario | | (4,302) | 4,302 |

* Estimated cost of interest in 2019

## 3.2. CAPITAL RISK MANAGEMENT

The Group's objective with regard to the management of capital is:

- To safeguard the Group's capacity to continue its activities and carry out the necessary investments to pursue the object of the concession;
- Maintain the debt ratio within the limits established in the Concession Contract (see note 25);
- To create value in the long term for the shareholder.

The gearing ratios as of 31 December 2018 and 2017 were as follows:

| | ANA Group | |
|---|---|---|
| | 2018 | 2017 |
| Total loans | 1,527,862 | 1,552,598 |
| Cash pooling | (19,602) | (51,934) |
| Cash and cash equivalents | (306,888) | (371,385) |
| Net debt | 1,201,372 | 1,129,279 |
| Equity | 648,706 | 764,259 |
| **Total capital** | **1,850,078** | **1,893,538** |
| *Gearing (%)* | *64.9* | *59.6* |

The change in the gearing is largely accounted for by the distribution of dividends to the shareholder (see note 42).

## 3.3. DERIVATIVE FINANCIAL INSTRUMENTS ACCOUNTING

The Group has contracted two derivative financial instruments for the purpose of hedging interest rate risk.

The method used to recognise the changes in fair value depends on whether or not the instrument is classified as a hedge and the nature of the item that is covered.

The fair value of the interest rate swap contracts incorporates the ANA Group's credit risk.

# 4. IMPORTANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on past experiences and other factors, including expectations about future events that are reasonable in the existing circumstances.

The intrinsic nature of the estimates may differ in the future from the amounts originally estimated.

## 4.1. ASSET IMPAIRMENT

Whenever the accounting value of a set of assets that constitute a cash generating unit exceeds the recoverable quantity, corresponding to the highest value between the value in use and fair value less costs to sell, it is reduced to the recoverable amount and this impairment loss is recognized in the results of the financial year.

## 4.2. ESTIMATE OF THE FAIR VALUE OF FINANCIAL ASSETS

Whenever the financial assets available for sale are not quoted on the market, their fair value is estimated.

This estimate is carried out on the basis of the discounted cash flow method, and the best management estimate with regard to profitability, growth and discount rate, which may occur in the future.

## 4.3. ESTIMATE OF THE FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of financial instruments is determined based on the interest rate curves estimated in the medium term, resulting from market transactions stated for those maturities and the credit risk rating for the ANA Group.

## 4.4. RENOVATION/REPLACEMENT RESPONSIBILITIES

The accrued costs for the responsibilities of renovation and replacement associated with the concession are calculated according to the quality parameters required for concession infrastructures and estimated wear, considering their state of repair and usage.

This liability is evaluated annually, both in regard to the amount and the date of occurrence, the accrued costs being entered at the current value of the best estimate of liability assumed at each date of the financial report.

The calculated liabilities result from the assessment by the technical team of the periodicity, the working periods and the amounts to be disbursed. These liabilities were discounted using the discount rates estimated for each period, based on a “basket” of risk-free interest rates from eurozone countries.

## 4.5. IMPAIRMENT OF ACCOUNTS RECEIVABLE

IFRS 9 establishes a new impairment model based on expected losses. This replaces the current IAS 39 model, which is based on incurred losses.

Under this standard, in those situations in which the credit risk of a given financial asset has not increased significantly since it was initially recognised, an accumulated impairment equal to the loss that is judged likely to be incurred over the next 12 months should be recognised. If the credit risk has increased significantly, the accumulated impairment to be recognised should be equal to the expected loss that is judged likely to be incurred through to the maturity of the asset in question.

With respect to expected losses, this standard covers both financial assets measured at amortised cost and those measured at fair value through other comprehensive income. Investments in capital instruments, commitments with loans made that are measured at fair value and other financial instruments measured at fair value are all excluded from the scope of this standard.

The Group applies the expected losses impairment model to contracts covered by IFRS 9. The Group has opted to take a simplified approach to the calculation and recognition of impairment losses in commercial accounts receivable. Expected losses through to maturity are carried on the basis of actual loss experience and the specific characteristics of the underlying credit risk.

The Group opted to take a simplified approach to the calculation of impairments (switching from the incurred loss model to expected loss) that was underpinned by a risk table aligned with the company's risk management policy. This approach involves taking the following main steps:

1. The identification of commercial debts, stratified into current debt and non-current debt, net of guarantees given (sureties and bank guarantees);
2. Estimate of the customer default risk, as a function of the information provided by a risk analysis and management company, which is then combined with the customers' transaction record with ANA, S.A..

In this context, current debt credit risk is stratified into four levels, from one to four, with four representing the highest default risk.

A default risk percentage of 100% is attributed to all debt that is over one year old and has been deemed hard to collect.

## 5. INFORMATION BY SEGMENTS

ANA Group has identified two segments of core businesses: Airports and Handling.

| | 2018 | | | |
|---|---|---|---|---|
| | Airports | Handling | Non-allocated | ANA Group |
| Services | | | | |
| Aviation | 505,758 | 60,150 | - | 565,908 |
| Security | 52,633 | - | 1,473.79 | 54,107 |
| Passengers with reduced mobility | 10,847 | - | - | 10,847 |
| Non-aviation | 218,702 | - | - | 218,702 |
| Construction contracts | 12,313 | - | 990 | 13,304 |
| Traffic incentives | (19,345) | - | - | (19,345) |
| Other revenue and operating earnings | 15,966 | 556 | 983 | 17,505 |
| Operating costs | (188,937) | (60,896) | (52,950) | (302,783) |
| Investment subsidies | 2,596 | - | - | 2,596 |
| Depreciations/ Amortisations | (88,333) | (1,107) | (3,841) | (93,281) |
| **Operating result** | 522,202 | (1,296) | (53,344) | 467,562 |
| Finance costs | | | | (46,886) |
| Share in the results of associates and others | | | | 14 |
| Other financial results | | | | (1,520) |
| Corporate income tax expenditure | | | | (135,056) |
| **Activities result** | | | | 284,114 |
| **Net profit** | | | | 284,114 |
| **Assets and investment** | | | | |
| Tangible fixed assets | 239,071 | 3,816 | 7,548 | 250,435 |
| Concession right | 1,635,750 | - | 100,186 | 1,735,936 |
| Intangible assets | 2,153 | - | 763 | 2,916 |
| Investments | 50,816 | 1,642 | 3,335 | 55,794 |

| | 2017 | | | |
|---|---|---|---|---|
| | Airports | Handling | Non-allocated | ANA Group |
| Services | | | | |
| Aviation | 462,052 | 62,226 | - | 524,278 |
| Security | 54,725 | - | - | 54,725 |
| Passengers with reduced mobility | 10,145 | - | - | 10,145 |
| Non-aviation | 199,059 | - | - | 199,059 |
| Construction contracts | 19,804 | - | 2,337 | 22,141 |
| Traffic incentives | (27,568) | - | - | (27,568) |
| Other revenue and operating earnings | 1,918 | 163 | 554 | 2,635 |
| Operating costs | (185,200) | (61,548) | (52,801) | (299,549) |
| Investment subsidies | 3,113 | - | - | 3,113 |
| Depreciations/ Amortisations | (89,733) | (951) | (4,454) | (95,138) |
| **Operating result** | 448,315 | (110) | (54,364) | 393,841 |
| Finance costs | | | | (47,822) |
| Share in the results of associates and others | | | | 8 |
| Other financial results | | | | 288 |
| Corporate income tax expenditure | | | | (97,864) |
| **Activities result** | | | | 248,451 |
| **Net profit** | | | | 248,451 |
| **Assets and investment** | | | | |
| Tangible fixed assets | 261,393 | 3,283 | 7,434 | 272,110 |
| Concession right | 1,648,317 | - | 101,512 | 1,749,829 |
| Intangible assets | 2,473 | - | 650 | 3,123 |
| Investments | 43,720 | 2,335 | 4,217 | 50,272 |

## 6. FIXED TANGIBLE ASSETS

| ANA, S.A. | | ANA Group | | | | |
|---|---|---|---|---|---|---|
| Total | | State | Patrimony | In progress | Advances | Total |
| | **Gross value** | | | | | |
| 1,137,525 | Balance 01-January-2018 | 345,860 | 798,814 | 19,182 | 14 | 1,163,870 |
| 24,678 | Increases | 552 | 3,742 | 21,979 | 48 | 26,321 |
| 736 | Capitalised work | - | - | 736 | - | 736 |
| 6,898 | Transfers | 4,590 | 31,685 | (29,318) | (62) | 6,895 |
| (979) | Write-offs | - | (980) | - | - | (980) |
| (538) | Sales | - | (732) | - | - | (732) |
| 1,168,319 | Balance 31-December-2018 | 351,002 | 832,529 | 12,579 | - | 1,196,110 |
| | **Accumulated depreciations** | | | | | |
| 868,698 | Balance 01-January-2018 | 247,690 | 644,070 | - | - | 891,760 |
| 52,576 | Reinforcements | 12,974 | 40,708 | - | - | 53,682 |
| (976) | Write-offs | - | (976) | - | - | (976) |
| (538) | Sales | - | (731) | - | - | (731) |
| 921,700 | Balance 31-December-2018 | 262,548 | 683,127 | - | - | 945,675 |
| | **Net value** | | | | | |
| 268,827 | Balance 01-January-2018 | 98,170 | 154,744 | 19,182 | 14 | 272,110 |
| 246,619 | Balance 31-December-2018 | 88,454 | 149,402 | 12,579 | - | 250,435 |

Overall, the main investments made in 2018 were: (i) the acquisition of equipment for the self-service bag drop and (ii) the acquisition of sundry basic equipment, both for Lisbon Airport.

| ANA, S.A. | | ANA Group | | | | |
|---|---|---|---|---|---|---|
| Total | | State | Patrimony | In progress | Advances | Total |
| | **Gross value** | | | | | |
| 1,106,195 | Balance 01-January-2017 | 340,423 | 770,159 | 20,057 | 81 | 1,130,720 |
| 23,688 | Increases | 1,792 | 4,329 | 19,840 | 63 | 26,024 |
| 522 | Capitalised work | - | - | 522 | - | 522 |
| 18,184 | Transfers | 4,270 | 35,280 | (21,237) | (130) | 18,183 |
| (4,997) | Write-offs | (625) | (5,439) | - | - | (6,064) |
| (6,067) | Sales | - | (5,515) | - | - | (5,515) |
| 1,137,525 | Balance 31-December-2017 | 345,860 | 798,814 | 19,182 | 14 | 1,163,870 |
| | **Accumulated depreciations** | | | | | |
| 825,145 | Balance 01-January-2017 | 234,224 | 613,542 | - | - | 847,766 |
| 54,555 | Reinforcements | 14,091 | 41,405 | - | - | 55,496 |
| (4,961) | Write-offs | (625) | (5,391) | - | - | (6,016) |
| (6,041) | Sales | - | (5,486) | - | - | (5,486) |
| 868,698 | Balance 31-December-2017 | 247,690 | 644,070 | - | - | 891,760 |
| | **Net value** | | | | | |
| 281,050 | Balance 01-January-2017 | 106,199 | 156,617 | 20,057 | 81 | 282,954 |
| 268,827 | Balance 31-December-2017 | 98,170 | 154,744 | 19,182 | 14 | 272,110 |

The main investments made in 2017 were: (i) the construction of car parking silo 6 and (ii) the acquisition of equipment for Lisbon Airport.

The fixed tangible assets acquired by the Group through financial leasing contracts have the following net value at 31 December 2018:

| | Cost | Depreciations | Net value |
|---|---|---|---|
| Basic equipment | 43 | 43 | - |
| Transport equipment | 203 | 203 | - |
| Administrative equipment | 4,458 | 2,982 | 1,476 |
| Software | 214 | 173 | 41 |
| | 4,918 | 3,401 | 1,517 |

In accordance with the policy outlined in point 2.6, the direct costs pertaining to technical areas involved in constructing Group assets have been capitalised under tangible assets in the 2018 period.

The capitalised amounts are as follows:

| | 2018 | 2017 |
|---|---|---|
| Goods sold and consumable materials | 2 | 2 |
| Supplies and external services | 57 | 33 |
| Personnel costs | 676 | 487 |
| Others costs | 1 | - |
| | 736 | 522 |

## 7. CONCESSION RIGHT AND OTHER INTANGIBLE ASSETS

The amounts carried in the concession right item refer to the amounts invested in respect of the management/ operation of the Portuguese airports covered by the concession contracts.

The figures for the concession right and other intangible assets have the following detail:

| ANA, S.A. | | | ANA Group | | | | | |
|---|---|---|---|---|---|---|---|---|
| Concession right | Other intangible assets | | Concession right | | | | | Other intangible assets |
| | | | Assets | Subsidies | Advances | In progress | Total | |
| | | **Gross value** | | | | | | |
| 2,346,313 | 33,021 | Balance 01-January-2018 | 2,605,018 | (272,975) | 18 | 14,252 | 2,346,313 | 33,021 |
| 30,793 | 1 | Increases | - | - | 1,382 | 29,411 | 30,793 | 1 |
| (7,846) | 607 | Transfers | 8,439 | (24) | (1,287) | (14,974) | (7,846) | 607 |
| 2,369,260 | 33,629 | Balance 31-December-2018 | 2,613,457 | (272,999) | 113 | 28,689 | 2,369,260 | 33,629 |
| | | **Accumulated depreciations** | | | | | | |
| 596,484 | 29,898 | Balance 01-January-2018 | 710,849 | (114,365) | - | - | 596,484 | 29,898 |
| 38,780 | 815 | Reinforcements | 42,312 | (3,532) | - | - | 38,780 | 815 |
| (1,940) | - | Transfers | (1,940) | - | - | - | (1,940) | - |
| 633,324 | 30,713 | Balance 31-December-2018 | 751,221 | (117,897) | - | - | 633,324 | 30,713 |
| | | **Net value** | | | | | | |
| 1,749,829 | 3,123 | Balance 01-January-2018 | 1,894,169 | (158,610) | 18 | 14,252 | 1,749,829 | 3,123 |
| 1,735,936 | 2,916 | Balance 31-December-2018 | 1,862,236 | (155,102) | 113 | 28,689 | 1,735,936 | 2,916 |

The main expansion investments in 2018 were: (i) the construction of the self-service bag drop at Lisbon Airport; (ii) completion of the terminal enlargement work at Faro Airport and (iii) the refurbishment of the terminal roof at Ponta Delgada Airport.

A total of 11.5 million euros was also paid to the Concession Grantor in 2018, to cover the transfer of the airport assets at the Beja Civilian Terminal.

| ANA, S.A. Concession right | ANA, S.A. Other intangible assets | | ANA Group Concession right Assets | Subsidies | Advances | In progress | Total | ANA Group Other intangible assets |
|---|---|---|---|---|---|---|---|---|
| | | **Gross value** | | | | | | |
| 2,339,580 | 32,000 | Balance 01-January-2017 | 2,561,396 | (271,842) | 18 | 50,008 | 2,339,580 | 32,000 |
| 25,899 | 78 | Increases | 59 | - | - | 25,840 | 25,899 | 78 |
| (19,205) | 943 | Transfers | 43,563 | (1,133) | - | (61,635) | (19,205) | 943 |
| 39 | - | Interest capitalised | - | - | - | 39 | 39 | - |
| 2,346,313 | 33,021 | Balance 31-December-2017 | 2,605,018 | (272,975) | 18 | 14,252 | 2,346,313 | 33,021 |
| | | **Accumulated depreciations** | | | | | | |
| 558,256 | 28,530 | Balance 01-January-2017 | 669,105 | (110,849) | - | - | 558,256 | 28,530 |
| 38,228 | 1,368 | Reinforcements | 41,744 | (3,516) | - | - | 38,228 | 1,368 |
| 596,484 | 29,898 | Balance 31-December-2017 | 710,849 | (114,365) | - | - | 596,484 | 29,898 |
| | | **Net value** | | | | | | |
| 1,781,324 | 3,470 | Balance 01-January-2017 | 1,892,291 | (160,993) | 18 | 50,008 | 1,781,324 | 3,470 |
| 1,749,829 | 3,123 | Balance 31-December-2017 | 1,894,169 | (158,610) | 18 | 14,252 | 1,749,829 | 3,123 |

The main expansion investments in 2017 were: (i) the enlargement of the terminal at Faro Airport and (ii) the increase in the area of the security control zone at Porto Airport.

The amortisations for the period were calculated using the linear method over the concession term.

## 8. GOODWILL

The goodwill can be summarised in the following manner:

| | 2018 | 2017 |
|---|---|---|
| Acquisition of 40% of Portway, S.A. in 2006 | 1,430 | 1,430 |

The goodwill ascertained with reference to Portway, S.A. was generated in January 2006, when ANA, S.A. acquired the entire stake that Fraport held in this company, thus becoming the sole shareholder. The capital stake acquired, 40%, was assessed at 2,704 thousand euros, a sum paid in cash by ANA, S.A. Taking into consideration Portway, S.A.'s equity as of 1 January 2006, the goodwill was ascertained at the sum of 1,430 thousand euros.

According to the policies defined by the Management, an impairment test was carried out for this goodwill at the end of the year.

The main assumptions used in carrying out the impairment test were as follows:

### CALCULATION OF THE RECOVERABLE VALUE

The recoverable value was determined by the value of use, as there was no fair value established under the terms provided for in IAS 36.

The assumptions applied were underpinned by the Portway, S.A. budget for 2019. Cash flows have been projected through to the end of the concession, by using the discounted cash flows method.

The discount rate used was 9.22%.

No impairment loss was identified.

### SENSITIVITY ANALYSIS OF THESE ASSUMPTIONS

The sensitivity analyses carried out took into account the prevailing conditions in the financial markets, the situation of the Portuguese market for ground handling, as well as Portway, S.A.'s competitive position.

This sensitivity test did not result in any potential impairment loss.

## 9. INVESTMENTS IN SUBSIDIARIES

| | Head office | % Held | Share capital |
|---|---|---|---|
| Portway - Handling de Portugal, S.A. | Lisbon | 100 | 4,500 |

| | ANA, S.A. | |
|---|---|---|
| | 2018 | 2017 |
| Portway- Handling de Portugal, S.A. | 4,574 | 4,574 |

There were no entries in the investments in subsidiaries item for 2017 or for 2018.

# 10. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The breakdown of assets and liabilities of the Group by category is as follows:

| 2018 | Financial assets at amortized cost | Assets at fair value via other comprehensive income | Assets at fair value via results | Cover liabilities at fair value | Financial liabilities at amortized cost | Non financial assets/ liabilities | Total |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Financial investments | - | 1,115 | 66 | - | - | - | 1,181 |
| Derivative instruments | - | - | 72 | - | - | - | 72 |
| Customers and other receivables | 85,041 | - | - | - | - | - | 85,041 |
| Other assets | - | - | - | - | - | 6,783 | 6,783 |
| Cash and cash equivalents | 326,490 | - | - | - | - | - | 326,490 |
| | 411,531 | 1,115 | 137 | - | - | 6,783 | 419,567 |
| **Liabilities** | | | | | | | |
| Loans obtained | - | - | - | - | 1,527,862 | - | 1,527,862 |
| Derivative instruments | - | - | - | 2,140 | - | - | 2,140 |
| Suppliers and other payables | - | - | - | - | 56,880 | - | 56,880 |
| Other liabilities | - | - | - | - | - | 181,599 | 181,599 |
| | - | - | - | 2,140 | 1,584,742 | 181,599 | 1,768,481 |

| 2017 | Credits and receivables | Assets available for sale | Assets at fair value via results | Cover liabilities at fair value | Other financial liabilities | Non financial assets/ liabilities | Total |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Financial investments | - | 502 | 48 | - | - | - | 550 |
| Derivative instruments | - | - | 90 | - | - | - | 90 |
| Customers and other receivables | 84,276 | - | - | - | - | - | 84,276 |
| Other assets | - | - | - | - | - | 10,932 | 10,932 |
| Cash and cash equivalents | 423,319 | - | - | - | - | - | 423,319 |
| | 507,595 | 502 | 138 | - | - | 10,932 | 519,167 |
| **Liabilities** | | | | | | | |
| Loans obtained | - | - | - | - | 1,552,598 | - | 1,552,598 |
| Derivative instruments | - | - | - | 2,559 | - | - | 2,559 |
| Suppliers and other payables | - | - | - | - | 57,472 | - | 57,472 |
| Other liabilities | - | - | - | - | - | 171,608 | 171,608 |
| | - | - | - | 2,559 | 1,610,070 | 171,608 | 1,784,237 |

The fair value hierarchy used in measuring assets and liabilities of the Group (note 2.21) is as follows:

| 2018 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets | | | | |
| Financial assets at fair value via results | 66 | - | - | 66 |
| Assets at fair value via other comprehensive income [1] | - | - | 1,115 | 1115 |
| Covering financial assets | - | 72 | - | 72 |
| | 66 | 72 | 1,115 | 1,252 |
| Financial liabilities | | | | |
| Covering financial liabilities | - | (2,140) | - | (2,140) |
| | - | (2,140) | - | (2,140) |

[1] The disclosures demanded on measurable assets at level 3 fair value are included in note 11 - Financial Investments

| 2017 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets | | | | |
| Financial assets at fair value via results | 48 | - | - | 48 |
| Financial assets available for sale [1] | - | - | 502 | 502 |
| Covering financial assets | - | 90 | - | 90 |
| | 48 | 90 | 502 | 640 |
| Financial liabilities | | | | |
| Covering financial liabilities | - | (2,559) | - | (2,559) |
| | - | (2,559) | - | (2,559) |

[1] The disclosures demanded on measurable assets at level 3 fair value are included in note 11 - Financial Investments

## 11. FINANCIAL INVESTMENTS

| | 2018 | 2017 |
|---|---|---|
| Assets at fair value via other comprehensive income | | |
| Capital shares - Futuro | 1,115 | 502 |
| Financial assets at fair value via results | | |
| Others - Reserve fund | 66 | 48 |
| | 1,181 | 550 |

**FUTURO**

The financial assets at fair value through other comprehensive income item pertains to the 3.89% holding in Futuro - Sociedade Gestora de Fundos de Pensões, S.A..

The fair value of the stake in Futuro is estimated considering perpetuity for the evolution of the cash flow released, adjusted to the opportunity cost of the capital (6.59%).

| | Futuro |
|---|---|
| Balance as of 1 January 2017 | 689 |
| Variation in fair value | (187) |
| Balance as of 31 December 2017 | 502 |
| Variation in fair value | 613 |
| Balance as of 31 December 2018 | 1,115 |

The fair value sensitivity analysis, with growth rates varying between plus 10 base points and minus 10 base points and the cost of capital varying between plus 100 basis points and minus 100 basis points, resulted in the following:

| | Futuro | Growth rate | |
|---|---|---|---|
| | | 0.40% | 0.60% |
| Cost of capital | 5.59% | 48 | 50 |
| | 7.59% | 39 | 40 |

**RESERVE FUND**

The financial assets at fair value through profit or loss only concern the Reserve Fund. The Reserve Fund corresponds to the overfunding existing in the Pensions Fund – ANA Complementos.

The fair value of these investments is assessed based on market quotations.

| | Reserve fund |
|---|---|
| Balance as of 1 January 2017 | 9 |
| Variation in fair value | 39 |
| Balance as of 31 December 2017 | 48 |
| Variation in fair value | 18 |
| Balance as of 31 December 2018 | 66 |

## 12. DERIVATIVE FINANCIAL ASSETS

In 2015, the ANA Group contracted a derivative financial instrument (interest rate) with a notional value of 14 million euros.

This derivative was intended to cover the fair value of the debt. The objective is to hedge the risk inherent in the interest rate applied to EIB loans, after this rate was changed to a revisable fixed rate up to 2020. The instrument will cover the volatility in the fair value of the debt.

The main conditions of the hedged instrument and the hedge instrument are as follows:

### HEDGED INSTRUMENT

Cash flows for the loans taken out with the EIB:

| | |
|---|---|
| Notional | 14 million euros (see note 25) |
| Issue date | 15 September 2015 |
| Maturity date | 15 September 2020 |
| Interest rate | 0.357% |
| Payment dates | Yearly |

### HEDGE INSTRUMENT

ANA, S.A. negotiated an interest rate swap with the following features:

| | |
|---|---|
| Type | Interest Rate Swap |
| Counterparty | Banco Santander Totta |
| Notional | 14 million euros (amortising) |
| Transaction date | 7 August 2015 |
| Start date | 15 September 2015 |
| Maturity date | 15 September 2020 |
| Underlying | ANA, S.A. receives 0.357% and pays Euribor 3M + 0.121% |

### EFFICACY TESTS

The cumulative dollar offset method is used to test the efficacy of the hedge.

The test is carried out on each reporting date.

The change over the past year was as follows:

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | Notional | Fair Value | Notional | Fair Value |
| Designated as cash flow coverage | | | | |
| Interest rate swap | 9,375 | 72 | 10,938 | 90 |
| Total derivatives | 9,375 | 72 | 10,938 | 90 |

## 13. RECEIVABLES AND OTHERS – NON-CURRENT

| ANA, S.A. | | | ANA Group | |
|---|---|---|---|---|
| 2018 | 2017 | | 2018 | 2017 |
| 34 | 28 | Guarantees to third parties | 34 | 28 |
| – | 474 | Subsidies receivable | – | 474 |
| 1,258 | 1,342 | Accrual and deferred | 1,258 | 1,342 |
| 1,293 | 1,844 | | 1,293 | 1,844 |

## 14. ASSETS AND LIABILITIES FOR DEFERRED TAXES

For purposes of assessing assets and liabilities for deferred taxes the following rates of taxation were used:

| | 2018 | 2017 |
|---|---|---|
| ANA, S.A. | 31.09% | 31.06% |
| Portway, S.A. | 22.50% | 22.50% |

In 2018, the rates used for calculating deferred tax took into account the corporate income tax (IRC) rate estimated for 2019.

The breakdown of deferred tax assets and liabilities, as a function of the temporary differences that generate these, is as follows:

| | ANA Group | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | Movements 2018 | | | | | 2018 | |
| | | | | Impact on results | | Impact on equity | | | |
| | Base | Deferred tax | Rate | Rate change | Results movement | Rate change | Equity movement | Base | Deferred tax |
| Assets due to deferred taxes | | | | | | | | | |
| Provisions not accepted for tax purposes | 7,852 | 2,438 | 31.09% | 2 | (1,098) | - | 32 | 4,422 | 1,374 |
| Contributions not accepted for tax purposes | 5,209 | 1,618 | 31.09% | 2 | - | - | - | 5,209 | 1,620 |
| Retirement benefits | 1,935 | 601 | 31.09% | (1) | (69) | 1 | 139 | 2,161 | 671 |
| Derivative instruments | 2,559 | 795 | 31.09% | 1 | - | - | (131) | 2,138 | 665 |
| Amortisation not accepted for tax purposes | - | - | 31.09% | - | 4,655 | - | - | 14,973 | 4,655 |
| Contractual liabilities - Concession | 121,725 | 37,808 | 31.09% | 37 | 1,218 | - | - | 125,642 | 39,063 |
| Total ANA | 139,280 | 43,260 | | 41 | 4,706 | 1 | 40 | 154,545 | 48,048 |
| Provisions not accepted for tax purposes | 230 | 65 | 22.50% | - | (13) | - | - | 230 | 51 |
| Total subsidiaries | 230 | 65 | | - | (13) | - | - | 230 | 51 |
| | 139,510 | 43,325 | | 41 | 4,693 | 1 | 40 | 154,775 | 48,099 |
| Liabilities due to deferred taxes | | | | | | | | | |
| Re-evaluations of fixed assets | 4,154 | 1,290 | 31.09% | 1 | (32) | - | - | 4,154 | 1,259 |
| Derivative instruments | 103 | 32 | 31.09% | - | (9) | - | - | 73 | 23 |
| Financial assets | 463 | 144 | 31.09% | - | 6 | - | 191 | 1,094 | 341 |
| Total ANA | 4,720 | 1,466 | | 1 | (35) | - | 191 | 5,321 | 1,623 |
| | | | | | | | - | - | - |
| ANA- Assets due to deferred taxes | 134,560 | 41,794 | | 40 | 4,741 | 1 | (151) | 149,224 | 46,425 |
| Group ANA- Assets due to deferred taxes | 134,790 | 41,859 | | 40 | 4,728 | 1 | (151) | 149,454 | 46,477 |

| | ANA Group | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2016 | | Movements 2017 | | | | | 2017 | |
| | | | | Impact on results | | Impact on equity | | | |
| | Base | Deferred tax | Rate | Rate change | Results movement | Rate change | Equity movement | Base | Deferred tax |
| Assets due to deferred taxes | | | | | | | | | |
| Provisions not accepted for tax purposes | 15,289 | 4,458 | 31.06% | 291 | (2,311) | - | - | 7,852 | 2,438 |
| Contributions not accepted for tax purpose | 5,209 | 1,518 | 31.06% | 100 | - | - | - | 5,209 | 1,618 |
| Retirement benefits | 1,650 | 481 | 31.06% | (30) | 101 | 61 | (12) | 1,935 | 601 |
| Derivative instruments | 3,344 | 975 | 31.06% | 69 | - | (5) | (244) | 2,559 | 795 |
| Contractual liabilities - Concession | 119,377 | 34,798 | 31.06% | 2,280 | 730 | - | - | 121,725 | 37,808 |
| Total ANA | 144,869 | 42,230 | | 2,710 | (1,480) | 56 | (256) | 139,280 | 43,260 |
| Provisions not accepted for tax purposes | 230 | 51 | 22.50% | | 14 | - | | 230 | 65 |
| Total subsidiaries | 230 | 51 | | - | 14 | - | - | 230 | 65 |
| | 145,099 | 42,281 | | 2,710 | (1,466) | 56 | (256) | 139,510 | 43,325 |
| Liabilities due to deferred taxes | | | | | | | | | |
| Re-evaluations of fixed assets | 4,258 | 1,240 | 31.06% | 82 | (32) | - | - | 4,154 | 1,290 |
| Derivative instruments | 164 | 48 | 31.06% | 3 | (19) | - | - | 103 | 32 |
| Financial assets | 611 | 179 | 31.06% | - | 11 | 12 | (58) | 463 | 144 |
| Total ANA | 5,033 | 1,467 | | 85 | (40) | 12 | (58) | 4,720 | 1,466 |
| | | | | | | | - | - | - |
| ANA- Assets due to deferred taxes | 139,836 | 40,763 | | 2,625 | (1,440) | 44 | (198) | 134,560 | 41,794 |
| Group ANA- Assets due to deferred taxes | 140,066 | 40,814 | | 2,625 | (1,426) | 44 | (198) | 134,790 | 41,859 |

## 15. INVENTORIES

| ANA, S.A. 2018 | ANA, S.A. 2017 | | ANA Group 2018 | ANA Group 2017 |
|---|---|---|---|---|
| 86 | 90 | Goods | 817 | 890 |
| 279 | 282 | Raw, subsidiary and consumable materials | 279 | 282 |
| 365 | 372 | | 1,096 | 1,172 |
| - | - | Losses due to impairment of goods | - | (200) |
| 365 | 372 | | 1,096 | 972 |

## 16. RECEIVABLES AND OTHERS – CURRENT

The breakdown for the Commercial Debts and Other Receivables – Current item is as follows:

| ANA, S.A. 2018 | ANA, S.A. 2017 | | ANA Group 2018 | ANA Group 2017 |
|---|---|---|---|---|
| 84,427 | 91,533 | Customers | 90,233 | 98,197 |
| 17 | 38 | VAT receivable | 475 | 1,028 |
| 7,142 | 10,847 | Debtors and other receivables | 7,027 | 11,068 |
| 663 | 6,147 | Accrued income | 882 | 5,668 |
| 977 | 600 | Subsidies receivable | 977 | 600 |
| 4,037 | 3,255 | Advanced payments | 4,642 | 3,922 |
| 97,262 | 112,420 | | 104,237 | 120,483 |
| (7,318) | (20,789) | Losses due to impairment of customers debts | (10,071) | (23,479) |
| (3,634) | (3,640) | Losses due to impairment of third party debts | (3,634) | (3,640) |
| (10,952) | (24,429) | | (13,706) | (27,119) |
| 86,310 | 87,991 | | 90,532 | 93,364 |

The book value deducted from impairment losses of commercial debts is approximately its fair value.

The change in the sundry debtors and other accounts receivable item is essentially accounted for by the fact that, in 2017, this item included 3.1 million euros for security fees. This sum, which had been retained by ANAC, was released in March 2018.

In 2017, the accrued income also included the security fees due from ANA, amongst other entries. The amounts in question pertained to security fee income for the last quarter of 2013. This was collected by ANAC and then transferred to ANA, S.A. in March 2018.

The Advanced payments item is essentially related to Supplies of external services that have already been paid for but whose cost has not yet become effective due to respecting the subsequent periods.

The reduction in customer debt impairment losses is largely accounted for by the settlement of a debt for which an impairment had been set up in 2016.

The antiquity of receivables in the Group is as follows:

| | Debt not due | Arrears | | | Total |
|---|---|---|---|---|---|
| | | 0 - 6 months | 6 - 12 months | > 12 months | |
| Accounts Receivable | 57,835 | 16,022 | 243 | 16,133 | 90,233 |
| Other debtors | 2,032 | 30 | 25 | 4,940 | 7,027 |

Credit risk is managed as described in note 3.1.

## 17. LOSSES DUE TO ASSET IMPAIRMENT

The impairment losses ascertained during the financial year were shown as expenses in the income statement. In the same manner, the reversal of impairment losses has been recognised as income in the financial statements.

The movements shown under the impairment losses item are as follows:

| | 2018 | | | | | |
|---|---|---|---|---|---|---|
| | Opening Balance | Impact on equity | Impact on results | | Derecognition on balance sheet | Closing Balance |
| | | Adoption IFRS 9 | Increase | Reversal | | |
| Losses due to impairment of customers' debts | | | | | | |
| ANA, S.A. | 20,789 | 104 | 496 | (13,247) | (824) | 7,318 |
| Portway, S.A. | 2,690 | - | 181 | (118) | - | 2,754 |
| | 23,479 | 104 | 677 | (13,364) | (824) | 10,071 |
| Losses due to impairment of other third party debts | | | | | | |
| ANA, S.A. | 3,641 | - | - | (6) | - | 3,634 |
| | 3,641 | - | - | (6) | - | 3,634 |
| Losses due to impairment of inventories | | | | | | |
| Portway, S.A. | 200 | - | - | (200) | - | - |
| | 200 | - | - | (200) | - | - |
| | 27,320 | 104 | 677 | (13,571) | (824) | 13,706 |

The impairment losses carried reflect the risk management policy described in note 3 and were based on the present value of the cash flows for debt receivables.

The reversal in impairment losses in 2018 is largely accounted for by the settlement of a debt for which an impairment had been set up in 2016.

In 2018, ANA derecognised 824 thousand euros in non-performing loans from the balance sheet, in accordance with the Binding Information, Tax File dated 12/05/2016, process 0002462.

| | 2017 | | | |
|---|---|---|---|---|
| | Opening Balance | Increase | Reversal | Closing Balance |
| Losses due to impairment of customers' debts | | | | |
| ANA, S.A. | 20,725 | 1,051 | (987) | 20,789 |
| Portway, S.A. | 2,120 | 746 | (176) | 2,690 |
| | 22,845 | 1,797 | (1,163) | 23,479 |
| Losses due to impairment of other third party debts | | | | |
| ANA, S.A. | 3,917 | - | (276) | 3,641 |
| | 3,917 | - | (276) | 3,641 |
| Losses due to impairment of inventories | | | | |
| Portway, S.A. | - | 200 | - | 200 |
| | - | 200 | - | 200 |
| | 26,762 | 1,997 | (1,439) | 27,320 |

The increase in impairment losses in 2017 is essentially accounted for by the credit extended to an airline that went bankrupt. The reversal in impairment losses results from the settlement of an impairment set up in 2016.

## 18. OBLIGATIONS ON ACCOUNT OF RETIREMENT BENEFITS

These obligations only concern ANA, S.A. as mentioned in note 2.16. The Complementary Pension Fund has two associated plans, one of which is a defined benefits plan.

### DEFINED BENEFITS PLAN

Actuarial calculations using the immediate annuity method were carried out to ascertain the responsibilities with services of the Defined Benefits Plan, which only covers a population of pensioners.

The actuarial assumptions used to ascertain responsibilities with past services of the Defined Benefits Plan were as follows:

| | 2018 | 2017 |
|---|---|---|
| Mortality table | TV (88/90) | TV (88/90) |
| Technical rate | 1.70% | 1.75% |
| Pension growth rate (CGA) | 1.50% | 1.50% |
| Pension growth rate (SS) | 1.50% | 1.50% |

Based on actuarial studies, the following values were ascertained:

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| Fund patrimony | 3,751 | 4,024 | 3,938 | 3,913 | 4,345 |
| Responsibilities undertaken | 5,196 | 5,249 | 5,487 | 4,995 | 4,238 |
| (Insufficiency)/Surplus | (1,445) | (1,225) | (1,549) | (1,082) | 107 |

The Fund presents financing gap. The respective responsibility is registered by the Company.

After carrying out a sensitivity analysis for the amounts as of 31 December 2018, varying the technical rate by plus 50 bp and minus 50 bp, the actuarial results are as follows:

| Technical rate | 1.20% | 2.20% |
|---|---|---|
| Fund patrimony | 3,751 | 3,751 |
| Responsibilities undertaken | 5,414 | 4,994 |
| (Insufficiency)/Surplus | (1,663) | (1,243) |

The Fund patrimony demonstrated the following average proportions by financial asset class:

| | 2018 | 2017 |
|---|---|---|
| Shares | 18.90% | 5.70% |
| Bonds | 58.20% | 70.60% |
| Real estate | 8.20% | 7.30% |
| Other funds | 11.10% | 4.00% |
| Liquidity | 3.60% | 12.50% |
| | 100% | 100% |

An analysis of the composition of the portfolio allows one to conclude that there is sufficient diversification with regard to the various financial products and it is in accordance with the need for liquidity to pay pensions.

The movements that occurred in the fund's patrimony are as follows:

| | 2018 | 2017 |
|---|---|---|
| Initial balance | 4,024 | 3,938 |
| Opening reclassification | - | 67 |
| Pensions paid | (477) | (472) |
| Contributions | 247 | 305 |
| Fund revenue | (43) | 186 |
| Final balance | 3,751 | 4,024 |

The movements in the liabilities of the plan were as follows:

| | 2018 | 2017 |
|---|---|---|
| Opening balance | 5,249 | 5,487 |
| Current services expenses | (10) | (3) |
| Net interest [1] | 87 | 71 |
| Remeasurements - financial assumptions | 21 | (177) |
| Remeasurements - adjusting experience | 326 | 343 |
| Paid benefits | (477) | (472) |
| Final balance | 5,196 | 5,249 |

[1] Net interest effect on the liabilities of the plan as of January 1st

The changes in the liabilities plan – impacts on staff costs and the statement of comprehensive income and the statement of financial position, present the following breakdown:

| | Income Statement | Comprehensive Income Statement | Statement of Financial Position |
|---|---|---|---|
| **Balance as of 1 January 2017** | | | (1,549) |
| Opening reclassification | | 67 | |
| Cost of the year 2017 | | | |
| Net interest | (21) | | |
| | (21) | | |
| Contributions | | | 306 |
| Remeasurements | | | |
| Return on assets | | 135 | |
| Gains/ (losses) financial assumption variation | | 177 | |
| Gains/ (losses) experience adjustments | | (343) | |
| Gains/ (losses) of benfits | | 3 | |
| | | (28) | |
| **Balance as of 31 December 2017** | | | (1,225) |
| Opening reclassification | | - | |
| Cost of the year 2018 | | | |
| Net interest | (21) | | |
| | (21) | | |
| Contributions | | | 247 |
| Remeasurements | | | |
| Return on assets | | (110) | |
| Gains/ (losses) financial assumption variation | | (21) | |
| Gains/ (losses) experience adjustments | | (326) | |
| Gains/ (losses) of benfits | | 11 | |
| | | (446) | |
| **Balance as of 31 December 2018** | | | (1,445) |

## DEFINED CONTRIBUTION PLAN

The defined contribution plan encompasses all workers of ANA, S.A., and the company contribution is carried out according to the following conditions:

- 2.8% of the reference salary, in case the worker does not provide own contributions;
- 3.5% of the reference salary, in case the worker chooses to make a contribution of, at least, 1%.

The value of the contributions made by ANA, S.A. to this fund during the year 2018 rose to 2,223 thousand euros (2,200 thousand euros in 2017).

## 19. CURRENT TAX

| ANA, S.A. 2018 | ANA, S.A. 2017 | | ANA Group 2018 | ANA Group 2017 |
|---|---|---|---|---|
| | | Liabilities | | |
| 129,778 | 100,092 | Tax provision | 129,954 | 100,135 |
| (8,766) | (7,905) | Withholding taxes by third parties | (8,767) | (7,905) |
| (86,355) | (59,068) | Payments on account | (86,355) | (59,068) |
| 34,657 | 33,119 | Payable income tax | 34,832 | 33,162 |

Like all Portuguese companies that fall within the perimeter of the VINCI Group (a total of 7 companies in 2018), the ANA Group is taxed under the RETGS scheme (see note 2.22). The calculated taxable income for each of these companies is carried on the books of ANA, S.A. In the year ending 31 December 2018, the amounts payable to and receivable from these companies was 177 thousand euros and 796 thousand euros, respectively (of which 471 thousand euros related to Portway, S.A.), as detailed in note 46.

In 2018, ANA, S.A. received tax incentives for its research and development work that resulted in a tax deduction in the amount of 53 thousand euros. The eligible R&D costs that underpinned this deduction amounted to 111 thousand euros.

ANA, S.A. did not benefit from any research and development tax incentives in 2017.

## 20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were as follows, at 31 December 2018 and 2017:

| ANA, S.A. 2018 | ANA, S.A. 2017 | | ANA Group 2018 | ANA Group 2017 |
|---|---|---|---|---|
| | | Cash | | |
| 35 | 37 | Cash | 57 | 61 |
| | | Cash equivalents | | |
| 306,616 | 370,688 | Bank deposits - account | 306,832 | 371,324 |
| 19,602 | 51,934 | Cash pooling | 19,602 | 51,934 |
| 326,252 | 422,659 | | 326,490 | 423,319 |

At 31 December 2018, the cash and cash equivalents balance on the statement of financial position is equal to that on the cash flow statement.

Financial applications in the form of deposits or cash pooling mechanisms are remunerated at market rates.

## 21. SHARE CAPITAL

The share capital is represented by 40,000,000 shares with a face value of 5 euros each, which are registered and follow the regime of nominal shares. The share capital is entirely subscribed and realised.

On December 31, 2018, ANA, S.A. was 100% owned by the VINCI Airports, SAS (see note 1.1).

## 22. RESERVES

Reserves showed the following movements:

| ANA, S.A. | Not distributable | | | Distributable | | | Total |
|---|---|---|---|---|---|---|---|
| | Legal | Others | Total | Free | Others | Total | |
| Balance as of 1 January 2017 | 24,392 | 1,163 | 25,555 | 40,703 | (138) | 40,565 | 66,120 |
| Application of results | 8,421 | - | 8,421 | - | - | - | 8,421 |
| Others movements | - | - | - | - | (88) | (88) | (88) |
| Change in fair value of financial assets and liabilities | - | (141) | (141) | - | - | - | (141) |
| Balance as of 31 December 2017 | 32,813 | 1,022 | 33,835 | 40,703 | (226) | 40,477 | 74,312 |
| Balance as of 1 January 2018 | 32,813 | 1,022 | 33,835 | 40,703 | (226) | 40,477 | 74,312 |
| Application of results | 7,187 | - | 7,187 | - | - | - | 7,187 |
| Others movements | - | - | - | - | 290 | 290 | 290 |
| Change in fair value of financial assets and liabilities | - | 422 | 422 | - | - | - | 422 |
| Balance as of 31 December 2018 | 40,000 | 1,444 | 41,444 | 40,703 | 64 | 40,767 | 82,211 |

| ANA Group | Not distributable | | | Distributable | | | Total |
|---|---|---|---|---|---|---|---|
| | Legal | Others | Total | Free | Others | Total | |
| Balance as of 1 January 2017 | 25,336 | 1,163 | 26,499 | 40,720 | (139) | 40,581 | 67,080 |
| Application of results | 8,421 | - | 8,421 | - | - | - | 8,421 |
| Others movements | - | - | - | - | (88) | (88) | (88) |
| Change in fair value of financial assets and liabilities | - | (140) | (140) | - | - | - | (140) |
| Balance as of 31 December 2017 | 33,757 | 1,023 | 34,780 | 40,720 | (227) | 40,493 | 75,273 |
| Balance as of 1 January 2018 | 33,757 | 1,023 | 34,780 | 40,720 | (227) | 40,493 | 75,273 |
| Application of results | 7,187 | - | 7,187 | - | - | - | 7,187 |
| Others movements | - | - | - | - | 289 | 289 | 289 |
| Change in fair value of financial assets and liabilities | - | 422 | 422 | - | - | - | 422 |
| Balance as of 31 December 2018 | 40,944 | 1,445 | 42,389 | 40,720 | 62 | 40,782 | 83,171 |

The Legal Reserves include those from the application of the Results of ANA, S.A. and Portway, S.A..

The change in Legal Reserves in 2018 is due to the appropriation of the 2017 profits, in the amount of 7,187 thousand euros, as approved in the unanimous written decision issued by ANA, S.A. on 28 May 2018.

## 23. RETAINED EARNINGS

| ANA, S.A. | | | | ANA Group | | |
|---|---|---|---|---|---|---|
| Not distributable | Distributable | Total | | Not distributable | Distributable | Total |
| 20,003 | 56,842 | 76,845 | Balance as of 1 January 2017 | 20,003 | 60,145 | 80,148 |
| - | 159,991 | 159,991 | Application of results | - | 159,676 | 159,676 |
| - | 624 | 624 | Others movements | - | 623 | 623 |
| - | 88 | 88 | Retirement benefits | - | 88 | 88 |
| 20,003 | 217,545 | 237,548 | Balance as of 31 December 2017 | 20,003 | 220,532 | 240,535 |
| 20,003 | 217,545 | 237,548 | Balance as of 1 January 2018 | 20,003 | 220,532 | 240,535 |
| - | 241,967 | 241,967 | Application of results | - | 241,265 | 241,265 |
| - | (400,000) | (400,000) | Distribution of dividends | - | (400,000) | (400,000) |
| - | (72) | (72) | Others movements | - | (72) | (72) |
| - | (306) | (306) | Retirement benefits | - | (307) | (307) |
| 20,003 | 59,134 | 79,137 | Balance as of 31 December 2018 | 20,003 | 61,418 | 81,421 |

The Retained earnings item includes an amount of 20,003 thousand euros pertaining to legal revaluations. As established in the relevant legislation, this reserve can only be used to cover losses or to increase the company's share capital.

## 24. CONCILIATION BETWEEN INDIVIDUAL EQUITY AND CONSOLIDATED EQUITY

| 2018 | | Equity before net profit for the year | Net profit | Equity after net profit for the year |
|---|---|---|---|---|
| ANA, S.A. | | 361,348 | 282,255 | 643,603 |
| Pre-consolidation adjustments | *a)* | 913 | (913) | - |
| Impact of Subsidiaries and Associates | | 2,332 | 2,772 | 5,103 |
| | | 364,593 | 284,114 | 648,706 |

*a)* Refers to distributed dividends by Portway, S.A. eliminated in the consolidation process

| 2017 | | Equity before net profit for the year | Net profit | Equity after net profit for the year |
|---|---|---|---|---|
| ANA, S.A. | | 511,860 | 249,154 | 761,014 |
| Pre-consolidation adjustments | a) | 1,616 | (1,616) | - |
| Impact of Subsidiaries and Associates | | 2,332 | 913 | 3,245 |
| | | 515,808 | 248,451 | 764,259 |

*a)* Refers to distributed dividends by Portway, S.A. eliminated in the consolidation process

The impact of the Subsidiaries can be broken up in the following manner:

| 2018 | Equity before net profit for the year | Net profit * | Dividends | Equity after net profit for the year |
|---|---|---|---|---|
| Portway, S.A. | 3,245 | 2,772 | (913) | 5,103 |

* Before intra-group transactions and after consolidation adjustments

| 2017 | Equity before net profit for the year | Net profit * | Dividends | Equity after net profit for the year |
|---|---|---|---|---|
| Portway, S.A. | 3,948 | 913 | (1,616) | 3,245 |

* Before intra-group transactions and after consolidation adjustments

## 25. LOANS

| ANA, S.A. 2018 | ANA, S.A. 2017 | Non-current loans | ANA Group 2018 | ANA Group 2017 |
|---|---|---|---|---|
| 1,486,866 | 1,507,130 | Loans | 1,486,866 | 1,507,130 |
| 72 | 90 | Swap \| Fair Value Hedge | 72 | 90 |
| 1,069 | 636 | Suppliers - leasing | 1,069 | 636 |
| 1,488,007 | 1,507,856 | | 1,488,007 | 1,507,856 |

| ANA, S.A. 2018 | ANA, S.A. 2017 | Current loans | ANA Group 2018 | ANA Group 2017 |
|---|---|---|---|---|
| 20,265 | 25,160 | Loans | 20,265 | 25,160 |
| 14,793 | 10,685 | Portway, S.A. loans | - | - |
| 18,980 | 19 062.000 | Interest payable | 18,980 | 19,062 |
| 610 | 520 | Suppliers - leasing | 610 | 520 |
| 54,647 | 55,427 | | 39,855 | 44,742 |

The breakdown of the changes in funding liabilities is as follows:

| | ANA, S.A. | | | | |
|---|---|---|---|---|---|
| | Loans | Loan interest | Swap | Suppliers- leasing | Total |
| **Balance 01-January-2018** | 1,542,975 | 19,062 | 90 | 1,156 | 1,563,283 |
| Changes due to cash flows | | | | | |
| Financial activities | (21,051) | (46,143) | (587) | (41) | (67,822) |
| Investiment activities | - | - | - | (1,032) | (1,032) |
| Changes in fair value | | - | (18) | - | (18) |
| Other movements through balance sheet | - | - | - | 1,555 | 1,555 |
| Other movements through results | - | 46,061 | 587 | 41 | 46,688 |
| **Balance 31-December-2018** | 1,521,924 | 18,980 | 72 | 1,679 | 1,542,655 |

| | ANA Group | | | | |
|---|---|---|---|---|---|
| | Loans | Loan interest | Swap | Suppliers- leasing | Total |
| **Balance 01-January-2018** | 1,532,290 | 19,062 | 90 | 1,156 | 1,552,598 |
| Changes due to cash flows | | | | | |
| Financial activities | (25,159) | (46,142) | (587) | (41) | (71,929) |
| Investiment activities | - | - | - | (1,032) | (1,032) |
| Changes in fair value | - | - | (18) | - | (18) |
| Other movements through balance sheet | - | - | - | 1,555 | 1,555 |
| Other movements through results | - | 46,061 | 587 | 41 | 46,688 |
| **Balance 31-December-2018** | 1,507,131 | 18,981 | 72 | 1,679 | 1,527,863 |

The loans have the following composition:

| Contract | | Interest Rate | Amount owed | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Non-current | | Current | | Fair value | |
| | | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| EIB 97/98 | | | | | | | | |
| | C+D | Fixed | - | - | - | 3,904 | - | 3,952 |
| | | Floating | - | - | - | 1,039 | - | 1,039 |
| | E+F | Fixed | 1,247 | 2,494 | 1,247 | 1,247 | 2,455 | 3,634 |
| | | Floating | 1,247 | 2,494 | 1,247 | 1,247 | 2,494 | 3,741 |
| EIB 02 | | Fixed | 27,245 | 32,532 | 5,289 | 5,240 | 30,355 | 34,521 |
| | | Revisable fixed | 7,813 | 9,375 | 1,563 | 1,563 | 9,049 | 10,239 |
| EIB 02 | | Floating + fixed spread | 13,125 | 15,000 | 1,875 | 1,875 | 15,000 | 16,875 |
| | | Fixed | 13,125 | 15,000 | 1,875 | 1,875 | 13,124 | 14,400 |
| EIB 09 | | Revisable fixed | 27,619 | 29,524 | 1,905 | 1,905 | 24,141 | 24,950 |
| | | Floating + fixed revisable spread | 22,095 | 23,619 | 1,524 | 1,524 | 23,619 | 25,143 |
| EIB 98/2000 - 2. | | Floating | 41,151 | 44,892 | 3,741 | 3,741 | 44,892 | 48,633 |
| Bonds 2013/2022 | | Floating [a)] | 100,000 | 100,000 | - | - | 100,000 | 100,000 |
| Bonds 2013/2022 | | Floating [a)] | 732,200 | 732,200 | - | - | 732,200 | 732,200 |
| Credit Line | | Floating [a)] | 500,000 | 500,000 | - | - | 500,000 | 500,000 |
| | | | 1,486,866 | 1,507,130 | 20,265 | 25,160 | 1,497,328 | 1,519,327 |

[a)] Financing with Vinci, S.A. (see note 46)

No new loans were taken out in 2018 nor were any extraordinary debt servicing repayments made beyond those already scheduled. Capital repayments for the loans taken out with the EIB totalled 25,159 million euros.

We also highlight the maturity of five tranches of financing with the EIB.

The market value of the Group's medium/long term loans, contracted at fixed and revisable fixed interest rates is calculated on the basis on future cash flows, discounted at interest rates estimated in the medium/long term (forward rates).

In the case of the revisable fixed rate loans, it has been assumed that they will switch to a floating rate during the next period when interest rates are revised.

Throughout 2018, interest rates remained close to zero, in line with the reference rates. This allowed the company to reduce the financial cost of loans contracted at floating interest rates.

| 2018 | First repayment | Last repayment | Interest rate | Interest payment period | Average interest rate (%) |
|---|---|---|---|---|---|
| **ANA, S.A. Loans** | | | | | |
| EIB 97/98 | | | | | |
| E+F | 15-12-2009 | 15-12-2020 | Floating | Tranche E - Quarterly | 0.30% |
| | | | Fixed | Tranche F - Annual | 2.36% |
| EIB 02 | | | | | |
| A+B | 15-09-2009 | 15-09-2024 | Revisable fixed | Tranche A1 - Annual [a] | 0.85% |
| | | | Fixed | Tranches A2, A3, A4 and B1 - Annual | 0.89% |
| | | | Fixed | Tranche B2 - Annual | 4.25% |
| C | 15-09-2011 | 15-09-2026 | Floating + fixed spread | Tranche C1 - Quarterly [b] | 0.58% |
| | | | Fixed | Tranche C2 - Annual | 1.10% |
| EIB 09 | 15-12-2013 | 15-06-2034 | Revisable fixed | Tranche D1 -Semiannual | 1.41% |
| | | | Floating + fixed revisable spread | Tranche D2 - Semiannual | 0.27% |
| EIB 98/2000 - 2. | 15-03-2011 | 15-03-2020 | Floating | Quarterly | 0.30% |
| Bonds 2013/2022 | Bullet | 31-07-2022 | Floating | Semiannual | 3.28% |
| Bonds 2013/2022 | Bullet | 31-07-2022 | Floating | Semiannual | 3.28% |
| Credit Line | Bullet | 31-07-2022 | Floating | Semiannual | 3.28% |

[a] The company has a hedging instrument associated with this loan (see note 12)
[b] The company has a hedging instrument associated with this loan (see note 26)

| 2017 | First repayment | Last repayment | Interest rate | Interest payment period | Average interest rate (%) |
|---|---|---|---|---|---|
| **ANA, S.A. Loans** | | | | | |
| EIB 97/98 | | | | | |
| C+D | 15-06-2007 | 15-06-2018 | Fixed | Tranches C1, C2, D1 e D2 - Annual | 2.70% |
| | | | Floating | Tranche D3 - Quarterly | 0.30% |
| E+F | 15-12-2009 | 15-12-2020 | Floating | Tranche E - Quarterly | 0.30% |
| | | | Fixed | Tranche F - Annual | 2.36% |
| EIB 02 | | | | | |
| A+B | 15-09-2009 | 15-09-2024 | Revisable fixed | Tranche A1 - Annual [a] | 0.85% |
| | | | Fixed | Tranches A2, A3, A4 e B1 - Annual | 1.75% |
| | | | Fixed | Tranche B2 - Annual | 4.25% |
| C | 15-09-2011 | 15-09-2026 | Floating + fixed spread | Tranche C1 - Quarterly [b] | 0.58% |
| | | | Fixed | Tranche C2 - Annual | 1.56% |
| EIB 09 | 15-12-2013 | 15-06-2034 | Revisable fixed | Tranche D1 - Semiannual | 1.04% |
| | | | Floating + fixed revisable spread | Tranche D2 - Semiannual | 0.30% |
| EIB 98/2000 - 2. | 15-03-2011 | 15-03-2020 | Floating | Quarterly | 0.30% |
| Bonds 2013/2022 | Bullet | 31-07-2022 | Floating | Semiannual | 3.29% |
| Bonds 2013/2022 | Bullet | 31-07-2022 | Floating | Semiannual | 3.29% |
| Credit Line | Bullet | 31-07-2022 | Floating | Semiannual | 3.29% |

[a] The company has a hedging instrument associated with this loan (see note 12)
[b] The company has a hedging instrument associated with this loan (see note 26)

## GENERAL COVENANTS OF ANA GROUP LOANS

The financing contracts of the ANA Group companies include various covenants, of which we highlight:

- **Financing contracts**

| Company | Financing Contracts | Contractual debt | Current debt 31-12-2018 | Covenant | Limit | Covenant 31-12-2018 |
|---|---|---|---|---|---|---|
| ANA, S.A. | EIB Financing Contracts | 451,989 | 174,931 | **Borrower shareholder control (VINCI, S.A.)** [1] | > 50% | 100% |
| | | | | **External indebtedness limit of Subsidiaries** | < 20% Senior consolidated gross debt [2] | 0% |
| | | | | **Financial Ratios** [3]**:** | | |
| | | | | Senior Net Debt / EBITDA | < 5x | -0.27 |
| | | | | EBITDA / Consolidated Net Financial Costs | > 5x | 229.70 |
| | | | | **Access to Liquidity** [4] | minimum of double of the monthly average of the consolidated revenue | 100% (cash pooling) |

[1] The EIB may require the early repayment of the loans, if: (i) there is an acquisition of a holding greater than 50% of the VINCI, S.A. share capital and/or of more than 50% of the voting rights in VINCI, S.A.; or (ii) VINCI, S.A. ceases to have a holding of over 50% in the share capital of ANA, S.A. and/or 50% of the voting rights in ANA, S.A. .

[2] This percentage excludes financing or loans provided by the EIB to any Group companies; and financial debt not subject to appeal.

[3] The financial ratios have a dual function of covenant and as a basis for the application of an additional margin, to be applied during the term of each one of the loan contracts.

If, at any time, the net senior debt/EBITDA ratio and/or the EBITDA/net consolidated financial costs ratio exceed the stipulated limits, the bank may require that additional guarantees be provided or it may demand the early repayment of all EIB loans.

[4] ANA, S.A. must ensure that it will have unconditional access to short-term cash funds in an amount equivalent to twice its average consolidated monthly income, by means of: (i) revolving loan contracts provided by commercial banks or by VINCI Airports, SAS, under market conditions; or (ii) the VINCI Group cash pooling system.

Failure to adhere to these covenants will be interpreted as a mandatory early repayment trigger, affecting all EIB loans.

- **Concession contract**

The concession contract between ANA, S.A. and the Portuguese state, signed on 14 December 2012, stipulates that the maximum ratio for debt service coverage (ratio between the senior debt and the EBITDA, as defined in the concession contract) should be 6:1.

On 31 December 2018, the Group was in compliance with all the covenants it was a party to.

### FINANCIAL LEASING CONTRACTS

The conditions of financial leasing contracts as at 31 December 2018 are as follows:

| | First Instalment | Last Instalment | Interest rate | Periodicity | Capital in debt at 31-12-2018 |
|---|---|---|---|---|---|
| **Leasing - ANA, S.A.** | | | | | |
| | 2015 | 2019 | Fixed | Quarterly | 41 |
| | 2016 | 2019 | Fixed | Quarterly | 5 |
| | 2016 | 2020 | Fixed | Quarterly | 64 |
| | 2017 | 2020 | Fixed | Quarterly | 103 |
| | 2017 | 2021 | Fixed | Quarterly | 422 |
| | 2018 | 2021 | Fixed | Quarterly | 36 |
| | 2018 | 2022 | Fixed | Quarterly | 1,008 |
| | | | | | 1,679 |

The following table details the responsibilities assumed under financial leases for temporary period:

| ANA, S.A. 2018 | ANA, S.A. 2017 | | ANA Group 2018 | ANA Group 2017 |
|---|---|---|---|---|
| | | Property acquired through leasing | | |
| 1,679 | 1,156 | Administrative equipment | 1,679 | 1,156 |
| | | Future minimum payments | | |
| 644 | 550 | Up 1 year | 644 | 550 |
| 1,095 | 653 | From 1 year to 5 years | 1,095 | 653 |
| | | Interest | | |
| 34 | 29 | Up 1 year | 34 | 29 |
| 26 | 17 | From 1 year to 5 years | 26 | 17 |
| | | Present value of minimum payments | | |
| 610 | 520 | Up 1 year | 610 | 520 |
| 1,069 | 636 | From 1 year to 5 years | 1,069 | 636 |

## 26. DERIVATIVE FINANCIAL LIABILITIES

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | Notional | Fair Value | Notional | Fair Value |
| Designated as cash flow coverage | | | | |
| Interest rate swap | 15,000 | (2,140) | 16,875 | (2,559) |
| Total derivatives | 15,000 | (2,140) | 16,875 | (2,559) |

At 31 December 2018 the ANA Group had contracted a derivative financial instrument with a current notional of 15,000 thousand euros (initially 30 million euros) on the interest rate (interest rate swap).

This derivative was designated in a cash flow coverage report. The aim is to cover the interest rate risk associated with the floating interest rate payments on its financial liabilities, thus transforming the floating interest rate into a fixed one. The risk which is covered is the floating interest reference rate for the loans in question, but the credit risk is not covered.

The main conditions of the hedged instrument and the hedge instrument are given here:

### HEDGED INSTRUMENT

Cash flows of the finance contracted with the EIB:

| | |
|---|---|
| Notional | 30 million euros (see note 25) |
| Date of issue | 15 June 2005 |
| Maturity date | 15 September 2026 |
| Interest rate | Eur 3M + spread of 0.415% |
| Liquidation date | Quarterly |

### HEDGED INSTRUMENT

ANA, S.A. negotiated an interest rate swap with the following characteristics:

| | |
|---|---|
| Type | Interest Rate Swap |
| Counterpart | Deutsche Bank |
| Notional | 30 million euros (amortising) |
| Transaction date | 15 June 2005 |
| Start date | 15 June 2005 |
| Maturity date | 15 September 2026 |
| Underlying | ANA, S.A. receives Euribor 3M, pays 3.55% (from 15 June 2010 onwards) |

### EFFECTIVENESS TESTS

The dollar offset method is used for the purposes of identifying effectiveness.

The test is carried out on each reporting date.

The movements in the year were as follows:

| | Fair Value 2017 | Impact in net results: Interest Paid | Impact in net results: Interest costs | Impact in equity | Fair Value 2018 |
|---|---|---|---|---|---|
| Coverage | (2,559) | 648 | (648) | 420 | (2,140) |

| | Fair Value 2016 | Impact in net results: Interest Paid | Impact in net results: Interest costs | Impact in equity | Fair Value 2017 |
|---|---|---|---|---|---|
| Coverage | (3,344) | 719 | (719) | 785 | (2,559) |

## 27. PROVISIONS

The provisions set aside are designed to cover any exposure ANA, S.A. may come to have in ongoing legal proceedings.

The provisions item changed in the following way:

| | 2018 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Opening Balance | Impact on balance sheet | Impact on results | | | | Closing Balance |
| | | | Increase | Reversal | Used | Total | |
| ANA, S.A. | 4,802 | 95 | 220 | (836) | (329) | (946) | 3,952 |
| ANA Group | 5,607 | (70) | 358 | (1,172) | (329) | (1,144) | 4,394 |

| | 2017 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Opening Balance | Impact on balance sheet | Impact on results | | | | Closing Balance |
| | | | Increase | Reversal | Used | Total | |
| ANA, S.A. | 4,458 | 423 | 588 | (460) | (207) | (79) | 4,802 |
| ANA Group | 4,724 | 308 | 1,432 | (650) | (207) | 575 | 5,607 |

The year-on-year increase in 2018 is largely attributable to the setting up of a provision of 100 thousand euros, to cover an ongoing legal challenge to fees charged.

In 2018, and following an out-of-court settlement, the provision that had been set aside to cover a set of legal challenges to fees charged was reversed, in the total amount of 836 thousand euros.

Provisions pertaining to employment-related cases were reversed, in the amount of 336 thousand euros, and others, in the amount of 329 thousand euros, were used.

In 2018, there were no significant developments in any of the legal proceedings that were carried over from 2017.

## 28. PAYABLES AND OTHER LIABILITIES – NON-CURRENT

| ANA, S.A. | | | ANA Group | |
|---|---|---|---|---|
| 2018 | 2017 | | 2018 | 2017 |
| 1,879 | 2,021 | Deferred income | 1,879 | 2,021 |
| 13,220 | 15,593 | Investment subsidies | 13,220 | 15,593 |
| 74,801 | 69,453 | Contractual liabilities | 74,801 | 69,453 |
| 4,573 | 4,185 | Guarantees provided by third parties | 4,809 | 4,330 |
| 94,473 | 91,252 | | 94,709 | 91,397 |

Deferred income refers to the operating income from the operating rights leased to third parties for Group assets – fuel stations and the hotel unit.

Investment subsidies basically come from EU funding. Portuguese funding accounts for the lesser part of this item.

The contractual liabilities refer to expenditure to be borne in the next cycle of renovation/replacement of the concession assets, under IFRIC 12, and the financial update of liabilities. The contractual liabilities are recorded at its present value.

Guarantees extended by third parties include: (i) guarantees extended by clients as surety (around 3,838 thousand euros), required depending on the assessed level of risk and (ii) guarantees provided by investment suppliers (around 971 thousand euros), realised by means of withholdings on the payments made, required where no guarantee is offered. These withholdings vary between 5% and 10%, depending on the type of contract/service involved.

## 29. PAYABLES AND OTHER LIABILITIES – CURRENT

| ANA, S.A. 2018 | ANA, S.A. 2017 | | ANA Group 2018 | ANA Group 2017 |
|---|---|---|---|---|
| 19,063 | 19,739 | Suppliers | 18,448 | 20,593 |
| 10,891 | 20,092 | Investment suppliers | 10,901 | 20,092 |
| | | State and other public entities | | |
| 1,186 | 1,082 | Tax withheld from third parties | 1,469 | 1,888 |
| 1,382 | 1,335 | Social expenses | 2,114 | 2,096 |
| 2,686 | 4,171 | Other taxes | 2,244 | 4,171 |
| 13,794 | 2,002 | Other creditors | 16,895 | 4,302 |
| | | Accrued costs | | |
| 11,365 | 10,317 | Personnel costs | 20,964 | 17,874 |
| 25,780 | 26,743 | External supplies and services | 25,636 | 26,250 |
| 4,327 | 7,472 | Contractual liabilities | 4,327 | 7,472 |
| 22,945 | 20,601 | Other accrued costs | 25,854 | 22,818 |
| 12,263 | 7,661 | Deferred earnings (advanced receipts) | 11,582 | 6,943 |
| 3,337 | 3,184 | Investment subsidies | 3,337 | 3,184 |
| 129,019 | 124,399 | | 143,770 | 137,683 |

The other taxes item includes VAT for the month of December, to be paid in February 2019.

The increase in the other creditors item relates to the sum paid to the Treasury for the transfer of the assets at the Beja Civilian Terminal.

The increase in the cost of external supplies and services is explained by services that have been provided but not yet invoiced.

Current and non-current investment subsidies item includes the following transactions:

| | 2018 | 2017 |
|---|---|---|
| Opening balance | | |
| Non-current | 15,593 | 18,357 |
| Current | 3,184 | 2,977 |
| | 18,777 | 21,334 |
| Subsidies granted in the period | 570 | 1,792 |
| Transfers to earnings in the year | (2,596) | (3,113) |
| Other transfers | (194) | (1,236) |
| Final balance | | |
| Non-current | 13,220 | 15,593 |
| Current | 3,337 | 3,184 |
| | 16,557 | 18,777 |

The quantification of the contractual responsibilities with renovation/replacement and its use within the application of IFRIC 12, are detailed in the following table:

| | 2018 | 2017 |
|---|---|---|
| Opening balance | | |
| Non-current | 69,453 | 65,462 |
| Current | 7,472 | 18,444 |
| | 76,925 | 83,906 |
| Year movement | 6,425 | 4,225 |
| Use in the period | (5,251) | (12,392) |
| Reclassification | 1,030 | 1,186 |
| Final balance | | |
| Non-current | 74,801 | 69,453 |
| Current | 4,327 | 7,472 |
| | 79,129 | 76,925 |

## 30. REVENUE

| ANA, S.A. 2018 | ANA, S.A. 2017 | | ANA Group 2018 | ANA Group 2017 |
|---|---|---|---|---|
| 455,515 | 403,376 | Traffic | 455,515 | 403,376 |
| 136,729 | 123,932 | Operation | 136,729 | 123,930 |
| 64,954 | 64,871 | Security charges and PRM | 64,954 | 64,871 |
| 37,678 | 35,508 | Occupancy | 34,335 | 31,932 |
| 30,780 | 28,705 | Handling | 85,769 | 85,334 |
| 30,484 | 26,812 | Parking facilities | 29,821 | 26,210 |
| 11,262 | 14,147 | Other commercial activities | 10,927 | 13,895 |
| 8,115 | 7,676 | Equipment | 6,888 | 6,005 |
| 3,870 | 3,884 | Advertising | 3,870 | 3,884 |
| 2,241 | 1,980 | Sales of goods | 1,412 | 1,202 |
| 781,627 | 710,891 | | 830,220 | 760,639 |
| 14,337 | 22,822 | Construction contracts (concession) | 14,337 | 22,822 |
| 2,657 | 2,595 | Other earnings | 1,312 | 916 |
| 798,621 | 736,308 | | 845,870 | 784,377 |

The construction services revenue recognised in the year ending 31 December 2018 was 14,337 thousand euros.

Construction contracts revenue includes the costs of acquiring/constructing expansion assets or upgrading concession infrastructures. It also includes the direct costs generated by the technical areas involved in the construction of the expansion assets.

The year-on-year increase in traffic and operation revenue is accounted for by the ongoing improvement of eurozone economies, global economic growth and suppressed oil prices.

The amount carried in the traffic item for 2018 is net of the traffic development incentives given to airlines to open up new routes and/or increase frequencies to optimise the capacity offered by the Group's airports. In 2018, the Group spent a total of 19,345 thousand euros on incentives.

## 31. GOODS SOLD AND MATERIALS CONSUMED

| ANA, S.A. Total | Movements | ANA Group Goods | ANA Group Consumable materials | ANA Group Total |
|---|---|---|---|---|
| | 2018 | | | |
| 372 | Inventories - opening balance | 890 | 282 | 1,172 |
| 2,379 | Purchases | 3,371 | 234 | 3,605 |
| (1) | Inventory adjustments | 7 | - | 7 |
| 365 | Inventories – closing balance | 817 | 279 | 1,096 |
| 2,385 | Costs in the financial year | 3,451 | 237 | 3,688 |
| | 2017 | | | |
| 320 | Inventories - opening balance | 761 | 263 | 1,024 |
| 2,135 | Purchases | 3,336 | 220 | 3,556 |
| (7) | Inventory adjustments | (9) | (8) | (17) |
| 372 | Inventories – closing balance | 890 | 282 | 1,172 |
| 2,076 | Costs in the financial year | 3,198 | 193 | 3,391 |

## 32. EXTERNAL SUPPLIES AND SERVICES

| ANA, S.A. 2018 | ANA, S.A. 2017 | | ANA Group 2018 | ANA Group 2017 |
|---|---|---|---|---|
| 38,504 | 35,230 | Subcontracts | 21,674 | 21,560 |
| 30,339 | 28,605 | Surveillance and security | 30,691 | 28,935 |
| 24,674 | 23,396 | Repairs and maintenance | 25,158 | 23,874 |
| 18,893 | 18,060 | Water, electricity and fuel | 19,039 | 18,208 |
| 13,304 | 22,141 | Construction contracts costs | 13,304 | 22,141 |
| 13,067 | 10,844 | Specialised work | 14,125 | 11,722 |
| 10,359 | 9,083 | Cleaning | 10,622 | 9,349 |
| 5,369 | 3,550 | Contractual liabilities | 5,369 | 3,550 |
| 1,610 | 1,726 | Insurance | 1,901 | 1,996 |
| 1,575 | 1,678 | Rental costs | 2,319 | 2,697 |
| 1,051 | 1,518 | Advertising | 1,165 | 1,592 |
| 886 | 871 | Travel | 1,060 | 1,129 |
| 559 | 628 | Communications | 605 | 678 |
| 15,880 | 14,522 | Other external supplies and services | 17,613 | 16,274 |
| 176,071 | 171,852 | | 164,644 | 163,705 |

In 2018, the construction costs item mostly pertains to the investment made in the SSBD - self-service bag drop system at Lisbon Airport, the enlargement of the terminal at Faro Airport and the enlargement of the terminal roof at Ponta Delgada Airport.

The other external supplies and services item includes the technical and management services that the shareholder provides to the ANA Group (see note 46).

## 33. PERSONNEL EXPENSES

| ANA, S.A. | | | ANA Group | |
|---|---|---|---|---|
| 2018 | 2017 | | 2018 | 2017 |
| 58,155 | 55,966 | Salaries | 93,972 | 91,496 |
| 13,444 | 12,660 | Charges on remunerations | 20,747 | 20,456 |
| 1,818 | 1,583 | Incentives/ indemnities | 1,818 | 1,583 |
| 1,642 | 1,566 | Pensions | 1,642 | 1,566 |
| 4,158 | 3,635 | Other costs | 13,085 | 11,362 |
| 79,217 | 75,410 | | 131,264 | 126,463 |

The amount recorded in the incentives/indemnities item is accounted for by the staff optimisation plan, which resulted in a number of retirements and voluntary redundancies.

On average, the Group had 3,443 and 3,514 employees in the years ending 31 December 2018 and 31 December 2017, respectively.

## 34. OTHER INCOME

| ANA, S.A. | | | ANA Group | |
|---|---|---|---|---|
| 2018 | 2017 | | 2018 | 2017 |
| - | - | Operating subsidies | - | 57 |
| 50 | 190 | Gains on tangible assets | 77 | 204 |
| 419 | 254 | Other unspecified income | 310 | 255 |
| 469 | 444 | | 387 | 516 |

## 35. OTHER EXPENSES

| ANA, S.A. 2018 | ANA, S.A. 2017 | | ANA Group 2018 | ANA Group 2017 |
|---|---|---|---|---|
| 571 | 586 | Incentives | 571 | 586 |
| 427 | 389 | Bank service costs | 495 | 455 |
| 356 | 515 | Taxes | 469 | 521 |
| 298 | 495 | Donations | 298 | 495 |
| 298 | 281 | Bad Debts | 298 | 323 |
| 164 | 169 | Contributions to business/ Professional | 177 | 185 |
| 33 | 725 | Fines and penalties | 145 | 727 |
| 602 | 1,373 | Other costs | 736 | 1,565 |
| 2,749 | 4,533 | | 3,187 | 4,857 |

The incentives item only includes commercial incentives. The traffic incentives are deducted from revenue in the traffic item.

## 36. AMORTISATIONS AND DEPRECIATIONS

| ANA, S.A. 2018 | ANA, S.A. 2017 | | ANA Group 2018 | ANA Group 2017 |
|---|---|---|---|---|
| 92,172 | 94,151 | Amortisations/ Depreciations in the financial year | 93,278 | 95,091 |
| 3 | 36 | Write-offs of fixed assets | 3 | 47 |
| 92,174 | 94,187 | | 93,281 | 95,138 |

## 37. COST OF GROSS FINANCIAL DEBT

| ANA, S.A. 2018 | ANA, S.A. 2017 | | ANA Group 2018 | ANA Group 2017 |
|---|---|---|---|---|
| (46,061) | (46,925) | Interests on bank loans | (46,061) | (46,925) |
| (584) | (647) | Income from swaps | (584) | (647) |
| (201) | (202) | Stamp duty on bank loans | (201) | (202) |
| (41) | (48) | Interests on financial leasing | (41) | (48) |
| (46,886) | (47,822) | | (46,886) | (47,822) |

## 38. SHARE IN THE RESULTS OF ASSOCIATES AND OTHERS

| ANA, S.A. 2018 | ANA, S.A. 2017 | | ANA Group 2018 | ANA Group 2017 |
|---|---|---|---|---|
| 913 | 1,616 | Dividends received (Portway) | - | - |
| 14 | 8 | Dividends received (Futuro) | 14 | 8 |
| 927 | 1,624 | | 14 | 8 |

## 39. OTHER FINANCIAL RESULTS

| ANA, S.A. 2018 | ANA, S.A. 2017 | | ANA Group 2018 | ANA Group 2017 |
|---|---|---|---|---|
| | | Expenses | | |
| (1,142) | (24) | Interests paid | (1,145) | (24) |
| (1,055) | (676) | Financial effect of contractual liabilities | (1,055) | (676) |
| (10) | (10) | Foreign exchange losses | (22) | (17) |
| – | (355) | Other | – | (355) |
| | | Income | | |
| 681 | 1,299 | Interest received | 682 | 1,299 |
| 2 | 11 | Foreign exchange gains | 3 | 22 |
| 18 | 39 | Other financial gains | 18 | 39 |
| (1,507) | 284 | | (1,520) | 288 |

The interest received item is essentially explained by the arrears interest charged to a major client of ANA, S.A..

## 40. CORPORATE INCOME TAX EXPENDITURE

| ANA, S.A. 2018 | ANA, S.A. 2017 | | ANA Group 2018 | ANA Group 2017 |
|---|---|---|---|---|
| 129,158 | 99,631 | Current tax | 130,212 | 99,957 |
| (4,781) | (1,185) | Deferred tax | (4,768) | (1,199) |
| 9,431 | (894) | (Over)/ Under estimation/ (Restitution) | 9,612 | (894) |
| 133,808 | 97,552 | | 135,056 | 97,864 |

The conciliation between current taxation and effective taxation is as follows:

| 2018 | ANA | PORTWAY | Adjustment in consolidation | ANA Group |
|---|---|---|---|---|
| Current tax | | | | |
| Tax for the year | 129,158 | 1,054 | - | 130,212 |
| (Over)/ Under estimation/ (Restitution) | 9,431 | 181 | - | 9,612 |
| Deferred tax | (4,781) | 13 | - | (4,768) |
| Tax expenditure | 133,808 | 1,248 | - | 135,056 |
| | | | | |
| Results before income tax | 416,063 | 4,020 | (913) | 419,170 |
| Rate of taxation | 31.09% | 24.42% | 31.09% | - |
| | 129,342 | 982 | (284) | 130,040 |
| | | | | |
| Permanent differences | 139 | 2 | 284 | 425 |
| Temporary diferences | (5,440) | 49 | - | (5,391) |
| Tax benefits - SIFIDE | (53) | - | - | (53) |
| Autonomous rate | 389 | 34 | - | 423 |
| (Over)/ Under estimation/ (Restitution) | 9,431 | 181 | - | 9,612 |
| Income tax | 133,808 | 1,248 | - | 135,056 |
| Effective tax rate | 32.16% | 31.04% | - | 32.22% |

The tax shortfall is largely explained by the corrections made by the Tax Authority following its inspections of the 2014 and 2015 tax years.

| 2017 | ANA | PORTWAY | Adjustment in consolidation | ANA Group |
|---|---|---|---|---|
| Current tax | | | | |
| Tax for the year | 99,631 | 326 | - | 99,957 |
| (Over)/ Under estimation/ (Restitutio | (894) | - | - | (894) |
| Deferred tax | (1,185) | (14) | - | (1,199) |
| Tax expenditure | 97,552 | 312 | - | 97,864 |
| | | | | |
| Results before income tax | 346,706 | 1,225 | (1,616) | 346,315 |
| Rate of taxation | 29.21% | 22.50% | 29.21% | - |
| | 101,268 | 276 | (472) | 101,072 |
| | | | | |
| Permanent differences | (407) | 1 | 472 | 66 |
| Temporary diferences | (2,742) | (11) | - | (2,753) |
| Autonomous rate | 327 | 46 | - | 373 |
| (Over)/ Under estimation/ (Restitution) | (894) | - | - | (894) |
| Income tax | 97,552 | 312 | - | 97,864 |
| Effective tax rate | 28.14% | 25.47% | - | 28.26% |

## 41. RESULT PER SHARE

The basic result per share is equal to the diluted result per share and is obtained by the quotient between the net profit of the financial year and the number of shares of ANA, S.A. (40 million shares).

| ANA, S.A. | | | ANA Group | |
|---|---|---|---|---|
| 2018 | 2017 | | 2018 | 2017 |
| 282,255 | 249,154 | Net profit of the period | 284,114 | 248,451 |
| 40,000 | 40,000 | Number of shares | 40,000 | 40,000 |
| | | Net profit per share in euros | | |
| 7.06 | 6.23 | Basic earnings | 7.10 | 6.21 |
| 7.06 | 6.23 | Diluted earnings | 7.10 | 6.21 |

## 42. DIVIDENDS

In 2018 dividends were distributed in the amount of 400,000 thousand euros, as approved in the unanimous written decisions of March 19 and September 25, 2018.

No dividends were paid in 2017.

## 43. COMMITMENTS UNDERTAKEN

| ANA, S.A. | | | ANA Group | |
|---|---|---|---|---|
| 2018 | 2017 | | 2018 | 2017 |
| 87,966 | 126,886 | Contracts signed and in progress | 88,244 | 127,480 |

An amount of 13,481 thousand euros in 2018 and 41,741 thousand euros in 2017 was added to the above amounts for ANA, S.A., related to service provision contracts signed with Portway, S.A..

The reduction in the commitment to the subsidiary is due to the renegotiation, in March 2018, of one of the contracts for a period of one year. On the basis of the documentation available as at 31 December 2017, it had been expected that the contract would be renewed for 5 years.

The commitments undertaken include amounts for investments and for costs (including operational rents).

The commitments assumed related to the rental instalments falling due on operating leases are broken down in the following manner by timelines:

| ANA, S.A. | | | ANA Group | |
|---|---|---|---|---|
| 2018 | 2017 | | 2018 | 2017 |
| 513 | 457 | Up 1 year | 590 | 517 |
| 572 | 727 | Between 1 and 5 years | 692 | 862 |

## 44. GUARANTEES PROVIDED

| ANA, S.A. 2018 | ANA, S.A. 2017 | | ANA Group 2018 | ANA Group 2017 |
|---|---|---|---|---|
| 52,535 | 51,906 | Bank guarantees | 54,078 | 53,199 |
| 492 | 492 | Surety insurance | 492 | 492 |
| 53,027 | 52,398 | | 54,570 | 53,691 |

The purpose of the guarantees provided is to cover the following situations:

| ANA, S.A. 2018 | ANA, S.A. 2017 | | ANA Group 2018 | ANA Group 2017 |
|---|---|---|---|---|
| 52,075 | 51,446 | Compliance guarantee - Concession contract | 52,075 | 51,446 |
| 916 | 916 | Expropriation lawsuits | 916 | 916 |
| - | - | Customs licensed warehouses management | 1,536 | 1,286 |
| 36 | 36 | Others | 43 | 43 |
| 53,027 | 52,398 | | 54,570 | 53,691 |

As regards the compliance guarantee of the Concession Contract and as set out in point 28.1 thereof, ANA, S.A. lodged an unconditional, irrevocable first-demand bank guarantee with the grantor for the purposes of guaranteeing compliance with the commitments given in the Contract in question. This guarantee may be used in the same terms, and for the same purposes, in relation to the Concession Contract signed with the former ANAM, S.A. (clause 27).

The year-on-year increase in 2018 is due, in the main, to the updating of the value of this guarantee.

# 45. CONTINGENCIES

## 45.1. CONTINGENT ASSETS

As mentioned in note 1.3 – Legal regulatory framework, the application of the economic regulation schedule to the ANA, S.A. airports network may result in differences between the real total Regulated Price Cap per passenger and the amounts calculated for the reporting period.

The preliminary calculation of the regulated income earned in 2018, the sixth year of economic regulation, indicates that there is a negative difference, which should be recovered in future periods (2020 or later), in the amount of 2.4 million euros. The recognition period and amount will largely depend on future developments in the aviation market.

At 31 December 2018, the estimated negative difference constitutes a contingent asset that cannot be entered into the accounts.

## 45.2. CONTINGENT LIABILITIES

Outstanding litigation under way as of 31 December 2018, which is not expected to result in responsibilities for the Group, can be summed up as follows:

| ANA, S.A. | | | ANA Group | |
|---|---|---|---|---|
| 2018 | 2017 | | 2018 | 2017 |
| 1,723 | 1,672 | Labour suits | 2,195 | 1,995 |
| 152 | 322 | Expropriation suits | 152 | 322 |
| 5,811 | 7,144 | Public procurement suits | 5,811 | 7,144 |
| 311 | 311 | Litigation against traffic duties application | 311 | 311 |
| 455 | 610 | Damage compensation lawsuits | 455 | 610 |
| 59 | 59 | Litigation on handling rates | 59 | 59 |
| 234 | 174 | Other liabilities | 234 | 174 |

## 46. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The balances and transactions with the subsidiary Portway may be summarised as follows:

| | 2018 | 2017 |
|---|---|---|
| Assets balances | | |
| Customers | 2,161 | 2,500 |
| Current Tax (RETGS) | 472 | - |
| Accrued income | 87 | 306 |
| | 2,720 | 2,806 |
| Liabilities balances | | |
| Cash pooling | 14,793 | 10,685 |
| Accrued costs | 1,534 | 1,362 |
| Deferred earning | 681 | 718 |
| Suppliers | 120 | - |
| Current Tax (RETGS) | - | 103 |
| | 17,127 | 12,868 |
| Transactions | | |
| External supplies and services | (18,535) | (15,580) |
| Income | 13,081 | 14,248 |
| Other income | 125 | - |
| | (5,329) | (1,332) |

The balances and transactions between Group companies that fall within the consolidation perimeter relate to the following services: handling, other commercial charges (occupation of spaces, use of equipment, consumption of water and power), use of fuel, use of staff, subcontracts and other service provision. These balance and transactions are eliminated in the consolidation process.

The following holdings are also considered to be related parties:

Shareholder:

- VINCI Airports, SAS (since December 1, 2018);
- VINCI Airports International, S.A. (until November 30, 2018).

The following VINCI holdings are also considered to be related parties:

- VINCI, S.A.;
- VINCI Concessions;
- VINCI Assurances;
- VINCI Mobility;
- VINCI Energies Portugal, S.A.;
- Axianseu, S.A.;
- Cegelec, Lda.;
- LFP – Lojas Francas de Portugal, S.A.;
- Rodio Portugal, S.A.;
- Sixense Portugal, Lda.;
- Sotécnica, S.A.;
- Sotécnica Açores, Unipessoal, Lda.;
- TG Concept.

Board of Directors:

The Board of Directors was treated as a related party of the Group, having received the following remunerations:

| ANA, S.A. | | | ANA Group | |
|---|---|---|---|---|
| 2018 | 2017 | | 2018 | 2017 |
| 1,358 | 1,123 | Remunerations | 1,901 | 1,899 |

## NATURE OF THE RELATIONSHIP BETWEEN THE RELATED PARTIES

The transactions with the shareholder mainly relate to financing activities.

The ANA Group provides air traffic services, sells fuel, rents spaces and provides other services. It also acquires the provision of services for the opening up of new routes and other service provisions (subcontracts, maintenance and repair, amongst others).

Thus, for the ANA Group:

i) Assets balances with related parties are as follows:

| 2018 | | Non Current | | | |
|---|---|---|---|---|---|
| | Total | Customers (Note 16) | Accrued income (Note 16) | Current Tax (Note 19) | Cash pooling (Note 20) |
| Vinci Airports, SAS | 19,824 | 222 | - | - | 19,602 |
| LFP - Lojas Francas de Portugal,S.A | 5,865 | 5,748 | 117 | - | - |
| Sotécnica, S.A. | 313 | 4 | - | 309 | - |
| Rodio Portugal, S.A. | 15 | - | - | 15 | - |
| Sotecnica Açores, Lda | 7 | 7 | - | - | - |
| Vinci Mobility | 2 | 2 | - | - | - |
| Vinci Concessions | 1 | 1 | - | - | - |
| | 26,027 | 5,984 | 117 | 324 | 19,602 |

| 2017 | | Current | | | |
|---|---|---|---|---|---|
| | Total | Customers (Note 16) | Advance to suppliers (Note 16) | Current Tax (Note 19) | Cash pooling (Note 20) |
| Vinci Airports International, S.A. | 51,934 | - | - | - | 51,934 |
| LFP - Lojas Francas de Portugal, S.A. | 5,376 | 5,376 | - | - | - |
| Sotécnica, S.A. | 375 | 3 | - | 372 | - |
| Cegelec, Lda. | 179 | - | 15 | 164 | - |
| Soldata Iberia, Lda | 27 | - | - | 27 | - |
| Vinci Airports, SAS | 22 | 22 | - | - | - |
| Sotécnica Açores, Lda | 4 | - | - | 4 | - |
| Vinci Concessions | 1 | 1 | - | - | - |
| | 57,918 | 5,402 | 15 | 567 | 51,934 |

ii) Liabilities balances with related parties are as follows:

| 2018 | Total | Non Current Loans (Note 25) | Current Suppliers (Note 29) | Current Assets suppliers (Note 29) | Current Accrued costs (Note 29) | Current tax (Note 19) |
|---|---|---|---|---|---|---|
| Vinci Airports, SAS | 1,362,767 | 1,332,200 | 11,743 | - | 18,824 | - |
| Sotécnica, S.A. | 486 | - | 486 | - | - | - |
| Axianseu, S.A. | 139 | - | 47 | 92 | - | - |
| Cegelec, Lda. | 82 | - | 12 | - | - | 70 |
| Freyssinet | 47 | - | - | - | - | 47 |
| Vinci Energies Portugal, S.A. | 42 | - | - | - | - | 42 |
| Sotécnica Açores, Lda | 23 | - | 21 | - | - | 2 |
| Rodio Portugal, S.A. | 15 | - | - | - | - | 15 |
| | 1,363,602 | 1,332,200 | 12,309 | 92 | 18,824 | 177 |

| 2017 | Total | Non Current Loans (Note 25) | Current Suppliers (Note 29) | Current Assets suppliers (Note 29) | Current Accrued costs (Note 29) | Current tax (Note 19) |
|---|---|---|---|---|---|---|
| Vinci Airports International, S.A. | 1,350,881 | 1,332,200 | - | - | 18,681 | - |
| Vinci Airports, SAS | 10,888 | - | 10,862 | - | 26 | - |
| Sotécnica, S.A. | 1,160 | - | 328 | 210 | 622 | - |
| Axianseu, S.A. | 134 | - | - | 114 | 20 | - |
| Cegelec, Lda. | 21 | - | - | - | 21 | - |
| Vinci Mobility | 6 | - | - | - | 6 | - |
| Vinci, S.A. | 3 | - | 3 | - | - | - |
| Rodio Portugal, S.A. | 3 | - | - | - | - | 3 |
| Vinci Energies Portugal, S.A. | 1 | - | - | - | - | 1 |
| Vinci Concessions | 1 | - | - | - | 1 | - |
| | 1,363,098 | 1,332,200 | 11,193 | 324 | 19,377 | 4 |

iii) Transactions with related parties in the years ending 31 December 2018 and 2017 and carried on the separate income statement have the following breakdown:

| 2018 | Income (Note 30) | External supplies and services (Note 32) | Personnel expenses (Note 33) | Other expenses (Note 35) | Costs of financing (Note 37) |
|---|---|---|---|---|---|
| LFP - Lojas Francas de Portugal, S.A | 65,896 | - | - | - | - |
| Vinci Airports International, S.A. | - | 98 | - | - | 40,489 |
| Vinci Airports, SAS | 244 | 12,130 | 438 | | 3,764 |
| Sotécnica, S.A. | 45 | 4,470 | - | - | - |
| Vinci Assurance | - | 943 | - | - | - |
| Vinci Concessions | - | - | 33 | 360 | - |
| Axianseu, S.A. | - | 195 | - | - | - |
| Cegelec, Lda. | 1 | 138 | - | - | - |
| Vinci Mobility | | 71 | - | - | - |
| Sotécnica Açores, Lda | 15 | 18 | - | - | - |
| Vinci, S.A. | 15 | - | 4 | - | - |
| Rodio Portugal, S.A. | 1 | - | - | - | - |
| Vinci Energies Portugal, S.A. | 1 | - | - | - | - |
| Sixense | 1 | - | - | - | - |
| | 66,219 | 18,063 | 475 | 360 | 44,253 |

| 2017 | Income (Note 30) | External supplies and services (Note 32) | Personnel expenses (Note 33) | Other expenses (Note 35) | Costs of financing (Note 37) |
|---|---|---|---|---|---|
| Vinci Airports International, S.A. | - | 120 | - | - | 44,565 |
| LFP - Lojas Francas de Portugal, S.A | 32,092 | - | - | - | - |
| Vinci Airports, SAS | 78 | 11,317 | 448 | - | - |
| Sotécnica, S.A. | 34 | 4,248 | - | - | - |
| Vinci Assurance | - | 1,066 | - | - | - |
| Vinci Concessions | - | - | 53 | 355 | - |
| Cegelec, Lda. | - | 106 | - | - | - |
| Vinci Mobility | - | 80 | - | - | - |
| Axianseu, S.A. | - | 70 | - | - | - |
| Vinci, S.A. | - | 3 | 3 | - | - |
| Sotécnica Açores, Lda | - | 1 | - | - | - |
| | 32,204 | 17,011 | 504 | 355 | 44,565 |

iv) Transactions related to investments are as follows:

| | 2018 | 2017 |
|---|---|---|
| Sotécnica, S.A. | 2,058 | 2,016 |
| Axianseu, S.A. | 265 | 646 |
| Cegelec, Lda. | 198 | 236 |
| TG Concept | - | 27 |
| | 2,521 | 2,925 |

## 47. SUBSEQUENT EVENTS

An agreement was signed with the Concession Grantor on 8 January 2019. This agreement covers a number of aspects of the negotiation process, specifically those pertaining to the Economic Regulation framework and financial assumptions. These negotiations will culminate in the Concessionaire submitting a final proposal for an NAL alternative. This will be formalised by the Concessionaire once the contents of the Environmental Impact Statement on Montijo Airport are known. Finally, the Concession Contract will be formally amended to take into account the agreements reached during the negotiations.

## 48. FINANCIAL STATEMENTS APPROVAL

These consolidated and separate financial statements were approved by the Board of Directors in the meeting on 26 of April of 2019. The Board of Directors believes that these financial statements are a true and appropriate representation of the Group's operations, as well as of its financial position and performance and cash flows.

**Certified Accountant**

__________________________
Janete Hing Lee

**Board of Directors**
**Chairman:**

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José Luís Fazenda Arnaut Duarte

***Member and Chairman of the Executive Committee:***

_____________________________________________
Thierry Franck Dominique Ligonnière

***Members of the Board:***

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Nicolas Dominique Notebaert

_____________________________________________
Olivier Patrick Jacques Mathieu

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Remi Guy Ferdinand Maumon-Falcon de Longevialle

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Cedric Alain Bernard Laurier

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Carlos Filipe Pires de Gouveia Correia de Lacerda

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Luís Manuel dos Santos Silva Patrão

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François Jean Amossé

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Chloé Anne Cecile Tanguy Lapeyre

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António dos Santos Morgado

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Francisco José Simões Crespo Vieira Pita

# Audit, reports & opinions

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AIRPORTS

# REPORT AND OPINION OF THE SUPERVISORY BOARD ON THE MANAGEMENT REPORT AND THE 2018 ACCOUNTS
**(Translated from the original in Portuguese)**

Shareholders,

Under the terms of the mandate given to us and to comply with point g of paragraph 1 of article 420 of the Portuguese Companies Code we have prepared and issue our report on the management's report, the statement of the financial position, both on the separate and consolidated statements, the income statement and the comprehensive income statement, both separate and consolidated, the consolidated statement of changes in equity, the separate statement of changes in equity, the cash flow statement, separate and consolidated, and the respective annexes together with the notes to the financial statements, as well as the proposal for the application of the results presented by the Board of Directors of ANA – AEROPORTOS DE PORTUGAL, S.A. for the year ended 31st December 2018.

To carry out its mandate the Supervisory Board met with the Board of Directors of ANA and Senior Management, whenever it was felt necessary, to analyze management's performance and to discuss with its relevant matters resulting from the work we have performed.

In respect of its analysis and checks performed, the Supervisory Board requested and obtained documentation and clarifications to the various questions.

During the year the Supervisory Board met regularly with Deloitte both in their capacity as external auditors and also statutory auditors and also with the internal auditors. The regular meetings with the internal audit have the main goal of taking knowledge of the main areas of audit, the compliance of the audit plans, the outcome of the audit tests performed and recommendations for the improvement of the systems and controls, having in mind to ensure the efficiency of the internal control systems and the matters related with risk management.

The Supervisory Board analyzed the report prepared by management as part of the closing of the year end accounts as well as the various documents related to the accounts as presented by the Board of Directors, performed the related checks and obtained clarifications as it deemed necessary.

The management report emphasized the most relevant aspects of the activity of the ANA group in 2018, which showed a turnover of approximately € 830 220 thousand, excluding construction works (IFRIC 12) and incentive discounts in respect of air traffic, representing a growth of 9.1 % compared to 2017 corresponding to a total volume of 55 million passengers which compares to 52 million in 2017.

The group's EBITDA totaled € 558 573 thousand (being ANA € 553 388 thousand), which represents an increase of 15.1 % compared to 2017 (being ANA 14.5%) and a net profit of € 284 114 thousand (being ANA € 282 255 thousand) compared to a net profit of € 248 451 thousand (being ANA € 249 154 thousand) in 2017.

Therefore, ANA group presented increasing results and individual and consolidated management performance indicators with positive growth as a result of the contribution of the strong demand by tourists for Portugal mainland and its islands, as a preferred tourist destiny.

Based on its analysis the Supervisory Board believes that the management report presented by the Board of Directors satisfies the requirements of the applicable laws and shows in a correct manner the growth of both ANA, S.A. and the group ANA's activities.

The various documents supporting the accounts were audited by the Statutory Auditor who issued its statutory audit opinion, with no qualifications, which the Supervisory Board agrees with, and which is in agreement with that required by no. 2 of Article 452 of the Portuguese Companies Code.

Based on the above we believe that the Shareholders may:

(a) Approve the management report, as well as the various documents making up both the individual and consolidated accounts of 2018 presented by the Board of Directors;

(b) Approve the Board of Directors proposal for the distribution of the results as set out in the management report;

(c) Express its approval for the Management and Supervision of the company as foreseen in article 455 of the Portuguese Companies Code.

The Supervisory Board wishes to thank the Board of Directors and the Financial Department of ANA, the internal auditors and remaining departments and respective staff, and also the External and Statutory Auditors, Deloitte, for their collaboration and support in carrying out our work.

Aeroportos de Portugal

Lisbon, May 2019 the 15 th

**THE SUPERVISORY BOARD**

Dr. Jacques dos Santos - President

Dr. José Vitorino – Member

Dr. Gabriel Alves - Member



VINCI AIRPORTS

STATUTORY AUDITOR’S CERTIFICATION

(Free translation of a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail)

**REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**Opinion**

We have audited the accompanying consolidated and separate financial statements of ANA - Aeroportos de Portugal, S.A. (“Entity”) and its subsidiary (“Group”), which comprise the consolidated and separate statement of financial position as at December 31, 2018 (showing a total of 2,457,858 thousand Euros and 2,451,943 thousand Euros, respectively, and consolidated equity of 648,706 thousand Euros and separate equity of 643,603 thousand Euros, including a consolidated net profit attributable to Group of 284,114 thousand Euros and separate net profit of 282,255 thousand Euros), the consolidated and separate statement of profit and loss by nature, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and the accompanying notes to the consolidated and separate financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view, in all material respects, of the consolidated and separate financial position of ANA - Aeroportos de Portugal, S.A. as at December 31, 2018 and of its consolidated and separate financial performance and its consolidated an separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the consolidated and separate financial statements” section below. We are independent from the entities that are part of the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and supervisory bodyfor the consolidated and separate financial statements**

Management is responsible for:

- the preparation of consolidated and separate financial statements that give a true and fair view of the Entity and Group’s financial position, consolidated and separate financial performance and consolidated and separate cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union;
- the preparation of the management report in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Entity and Group's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Entity and Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing of the Entity and Group's financial reporting process.

**Auditor's responsibilities for the audit of the consolidated and separate financial statements**

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity and Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Entity or the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibility also includes the verification that the information contained in the management report is consistent with the consolidated and separate financial statements.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

**About the Management report**

Pursuant to article 451.º, n.º 3 al. e) of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated and separate financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatements.

Lisbon, May 13, 2019

____________________________________________

Deloitte & Associados, SROC S.A.
Representada por Carlos Alberto Ferreira da Cruz, ROC

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