

SEA BOARD OF DIRECTORS: 2019 SEPARATE FINANCIAL STATEMENTS AND NON-FINANCIAL REPORT APPROVED

SEA Group closes the “Bridge” year with EBITDA of Euro 274.7 million and net profit of Euro 124.4 million

Passenger traffic: Euro 35.3 million, up 4.4%

Operating revenues: Euro 707 million, up 3.3%

EBITDA: Euro 274.7 million (Euro 281.9 million in 2018)

Group Net Profit: Euro 124.4 million (Euro 136.1 million in 2018)

Net Financial Debt: Euro 450.9 million, up Euro 51.3 million.

Milan, April 2, 2020 - The Board of Directors of SEA S.p.A., chaired today by Michaela Castelli, reviewed and approved the 2019 Separate Financial Statements of SEA S.p.A. and the Consolidated Financial Statements of the SEA Group.

Traffic performance

In 2019, SEA airport system **passenger numbers grew to 35.3 million, an increase of 4.4%** on 2018 - outperforming the domestic average (+4%).

Passenger numbers at the two airports were affected by the closure of Linate airport from July 27 to October 26, 2019 (92 days total) for the resurfacing of the runway and restyling of the terminal, resulting in the transfer of most flights to Malpensa airport (“Linate - Malpensa Bridge”).

As a result of this three-month closure, Milan Linate saw passenger numbers fall 28.8% to 6.5 million.

Milan Malpensa exceeded 28.7 million passengers, up 16.9% on the previous year. While Linate remained closed, Malpensa airport served a total of 9.6 million passengers (2.5 million more than the same period in 2018, up 34.1%). Of these, 1.9 million came from flights rerouted from Linate.

Cargo traffic handled by the Milan Airport System amounted to **551.4 thousand tons, down 3.1%** on 2018, as the global cargo market shrank by 3.3%.

General aviation traffic at Linate and Malpensa airports generated 24.5 thousand movements, a fall of 5.5% compared to 2018. This is entirely due to the closure of Linate during the three summer months, as traffic was only partially rerouted to Malpensa.





Consolidated Key Financial Highlights

Introduction

The accounting policies applied in preparing the 2019 consolidated figures are in line with those utilised for the 2018 consolidated financial statements. In compliance with IFRS 16, from 2019 all leased assets meeting the definition set out in the standard are listed in a single statement of financial position account entitled “Leased asset right-of-use” and are depreciated according to the duration of the contract. The consolidation scope at December 31, 2019 has not changed compared to December 31, 2018.

Operating revenues in 2019 of **Euro 707 million** were up Euro 23 million (+3.3%).

This strong performance is mainly a result of traffic growth, which drove increases in **Aviation** revenues of Euro 10.1 million, **Non-Aviation** service revenues of Euro 16.6 million, and **Energy** business revenues of Euro 2.1 million. **General Aviation** was down Euro 0.5 million as a result of lost rental revenues during the Bridge period.

EBITDA totalled **Euro 274.7 million**, down 2.6% on 2018, mainly as a result of increased costs associated with the Bridge project, periodic maintenance work and energy costs.

EBIT was **Euro 174.6 million**, down Euro 14.8 million on the previous year.

Group Net Profit was **Euro 124.4 million**, down Euro 11.7 million on 2018.

Investments made in 2019 amount to **Euro 124 million** and mainly relate to: the runway and Taxiway T redevelopment at **Linate**, the functional restyling of the terminal and upgrading of the BHS system for new radiogenic equipment, the completion of the new General Aviation Terminal at **Malpensa** and the preparatory works for traffic transfer following the closure of Linate airport. Investments in information and communication technology related to digital innovation, the consolidation and modernization of airport application infrastructure and cyber security. In particular, attention should be drawn to the activation of the E-Gates stations in the Malpensa and Linate terminals, which use biometric technology for passenger passport control, increasing overall airport security while also reducing waiting times.

Net Financial Debt of Euro 450.9 million increased Euro 51.3 million on December 31, 2018 (Euro 399.6 million). The generation of operating cash flow almost entirely financed the investments and the payment of ordinary and extraordinary dividends totalling Euro 138.6 million.

Parent Company SEA S.p.A

The **Parent Company SEA S.p.A.** reports revenues for 2019 of Euro 736.7 million, up 6.3% on the previous year. EBITDA was Euro 263.7 million, with a **net profit of Euro 111.6 million**.



Relevant events and outlook

Relevant events after the year-end

The most relevant event subsequent to the 2019 financial year-end was the spread of the COVID-19 virus and its consequences for the air transport sector.

The SEA Group, in compliance with the provisions set out by Italian national and local health institutions and authorities, promptly activated its crisis response protocol and, through the management committee (renamed permanent crisis committee), quickly launched an emergency management plan. This immediately implemented a series of measures at all levels of the organisation to prevent risk, guarantee the health and safety of its employees, customers and suppliers, and ensure the continuity of its operating activities in compliance with the provisions issued by the competent bodies.

The committee supervises and coordinates the healthcare aspects within its remit, and also directs the operational, infrastructural, commercial, economic-financial and institutional aspects of the emergency response. It is also responsible for activating all the measures necessary to minimise the effects of this emergency on the Group.

Due to the significant reduction in traffic following the health emergency and the government's measures to contain the outbreak, on March 10, 2020, a decision was taken to close the central satellite at Malpensa Terminal 1 (non-Schengen traffic). Subsequently, in application of Decree no. 112 of March 12, 2020, issued by the Ministry of Infrastructure and Transport together with the Ministry of Health, and also the consequent provisions issued by the Civil Aviation Authority (ENAC) on March 13 and 25, 2020, the total closure of Milan Linate airport and the entirety of Malpensa Terminal 1 was ordered until further notice. Passenger traffic has been concentrated at Terminal 2 at Malpensa airport to minimise the number of people and vehicles, while Cargo City has remained open to serve all-cargo traffic (approximately 70% of cargo handled at Malpensa), that have continued to perform significant levels of activity.

Following the measures taken in response to the COVID-19 emergency, on March 13, 2020 an agreement was signed between SEA, the Trade Unions and the Trade Union Representative (RSU), activating the Extraordinary Temporary Lay-off Scheme (CIGS) from March 16, 2020. This will involve all staff on a rotating basis.

Outlook

In light of the COVID-19 emergency, the context in which the Group will operate in 2020 is in constant flux. The rapid spread of the epidemic has led to radical containment measures in all major countries across the world, and has caused, among others effects, the effective paralysis of many businesses and sectors, including air transport.

Since February 23, 2020, when the first significant effects of the emergency began to be felt, traffic at SEA Group airports has fallen steadily, hitting 530 passengers by March 31, against 95.8 thousand on the same day of the previous year.



The current picture is extremely complex, and how it develops in the coming months will depend on a number of factors. These include the duration of the emergency and related measures and restrictions, the impact the emergency may have on the economy, and the effect of the epidemic on passengers' propensity to travel.

In light of the above, the potential impact of the COVID-19 pandemic on the SEA Group, while significant, cannot be accurately estimated. It will therefore be necessary to await the evolution of the situation in Italy, in Europe, and in the rest of the world before forming a more complete assessment.

In this scenario, SEA has adopted a series of measures to mitigate the impact of this crisis, also in economic and financial terms. These will allow the Company to manage its financial needs until gradually resuming its normal activity.

2019 Non-Financial Report

The Board of Directors of SEA S.p.A. also approved the 2019 Non-Financial Report which SEA, as a Public Interest Entity, is required to prepare as per Legislative Decree 254/2016. The reporting method adopted complies with the Global Reporting Initiative standards and focuses primarily on “material” topics, integrated with business objectives.

Among the key sustainability performance highlights relating to material topics, the following are of particular note:

The social and economic footprint of the Milan airport system, which sees Malpensa in the role of stimulator, - mainly in Lombardy but also partly nationally - of economic processes including manufacturing, tourism, trade and services creating an estimated value of Euro 38.7 billion, and a corresponding employment effect of over 348 thousand jobs. Linate, meanwhile, stimulated Euro 5.5 billion in production value, corresponding to over 39 thousand jobs.

Just as it did three years ago, Malpensa once again features among the 30 best-connected airports in the world (selected from 3,908 airports), remaining in 28th position with a connectivity index of 2.57. It also ranks among the 20 best-connected European airports (and is number one in Italy) in terms of journey times, connecting 387 European airports with same day flights lasting on average 330 minutes.

A 3.9% reduction in GHG intensity (kg CO₂/traffic unit) was achieved, considering only emissions under the direct control of the operator.

The separate collection of MSW (Municipal Solid Waste) grew from 34.6% to 37.9% at Linate and from 62.9% to 65.8% at Malpensa.

Finally, smart working (4 days/month) was introduced for 500 non-shift workers (62% of administrative staff), leading to a reduction in average monthly per capita costs for workers of Euro 98 and a cumulative cut in emissions (since the need to commute was eliminated) of 84.5 tons of CO₂.



The current emergency means that 2020 will be a watershed year, but the SEA Group remains committed to its ESG goals. We will be forced to review the hierarchy of priorities, and question what can be defined as "material" as we search for a model of sustainability that is able to support us as we begin afresh after this emergency, restarting our business and the economic and social dynamics it drives.

Proposal for the allocation of the result for the year and postponement of the second tranche of extraordinary dividends.

Having noted the significant change in the global economic scenario following the spread of the COVID-19 virus pandemic, and adopting a prudent approach in order to strengthen the Group's balance sheet and limit future economic-financial impacts, the Board of Directors has resolved to propose to the Shareholders' Meeting the allocation of the 2019 profit of the Parent Company SEA S.p.A., equal to Euro 111.6 million, to the extraordinary reserve.

The Board has also resolved to postpone payment of the second tranche of distributable reserves, amounting to Euro 84.73 million, approved by the Shareholders' Meeting on September 30, 2019. The Board reserves the right to re-define the date of payment of said tranche when, once the COVID-19 emergency has passed, economic and financial conditions allow it.

Shareholders' AGM Call

The Board of Directors of SEA called the Shareholders' AGM in ordinary session for May 4, 2020 in first call and, where required, in second call for May 11, 2020, to consider the following matters: approval of the financial statements at December 31, 2019 and proposal for allocation of the net profit for the year; communications from the Chairman concerning the postponement of payment of the second tranche of the extraordinary dividend approved by the Shareholders' Meeting of September 30, 2019.

The call notice of the shareholders' meeting will also be published in accordance with law on the www.seamilano.eu website and will contain appropriate provisions to allow, with the cooperation of shareholders, the holding of the shareholders' meeting despite the emergency situation resulting from the COVID-19 epidemic.