Results Presentation

for the nine-month period
ending on 30 September 2017

25 October 2017

Disclaimer

This report includes the most significant data regarding Aena S.M.E., S.A. and its subsidiary companies (hereafter “Aena” or “the Company”) and its management during the first nine months of 2017, including information relevant to all business areas, the main figures and the lines of action that have guided the management of the Company.

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I. Key highlights

Passenger traffic

- Passenger traffic[1] (1) grew to 205.8 million (+8.4%).
- In the Spanish network airports, the increase amounts to +8.3% (to 193.4 million passengers), which means that in the third quarter of 2017 traffic has grown by 7.2% (compared to the increase of 6.3% and 11.0% in the first and second quarters of 2017, respectively).
  - The contribution of international traffic grew slightly to 71.4% (70.8% in the first nine months of 2016). Growth in international passengers stood at +9.1% and in domestic traffic at +6.5%.
- Traffic at Luton airport reached 12.3 million passengers (+10.5%).

Results

- Total consolidated revenues increased to 3,096.3 million euros (+7.2% compared to the first nine months of 2016), of which commercial revenue[2] accounted for 26.2% (25.0% in the same period in 2016). Commercial revenues grew +12.1% to 810.7 million euros.
- EBITDA for the period stood at 1,949.0 million euros, resulting in an increase of +10.8% compared to the same period in 2016, with a margin of 62.9% (60.9% in 9M 2016) driven by activity over the summer months.
- Consolidated attributable net profit came to 965.5 million euros (+ 2.2% compared to 9M 2016). This variation is significant since an exceptional positive impact of the reversal of provisions for legal proceedings related to expropriations of land at Adolfo Suárez Madrid-Barajas Airport is included in 2016. Excluding this effect net profit would have increased by 22.1%.

Cash flow

- Increase in operating cash flow by 7.3% to 1,823.3 million euros compared to 1,699.1 million euros in 9M 2016.
- Accounting net financial debt[3] has fallen to 7,195.9 million euros (including Luton's net financial debt amounting to 354.8 million euros) compared to 8,228.0 million euros at the end of 2016, reducing the ratio of net financial debt to EBITDA[4] of Aena S.M.E., S.A. from 3.6x in 2016 to 2.9x on 30 September 2017.
- Investment paid in the first nine months of 2017 amounted to 246.4 million euros (including 39.7 million euros at Luton).

Other events

- On 13 October 2017 Aena's Board of Directors agreed to appoint Mr. Jaime García-Legaz Ponce as Chairman of the Board of Directors and Chief Executive Officer of the Company with effect from 16 October 2017 following the resignation of Mr. José Manuel Vargas Gómez.

(1) Total passengers in the airport network in Spain and Luton Airport. It does not include the traffic of airports of associates that are not consolidated for accounting purposes.
(2) Car park activity, which in previous years was included in Off-Terminal Services, is presented grouped in Commercial Revenue.
(3) Accounting net financial debt calculated as: Financial Debt (current and non-current) minus Cash and cash equivalents.
(4) Net Financial Debt / EBITDA Ratio calculated according to the criteria set in debt novation agreements reached with banks on 29 July 2014.

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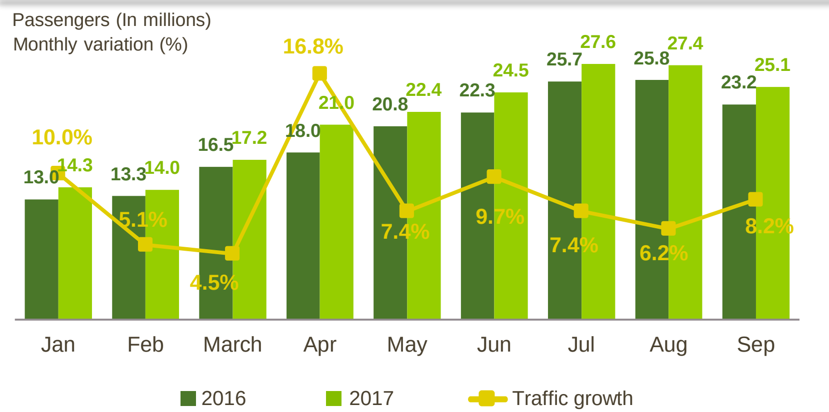
II. Traffic data

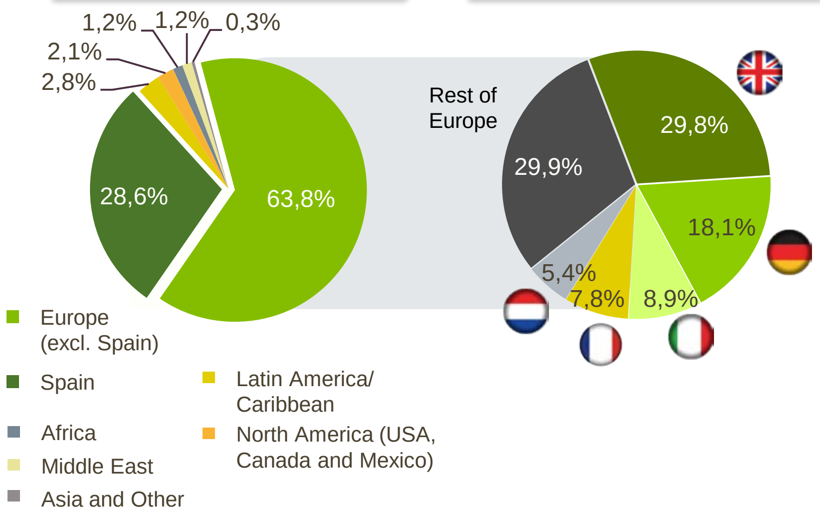
- Passenger traffic in the network in Spain grew by +8.3% (to 193.4 million passengers).
- At Luton airport passenger traffic has grown +10.5% (to 12.3 million passengers), reaching a record 15.7 million passengers in the last twelve months.
- There is a growing consolidation process among airlines in which passengers are being absorbed by other airlines.

Network in Spain	9M 2017	9M 2016	Variation
Passengers	193,436,239	178,583,485	+8.3%
Operations	1,667,388	1,579,486	+5.6%
Cargo (kg)	662,500,510	574,350,996	+15.3%
Luton	**9M 2017**	**9M 2016**	**Variation**
Passengers	12,323,750	11,152,448	+10.5%
Operations	104,870	99,885	+5.0%
Cargo (kg)	17,245,000	19,436,000	-11.3%

Monthly evolution of passenger traffic(1)



Breakdown of passenger traffic(1) by market



Airports/Groups(2)	Passengers(1) (Millions)	Variation (%)	Share
Adolfo Suárez Madrid-Barajas	40.2	6.1%	20.8%
Barcelona-El Prat	36.7	7.7%	19.0%
Palma de Mallorca	23.3	6.4%	12.1%
Canary Islands Group	32.4	8.7%	16.7%
Group I	49.8	10.9%	25.7%
Group II	10.1	11.0%	5.2%
Group III	0.9	5.7%	0.5%
TOTAL	**193.4**	**8.3%**	**100.0%**

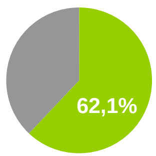
See the Appendix for the breakdown between domestic and international traffic.

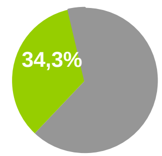
(1) Total passengers in the Spanish airport network.
(2) Group I: Alicante-Elche, Bilbao, Girona, Ibiza, Málaga-Costa del Sol, Menorca, Seville and Valencia.
Group II: A Coruña, Almería, Asturias, FGL Granada-Jaén, Jerez de la Frontera, Murcia-San Javier, Reus, Santiago, SG-Santander, Vigo and Zaragoza.
Group III: Albacete, Algeciras-Heliport, Badajoz, Burgos, Ceuta-Heliport, Córdoba, Huesca-Pirineos, Logroño, Madrid-Cuatro Vientos, Melilla, Pamplona, Sabadell, Salamanca, San Sebastián, Son Bonet, Valladolid and Vitoria.

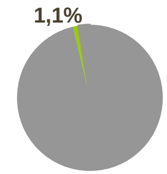
II. Performance by business line

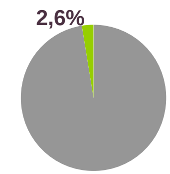
Airports

9M 2017	Aeronautical	Commercial	Real estate services	International
Total revenue €3,096.3 M	**€2,074.9 M (+6.1%)**	**€810.7 M (+12.1%)**	**€45.5 M (-9.0%)**	**€166.5 M (+3.4%)**
EBITDA €1,949.0 M EBITDA margin 62.9%	€1,209.6 M (+11.8%)	€668.0 M (+12.6%)	€21.6 M (-18.6%)	€49.8 M (-13.5%)









Highlights

Aeronautical

- Ordinary revenue increased by +6.0% (+€115.1 M).
- Traffic growth[1]: +8.3% in passengers and +5.6% in operations.
- 1.9% reduction in airport charges from 1 March 2016 and -2.22% from 1 March 2017: -€43.5 M.
- Commercial incentives: €25.7 M, net of the release of €3.9 M of provisions from previous years (€53.7 million in 9M 2016, net of the release of €4.5M).
- Rebates for connecting passengers: €52.1 M (compared to €52.3 M in 9M 2016) including the effect of the increase from 35% to 40% from 1 March 2016.
- EBITDA: includes the impact of the reallocation of costs to the Commercial sub-segment in accordance with the "Cost separation adjustment" applied in the DORA 2017-2021 (€9.9 M).

Commercial

- +12.0% growth in ordinary revenue (+€86.3 M).
  - Duty Free: +9.0% (+€19.7 M)
  - Food and beverage: +14.3% (+€17.1 M)
  - Specialty shops: +3.8% (-€2.6 M)
  - Car rental: +36.2% (+€30.7 M)

  Affected by:
  - Effect of the evolution of MAG[2] recognised in commercial contracts.
  - New contracts and solid performance, especially in Car Rental and Food and Beverage.
  - Brexit and devaluation of the GBP.
  - Car parks[3]: +8.1% (+€7.4 M) linked to the increase in domestic traffic (+6.5% in passengers) and to booking, marketing and loyalty programs.

Real estate services

- Ordinary revenue reduction of -7.3% (-€3.5 M) mainly due to the impact in 2016 of the accounting recognition for cumulative credit rights on properties built on land subject to transfer agreements. Excluding this effect, ordinary revenue remains stable.

International

- Includes Luton's consolidation which comes to €158.3 M in Revenue and €45.4 M in EBITDA, both affected by the devaluation of the GBP (-8.8%).
- Luton traffic rose by +10.5% compared to 9M 2016.
- Staff costs include an exceptional impact of €8.0 M due to the recognition of the cost associated with one of the agreements reached with the Luton Airport employees to close the defined benefit pension scheme, which took place on 31 January 2017[4]. This accrual has no impact on cash.
- Excluding the exceptional impact on staff costs and the exchange rate effect, the change in Luton's EBITDA would have been +8.5%.

(1) Total passengers in the Spanish airport network.
(2) Minimum Annual Guaranteed Rents.
(3) Car park activity, which in 9M 2016 was included in Off-Terminal Services, is presented grouped in the Commercial revenue sub-segment.
(4) See section 3.3 of the Interim Consolidated Management Report for the 9-month period ended 30 September 2017.

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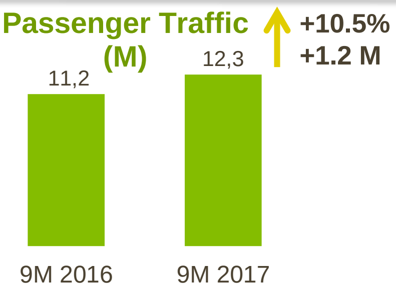
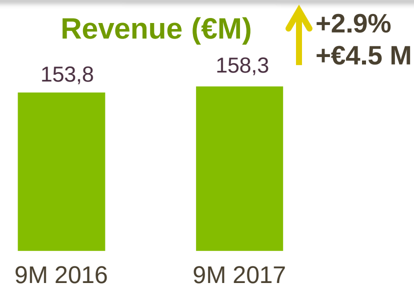
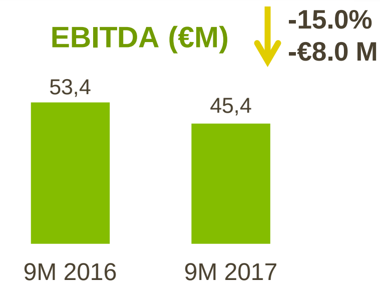
II. International shareholdings

Luton







- Revenue from Luton in GBP increased in 9M 2017 by +12.0% (+ GBP14.8M) compared to 9M 2016.
  - In GBP, aeronautical revenue was up +9.2% and commercial revenue +14.5%. The latter includes the good performance of car park revenue (+14.8%) with all the Multi-storey Car Park floors in operation since December 2016, reflecting the growth in traffic and the management and pricing strategies implemented, as well as the food and beverage and specialty shops (+14.3% together) driven by increased passenger traffic, opening of the walk-through shop in June 2016 and improved conditions of commercial contracts.
- Reported EBITDA in GBP has fallen -GBP3.3 M compared to 9M 2016 impacted by the exceptional cost of GBP6.9 M (€8.0 M) due to the recognition of the expense associated with one of the agreements reached with the Luton Airport employees to close the defined benefit pension scheme which took place on 31 January 2017, reducing the EBITDA margin to 28.7% (34.7% in 9M 2016). Excluding the effect of this exceptional cost, which has no cash impact, EBITDA in GBP would have increased by +GBP3.7 M and it would have meant growth coming to 8.5%.
- The Curium Project, which is aimed to increase the airport's capacity from 12 million passengers per year to 18 million by 2018, is making significant progress in all its areas.
- Refinancing of Luton's debt (GBP390 M) was completed in August to extend maturities, set in fixed interest rate for a larger percentage of debt and ensure funding for the entire expansion plan.

Other shareholdings

- Strong growth in passenger traffic in GAP and SACSA.

	Main figures(1)	9M 2017	9M 2016	Variation (%)	Exchange rate(2)	9M 2017	9M 2016	Currency Variation (%)
GAP	Traffic(3)	30.2	27.0	*11.9%*	EUR – MNX	21.00	20.41	-2.9
	Revenue	(4)	408.7					
	EBITDA	(4)	236.2					
AEROCALI	Traffic	4.1	4.2	*-3.8%*	EUR – COP	3,275.45	3,419.39	*4.2*
	Revenue	29.6	27.7	*6.8%*				
	EBITDA	10.2	10.0	*2.2%*				
SACSA	Traffic	3.6	3.3	*10.4%*	EUR - COP	3,275.45	3,419.39	*4.2*
	Revenue	27.5	22.7	*21.4%*				
	EBITDA	17.4	14.2	*22.0%*				

(1) Traffic in millions of passengers and financial data in millions of euros. 9M 2016 according to period-end closing figures.
(2) Average exchange rate weighted by sales revenue for the period in 2016.
(3) GAP includes traffic at Sangster International Airport in Montego Bay (Jamaica).
(4) The Company has not published the closing figures for the first nine months of 2017.

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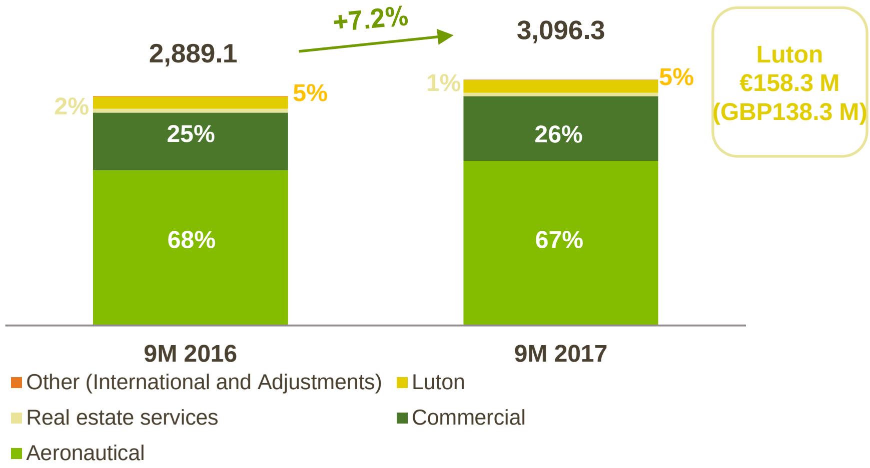
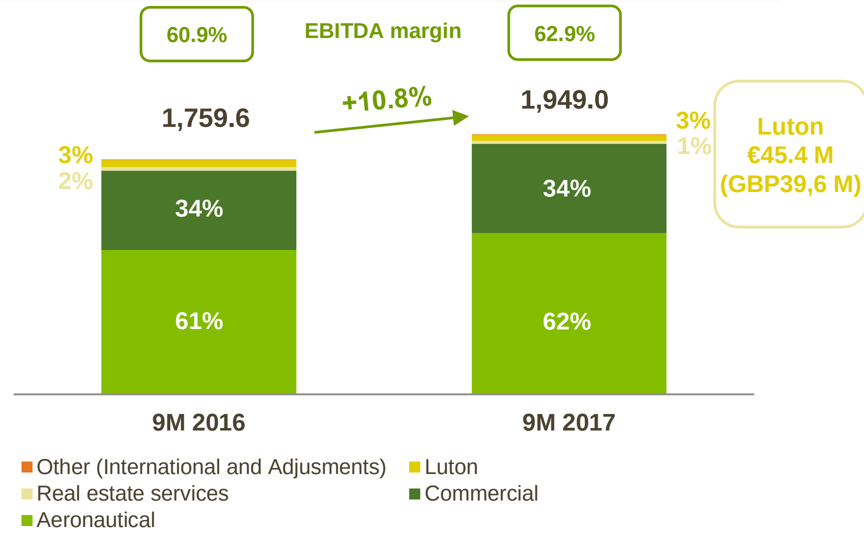
III. Financial results

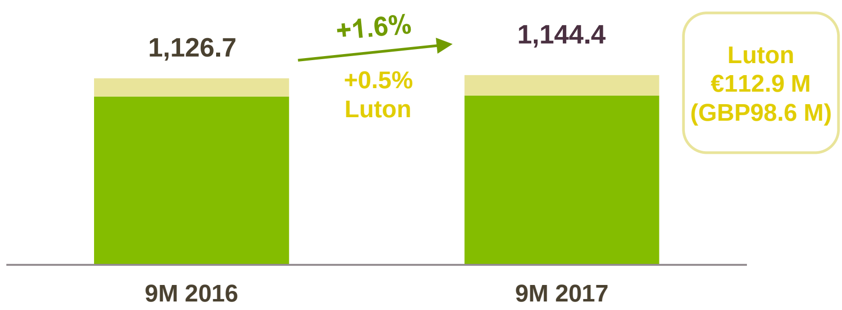
Total revenue (€M)



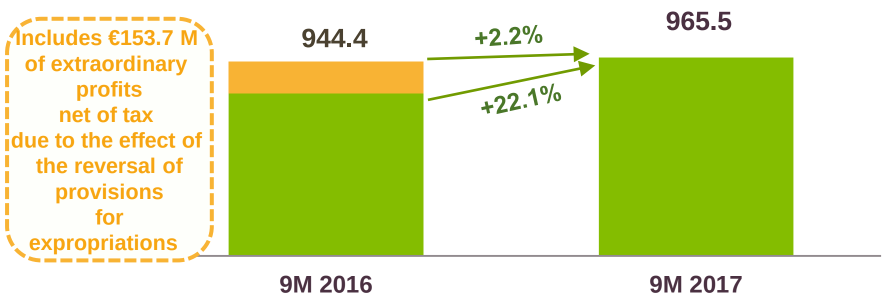
EBITDA(1) (€M)



OPEX(2) (€M)



Net Profit (€M)



(1) Reported EBITDA.
(2) OPEX includes: Supplies, Staff costs and Other operating expenses.

III. Income statement

€M	9M 2017	9M 2016	Variation €M	Variation %
Ordinary revenue	**3,048.4**	**2,845.0**	**203.4**	**7.1%**
Airports: Aeronautical	2,035.5	1,920.4	115.1	6.0%
Airports: Commercial	803.6	717.3	86.3	12.0%
Real estate services	44.5	48.0	-3.5	-7.3%
International	166.4	160.9	5.5	3.4%
Adjustments(1)	-1.6	-1.5	0.0	2.9%
Other operating revenue	**47.9**	**44.1**	**3.8**	**8.6%**
Total revenue	**3,096.3**	**2,889.1**	**207.2**	**7.2%**
Supplies	-131.5	-136.3	-4.9	-3.6%
Staff costs	-307.3	-290.5	16.8	5.8%
Other operating expenses	-705.7	-699.8	5.8	0.8%
Impairment and profit/(loss) on disposal of fixed assets	-4.2	-2.7	1.5	54.7%
Other results	1.4	-0.2	1.5	-952.2%
Fixed asset depreciation	-593.7	-611.2	-17.6	-2.9%
Total operating expenses	**-1,741.0**	**-1,740.8**	**0.2**	**0.0%**
Reported EBITDA	**1,949.0**	**1,759.6**	**189.4**	**10.8%**
% of Margin (of Total revenue)	*62.9%*	*60.9%*	-	-
EBIT	**1,355.3**	**1,148.3**	**207.0**	**18.0%**
% of Margin (of Total revenue)	*43.8%*	*39.7%*	-	-
Finance expenses and Other financial results	-103.8	-120.4	-16.6	-13.8%
Interest expense on expropriations	3.6	202.3	-198.7	-98.2%
Share in profits from associates	15.5	11.9	3.6	30.2%
Profit/ (loss) before tax	**1,270.6**	**1,242.1**	**28.4**	**2.3%**
Corporate Income tax	-310.5	-296.7	13.8	4.6%
Consolidated profit (/loss) for the period	**960.1**	**945.4**	**14.6**	**1.5%**
Profit/(loss) for the period attributable to minority interests	-5.4	1.0	6.4	623.2%
Profit/(loss) for the period attributable to the shareholders of the parent company	**965.5**	**944.4**	**21.1**	**2.2%**

- **Consolidated passenger traffic**(2): **+8.4%** to 205.8 million passengers.
- **Total revenue:** up **+7.2%** (+€207.2 M). See details on slide 7.
  - The **consolidation of Luton** contributes €158.3 M in revenue.
- **Total operating expenses:** remain stable with a slight increase of €0.2 M. Luton's operating expenses increased +7.0% (+€9.5 M) affected by the recognition of the cost associated with one of the agreements reached with the Luton airport employees to close the defined benefit pension scheme (+€8.0 M). Excluding Luton operating expenses fell by -0.6% (-€9.4 M) due to:
  - **Supplies**: down by -3.6% (-€4.9 M) mainly due to the new conditions of the air navigation services agreement signed with ENAIRE.
  - **Staff costs:** up by +3.1% (+€8.0 M) due to the provision for the 1% salary review and the cost of the internship programme as well as the provision associated with the pre-agreement reached on 25 September between Aena and the Trade Union representatives (€3.0 M).
  - **Other operating expenses:** up by 0.3% (+€1.9 M) mainly due to the increase in security costs (+€6.3 M), consultancy services (+€5.6 M), local taxes (+€4.4 M) and cleaning (+2.4M €) partially offset by bad debt provisions(-€9.3 M), other management expenses (-€5.0 M), maintenance (-€5.0 M) and electricity (-€4.8 M). In addition, both 2017 and 2016 include the local tax expense for the full year in accordance with IFRIC 21 (€145.3 M and €145.5 M respectively).
  - **Fixed asset depreciation:** down by -2.5% (-€14.5 M) mainly due to the effect of certain assets being fully depreciated, partially offset by the review of the useful life of some runway and taxiway assets.
- **Finance expenses and Other financial results:** down by €16.6 M (-13.8%) as a result of the fall in the interest rate (-€7.2 M), the reduction in the debt principal (-€9.6 M) and exchange rate differences in 2016 derived from the loan in GBP to Luton (€7.8 M). This is offset by the recognition in September 2017 of GBP6.9 M (€8.0 M) for the amortisation of capitalised costs associated with Luton's 2015 financing as a result of the debt refinancing.
- **Interest expenses on expropriations:** up by €198.7 M due to the reversal in 2016 of provisions for late payment interest due to risk elimination in this period (€204.9 M).
- **Income tax**: up by €13.8 M (+4.6%) mainly due to the increase in the profit for the period and the reduction of deductions for investments in the Canary Islands. The effective rate for the period increases to 24.4% (23.9% in 9M 2016).
- **Net profit** coming to €965.5 M; increases by €21.1 M (+2.2%). This variation is significant since the exceptional positive impact of the reversal of provisions for legal proceedings related to expropriations of land at Adolfo Suárez Madrid-Barajas Airport is reflected in 2016. Excluding this effect, net profit would have increased by 22.1%.

(1) Inter-segment adjustments.
(2) Total passengers in the airport network in Spain and Luton Airport.

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IV. Appendix | Commercial information

Ordinary revenue

Business line (Million euros)	Revenue		Variation		MAG[4]	
	9M 2017	9M 2016	€ Thousand	%	9M 2017	9M 2016
Duty-Free Shops[1]	237.4	217.7	19,697	9.0%		
Food & Beverage	136.7	119.6	17,093	14.3%		
Specialty shops[1]	71.5	68.9	2,629	3.8%		
Car Parks	99.0	91.6	7,405	8.1%		
Car Rental	115.6	84.9	30,747	36.2%		
Advertising	24.3	22.2	2,151	9.7%		
Leases[2]	23.8	19.1	4,635	24.2%		
Other commercial activities[2] [3]	95.2	93.2	1,982	2.1%		
Commercial activity	**803.6**	**717.3**	**86,339**	**12.0%**	**59.0**	**52.6**
Average revenue/passenger	**4.2**	**4.0**	**0.1**	**3.4%**		

- Total commercial revenue includes the minimum annual guaranteed rents (MAG) recognised under contract in the following business lines: Duty-Free Shops, Food & Beverage, Specialty shops, Advertising and Other commercial activities.
- In the nine-month period of 2017 the minimum annual guaranteed rents (MAG) account for 10.4% of the revenue for lines with contracts that include these clauses (10.1% in 9M 2016).

(1) In 9M 2017 the revenue of the Multi-Store at Fuerteventura airport, which until August 2016 had been recognised in the Specialty Shops line, became part of the Duty-Free Shops line as it was added to the Duty-Free Shops General Contract at that time. On a like-for-like basis, the increase in the revenue of Duty-Free Shops amounted to +7.4% and the growth of Specialty Shops revenue to +9.3%.
(2) Revenue from area leases for mobile telephone stations has been reclassified to Leases (formerly in Other commercial revenue). On a like-for-like basis, revenue from Leases fell by 1.4% and Other commercial revenue increased by 7.9%.
(3) Includes: commercial activities, commercial supplies, use of conference rooms and filming and recording, Fast Track and Aircraft Housing.
(4) Minimum Annual Guaranteed Rents.

IV. Appendix | Other financial information
Main figures. Quarterly evolution

€M	First Quarter			Second Quarter			Third Quarter			Total		
	2017	2016	Var.	2017	2016	Var.	2017	2016	Var.	2017	2016	Var.
Consolidated traffic (thousands of passengers)[1]	**48,702.1**	**45,488.2**	**7.1%**	**72,192.0**	**65,064.7**	**11.0%**	**84,865.9**	**79,183.0**	**7.2%**	**205,760.0**	**189,735.9**	**8.4%**
Spanish network traffic (thousands of passengers)	**45,455.8**	**42,742.2**	**6.3%**	**67,902,4**	**61,157.7**	**11.0%**	**80,078.1**	**74,683.6**	**7.2%**	**193,436.2**	**178,583.5**	**8.3%**
Total revenue	**794.2**	**744.3**	**6.7%**	**1,067.4**	**988.2**	**8.0%**	**1,234.7**	**1,156.6**	**6.7%**	**3,096.3**	**2,889.1**	**7.2%**
Aeronautical revenue	515.9	488.9	5.5%	701.9	650.6	7.9%	817.7	779.9	4.8%	2,035.5	1,920.4	6.0%
Commercial revenue	203.6	182.9	11.3%	273.6	245.0	11.7%	326.4	289.3	12.8%	803.6	717.3	12.0%
Real estate services	14.9	14.4	3.4%	14.4	18.0	-19.9%	15.2	15.6	-2.8%	44.5	48.0	-7.3%
International[2]	44.1	43.2	1.9%	57.8	58.4	-1.0%	62.9	57.8	8.9%	164.8	159.4	3.4%
Other revenue	15.8	14.8	6.9%	19.5	15.3	27.4%	12.6	14.0	-10.1%	47.9	44.1	8.6%
Total operating expenses	**-673.5**	**-674.6**	**-0.2%**	**-530.7**	**-536.9**	**-1.2%**	**-536.7**	**-529.3**	**1.4%**	**-1,741.0**	**-1,740.8**	**0.0%**
Supplies	-44.2	-46.3	-4.6%	-43.6	-44.7	-2.6%	-43.7	-45.3	-3.6%	-131.5	-136.3	-3.6%
Staff costs	-109.4	-99.2	10.3%	-101.2	-98.7	2.5%	-96.7	-92.5	4.5%	-307.3	-290.5	5.8%
Other operating expenses	-319.5	-322.1	-0.8%	-186.6	-187.7	-0.6%	-199.6	-190.0	5.0%	-705.7	-699.8	0.8%
Depreciation and Amortisation	-199.5	-205.6	-3.0%	-197.5	-205.1	-3.8%	-196.7	-200.5	-1.9%	-593.7	-611.2	-2.9%
Impairment and profit/(loss) on fixed asset disposals and Other results	-1.0	-1.4	-28.6%	-1.8	-0.6	186.2%	-0.1	-0.9	-88.5%	-2.9	-2.9	-0.7%
Total operating expenses (excluding Luton)	**-623.3**	**-631.5**	**-1.3%**	**-483.3**	**-488.6**	**-1.1%**	**-488.3**	**-484.0**	**0.9%**	**-1,594.9**	**-1,604.3**	**-0.6%**
Supplies	-44.2	-46.3	-4.5%	-43.6	-44.7	-2.5%	-43.7	-45.3	-3.6%	-131.5	-136.3	-3.6%
Staff costs	-91.9	-89.4	2.8%	-90.9	-88.4	2.8%	-86.0	-82.8	4.0%	-268.8	-260.7	3.1%
Other operating expenses	-297.9	-301.7	-1.3%	-160.7	-162.3	-0.9%	-172.7	-165.2	4.5%	-631.3	-629.2	0.3%
Depreciation and Amortisation	-188.4	-192.8	-2.3%	-186.3	-192.5	-3.2%	-185.9	-189.8	-2.0%	-560.6	-575.1	-2.5%
Impairment and profit/(loss) on fixed assets disposals and Other results	-1.0	-1.4	-28.6%	-1.8	-0.6	200.0%	0.0	-0.9	-100.0%	-2.8	-2.9	-3.4%
Reported EBITDA	**320.2**	**275.3**	**16.3%**	**734.1**	**656.4**	**11.8%**	**894.7**	**827.9**	**8.1%**	**1,949.0**	**1,759.6**	**10.8%**
Reported EBITDA (excluding Luton)	**317.4**	**264.1**	**20.2%**	**714.7**	**635.7**	**12.4%**	**871.5**	**806.3**	**8.1%**	**1,903.6**	**1,706.1**	**11.6%**
Consolidated profit/(loss) for the period	**80.9**	**29.2**	**176.8%**	**380.1**	**463.1**	**-17.9%**	**504.5**	**453.1**	**11.3%**	**965.5**	**944.4**	**2.2%**
Consolidated profit/(loss) for the period excluding reversal of provisions [3]	**80.9**	**29.2**	**176.8%**	**380.1**	**309.4**	**22.8%**	**504.5**	**453.1**	**11.3%**	**965.5**	**790.6**	**22.1%**

(1) Total passengers in the airport network in Spain and at Luton Airport.
(2) Net of Inter-segment Adjustment.
(3) Exceptional reversal of provisions in 2016 related to interest on land expropriation disputes at Adolfo Suárez Madrid-Barajas Airport

IV. Appendix | Other financial information

Cash flow statement

€M	9M 2017	9M 2016	Variation €M	Variation %
Profit/ (loss) before tax	**1,270.6**	**1,242.1**	28.4	*2.3%*
Depreciation and amortisation	593.7	611.2		
Changes in working capital	-95.2	4.3		
Financial result	100.2	-81.9		
Shareholding in affiliates	-15.5	-11.9		
Interest flow	-107.2	-108.7		
Tax flow	76.8	43.9		
Operating cash flow	**1,823.3**	**1,699.1**	*124.2*	*7.3%*
Acquisition of property, plant and equipment	-246.4	-198.3		
Operations with affiliates	5.4	2.0		
Dividends received	12.2	11.3		
(Repayment) / Obtaining financing	-619.0	-597.4		
Other flows from investment / financing activities / dividend distribution	-571.2	-395.4		
Cash flow from Investment/Financing	**-1,419.0**	**-1,177.8**	*-241.3*	*20.5%*
Exchange rate impact	-1.4	-3.6		
Cash and cash equivalents at start of the period	564.6	556.7		
Net increase/(decrease) in cash and cash equivalents	402.9	517.8	*-114.9*	*-22.2%*
Cash and cash equivalents at the end of the period	**967.5**	**1,074.5**	*-107.0*	*-10.0%*

IV. Appendix | Other financial information

Balance sheet

€M	9M 2017	2016
Property, plant and equipment	13,208.5	13,563.9
Intangible assets	492.8	525.6
Investment properties	135.8	135.7
Investments in affiliates	65.9	71.7
Other non-current assets	195.9	205.6
Non-current assets	**14,098.9**	**14,502.6**
Inventories	7.0	9.0
Trade and other receivables	444.6	437.6
Cash and cash equivalents	967.5	564.6
Current assets	**1,419.2**	**1,011.2**
Total assets	**15,518.1**	**15,513.8**

€M	9M 2017	2016
Share capital	1,500.0	1,500.0
Share premium	1,100.9	1,100.9
Retained profits/(losses)	2,913.6	2,521.9
Other reserves	-103.2	-129.4
Minority interests	18.3	32.4
Total net equity	**5,429.5**	**5,025.7**
Financial debt	7,409.7	7,912.2
Provision for other liabilities and expenses	78.0	133.6
Grants	526.2	544.4
Other long-term liabilities	300.6	372.0
Non-current liabilities	**8,314.6**	**8,962.2**
Financial debt	753.7	880.4
Provisions for other liabilities and expenses	76.1	128.5
Grants	35.1	38.3
Other current liabilities	909.2	478.7
Current liabilities	**1,774.0**	**1,525.9**
Total liabilities	**10,088.6**	**10,488.0**
Total equity and liabilities	**15,518.1**	**15,513.8**

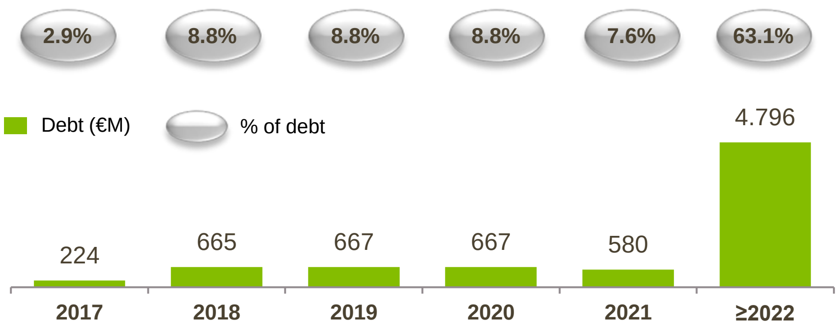
IV. Appendix | Other financial information

Aena debt ex-Luton

- In the first nine months of 2017 debt amounting to €1,273.6 M was repaid, including €797.2 M corresponding to early repayment of the Depfa floating rate loan which has driven an increase in the percentage of fixed rate debt. €600 M in new fixed rate debt has been raised (0.69% per annum) with 5 years maturity, slightly impacting the average rate of the period.
- As of 30 September 2017 Aena's cash balance amounts to €824.2 M.
- The average annual volume of future maturities is significantly lower than in previous years.
- In this period €391.1 M (EIB loan) was converted from a revisable to a fixed rate. The average rate of these loans fell from 1.11% to 0.73%.

Schedule of Aena debt maturity(1)

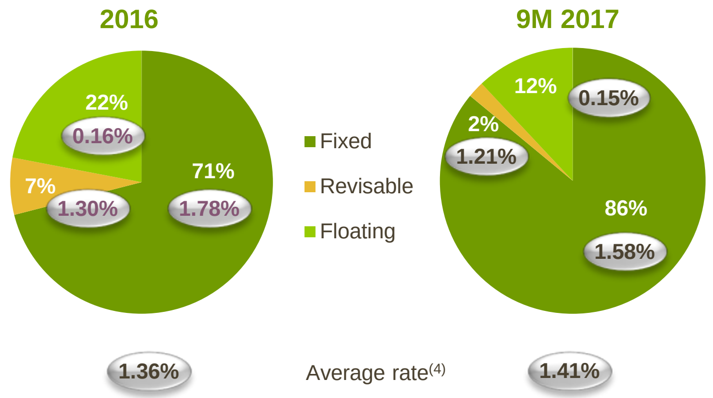
Total: €7,597.9 M; Average life: 11.2 years



Net financial debt (covenants)(2)

€M	9M 2017	2016
Gross financial debt (covenants)	(7,814)	(8,524)
Cash and cash equivalents	824	483
Net financial debt (covenants)	(6,990)	(8,041)
Net financial debt (covenants) / EBITDA(3)	2.9x	3.6x

Distribution of debt by regime and average interest rate of the period



(1) As of 30 September 2017
(2) Net debt as per covenants calculated in accordance with that set out in the novation agreements for debt signed on 29 July 2014. It does not include Luton's non-recourse debt or cash.
(3) EBITDA in accordance with covenants adjusted by the updating of the WDFG payment in advance according to IFRS.
(4) In 9M 2017 the average rate includes the cost of the Depfa financial guarantee (0.11%).

IV. Appendix | Passenger figures by airport group(1)

Traffic 9M 2017

Generalized traffic growth in the airport network in Spain.

(1) Passengers in the airport network in Spain.

IV. Appendix | Traffic information

Traffic by airline (Top 10)

Carrier	Passengers[1] 9M 2017	Passengers[1] 9M 2016	Variation %	Variation Passengers	Share of total (%) 9M 2017	Share of total (%) 9M 2016
Ryanair	33,951,233	30,685,450	10.6%	3,265,783	17.6%	17.2%
Vueling	26,933,707	25,419,513	6.0%	1,514,194	13.9%	14.2%
Iberia	12,977,164	12,482,185	4.0%	494,979	6.7%	7.0%
Easyjet[2]	12,135,004	10,828,667	12.1%	1,306,337	6.3%	6.1%
Air Europa	11,791,638	12,398,535	-4.9%	-606,897	6.1%	6.9%
Norwegian[3]	7,531,514	5,678,966	32.6%	1,852,548	3.9%	3.2%
Iberia Express	6,441,795	5,735,650	12.3%	706,145	3.3%	3.2%
Air Nostrum	5,832,099	5,742,245	1.6%	89,854	3.0%	3.2%
Jet2.Com	4,868,624	3,314,394	46.9%	1,554,230	2.5%	1.9%
Grupo Binter[4]	4,502,121	4,013,103	12.2%	489,018	2.3%	2.2%
Total Top 10	**126,964,899**	**116,298,708**	**9.2%**	**10,666,191**	**65.6%**	**65.1%**
Total Low Cost Passengers[5]	**104,777,541**	**92,319,440**	**13.5%**	**12,458,101**	**54.2%**	**51.7%**

- Low-cost airlines' share has increased (54.2% in 9M 2017 versus 51.7% in 9M 2016). There is growing airline consolidation with passengers progressively being absorbed by other airlines (for instance, Air Berlin passengers have been partially absorbed by Niki). However, the degree of concentration is still moderate.
- Long-haul operations by low-cost carriers are still incipient in Spain. In June both Norwegian and Level (IAG Group) opened new routes from Barcelona which have added a total of 166,000 passengers up to September 2017.
- Major airlines are:
  - The IAG Group[6] with a 25.7% share of total passenger traffic in 9M 2017 (26.2% in 9M 2016).
  - Ryanair with a share of 17.6% (17.2% in 9M 2016)

(1) Total passengers in the Spanish airport network.
(2) Includes Easyjet Switzerland, S.A. and Easyjet Airline Co. Ltd.
(3) Includes Norwegian Air International and Norwegian Air Shuttle A.S.
(4) Includes Binter Canarias, Naysa and Canarias Airlines.
(5) Includes low-cost carriers' traffic in scheduled flights. Provisional data pending final publication.
(6) Includes British Airways, Iberia, Vueling, Iberia Express, Aer Lingus and Level.

Interim consolidated management report

for the nine-month period ending on 30 September 2017

Aena S.M.E., S.A. and subsidiaries

Webcast / Conference-call:
25 October 2017
13:00 (Madrid time)
https://edge.media-server.com/m6/p/pysvmqag

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1. Executive summary

The nine-month period up to 30 September 2017 saw a continuation of Aena's[1] outstanding performance in terms of both operations and results.

The following aspects can be highlighted in this period:

- On 27 January 2017, the Council of Ministers approved the Airport Regulation Document (DORA) for the period 2017-2021, in which the minimum service conditions that will be in force in airports in the AENA network are set forth the next five years, providing a foreseeable regulatory framework in the medium-term that will enable improved levels of efficiency and competitiveness in terms of airport operations. In this respect, and in relation to airport tariffs, the aforesaid document provided for an annual reduction of 2.22% in the Annual Maximum Revenue per Passenger (IMAP) for that period which came into force on 1 March 2017.

- On 22 February 2017, Aena published the new scheme of commercial incentives for the DORA period 2017-2021, which seeks to encourage the opening of new routes, increase long-haul passengers, provide incentives for traffic in the airports with the least traffic, and reduce the seasonality of airports which are highly seasonal. The scheme has been applied since 1 April 2017.

- On the operational side, there has been strong and widespread growth of traffic in most of the airports managed by Aena driven in the Spanish network by the excellent figures for the tourism industry.
  Passenger traffic (including Luton Airport) grew to 205.8 million (+8.4%), and at the Spanish network's airports it grew by 8.3%, reaching 193.4 million passengers.

- The positive evolution of traffic in Aena's airports during the first nine months of 2017 has contributed to the increase in total revenue up to 3,096.3 million euros (+7.2% compared to the same period in 2016[2]), partially offset by the lower airport charges in Spain compared to the previous year which affects January and February (-1.9%) and from March (-2.22%).

  So far these figures for traffic growth in Spain have not been negatively affected by Brexit, the strikes during the summer by the personnel of the company providing security services at Barcelona airport or by the terrorist acts which took place in Catalonia on 18 August.

  As for Brexit, growth in the number of passengers to and from the United Kingdom during the period came to 11.3% (3.7 million additional passengers). By contrast, in the commercial field concession operator sales at airports did reflect a downward trend in British passenger spending, although this reduction has moderated in line with the devaluation of the pound.

  In the case of concession operators at Barcelona-El Prat Airport, the impact of summer security strikes has been limited and the existence of the Minimum Annual Guaranteed Rent in most commercial contracts has minimised the associated impact.

  Turning to commercial operations, in the third quarter of the year the process of receiving bids to operate the Barcelona-El Prat Airport food and beverage service concessions has been completed, and these concessions are expected to start trading in the first quarter of 2018. There has also been the positive impact of the new car rental contracts in the airport network which came into force in November 2016. The new contract based on a higher variable rent has increased revenue from this activity in the year to date by 36.2% with respect to the same period in the previous year.

- In addition, for the time being the levels of cost efficiency are being maintained and total expenses for the period (excluding amortisation and depreciation) are in line with those for the same period in 2016. This is due to the fact that the upward trend in the cost of most of the service contracts awarded since the end of 2016, has not yet been reflected in operating expenses for this period.
  However, it is expected that this effect will gradually become noticeable in operating expenses in the course of 2018. Here it should be noted that the cost pressure affecting Aena's service providers has become apparent in the third quarter through the strikes called by workers in several companies that provide services in the Spanish network.

- On the labour area and following negotiations, on 25 September Aena reached a pre-agreement with the trade unions on remuneration, employment, work-life balance measures and an extension of the collective agreement up to 31 December 2021. The cumulative impact in the period amounts to 3.0 million euros.

- EBITDA has increased to 1,949.0 million euros at 30 September 2017, which is growth of 10.8% compared to the same period in 2016.

- Pre-tax profit amounted to 1,270.6 million euros compared to 1,242.1 million euros in the same period of the previous year and net profit stood at 965.5 million euros, which represents an increase of 2.2% over the same period in 2016 (944.4 million euros).

  This increase is especially significant given that in the same period in 2016, pre-tax profit and net income reflected the extraordinary impact of the reversal of provisions for legal proceedings related to expropriation of land at Adolfo Suárez Madrid-Barajas Airport (204.9 and 153.7 million euros respectively).
  Excluding this effect Aena's pre-tax profit would have increased by 22.5% and net profit by 22.1%.

- Cash flow from operating activities has risen to 1,823.3 million euros compared to 1,699.1 million euros in the same period in 2016 (up 7.3%) with an impact on debt reduction which has led to a reduction in the ratio of net financial debt to EBITDA (excluding Luton) as established in debt renewal agreements for the calculation of covenants, from 3.6x at 31 December 2016 to 2.9x at the close on 30 September 2017.

- As for investments, in the first nine months of 2017 investment paid amounted to €246.4 million, including €39.7 million invested at Luton Airport which is undergoing a significant transformation to reach a capacity of 18 million passengers by 2018. The main investments in the network of airports in Spain have been focused on security and improvements in maintenance.

- This operating and financial performance continues to be reflected in the evolution of Aena's share price in the first nine months of 2017 in which it has risen by 17.8% to 152.80 euros per share compared to the evolution of the IBEX35, which grew by 11.0%. During this period Aena's stock peaked at 183.70 euros and registered a minimum of 129.70 euros.

Subsequent to 30 September 2017, the Board of Directors of Aena agreed to appoint Mr Jaime García-Legaz Ponce as Chairman of the Board of Directors and Chief Executive Officer of the Company with effect on 16 October 2017 to fill the vacancy resulting from the resignation of Mr José Manuel Vargas Gómez as Chairman and CEO with effect on 15 October 2017.

[1] Aena S.M.E., S.A. and Subsidiaries ("Aena" or "the Company").

[2] In this executive summary, the variation percentages for financial figures have been calculated by taking the figures in thousands of euros as the base.

2. Activity figures

2.1. Traffic in the Aena airport network in Spain

During the first nine months of 2017 passenger traffic grew by 8.3% to reach 193.4 million in Aena's Spanish airports. This growth continues to be driven by excellent figures from the tourism industry which is at record levels, helped by factors such as the increase in the number of people using travel and recreational options, the stability of macroeconomic conditions in the Eurozone and in the main countries of origin of the foreign tourists who visit Spain, the geopolitical instability that persists in tourist destinations in the Mediterranean and the price of fuel that is contributing to the growing activity of European airlines.

The increase in international passenger traffic (+9.1%) and domestic traffic (+6.5%) has led the slight increase of international traffic (71.4%) compared to domestic traffic (28.6%) in the same period in 2016 (70.8% and 29.2%, respectively).

As regards the number of aircraft, 1,667,388 flights were registered, representing an increase of 5.6% over the same period in 2016.

Meanwhile the volume of freight has risen by 15.3% in the first nine months of 2017 to reach 662,501 tonnes.

Figure 1. Traffic in the Aena airport network in Spain

2.2. Analysis of air passenger traffic by airports and airlines

The percentage distribution of passengers remains largely concentrated in the major airports within the network, although virtually all the airports have experienced significant growth:

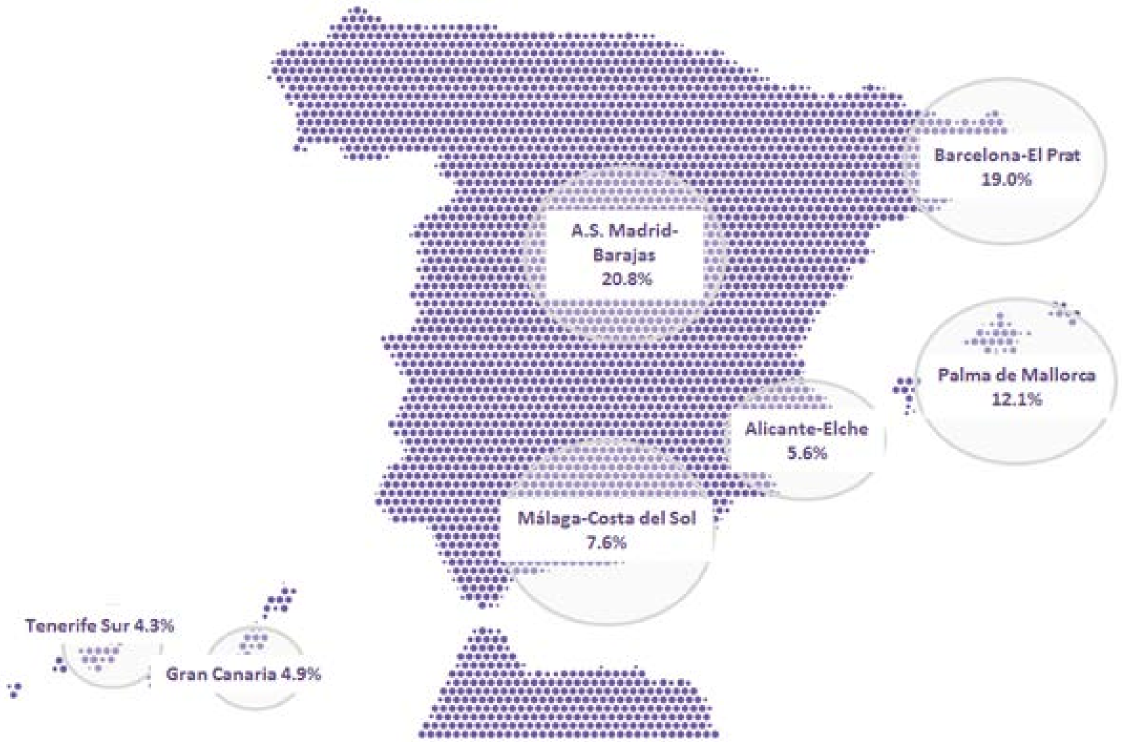


Figure 2. Share of passenger traffic at major airports in Spain

Airports and Airport groups	Passengers			Aircraft			Cargo		
	Millions	Variation 9M 2017 / 9M 2016	Share of Total	Thousands	Variation 9M 2017 / 9M 2016	Share of Total	Tonnes	Variation 9M 2017 / 9M 2016	Share of Total
Adolfo Suárez Madrid-Barajas	40.2	6.1%	20.8%	291.2	2.2%	17.5%	339,293	13.6%	51.2%
Barcelona-El Prat	36.7	7.7%	19.0%	247.7	4.5%	14.9%	112,959	18.0%	17.1%
Palma de Mallorca	23.3	6.4%	12.1%	171.5	5.8%	10.3%	7,675	-4.5%	1.2%
Total Canary Islands Group	32.4	8.7%	16.7%	275.9	4.5%	16.5%	27,784	0.1%	4.2%
Total Group I	49.8	10.9%	25.7%	412.2	6.9%	24.7%	27,952	12.3%	4.2%
Total Group II	10.1	11.0%	5.2%	139.4	4.2%	8.4%	102,399	27.4%	15.5%
Total Group III	0.9	5.7%	0.5%	129.5	15.7%	7.8%	44,439	14.4%	6.7%
TOTAL	**193.4**	**8.3%**	**100.0%**	**1,667.4**	**5.6%**	**100.0%**	**662,501**	**15.3%**	**100.0%**

Table 1. Analysis of air passenger traffic by airports and airport groups

Adolfo Suárez Madrid-Barajas Airport is the main airport in the network for passenger traffic, flights and cargo, representing 20.8% of total passengers (40.2 million). In the first nine months of 2017, the number of passengers has increased by 6.1% over the same period last year (7.2% in international traffic and 3.3% in domestic traffic).

A total of 291,237 aircraft have operated out of this airport in the aforementioned period, 2.2% more than in the same period in the previous year. In addition, cargo, which accounts for more than half of the total volume passing through the network, registered an increase of 13.6% to 339,293 tonnes transported.

Picture 1. Terminal T4 – Adolfo Suarez Madrid-Barajas Airport

At **Barcelona-El Prat** Airport, passengers have increased by 7.7% compared to the first nine months of 2016 (7.8% in international traffic and 7.4% in national traffic) to reach 36.7 million.

This growth has not been negatively affected by the strikes of the personnel of the company that provides security services at Barcelona Airport nor by the acts of terrorism in Catalonia.

There have been 247,731 flights, an increase of 4.5% over the same period in 2016, while cargo has consolidated its growth with a significant 18.0% increase in the volume of freight to 112,959 tonnes.

Picture 2. Apron – Barcelona-El Prat Airport

Palma de Mallorca Airport has reached 23.3 million passengers during the first nine months of 2017 (growth of 6.4%), with a significant increase in domestic traffic (9.3%) above the increase in the number of international passengers (5.6%).

Aircraft traffic increased by 5.8% to 171,485.

Picture 3. Inside the terminal - Palma de Mallorca Airport

In the **Canary Islands Group,** the number of passengers who passed through the airports in the Canary Islands came to 32.4 million (up 8.7% compared to the same period in 2016), of which 21.2 million were passengers on international flights (up 9.1%) and 10.8 million were passengers on domestic flights (up 8.3% compared to the same period in the previous year).

Picture 4. Aerial view - La Palma Airport

The eight airports in Group I grew by 10.9% during the period of nine months of 2017 to reach 49.8 million passengers, with especially high growth in Valencia (14.7%), Alicante-Elche (12.9%) and Málaga-Costa del Sol (12.6%). Both international traffic (12.2%) and domestic traffic (7.2%) have contributed to the growth of this group of airports.

Picture 5. Inside the terminal - Málaga-Costa del Sol Airport

All 11 airports of **Group II** registered a global increase in passenger traffic of 11.0%, which dropped to a total of 10.1 million passengers. This growth was due to the positive evolution in international traffic (+20.5%) and to a lesser extent in domestic traffic (+4.6%).

The **Group III** airports (those with lowest traffic) have recorded 930.236 passengers, an increase of 5.7% over the same period in the previous year.

Airport marketing has had a very positive impact from January to September 2017 resulting in the opening of 273 new routes from the airports in Aena's network: 254 for short/medium-haul destinations (32 with domestic destinations and 222 in Europe) and 19 on long-haul routes[1].

The airports with the most new routes were Palma de Mallorca (48), Barcelona-El Prat (25), Adolfo Suárez Madrid-Barajas (22) and Valencia (22).

The companies with the largest number of new routes are Ryanair (56), Niki (30), Jet2 (30) and Eurowings (17).

In terms of new long-haul routes, this is the year of Barcelona-El Prat Airport which has the following 15 new routes: Cathay Pacific connects Hong Kong, Korean Air regularly operates the route with Seoul, Mahan Air has opened a route with Tehran, Air China has established a connection with Shanghai, SATA with Boston (via Ponta Delgada), American Airlines with Chicago and Plus Ultra with Havana. In addition, in June LEVEL and Norwegian set up low-cost long-haul connections for the first time. LEVEL connects Barcelona-El Prat Airport with Buenos Aires, Punta Cana, Los Angeles (LAX) and San Francisco (Oakland). For its part, Norwegian flies to Los Angeles (LAX), New York, San Francisco (Oakland) and Miami. In this period, the total traffic of these routes has reached 166,000 passengers.

The following long-haul routes have been opened at Adolfo Suárez Madrid-Barajas Airport: San Pedro de Sula, Córdoba (Argentina) and Boston (only in the summer season) with Air Europa and Plus Ultra's route to Santiago de Chile and Wamos's to Varadero.

Traffic with Asia has grown significantly (+91.9%) and it is estimated that this market will have more than one million passengers in 2017.

Furthermore, during the first nine months of 2017 four bases for easyJet, Jet2, Germania and Eurowings have been opened at Palma de Mallorca Airport.

[1] Routes longer than 4,000 km and with a non-EEA destination

With respect to the distribution of traffic **by geographical areas**, there have been widespread increases in all regions while traffic in Spain has a smaller share of overall traffic with respect to the first nine months of 2016.

Especially noteworthy is the increase of passengers in the “Asia and Others” area which has come to 91.9%. Although these destinations remain small in absolute terms, it nonetheless reflects the positive impact of the airport marketing actions put in place by the Company and others carried out with a number of institutions to promote the “Spain” destination in this region.

Region	Passengers 9M 2017	Variation %
Europe[1]	123,415,655	8.8%
Spain	55,391,840	6.4%
Latin America	5,389,716	7.7%
North America[2]	3,972,545	12.2%
Africa	2,338,602	7.5%
Middle East	2,269,300	10.0%
Asia and Others	658,581	91.9%
TOTAL	**193,436,239**	**8.3%**

[1] Excludes Spain

[2] Includes USA, Canada and Mexico

Table 2. Breakdown of traffic by geographical area

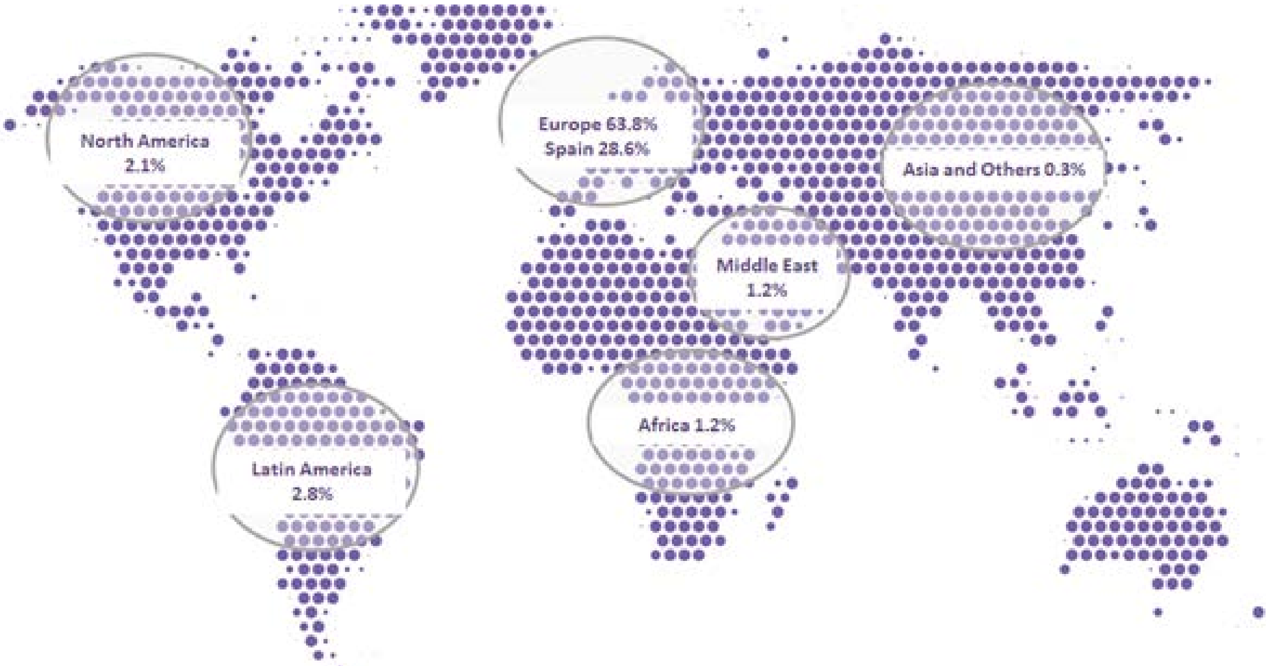


Figure 3. Map of traffic distribution by geographic area

By countries the ranking remains stable, with Spain, the United Kingdom, Germany, Italy and France (five countries) accounting for 70% of total traffic.

It is particularly noteworthy that passenger traffic to and from the UK has continued to perform well and has grown by 11.3% (more than 3,700,000 passengers) compared to the same period in 2016, although this rise is slightly down on the 13.7% increase in the first half of 2017:

Country	Passengers		Variation		Share (%)	
	9M 2017	9M 2016	%	Passengers	9M 2017	9M 2016
Spain	55,391,840	52,063,636	6.4%	3,328,204	28.6%	29.2%
United Kingdom	36,788,306	33,052,346	11.3%	3,735,960	19.0%	18.5%
Germany	22,346,534	21,733,527	2.8%	613,007	11.6%	12.2%
Italy	10,968,003	10,177,736	7.8%	790,267	5.7%	5.7%
France	9,642,321	9,250,744	4.2%	391,577	5.0%	5.2%
Holland	6,711,431	5,856,764	14.6%	854,667	3.5%	3.3%
Switzerland	4,993,478	4,726,383	5.7%	267,095	2.6%	2.6%
Belgium	4,645,578	4,345,850	6.9%	299,728	2.4%	2.4%
Ireland	3,380,130	3,181,054	6.3%	199,076	1.7%	1.8%
Portugal	3,262,874	2,720,197	19.9%	542,677	1.7%	1.5%
Sweden	3,065,154	2,564,528	19.5%	500,626	1.6%	1.4%
United States	2,863,065	2,580,527	10.9%	282,538	1.5%	1.4%
Denmark	2,659,773	2,384,242	11.6%	275,531	1.4%	1.3%
Norway	2,460,140	2,283,946	7.7%	176,194	1.3%	1.3%
Poland	1,945,444	1,691,047	15.0%	254,397	1.0%	0.9%
Total Top 15	**171,124,071**	**158,612,527**	**7.9%**	**12,511,544**	**88.5%**	**88.8%**
Rest of countries	**22,312,168**	**19,970,958**	**11.7%**	**2,341,210**	**11.5%**	**11.2%**
Total Passengers	**193,436,239**	**178,583,485**	**8.3%**	**14,852,754**	**100.0%**	**100.0%**

Table 3. Air traffic distribution by country

With regard to distribution of passenger traffic **by type of airline company**, low-cost carriers are continuing to increase their share and account for 54.2% of the total (51.7% in the same period in 2016) while the remaining 45.8% are legacy carriers (48.3% in the same period in 2016). However, the degree of concentration is still moderate.

Long-haul operations by low-cost carriers are still just beginning in Spain. In June 2017 both Norwegian and Level (IAG Group) opened new routes from Barcelona, which have added a total of 166,000 passengers.

By airlines, Aena's main customers continue to be the IAG Group (Iberia, Iberia Express, Vueling, British Airways, Aer Lingus and Level) with a share of 25.7% of total passenger traffic in the first nine-month period in 2017 (26.2% in the same period in 2016) and Ryanair, with a share of 17.6% (17.2% in the same period in 2016).

In addition, although Alitalia and Air Berlin have discontinued their operations, the impact on Aena has not been material since other airlines have taken over most of the routes previously covered by these carriers. Equally the early cancellation of flights announced by Ryanair on 15 September is unlikely to have a significant impact on Aena's airport network, in which the airline announced the cancellation between 21 September and 31 October of one flight from/to Madrid airport and another from/to Barcelona airport. The airline still has another twelve and eleven daily flights operational at these airports respectively.

It is also important to underscore the consolidation process taking place in the European aviation industry, which will probably lead to operations becoming concentrated in a smaller number of airlines.

Carrier	Passengers		Variation		Share (%)	
	9M 2017	9M 2016	%	Passengers	9M 2017	9M 2016
Ryanair	33,951,233	30,685,450	10.6%	3,265,783	17.6%	17.2%
Vueling	26,933,707	25,419,513	6.0%	1,514,194	13.9%	14.2%
Iberia	12,977,164	12,482,185	4.0%	494,979	6.7%	7.0%
Easyjet(1)	12,135,004	10,828,667	12.1%	1,306,337	6.3%	6.1%
Air Europa	11,791,638	12,398,535	-4.9%	-606,897	6.1%	6.9%
Norwegian Air (2)	7,531,514	5,678,966	32.6%	1,852,548	3.9%	3.2%
Iberia Express	6,441,795	5,735,650	12.3%	706,145	3.3%	3.2%
Air Nostrum	5,832,099	5,742,245	1.6%	89,854	3.0%	3.2%
Jet2.Com	4,868,624	3,314,394	46.9%	1,554,230	2.5%	1.9%
Grupo Binter (3)	4,502,121	4,013,103	12.2%	489,018	2.3%	2.2%
Total Passengers	**126,964,899**	**116,298,708**	**9.2%**	**10,666,191**	**65.6%**	**65.1%**
Total Low Cost Passengers(4)	**104,777,541**	**92,319,440**	**13.5%**	**12,458,101**	**54.2%**	**51.7%**

(1) Includes Easyjet Switzerland, S.A. and Easyjet Airline Co. LTD.

(2) Includes Norwegian Air International and Norwegian Air Shuttle A.S.

(3) Includes Binter Canarias, Naysa and Canarias Airlines

(4) Includes low-cost carriers' passenger traffic. Provisional data.

Table 4. Distribution of air traffic by airlines

With respect to the suspension of routes that airline Ryanair announced on 27 September for the winter season 2017, only the Glasgow-Las Palmas route affects Aena's network of airports.

International presence

Aena has a direct interest in 15 airports outside Spain (twelve in Mexico, two in Colombia and one in the United Kingdom), and indirectly through GAP in the Montego Bay Airport in Jamaica. The evolution of traffic at these airports has been as follows:

Million passengers	9M 2017	9M 2016	Variation[1] %	% Aena stake
London Luton (United Kingdom)	12.3	11.2	10.5%	51.0%
Grupo Aeroportuario del Pacífico (GAP)[2] (Mexico)	30.2	27.0	11.9%	5.8%
Aerocali (Cali, Colombia)	4.1	4.2	-3.8%	50.0%
SACSA (Cartagena de Indias, Colombia)	3.6	3.3	10.4%	37.9%
TOTAL	**50.2**	**45.7**	**11.6%**	**-**

[1] Variation percentages calculated in passengers

[2] GAP includes the traffic at the Montego Bay Airport, MBJ (Jamaica)

Table 5. Passenger traffic in investee airports

London Luton Airport recorded a significant +10.5% increase in traffic in the first nine months of 2017, reaching 12.3 million passengers and nearly 105,000 aircraft operations (+5.0%).

The cumulative figures for the last twelve months are a historic high in the airport's operations as it reached 15.7 million passengers.

Picture 6. London Luton Airport

Total passenger traffic at **GAP (”Grupo Aeroportuario del Pacífico”)** increased by 11.9% from January to September 2017 in line with the full-year growth forecasts published by the Company on 19 July 2017. This was despite being affected in August and September by the passage of the tropical storm “Lidia” across the Mexican Pacific as well as hurricanes “Harvey” and “Irma” which interrupted the connections of some airports with Texas and Florida respectively. Without these factors, GAP's total passenger traffic would have seen an additional increase of 1.2 percentage points.

In the case of **Cali**, the airport is suffering in particular from the impact of the slowdown in the Colombian economy given the great importance of domestic traffic. In addition, the hurricanes seen in recent months have had an adverse affect on traffic with the United States.

2.3. Commercial activity

Aena has funnelled its efforts into satisfying the needs and requirements of the different users of the airports in its network, and its commercial activity is an essential part of meeting these needs. As a result it seeks to constantly improve its retail offer in order to make it increasingly appealing to customers. This improvement also contributes to increasing revenue from sales in both the commercial segment (commercial aeronautical activities) and in real estate services.

In the first nine months of 2017, ordinary revenue from commercial activity came to 803.6 million euros (26.4% of total ordinary revenue). This is a 12.0% increase over the same period in 2016. The contribution of the seven main airports in the network was significant, accounting for 84.5% of the total. This result is due to the contractual conditions which include minimum annual guaranteed rents (MAGR), the contractual conditions in the tenders as well as the entry into the airports of new operators with recognised experience and prestige.

As for the businesses operated by Aena itself and car parks and VIP lounges, the marketing actions carried out and price strategies implemented have had a very positive impact on results.

The ratio of commercial revenue per passenger in the first nine months of 2017 stands at €4.20 (€4.00 in the same period in 2016), based on the new criterion for allocating commercial revenue introduced in 2016 which includes car parks in commercial activity and does not include revenue from real estate services that form a separate business segment. Section “3.1.2 Commercial Activity” of this report contains a more detailed breakdown of each of the commercial lines of business.

Turning to contracts, the constant improvement in conditions obtained by the calls for bids in the various tenders and the entry of new operators in the airports has continued. Likewise, growth is further created as a result of the year-on-year improvements in minimum annual guaranteed rents.

Thus most of Aena's commercial contracts set a variable rent as a percentage of sales (the percentages vary by product category and/or services) with a minimum annual guaranteed rent (MAGR) which ensures a minimum amount to be paid by the tenant regardless of their sales volume.

The graph below shows the evolution of the contractual minimum guaranteed rents in force by business line for the next 5 years:

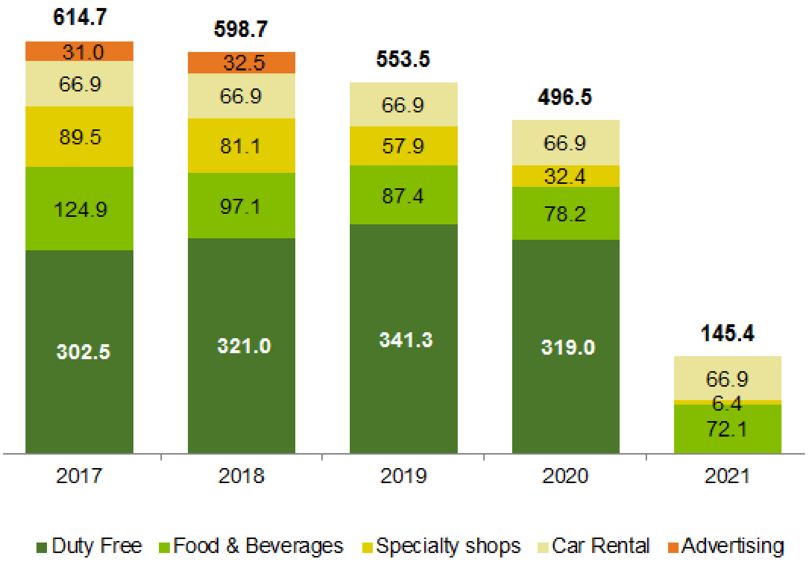


Figure 4. Minimum Annual Guaranteed Rent (MAGR) by business line

Figures in millions of euros of existing contracts as of 30 June 2017. Potential new contracts are not considered. The MAGR has been prorated to the actual days at the beginning and end of the contracts. Commercial services contracts include contracts from other commercial operations: financial and regulated services (exchange, pharmacy, tobacco shops, etc.).

3. Business lines

The main results figures for Aena at 30 September 2017 are shown below itemised by segments: the airports segment accounts for 96.3% of total EBITDA (aeronautical activity represents 62.1% and commercial activity contributes 34.3%), the real estate services segment contributes 1.1%, while international business accounts for 2.6%.

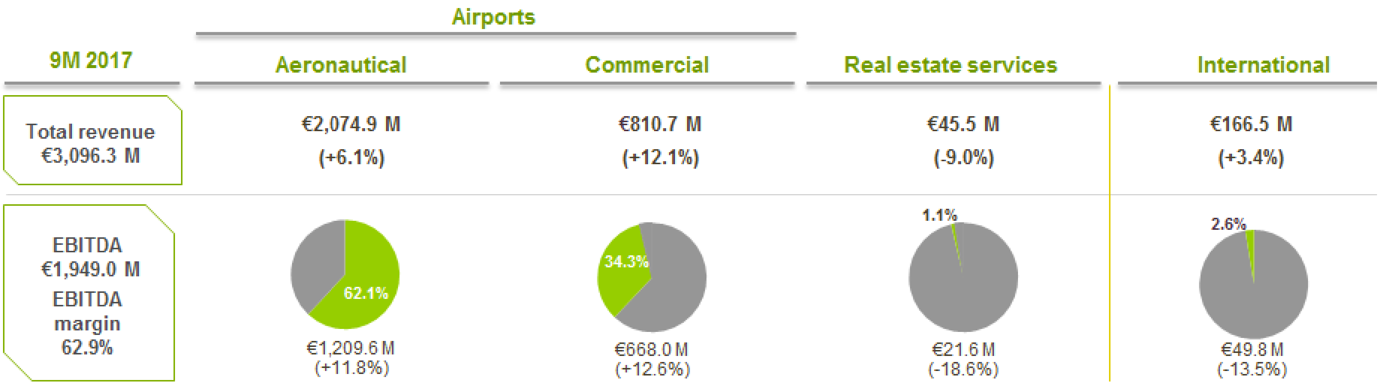


Figure 5. AENA Main results by business area

3.1. Aeronautical segment

3.1.1 Aeronautical Activity

In implementation of Law 48/2015, of 29 October 2015, on General State Budgets for 2016, airport charges dropped 1.9% from 1 March 2016, which affects January and February 2017.

On 27 January 2017, the Council of Ministers approved the Airport Regulation Document (DORA) for the 2017-2021 period, which is the basic instrument that defines the minimum conditions necessary to ensure accessibility, adequacy and appropriateness of airport infrastructures and the adequate provision of basic airport services in Aena's Spanish airports network.

The DORA has been prepared by the Directorate General of Civil Aviation (DGAC), as an amendment to the proposal submitted by Aena and approved by its Board of Directors on 8 March 2016, duly adjusted to the conditions and principles set out in Law 18/2014, of 15 October. It contains Aena's obligations for a period of five years and establishes amongst other aspects:

- The tariff path, with the establishment of a maximum annual revenue per passenger (IMAP) that allows Aena to recover costs associated with the provision of basic airport services, costs that also respond to efficiency criteria set forth by the regulator. Aena IMAP will undergo an annual decrease of 2.22% over the period 2017-2021, starting from 1 March 2017.
- Investments that Aena must carry out and that have to meet the standards of capacity and service levels, whilst also remaining in line with traffic forecasts Regulated investment related to basic airport services amounts to 2,185 million euros for the five years (437.1 million euros on average per year). Additionally, a series of strategic investment projects have been specified and any delay in their implementation will entail a penalisation in the IMAP.
- The levels of service quality, as well as a system of incentives and penalties to ensure compliance with them. The maximum annual penalty/bonus applicable to Aena for this item would be a ±2% of IMAP.

The DORA also sets a dual till mechanism meaning that the costs of basic airport services subject to public charges can be covered solely with the revenue generated by these services.

Likewise, it establishes that the IMAP will be adjusted by the increase or decrease in prices (the "P factor") to recognise the impact on the base of operating costs that variations in the price of inputs outside the control of the operator will have. This index is awaiting regulatory definition.

New commercial incentive scheme

Furthermore, in accordance with the contents of section 3.9.2. of the Airport Regulation Document (DORA) 2017-2021, which states that Aena may establish a scheme of incentives compatible with Law 18/2014 which has a positive effect on demand and fosters the establishment of new routes or strengthens existing ones, on 22 February 2017 Aena approved a new commercial incentive scheme for the DORA period:

- Incentive for opening a route to a new destination from all the airports in the Aena network consisting of a discount on the public charges for passenger departures and an additional discount in the following equivalent season if the carrier maintains at least the number of passenger departures operated on that route.

- Incentive for growth in the number of passengers on short and medium-haul routes operated from network airports with fewer than two million passengers per year and on long-haul routes operated from all network airports. Aena may also decide to apply this incentive to airports which are above this threshold but are performing worse than airports with similar traffic structures. The incentive will consist of a discount on the average amount of the public charges for passenger departures of the air carrier on the route and shall apply exclusively to the number of additional passenger departures on the route in question with respect to the equivalent previous season. The incentive will be proportional to the contribution of each airline to the growth generated on each route by all the airlines operating on it. An additional discount will be given in the following equivalent season if the carrier maintains at least the number of passenger departures operated on such route.

- Incentive for growth in the seasonal airports included in Law 21/2003 (Canary Islands, Balearic Islands, Ceuta and Melilla) during their low season consisting of a discount on the average amount of the public charges for passenger departures of the carrier on the route and which shall apply to the number of additional passengers on the route with respect to the previous low season of the airport. The incentive to which each airline operating on the route in question will be entitled shall be proportional to its contribution to the growth generated on such route by all the airlines operating on it. An additional discount will be given in the following equivalent season if the carrier maintains at least the number of passenger departures operated on such route.

In implementation of this incentive scheme, Aena's Board of Directors agreed that for the 2017 summer season (the first season when the new incentive scheme is applicable), which for these purposes began on 1 April 2017 and will end on 31 October 2017, and for the 2017 winter season, which also for these purposes runs from 1 November 2017 to 31 March 2018, the discount applicable in the case of the first two incentives (for new routes and growth in the number of passengers on existing routes) will be 75% of the public charges for passenger departures in the first season and 25% in the following equivalent season.

In these first two seasons the growth incentive for the number of passengers on existing short and medium-haul routes will be applied to airports with annual traffic coming to fewer than 3 million passengers.

In the case of the incentive for growth at seasonal airports, the discount will be 5% in the first two successive low seasons in which it will apply.

The most significant figures for aeronautical activity during the first nine months of 2017 are summarised below:

Thousand euros	**9M 2017**	**9M 2016**	**Variation**	**% Variation**
Ordinary revenue	2,035,516	1,920,439	115,077	6.0%
Airport charges [(1)]	1,977,641	1,866,908	110,733	5.9%
Passengers	904,210	829,093	75,117	9.1%
Landings	536,947	525,697	11,250	2.1%
Security	326,376	307,332	19,044	6.2%
Telescopic boarding bridges	82,798	82,986	-188	-0.2%
Handling	68,684	66,035	2,649	4.0%
Fuel	25,534	24,369	1,165	4.8%
Parking facilities	25,510	24,123	1,387	5.7%
Catering	7,582	7,273	309	4.2%
Other Airport Services [(2)]	57,875	53,531	4,344	8.1%
Other operating revenue	39,427	35,928	3,499	9.7%
Total revenue	2,074,943	1,956,367	118,576	6.1%
Total expenditure (including amortisation) [(3)]	-1,333,580	-1,365,761	-32,181	-2.4%
EBITDA [(4)]	1,209,621	1,082,214	127,407	11.8%

[(1)] Income for Passenger, Landing and Security lines is shown net of commercial incentives: 25.7 million euros in the first nine-month period of 2017 (53.7 million euros in the same period in 2016).

[(2)] Includes Airport Products, Use of 400 Hz, Fire Service, Counters, and Other income.

[(3)] Under the DORA approved on 27 January 2017 and for regulatory purposes, costs of airport activity must be reduced annually by 39.4 million euros (including capital cost to 6.98%) with the following breakdown: Employment costs 1.5 million euros; Amortisation and depreciation 12.2 million euros; Other operating expenses 11.6 million euros and Capital cost 14.1 million euro Consequently the cost of airport activity in the period has been reduced by 19.0 million euros in operating expenses due to the aforementioned cost reallocation, with the costs being transferred to services subject to private prices.

[(4)] Earnings before interest, taxes, depreciation and amortisation.

Table 6. The most significant figures in aeronautical activity

Total revenue from aeronautical activity increased to 2,074.9 million euros (+6.1% compared to the first nine months of 2016) due to the positive evolution in traffic (8.3% increase in passenger traffic and 5.6% increase in the number of aircraft) and the lower impact of traffic incentives (25.7 million euros in the first nine months of 2017, compared to 53.7 million euros in the same period in 2016), which correspond to the second year of the incentives approved in 2016 and to the new incentives applied since 1 April 2017.

These increases were partly offset by the 1.9% reduction in airport charges as of 1 March 2016 and 2.22% as of 1 March 2017 (43.5 million euro fall in revenue).

The connection passenger bonus, which rose from 35% to 40% in March 2016, has come to 52.1 million euros, in line with the amount in the same period in 2016 (52.3 million euros).

As regards expenses in aeronautical activity, they amounted to 1,333.6 million euros, 2.4% lower than those recorded in the same period in 2017. This drop is mainly due to the reallocation of aeronautical activity expenses as stipulated in the DORA (-19.0 million euros). These reductions were partially offset by the increase in employment costs.

For a discussion of operating expenses, see section 4. Income Statement.

The above effects have made it possible to improve EBITDA by 11.8% (127.4 million euros).

Apart from the increase in traffic, from an operational viewpoint the airports have continued to be immersed in the airfield certification process and have introduced new handling agents. Additionally, on 7 April European Regulation 2017/458 was approved on the reinforcement of passport checks against relevant databases at external borders. Its implementation has led to longer waiting times at border control in arrivals and departures at several airports, which affects passenger traffic management and negatively impacts the commercial activity of the airports concerned.

To make traffic management more efficient, the Ministry of Internal Affairs (which is in charge of compliance with this regulation) and Aena have undertaken immediate actions including Aena supplying verification equipment and auxiliary staff and the National Police providing more officers to cover the increased border controls.

Given the volume of passengers in Spanish airports, and in particular international traffic from outside the Schengen area, Aena and the Ministry of Internal Affairs are working on other measures to be put in place in the medium to long term to adapt facilities and the functional design of infrastructures to provide ABC (Automatic Border Control) equipment to meet the requirements of ER 2017/458 more efficiently and deliver more effective passenger traffic management in the Aena airport network.

Below is a summary of the most significant actions carried out at airports during the first nine months of 2017 related to Aena's main objective of maintaining the quality of the service provided to passengers and companies:

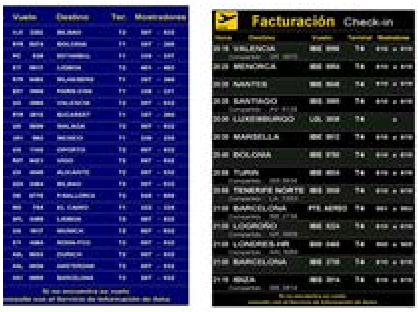
Passengers

With the aim of improving the passenger experience in Aena's airports, ongoing actions have been undertaken both in terminal buildings and at entrances. The most salient services are the following:

Passenger information

Improved guidance within the terminal with measures in static signage and the public information service, mainly as follows:

- Improvement of emergency signage, information at security controls and boarding gates at Madrid, Barcelona, Gran Canaria and Palma de Mallorca airports.
- Installation of new information desks and information points at various airports.
- Installation of new passenger information screens (SIPA) at Madrid, Barcelona, Alicante and A Coruña airports, featuring a new design providing greater visibility and easier flight searches.



Old New
Picture 7. SIPA screens. AS Madrid-Barajas Airport

Cleanliness

Actions taken to improve the passenger experience have involved remodelling toilets, floor surface treatments, wall cleaning and installing devices to measure perception of quality at the exit from the toilets.

- The toilets at Malaga, Valencia, Girona, Tenerife Norte, Tenerife Sur, Fuerteventura, Lanzarote, Granada, Asturias, Santiago, Almeria, Alicante and Palma de Mallorca airports have been refurbished and modernised.
- To measure quality as perceived by passengers, "Happy or not" devices have been installed at the exit from the toilets in 33 airports in the network.

Picture 8. Refurbishing of toilets. Alicante Airport

Comfort

To ensure passenger comfort throughout their time in the airport, Aena pays special attention to waiting areas through measures involving lighting, air-conditioning, electromechanical installations, benches, children's play areas and workstations. In this period these measures have included:

- Improvement of air-conditioning and thermal insulation at several airports, including Adolfo Suárez Madrid-Barajas Airport, Málaga-Costa del Sol Airport, Gran Canaria Airport, Alicante Airport, Lanzarote Airport and Palma de Mallorca Airport .
- Waterproofing of roofs and outer walls at a number of airports including Tenerife Norte Airport and Fuerteventura Airport.

Picture 9. Improved waterproofing. Tenerife Norte Airport

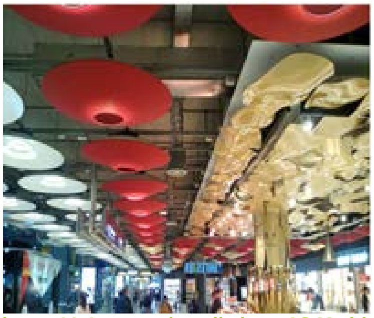
- Refurbishment of floors in the terminal T2 check-in hall at Adolfo Suárez Madrid-Barajas Airport, in terminal T2B at Barcelona-El Prat Airport and at Málaga, Seville, Tenerife Norte, Lanzarote and Reus airports.

- Reorganisation of the passenger waiting area in check-in queues at Alicante-Elche Airport.
- Extension of the Schengen arrivals hall at Gran Canaria airport to 200 m^2 of floor area.
- Improvement of lighting at Palma de Mallorca Airport and Seville Airport.

- Reopening of the boarding gates area at Barcelona and Fuerteventura airports, increasing the number of gate parking positions and the number of remote gates.

Picture 10. Improved boarding gates S. Barcelona Airport

- Improvement of the Premium retail plaza in terminal T4 at Airport Adolfo Suárez Madrid-Barajas.



Picture 11. Improved retail plaza. AS Madrid-Barajas Airport

- New workstations with power outlets for charging devices in the two terminals at Barcelona Airport, in departure lounges 10 and 11 in Terminal T4 at Adolfo Suárez Madrid-Barajas Airport, and in the departure areas in the terminals at Palma de Mallorca, Gran Canaria, Menorca, Girona and Zaragoza airports.

Picture 12. New workstations. Gran Canaria Airports

- Replacing and increasing the number of benches in several airports, most prominently at Palma de Mallorca with a total of 2,553 new benches, which means 11,105 seats, an 11% increase. At Málaga, Valencia, Bilbao and Menorca airports as well.

- For passengers with reduced mobility (PRM):

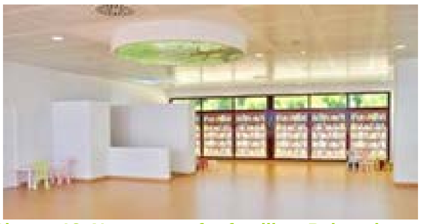
  At Palma de Mallorca airport: installing two new lifts in the west side of module A for the exclusive use of PRMs in order to meet the needs of this kind of traffic.

  At Fuerteventura airport: creating a new PRM service desk in the boarding area.

  At Menorca airport: reinforcement of seats for PRM personnel in the waiting areas by the columns.

- For passengers travelling with children or babies:

  New waiting areas that include play areas, an area for parents from which they can keep an eye on their children, a library, an overhead projection area, a breastfeeding room with a microwave and nappy changing facilities at Palma de Mallorca, Tenerife Norte, Tenerife Sur, Santiago de Compostela and Menorca airports.



Picture 13. New rooms for families. Palma de Mallorca Airport

- Measures taken in the baggage claim areas include:

  Installing “Happy or not” devices to measure perceived quality at 33 airports in the network.

Picture 14. “Happy or not” device on carousel 19 in the baggage reclaim area in terminal T4 at Adolfo Suárez Madrid-Barajas Airport

  New baggage carousel at La Gomera Airport and a plan to refurbish the baggage carousels in terminal T1 at Lanzarote Airport.

  Opening of a new baggage claim area in Terminal T2 at Barcelona Airport for easyJet passenger arrivals, thus bringing all the airline’s operations together in the same area of the airport.

Picture 15. New baggage claim area at Barcelona Airport

- At the entrances:

  Coordinating with Madrid Metro to organise passenger flows due to the closure of Metro line 8 at Adolfo Suárez Madrid-Baraja Airport.

  Improving the road lighting system at the entrance to Tenerife Sur Airport.

  Improved development and roads and setting up a taxi pool at Gran Canaria Airport and a new entrance roundabout at Zaragoza Airport.

  At Barcelona El-Prat Airport, ADIF has replaced the old RENFE footbridge which connected terminal T2 with the train station and has also refurbished the area connecting with the terminal.


Picture 16. Refurbishment of the RENFE footbridge. Barcelona Airport

Landings

Aena is currently involved in the airfield certification process in compliance with European regulations which calls for major efforts to adapt infrastructures.

With the aim of providing higher levels of service to the companies as part of their airport activities, actions are regularly performed on airfields and aprons. In this period these measures have included:

- At Palma de Mallorca Airport, executing two new entrance taxiways leading to head 24R on the north runway and three new entrance taxiways to head 06R on the south runway to improve management of large aircraft operations.


Picture 17. New entrance taxiways. Palma de Mallorca Airport

- Completion of improvements to pavements to repair various kinds of damage in airfield areas, backing up points and taxiing areas at Málaga-Costa del Sol Airport.

- Actions arising from the change in designation of the runway at Tenerife Sur airport (signage and runway markings and a change in the command system and presentation of beacons).

- Actions on the coastline of head 03 at Lanzarote Airport to give it a RESA (Runway End Safety Area) and on the airfield at La Palma Airport.

- Refurbishing the pavement on taxi lane T0 at Reus Airport and on the runway at Son Bonet Airport.


Picture 18. Runway refurbishment. Son Bonet Airport

- Integrating Gran Canaria and Malaga-Costa del Sol airports into the ATM network as an Advanced Tower to improve air traffic management and punctuality.

In addition to this, the following operational safety measures have been implemented:

- Replacing the old fences in critical areas at Palma de Mallorca airport, specifically locator 24R, locator 06L, locator 24L and path 24L by a more secure fence as a measure to lower the runway incursion rate.

- New airport coordination centre at Santiago Airport.

- Optimisation and reduction of runway closure times due to works and maintenance of the visual aids facility with a new system for monitoring regulators' cut-outs at Palma de Mallorca Airport.

- Certification of Valencia, Gran Canaria, Palma de Mallorca, Tenerife Norte, A Coruña, Santiago and Pamplona airports under European Union Regulation 139/2014.

- The operating hours of Vitoria airport have been extended by 55%.

Security

In addition to the measures taken immediately to improve traffic management in implementation of the new border control regulations, throughout this period Aena has continued to put in place measures to streamline security processes.

In particular, Aena has increased its support service to improve passenger assistance at passport control and promote the use of ABC systems at Madrid, Barcelona, Palma de Mallorca, Malaga and Alicante airports.

Picture 19. ABC systems. Barcelona Airport

At Adolfo Suárez Madrid-Barajas Airport, three passport booths have been added to the T4S arrivals and departures controls and one in T1 to increase infrastructure capacity and minimise waiting times.

At Bilbao Airport, a second booth has been added to arrivals passport control which has two workstations. And at Valencia Airport the passport control booths have been relocated in order to allow a greater number of simultaneous controls and reduce waiting time for passengers.

Picture 20. New arrivals passport control booth. Bilbao Airport

Other security measures carried out with the aim of improving the passenger experience at airports are:

- At Adolfo Suárez Madrid-Barajas Airport, improvements in managing waiting times through alarms in security filters and passport controls and single file management in the main security controls.

- Installing automatic doors for access control in the security filters of terminals T1, T2 and the Barcelona-Madrid corridor in T1 as well as separating the flows for passengers with families and PRM from the other passengers in the filters in terminal T2B at Barcelona Airport.

Likewise, a virtual assistant has been installed which welcomes passengers in exit security filter P30 in terminal T1 and terminal T2B. This is a hologram which gives instructions in order to help passengers go through the security filters in five languages: Spanish, Catalan, English, Chinese and Russian.

Picture 21. New automatic boarding pass reader gates. Barcelona Airport

- New interior design of the North and South security filter zones in the terminal at Palma de Mallorca Airport with new lighting and redesign of walls and side enclosures to provide passengers with more comfortable and modern facilities.

Picture 22. New automatic boarding pass reader gates. Palma de Mallorca Airport

- Launching two double filters in terminal T3 at Málaga Airport and upgrading the controls in terminal T2. Also a new security filter for families with babies and improvements for exclusive access by employees, buggies and PRMs.

Picture 23. New family filter. Málaga Airport

- Expanding the passenger filter and the international arrivals area at Alicante Airport with a 13% increase in capacity (going from 7 to 8 filters) and a new PRM filter to reduce the time it takes to get through at peak times.

Picture 24. Enlarging filters in T3. Málaga-Costa del Sol Airport.

- Remodelling and enlarging the security filters to improve flows at Granada, A Coruña, Jerez, Murcia San Javier, San Sebastián and Valladolid airports.

Air bridges

The actions carried out during this period related to the air bridge service include:

- Replacing air bridges T20, T22 and T23 in terminal T2 at Adolfo Suárez Madrid-Barajas Airport.

Picture 25. New air bridge. AS Madrid-Barajas Airport

- Installing automatic doors in disembarkation for each of the air bridges at Tenerife Norte Airport
- Start-up of boarding gates 1 and 2 with a twin air bridge (stand 15) at Fuerteventura Airport.

Handling

Actions involving handling in this period include the following:

- Installing 30 new kiosks for Vueling in terminal T1 at Barcelona airport to make check-in faster and more efficient, especially during peak operating times.
- A new area for trolleys in international arrivals at Gran Canaria Airport has been constructed, with three baggage carousels to improve baggage reclaim times and eliminate unnecessary trips.

  In the same airport, components have been installed that reduce stopover and taxi times on the apron by simplifying the manoeuvres of starting and backing up the aircraft there.

Picture 26. Blast fence. Gran Canaria Airport

- At Palma de Mallorca Airport, replacing the servers installed in the Automatic Baggage Handling System (SATE) with new servers featuring state-of-the-art technology which will provide the system with 100% redundancy. Likewise, replacing the classifier control IT systems in the SATE to enable data to be managed in real time.
- New text and mail messaging to handling agents for advance notice of first and last suitcase delivery times at Alicante Airport.

Parking facilities

The following actions can be highlighted:

- Repairing the apron and repainting markings at Menorca and Tenerife Norte airports.

Picture 27. Repairing the apron. Menorca Airport

- Redesigning parking stands on the general aviation apron at Almería Airport, increasing the number of stands from 13 to 19.
- Improving lighting on the apron with the installation of a new pole with LED floodlights and replacing the floodlights on another pole at Seville Airport.
- At Palma de Mallorca Airport, improving the floodlights on the floodlighting poles and installation of a new one to deliver the highest levels of safety and security in operations and ensure regulatory compliance by the levels of lighting.

Picture 28. New floodlighting pole on the apron. Palma de Mallorca Airport

- At Tenerife Sur Airport: refurbishment of apron slabs and the hydrant network as well as layout of aircraft parking stands and moving the taxiway to the south to eliminate the spam restriction from the apron's internal inner.
- At Gran Canaria Airport, installation of marked footpaths on the apron for the north pier to make boarding island flights on foot easier.
- New footpaths to stands for boarding and disembarking on foot at Vigo Airport which means a visual improvement for passengers with clearer indication of the route they have to take.
- Staking out footpaths at Mélaga-Costa del Sol Airport.

Picture 29. Footpaths. Málaga-Costa del Sol Airport

Fuel

Measures include starting up the process for renewing licences for fuel handlers with Stage I which covers the 21 airports in the network with low traffic levels over a period of seven years. The increase in competition, improved service quality and price caps are key points of the new tender.

At Zaragoza Airport there has been an agreement with CLH to improve the response times for beginning the service.

Other services

Measures include the construction of a new cargo terminal for two operators and the construction of a border inspection post at Tenerife Norte Airport.

At Tenerife Sur Airport, the new multi-purpose room will also be used to care for relatives of victims as part of the Emergency Plan.

3.1.2 Commercial Activity

The following table shows the most significant figures for commercial activity.

Thousand euros	9M 2017	9M 2016	Variation	% Variation
Ordinary revenue	803,592	717,253	86,339	12.0%
Other operating revenue	7,126	5,998	1,128	18.8%
Total rvenue	810,718	723,251	87,467	12.1%
Total expenditure (including amortisation)	-222,541	-200,752	21,789	10.9%
EBITDA [1]	667,994	593,237	74,757	12.6%

[1] *Earnings before interest, taxes, depreciation and amortisation.*

Table 7. Most significant figures with regard to commercial activities

In the nine-month period of 2017, total revenue for commercial activity increased by 12.1% with respect to the same period in 2016, standing at 810.7 million euros.Ordinary Revenue amounted to 803.6€ (26.4% of the Group's total revenue), an increase of 12.0% compared to the same period in 2016 (717.3 million euros).

This result is due to contractual conditions including minimum guaranteed rent (RMGA), improved conditions for Aena through the invitation to bid on different tenders and the entry of new operators with acknowledged experience and prestige at the airports.As for the businesses operated on its own behalf, car parks and VIP lounges, the marketing actions carried out and the pricing strategies implemented have had a very positive impact on results.

Aena's commercial contracts establish, for the most part, variable revenue on the sales made (percentages that may vary by categories of products and/or services) and a minimum annual guaranteed rent (RMGA) that ensures a minimum amount to be paid by the lessee regardless of the level of sales achieved.

The detail and analysis of the commercial business lines are set out below:

Commercial services Thousand euros	**Income**		**Variation**		**Minimum Guaranteed Rent**	
	9M 2017	**9M 2016**	**Thousand euros**	**%**	**9M 2017**	**9M 2016**
Duty-Free Shops[(1)]	237,362	217,665	19,697	9.0%		
Food & Beverage	136,703	119,610	17,093	14.3%		
Car Rental	115,625	84,878	30,747	36.2%		
Car Parks	99,033	91,628	7,405	8.1%		
Shops[(1)]	71,526	68,897	2,629	3.8%		
Advertising	24,340	22,189	2,151	9.7%		
Leases[(2)]	23,783	19,148	4,635	24.2%		
Other commercial revenue[(2)(3)]	**95,220**	**93,238**	**1,982**	**2.1%**		
Ordinary revenue	**803,592**	**717,253**	**86,339**	**12.0%**	**59,012**	**52,620**

[(1)] In 2017 the income of the Multi-store at Fuerteventura airport, which until August 2016 had been recognised in the Shops line, became part of the Duty-Free Shops line as it was added to the Duty-Free Shops General Contract at that time. On a like-for-like basis, the increase in the income of Duty-Free Shops amounted to +7.4% and the growth of Shops income to +9.3%.

[(2)] Income from area leases for mobile telephone stations has been reclassified to Leases (formerly Other commercial income). On a like-for-like basis, income from Leases fell by 1.4% and Other commercial income increased by 7.9%.

[(3)] Includes: other commercial activities, commercial supplies, use of conference rooms and filming and recording, Fast Track and Aircraft Housing.

Table 8.Analysis of commercial business lines

In the nine-month period of 2017 the amount recorded in revenue from minimum guaranteed rent accounts for 10.4% of revenue for lines with contracts that include these clauses (10.1% in the same period of 2016).

Total expenses (including depreciation) increased to 8.6%.This increase is affected by the application of the DORA which reallocates costs between the aeronautical activity and commercial activities to the amount of 19.0 million euros (including depreciation). Excluding depreciation, the amount reassigned in the period amounts to 9.9 million euros.

EBITDA stood at 668.0 million euros, 12.6% higher than in the same period of 2016.

These figures have been possible thanks to the continuation of different commercial actions. The highlights by business line are:

Duty-Free Shops

Aena has tax-free shops in 26 airports, grouped into 3 contracts: two with World Duty Free and one with Canariensis.

This activity generates a stream of guaranteed revenue via the minimum annual rents. Lots I and II maintain the growth derived from the interannual improvements in their minimum guaranteed rent. In Lot III (airports in the Canary Islands), which has shown a positive evolution, the minimum guaranteed rent has not been applied since 2013, and it is estimated that it will not enter minimum levels at the end of the year.

During this time:

- The devaluation of the pound continues to affect the purchases of British passengers in the categories of perfumery and cosmetics and alcoholic beverages, mainly in tourist airports such as Málaga-Costa del Sol, Alicante-Elche, Tenerife Sur and Gran Canaria, given that in these airports the dependence on British passengers is relevant.

  In order to compensate for this effect, there have been ongoing promotions aimed at reinforcing the purchases of the most attractive categories for passengers, especially the British.

- The new routes to emerging countries, have been a positive reinforcement to Duty Free sales.

- A project for the modernisation and digitisation of the Duty-Free Shop located in Satellite Terminal T4 of the Adolfo Suarez Madrid-Barajas Airport has been carried out. Under the Next Generation Store concept, digital elements have been incorporated that allow passengers to interact and thus enjoy a better shopping experience.

Picture 30. Dufry Shop Robot in T4S.

- In the third quarter, a new shop has been opened at the end of the longitudinal dam of T1 at Barcelona-El Prat Airport, measuring 263 m^2.

Picture 31. Barcelona-El Prat Airport

Food & Beverage

In the first nine months of 2017, the more than 320 restaurant outlets performed well, with revenue amounting to 136.7 million euros, an increase of 14.3% compared to the same period in 2016.

Revenue growth in this activity is due primarily to improved sales figures of our restaurant operators, owing to the good traffic figures, growth of spending per passenger in tourist airports and the consolidation of the full range of hostelry services, adapted to the different passenger profiles, through the diverse brands offered.

Worthy of special mention in this period are the following actions:

- The publication of the tender for almost all of the catering services on offer at Barcelona-El Prat Airport. It includes the tendering of 50 sales points in 23 files. This tender is designed to improve quality and expand the range while also increasing the presence of international, domestic and local brands which will help to drive the rise in revenue.
  The bidding process has been delayed with regard to the schedule due to appeals filed by the Pansfood works council, the current tenant. After two appeals, in August 2017, the TACRC issued a resolution favourable to Aena and may continue the process. At the moment, the process of valuation of offers is underway.

Picture 32. Food & Beverages at Barcelona-El Prat Airport

- The publication of the tender for the Gran Canaria Airport catering offer and its initial valuation (19 sales points), to improve the quality and variety of the services offered, which will lead to an increase in revenue.
- The starting up of practically all of the new catering services offered at the airports of Bilbao (5 premises), Ibiza (6 premises, leaving 3 for the summer season in 2018), Fuerteventura (6 premises), as well as 2 new points in the module C at Palma de Mallorca Airport.
- Fit has been implemented an action plan to improve the quality of the sales points at Adolfo Suárez Madrid-Barajas Airport, and the competitiveness of prices.
- Between 19 and 25 of September a campaign of discounts and gastronomic promotions was carried out at Bilbao Airport.
- The renewal of the vending machines in the airports of Ibiza, Tenerife Sur and Gran Canaria, coupled with a significant improvement in the quality of the products and image offered, as well as revenue received. Similarly, in this period the tender for vending machines at Fuerteventura Airport was published, whose renewal is expected before the end of this year.

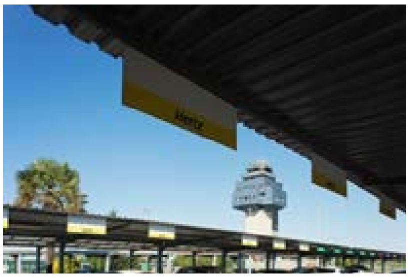
Car rental

The activity of renting driverless vehicles at airports is operated on a lease model.

Aena has leading clients in the sector, such as the multinational companies Europcar, Sixt, Avis, Enterprise, Hertz or Goldcar, as well as national companies, with significant market shares, or emerging companies that have backed the improvement of the service to the customers from within the terminal.

The main points of action of the period are:

- The new contract, based on higher variable revenue but with lower fixed revenue for the occupied spaces, has allowed to improve the revenue by this activity by 36.2% with respect to the same period in the previous year.
- The facilities made available to companies under the new contract, have been expanded with the aim of boosting sales. In particular, 26 new customer service locations have been made available within the terminals and 600 parking spaces and 100,000 m2 devoted to cars' storage in addition to those adjudicated in the contract.
- In addition to the facilities awarded in the contract, the tenants have rented out facilities (premises, parking spaces, and terrain areas), improving their operations and providing better service to their customers at airports. For these additional facilities, an revenue of around one million euros per year is obtained.
- In the month of June the tenants of new licenses to rent vehicles at the airports of A Coruña, Asturias, Granada, Santander and Girona began their activity, expanding the offer of this activity in these airports and increasing the number of companies operating in them.



Picture 33. Car Rental. Santander-Seve Ballesteros Airport

Car parks

In the first nine months of 2017, revenue from this line of business continued to grow, with an 8.1% increase in revenue (up to 99.0 million euros)

The main actions of this period are as follows:

- The advantages using car parking facilities for the members of the "Aena Customer Club" have been increased, with direct discounts upon arrival and through online reservations, with the aim of fostering customer loyalty. At the Adolfo Suárez Madrid-Barajas and Barcelona-El Prat airports, the possibility of payment via licence plates has been launched so that the club's customers can enter and leave the car park without having to pick up and validate the ticket.

Picture 34. Aena Customer Club

- Prepaid reservations have been launched, with the advantage of making the payment at the time of reservation, avoiding the passage through the ATM prior to departure. The prepaid model is currently available at Adolfo Suárez Madrid-Barajas, Barcelona El-Prat, Bilbao, Alicante-Elche, Palma de Mallorca, Tenerife Norte, Gran Canaria, Seville and Santiago de Compostela airports.

- In the third quarter, the car park business changed the profile of the customer, where the segment of reservations, more focused to holiday clients, gained weight, compared to "business" clients. In some airports the bookings segment exceeds 60% of the total business figure in July and August.

- Divided into segments of duration, it is the segment of 1-4 days that has seen the strongest boost during this quarter, gaining weighting of more than 30% and with double digit growth in the main airports.

- The bookings segment continues to have a very favourable growth trend with variations of more than 30% in revenue and in the number of bookings. This segment is behaving very positively, managing to capture increased market share.

- The new web for car parking bookings has been put into production and is managed in-house. This website introduces improvements such as a more friendly and intuitive design, as well as the possibility of booking as a member of the Aena Customer Club through the APP.

- In addition, new parking products have been implemented at the airports of Palma de Mallorca, Menorca and Valencia, with parking areas closer to the terminal that offer more variety in terms of parking products.

- Sending mailings to databases for communication of offers and promotions in key campaigns.

Specialty shops

In the first nine months of 2017, retail activity, with more than 350 shops, of which 22 belong to the luxury category, generated an revenue of 71.5 million euros, representing a variation of 3.8 % compared to the same period in 2016, mainly as a consequence of: the fact that the revenue corresponding to the Fuerteventura Multi-store file (3.4 million euros) has become part of the line of duty-free shops (on a comparable basis, the increase in Shops' revenue is +9.3%); the delay in the opening of the new shops in the T123 of Madrid, due to delays in the change of concessionaire; as well as the new layout of the C module of Palma de Mallorca Airport which has reduced the area destined to stores in favor of food and beverages outlets.

Highlights in this period are the following actions:

- The awarding of the second phase of the renovation of T123 shops at Adolfo Suárez Madrid-Barajas Airport (10 premises), which, together with the first phase awarded at the end of 2016 (23 premises), will entail the total renewal of T123. Some premises have already been opened in T2 and the total renovation is expected to be completed in the first quarter of 2018. These dates have been delayed with regard to the schedule, due to the delay in the licensing. This has meant a temporary cessation of contracts awarded with the consequent impact on revenue and the image of the commercial offer of these terminals.

- Renewal and expansion of the offer at Canary Islands airports: awarding of the renewal of 4 premises at Tenerife Sur Airport, award of 3 new premises at Gran Canaria Airport in the enlarged airport area and the awarding of 3 premises at Fuerteventura Airport.

- The renewal and expansion of the offer at airports in the Balearic

Islands: opening of 6 new premises and award of another 4 in module C of Palma de Mallorca Airport and award of a new premises at Menorca Airport. In module C of Palma de Mallorca Airport a new layout has been created, incorporating more m^2 of hostelry and retail premises in the same space that was previously only devoted to retail. The result has been that the rent per square metre has doubled.

- The pre-commercialisation of the tender of different premises in the T1 and T2 of the Barcelona-El Prat Airport.
- In January, the Personal Shopper service started at terminals T4, T4S and T1 (non-Schengen) in the Adolfo Suárez Madrid-Barajas Airport in order to improve the customer experience following the trends established in international airports. Likewise, on 15 September this service has been launched at both terminals of Barcelona-El Prat Airport. Before the end of the year the tender for this service is scheduled at Málaga-Costa del Sol Airport.

Picture 35. Personal Shopper. A.S. Madrid-Barajas Airport.

- Campaigns have been undertaken to stimulate and promote commercial zones, both globally, during the peak summer season and on a local level, to highlight new shop openings and food and beverages points. These actions encompass part of the recoverable marketing plan.

  The campaign carried out at the Barcelona-El Prat Airport, known as "Real Life Mannequin", is an important incentive to boost purchases.

Picture 36. "Real Life Mannequin" campaign. Barcelona-El Prat Airport

On the other hand, in the third quarter the development of the strategy for the implementation of the Digital Transformation in Aena was started in order to improve the passenger experience, increase commercial revenue and initiate a cultural and working change within Aena. In this area, we will identify and implement projects in 5 lines of action: improving the passenger experience, developing e-commerce, business with third parties, digitising own business and boosting our loyalty programme entitled Aena Customer Club.

Advertising

Advertising in the airports is managed under a leasing system by JFT on the Canary Islands and JCDecaux on the mainland and the Balearic Islands. The sector, which has been heavily affected by the last recession and by the cuts in foreign advertising investment, is recovering progressively.

This business line generates assured annual revenue through the application of minimum annual rents. Based on this, revenue generated in the nine-month period of 2017 amounts to 24.3 million euros as a result of inter-annual improvements in guaranteed minimum rents.

During the period, the contracted investment in new digital advertising media has been completed, mainly the spectacular 90” backlit advertising panel and the large LED video wall.

Picture 37. Advertising media..A.S. Madrid-Barajas Airport.

Other commercial revenue

The analysis of the rest of commercial revenue can be broken down into two large blocks:

VIP services

In the first nine months of 2017 the 22 VIP lounges operating at 14 of Aena’s airports have performed well in terms of sales and revenue. Revenue increased to 30.7 million euros, a 28.0% variation compared to the same period of 2016.

- In July, the works on the VIP lounge in Valencia (Joan Oliver) were completed and in August, customers of aggregating companies were admitted, which received more than 16,000 customers in the third quarter.
- The VIP lounges of the airports of Lanzarote, Tenerife Sur, Bilbao and Seville have been incorporated into the integrated management model.
- Work continues on the VIP lounges in Palma de Mallorca, which will involve its extension and the opening of a third room called "Mediterráneo", located in Module C.

- At present, the tender files for the service of integral management of the VIP lounges of the airports of Valencia and Málaga-Costa del Sol are under review.
- Starting in January 2018, the Barcelona-El Prat Airport VIP lounges will be incorporated into the management model of the network as a whole, after which it will manage its own commercial, commercial, promotional and price policies, and will contract the provisions of the service.
- In this last quarter, the service of preferential access in the security filters, called "Fast Lane" in the airports of Barcelona-El Prat, Palma de Mallorca, Gran Canaria and Tenerife Sur has been consolidated. This offer has also been put into service at the Alicante-Elche Airport, in July, having been used by more than 600 clients until 30 September. This figure amounts to more than 15,000 users in the five airports in which it is available, since the month of February.

Picture 38. VIP lounges. Tenerife Sur Airport

Other commercial developments

It includes various commercial activities carried out at airports such as banking services, baggage wrapping machines, other vending machines and regulated services (pharmacies, tobacco shops, lotteries, etc.).

These activities also include the WiFi service at the airports in which it is operated, whose current contract ends on 14 November. The WiFi service, already awarded, includes 100% service gratuity and connection speeds between 5 Mbps and 15 Mbps.

3.2. Real estate services segment

The real estate services segment consists of assets used for the provision of leasing or transfer of use of land, office buildings, warehouses, hangars and cargo units to third parties.

Aena has variety of real estate assets for the support of airport activity (operating airlines, operating air cargo operation, handling agents and other airport operators) and the development of complementary services.

Thus, to support the real estate activity, airports have office buildings and warehouses, hangars, cargo units, surfaces (paved and unpaved) and land (developed and undeveloped) where various types of buildings and facilities may be built.

Amongst the additional services are 24 stations (15 in the Land Side and 9 in the Air Side) in 12 airports and FBOs (Fixed Base Operations) terminals in 5 of the most important airports in the network, where business aviation is handled in a unique way.

With regard to the work related to the analysis of the free land and the development of the Master Plan for commercial land at the Adolfo Suárez Madrid-Barajas and Barcelona-El Prat airports, this process has continued. The purpose of these works is to analyse and schedule the development of the more than 1,000 hectares of potentially tradable land in these airports, with a coherent and comprehensive analysis, proposing possible commercial uses.

Key financial data for the real estate services segment is set out below:

Thousand euros	9M 2017	9M 2016	Variation	% Variation
Ordinary revenue	44,470	47,972	-3,502	-7.3%
Real estate services [1]	44,470	47,972	-3,502	-7.3%
Other operating revenue	1,002	1,996	-994	-49.8%
Total revenue	**45,472**	**49,968**	**-4,496**	**-9.0%**
Total expenditure (including amortisation)	**-35,878**	**-35,806**	**72**	**0.2%**
EBITDA [2]	**21,598**	**26,547**	**-4,949**	**-18.6%**

(1) Includes Warehouses, Hangars, Real Estate Operations, Off-Terminal Supplies and Others.

(2) Earnings before interest, taxes, depreciation and amortisation.

Table 9.Key financial data for the real estate services segment

In the nine-month period of 2017, ordinary revenue derived from these activities amounted to 44.5 million euros, 7.3% below those obtained in the same period of 2016, mainly due to the impact in 2016 of the accounting recognition of credit rights on buildings built on land subject to assignment contracts. Excluding this effect, ordinary revenue remains stable.

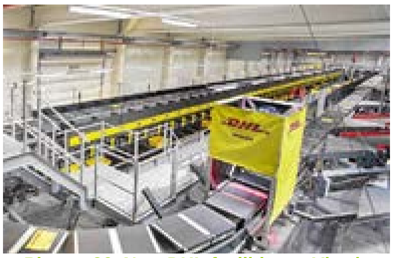
Regarding the main actions of the period, it is worthwhile emphasising:

- Implementation of the FBOs (Fixed Base Operations) at Ibiza Airport, which joins those already in existence at Adolfo Suárez Madrid-Barajas, Barcelona-El Prat, Palma de Mallorca and Malaga-Costa del Sol airports.
- The leasing of one of the most emblematic hangars of the Adolfo Suárez Madrid-Barajas Airport, H2.
- The awarding of two hangars at Sabadell and of another one at Girona-Costa Brava.
- The tender for three hangars measuring 528 m^2 at Sabadell Airport.
- The tender for two service station contracts at Gran Canaria and La Palma airports.
- The tender for the clean point for the collection of waste and management of waste plant at Seville Airport.
- The tender for six plots destined to the Maintenance of Ground Equipment (METs) at Barcelona-El Prat Airport.
- The tender for the agricultural development of 110 hectares at Jerez Airport.

In relation to freight transport, during this period the growth ratios of the last months have been exceeded, with an accumulated increase of 25.6% in August, which doubles the accumulated growth to 12.8% in June.

Marketing activities for freight facilities that were awarded in 2016 include the following, carried out in the nine-month period of 2017:

- In Zaragoza, the new facility managed by ACL has come into service which will increase the airport's cargo capacity.
- At Adolfo Suárez Madrid-Barajas Airport, DHL has begun construction of a new facility.
- In Vitoria, the company DHL has put in service a new facility that will allow for the automatic processing of 21,500 packages an hour.



Picture 39. New DHL facilities at Vitoria Airport

- In Valencia, new leases of cargo ships have been signed in favour of UPS and EAT / DHL that will allow these companies to maintain their operations at the airport.
- In addition, tenders for the leasing of cargo ships have been awarded in the airports of Vitoria and Barcelona.

3.3. International segment

Economic data for the international business segment include the consolidation of Luton airport in London (5th airport in the United Kingdom by number of passengers), as well as advisory services to international airports. Total international business revenue improved by 5.5 million euros as a result of the devaluation of the GBP which has a negative impact, offsetting the strong growth in traffic seen at Luton Airport.

Thousand euros	9M 2017	9M 2016	Variation	% Variation
Ordinary revenue	166,426	160,906	5,520	3.4%
Other operating revenue	122	180	-58	-32.2%
Total revenue	**166,548**	**161,086**	**5,462**	**3.4%**
Total expenditure (including amortisation)	**-150,319**	**-140,007**	**10,312**	**7.4%**
EBITDA (1)	**49,819**	**57,592**	**-7,773**	**-13.5%**

(1) Earnings before interest, taxes, depreciation and amortisation.

Table 10.Key data for the international activity segment

In the forthcoming section, a more detailed appraisal of **London Luton Airport** is given, whose consolidation has meant an EBITDA contribution of 45.4 million, 15.0% lower than the figure for the nine-month period of 2016 (53.4%) million euros, due to the devaluation of the sterling (-8.8%) and the extraordinary recognition (31 January 2017) of 8.0 million euros for the accounting of expenses associated with one of the agreements with Luton Airport employees to close the defined benefit pensions plan. Excluding the impact of the foreign exchange rate and the extraordinary effect indicated, the EBITDA variation would have been + 8.5%.

(Thousand euros)(1)	9M 2017	9M 2016	Variation	% Variation
Airport charges	74,621	74,384	237	0.3%
Commercial revenue	83,722	79,465	4,257	5.4%
Total revenue	**158,343**	**153,849**	**4,494**	**2.9%**
Employment costs	38,407	29,834	8,573	28.7%
Other operating expenses	74,541	70,584	3,957	5.6%
Depreciation, amortization and impairments	33,116	36,102	-2,986	-8.3%
Total expenditure	**146,064**	**136,520**	**9,544**	**7.0%**
EBITDA(2)	**45,395**	**53,432**	**-8,037**	**-15.0%**
Operating income	**12,279**	**17,329**	**-5,050**	**-29.1%**
Net financial result	-25,194	-17,854	-7,340	-41.1%
Profit / (loss) before tax	**-12,915**	**-524**	**-12,391**	**-2362.4%**

1 Euro/Pound exchange rate: 2017 0.8732 and 2016 0.8027

(2) Earnings before interest, taxes, depreciation and amortisation.

Table 11.Detailed financial information on the evolution of Luton Airport

On an operational level, traffic data from Luton Airport show a passenger increase of 10.5%, to 12.3 million passengers and 5.0% in the number of operations, to about 105,000 aircraft movements.

These traffic figures, combined with the effect of the foreign exchange rate, put revenue for the period at 158.3 million euros, 2.9% higher than the same period in 2016 (153.8 million euros).

In GBP, Luton's revenue grew by 12.0% (14.8 million GBP) in the nine months of 2017 compared to the same period in 2016:

- Aeronautical revenue in GBP have risen by 9.2% and commercial revenue by 14.5%. Amongst revenue from commercial activity, the adequate performance of the car parks (+14.8%) was a reflection of the growth in traffic, the opening of the new car park facility, management strategies and prices implemented. The food and beverages and shop lines have also grown, 14.3% as a whole, boosted by increased passenger traffic, the opening of the walk-through shop in June 2016 and improved conditions for commercial contracts, although there has been a slight delay in the entry into operation of some premises due to works in the terminal.

- EBITDA in GBP declined by GBP 3.3 million in comparison with the same nine-month period from 2016. This effect arises mainly from the accounting of the extraordinary effect mentioned above relating to one of the agreements with Luton Airport employees to close the defined benefit pensions plan (31 January 2017). Excluding the impact of this extraordinary expenditure, which has no cash impact, EBITDA in GBP would have increased by 3.7 million GBP and would have meant growth amounting to 8.5%.

  This agreement entails a change in the Pension Commutation Factor which will apply to the right of pension plan members to exchange a portion of their future pension for a tax-free amount received in cash at the time of retirement. The previous Pension Commutation Factor meant that for every 9 pounds received in cash the future pension was reduced by 1 pound per year, while under the new agreement this factor features a ratio of 15 to 1. According to IAS 19, the effect of this change measured as the present value of its impact on future pension liabilities amounting to 6.9 million GBP (€8.0 million) has been accounted for in the account of employment costs as a higher cost of past services, without this accounting adjustment having an impact on cash.
  As of the closing date of LLAPS, active members of the plan have become deferred members of the plan and have ceased to accrue benefits for services rendered to the employer (LLAOL). Likewise, as from that date contributions for services rendered by both LLAOL and the members of the plan have ceased, and LLAOL only retains the obligation to make those contributions which according to regular valuations of the plan are deemed necessary to guarantee the payment of benefits for services rendered accrued prior to 31 January 2017, restated annually in accordance with the terms set out in the LLAPS rules.

It is also noteworthy that in August 2017, the refinancing of the Luton Airport debt (GBP 390 million) was completed in order to extend maturities, to set the rate for a higher percentage of the debt, and to secure financing of the entire expansion plan.

As regards the results of the non-accounting consolidated holdings, the evolution of **equity application is as** follows:

	Income from associates				Foreign exchange rates			
Thousand euros	**9M 2017**	**9M 2016**	**Variation**	**% Variation**	**Exchange rate**	**9M 2017**	**9M 2016**	**Variation**
SACSA (Colombia)	2,736	2,283	454	19.9%	€ - COP	3,275.45	3,419.39	**4.2%**
AMP (Mexico)	10,411	6,905	3,506	50.8%	€ - MXN	21.01	20.41	**-2.9%**
AEROCALI (Colombia)	2,342	2,761	-419	-15.2%	€ - COP	3,275.45	3,419.39	**4.2%**
Total share in profit/loss of associates	**15,489**	**11,949**	**3,541**	**29.6%**				

Table 12. Equity method for investee companies

4. Income statement

Thousand euros	9M 2017	9M 2016	Variation	% Variation
Ordinary revenue	3,048,423	2,845,034	203,389	7.1%
Other operating revenue	47,881	44,102	3,779	8.6%
Total revenue	**3,096,304**	**2,889,136**	**207,168**	**7.2%**
Supplies	-131,466	-136,348	-4,882	-3.6%
Staff costs	-307,309	-290,471	16,838	5.8%
Other operating expenses	-705,670	-699,831	5,839	0.8%
Fixed asset depreciation	-593,669	-611,244	-17,575	-2.9%
Impairment and profit/(losses) on disposal of fixed assets	-4,233	-2,737	1,496	54.7%
Other gains / (losses)	1,355	-159	1,514	952.2%
Total expenses	-1,740,992	-1,740,790	202	0.0%
EBITDA (1)	**1,948,981**	**1,759,590**	**189,391**	**10.8%**
OPERATING INCOME	**1,355,312**	**1,148,346**	**206,966**	**18.0%**
Finance expenses	-103,882	-120,488	-16,606	-13.8%
Interest on expropriation liabilities	3,637	202,339	-198,702	-98.2%
NET FINANCIAL EXPENSES	**-100,245**	**81,851**	**182,096**	**222.5%**
Income from associates	15,489	11,949	3,540	29.6%
PROFIT / (LOSS) BEFORE TAX	**1,270,556**	**1,242,146**	**28,410**	**2.3%**
Corporate income tax	-310,466	-296,701	13,765	4.6%
CONSOLIDATED PROFIT / (LOSS) FOR THE PERIOD	**960,090**	**945,445**	**14,645**	**1.5%**
Profit / (loss) for the period attributable to non-controlling interest	-5,379	1,028	6,407	623.2%
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	**965,469**	**944,417**	**21,052**	**2.2%**

(1) *Earnings before interest, taxes, depreciation and amortisation.*

Table 13. Income statement

As a result of the positive business performance in all its lines, Aena's **total revenue** increased to 3,096.3 million euros in the nine-month period of 2017, up 7.2% over the same period last year. Revenue from the commercial activity accounts for 26.2% of the total, which is above its share for the same period in 2016 (25.0%).

Ordinary revenue increased to 3,048.4 million euros in the period considered, 7.1% compared to the same period in 2016. The increase of 203.4 million euros has been explained above in the analysis of the different business lines.

The total for **operating expenses** is in line with regard to the same nine-month period of 2016. Eliminating depreciation, expenses increased by 17.8 million euros (+1.6%). Next, the most important variations broken down into cost concepts are analysed:

- Supplies were reduced by 3.6%, which represents 4.9 million euros lower compared to the same nine-month period of 2016, mainly due to the new conditions of the air navigation services agreement (ATM/CNS) signed with ENAIRE.
- Staff costs show the most significant increase as expenditure items, at 5.8% (16.8 million euros). This increase is mainly due to the effect of the accounting in Luton of one of the agreements reached with employees on pensions, the provision for a wage increase of 1% in 2017 and the addition of trainees in the third quarter of 2016.

  In addition, the accumulated provision associated with the pre-agreement reached on 25 September between Aena and trade union representatives (3.0 million euros) has contributed to the increase in this item. By virtue of the same, it is planned to pay 8.44 million euros related to productivity: 3.9 million euros in the first quarter of 2018, according to the objectives set forth in 2017, and 4.5 million euros in the first quarter of 2019, based on the fulfillment of 2018's objectives.
- Other operating expenses increased by 0.8% (5.8 million euros) to 705.7 million euros,

mainly due to the increase in expenses in concepts such as security (6.3 million euros), technical assistance (5.6 million euros), taxes (4.4 million euros) and cleaning (2.4 million euros), along with higher costs at Luton Airport linked to increases in activity. These increases were partially offset by the variation of the provision for the unfavourable ruling relating to a rise in fares in 2012 booked in 2016 (-4.1 million euros), lower electriity costs (4.8 million euros) and higher maintenance costs in 2016 (5.0 million euros), along with variation of customer insolvencies (9.3 million euros).

- Depreciation and amortization amounted to 593.7 million euros and is down compared to the same nine-month period of 2016 by 17.6 million euros (2.9%), mainly due to the effect of full amortization of assets, partially offset by the technical review of the working life of assets such as runways and taxiways.

- Impairment and profit/(loss) on disposal of fixed assets amounted to 4.2 million euros with an increase of 1.5 million compared to the same nine-month period of 2016.

EBITDA (profit before interest, taxes, depreciation and amortization) increased to 1,949.0 million euros, an increase of 10.8% over the nine-month period of 2016, bringing the EBITDA margin to 62.9%. As of 30 September 2017, the amount of 45.5 million euros is included for the consolidation of Luton (53.4 million euros in the same period of 2016).

For its part, **Net Financial Expenses** show a year-on-year increase of 182.1 million euros, affected by the exceptional reversal in 2016 of provisions for legal proceedings related to expropriation of land at Adolfo Suárez Madrid-Barajas Airport (204.9 million euros). The heading for "Finance Expenses" decreased by 16.6 million euros (13.8%) mainly as a result of the decrease in the interest rate (7.2 million euros), decrease in debt principal (9.6 million euros) and losses associated with foreign exchange rate differences in 2016 resulting from the GBP loan with Luton (7.8 million euros), offset by 8.0 million euros due to the recognition in September 2017 of 6.9 million GBP for the amortisation of capitalised costs associated with Luton's 2015 financing as a result of the refinancing of its debt.

The profit from the equity method of **associated companies** has increased by 3.5 million euros due to the increase in traffic and the effect of the foreign exchange rate.

With regard to **Corporate income tax**, the resulting expenditure amounted to 310.5 million euros, an increase in expenditure of 13.8 million euros over the previous period as a result of the higher result for the period and the reduction of deductions for investments in the Canary Islands. The effective rate for the period stood at 24.4%.

The **profit/loss for the consolidated period** reached 960.1 million euros. The profit / loss for the period attributable to non-controlling interest amounted to -5.4 million euros (49% of Luton's net profit), which places the **profit / loss for the period attributable to the equity holders of the parent company** at 965.5 million euros, 21.1 million euros higher than the figure reached at the close of 30 September 2016. This variation is especially significant given that in 2016 the extraordinary impact of the reversal of provisions for legal proceedings related to expropriation of land at Adolfo Suárez Madrid-Barajas Airport was recognised. Excluding this effect, Aena's net profit would have increased by 22.1%.

5. Investments

The investment paid [tangible fixed assets (Property, plant and equipment), intangible assets and investment properties] in the nine-month period of 2017 amounted to 246.4 million euros, including 39.7 million euros from Luton, an increase of 48.1 million euros (+24.3%) compared to the same period in the previous year.

Total investment in the **Spanish airport network** based on payments came to 206.7 million euros, representing a 46.5 million euros (+29.1%) increase on the 160.2 million euros in the same period in 2016. This increase is mainly due to investments in security.

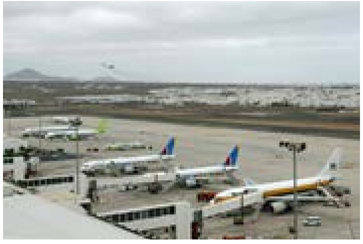
As regards the main activities put into service, the most relevant are the "Regeneration of the paving of the southern runway" and the "Refurbishment of the Gates H6, H7 and H8" at Palma de Mallorca Airport; the "New coolers and air conditioners for Terminal Building (Phase I)" at A Coruña Airport; the "Adaptation of plots and vials in the area of Rejas" at Adolfo Suárez Madrid-Barajas Airport; the "Coastline Action Plans" at Lanzarote Airport; the "Implementation of safety requirements" at Ibiza Airport, the "Renewal of the Cargo Terminal"; and the "Miscellaneous actions and improvements on public parking, public urbanization, industrial zone and community arrivals" of Gran Canaria Airport.

The most relevant actions that are underway are: the "General apron adaptation" at Tenerife Sur Airport; the "Extension of air conditioning ring in modules C and D" of Palma de Mallorca Airport; the "Beaconing actions to comply with the technical standards" of Málaga-Costa del Sol Airport; the "Adaptation of paving apron" at Girona-Costa Brava Airport and the "Phase II apron adaptation" at Lanzarote Airport.


Picture 40. Airfield. Tenerife Norte.

For the coming months, the following actions will be completed: "Paving Regeneration 07L-25R at the Barcelona-El Prat Airport; the "Reinforcement of the Roadway Surface on Runways 03L-21R and Associated Taxiways" at Gran Canaria Airport; the "Regeneration of the runway and the removal of obstacles from runway18L-36R" at Adolfo Suárez Madrid-Barajas Airport; and the "Runway overlay" of the Air Base at Villanubla (Valladolid).

Likewise, in the coming months it is estimated that the following works will begin: the "Reconstruction of apron B" and the "Reconstruction of apron C" of Palma de Mallorca Airport; the "Adaptation of general aviation apron" at Ibiza Airport, the "Paving overlay on runway 12-30" at Bilbao Airport; the "Adaptation of the T2 Building to boarding processes" at Tenerife Sur and the "Taxiway Overlay" at Girona-Costa Brava Airport.


Picture 41. Apron. Lanzarote Airport

At **Luton Airport**, both maintenance and equipment investments continue, such as the Curium Project to increase capacity at the airport. This project aims to increase the current capacity from 12 million passengers per year to 18 million by 2018. It is making significant progress in all its areas and is consisting of a car park, the remodelling and improvement of airport access routes, the expansion and refurbishment of the terminal building and the expansion of retail areas.


Picture 42. Luton Airport

With respect to **investments of the associates that are not fully consolidated**, it is noteworthy that the new international terminal of the Airport of Cali, inaugurated on 24 June is already fully operational. The new terminal has 19,600 m² distributed on 2 levels and has 6 boarding bridges as well as connection to the original building.

5.1. Analysis of investments broken down by areas of action

Information on the breakdown of investment across the Spanish airport network in the nine months of 2017 can be found below, along with a comparison with the same period of 2016:

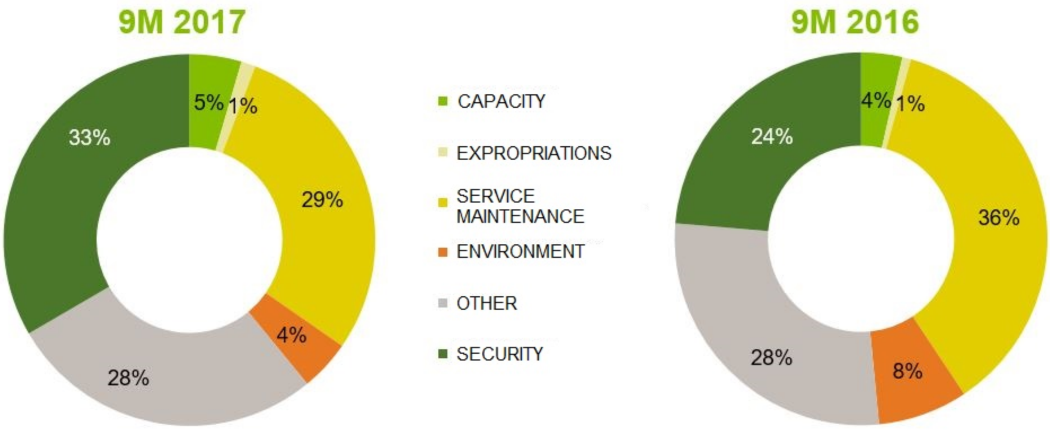


Figure 6. Analysis of investments by areas of application

- The investments made in the field of **Safety** represent 33% of Aena's total investment (compared to 24% in the same period of 2016) and increased by 31.1 million euros between 2016 and 2017, shifting from 37.9 million euros to 69.0 million euros. Of particular note are the "Regeneration of Paving on Runway 07L-25R" at the Barcelona-El Prat Airport, "Regeneration and Removal of Obstacles from Runway 18L-36R" at Adolfo Suárez Madrid-Barajas Airport and "Reinforcement on Runway 03R -21L and associated taxiways" at Gran Canaria Airport.

- The weight of investment devoted to the improvement of installations to ensure **Service Maintenance** has been decreased in the first nine months of 2017 with respect to the same period of 2016, shifting from 36% in 2016 to 29% in 2016. Nevertheless, it has increased quantitatively from 58.2 million euros to 59.7 million euros in 2017, implying a rise of 2.6%. Worthy of special mention as the main action is the "Framework Agreement for the supply and installation of boarding bridges and aircraft service equipment in several airports" for a total amount of 9.2 million euros.

- Investments in **Capacity** rose to 9.4 million euros in the period of 2017, compared to 5.7 million euros of investment paid in the same period in 2016. Worthy of further mention are the most significant investment projects in this area: the "Adaptation of Gates H6, H7 and H8" and the "Adaptation of Gates H1 and H2 northern runway" at Palma de Mallorca Airport, and the "Remodeling of Room 2 for non-Schengen connections (Phase 1: complete refurbishment of layout and facilities)" at Adolfo Suárez Madrid-Barajas Airport.

- A total of 9.2 million euros was invested in the field of **Environmental protection** in the period of the first nine months of 2017 (3.3 million euros less than the same period of 2016). This amount has mainly concentrated on the "Actions derived from Environmental Impact Statements. Acoustic Insulation" in several airports and in the "Agreement of compensatory measures" at Adolfo Suárez Madrid-Barajas Airport.

- With regard to **Expropriations**, payments amounting to 2.6 million euros were made against 1.2 million euros in the nine-month period of 2016, highlighting the processes of "North-South platform expansion and new accesses in south zone" section of Gran Canaria Airport for the amount of 1.0 million euros.

- Within the investments classified as **Other**, 56.9 million euros have been invested, 27.5% more than in the same nine-month period of 2016 (12.3 million). This section includes investments in computer systems. Also worth mentioning are those aimed at improving commercial and real estate revenue, including the "Cargo Terminal and Border Inspection Point for Goods (PIF)" at Tenerife Norte Airport.

6. Balance Sheet

6.1. Net assets and capital structure

Thousand euros	9M 2017	2016	Variation	% Variation
ASSETS				
Non-current assets	14,098,894	14,502,621	-403,727	-2.8%
Current assets	1,419,209	1,011,153	408,056	40.4%
Total assets	**15,518,103**	**15,513,774**	**4,329**	**0.0%**
EQUITY AND LIABILITIES				
Equity	5,429,498	5,025,749	403,749	8.0%
Non-current liabilities	8,314,557	8,962,156	-647,599	-7.2%
Current liabilities	1,774,048	1,525,869	248,179	16.3%
Equity and liabilities	**15,518,103**	**15,513,774**	**4,329**	**0.0%**

Table 14.Summary of the consolidated balance sheets

Regarding non-current assets, the decrease of 403.7 million euros during the period is mainly explained by the decrease of 355.4 million euros from "Tangible fixed assets (Property, plant and equipment)". Due to the regulated investment limitation applicable to the Spanish airport network, the amount of tangible fixed assets (Property, plant and equipment) additions has been much lower than depreciation recognised. Furthermore there have also been other decreases in the period, most of which are due to provision reversals.

In turn, the increase in **Current assets** in 408.1 million euros is mainly due to the increase in the balance of "Cash and cash equivalents" explained through the statement of cash flows in section "7.Cash flow".

Its **equity** increased by 403.7 million euros, mainly as a result of the difference between the result of the consolidated period (+960.1 million euros) and dividends distributed in the period (-581.3 million euros).

In the same sense, the heading "Other reserves" has increased by 27.9 million euros, the effect on Coverage Reserves caused by the payment during the period of 27.4 million euros of financial derivatives liabilities subscribed by the group and by the evolution of the interest rate curve and its negative impact on the valuation at 30 September 2017 of such derivative financial instruments. Since the main maturity date of derivatives will take place in 2026 and that interest rates are at historic lows, the expectation is that these reserves will be reversed before maturity of the underlying obligations. The fair value of financial derivatives at 30 September 2017 is 91.1 million euros (136.5 million euros at 31 December 2016).

The decrease in **Non-current liabilities** in 647.6 million euros is mainly due to the drop in "Financial Debt" in 502.5 million euros by amortisation of the principal of Aena's debt with ENAIRE as a co-borrower with various financial institutions, in accordance with the repayment schedule established, as well as to the early repayment of the debt held with Depfa Bank and, in the opposite direction, to the new debt underwritten.

The "Financial derivatives" item decreased by 44.3 million euros due to the reasons stated in the paragraph related to "Equity". The balance for the heading entitled "Provision for other liabilities and charges" also decreased by 55.6 million euros due to the favourable evolution of certain expropriation disputes and legal disputes with contractors.

The increase of 248.2 million euros in the **Current liabilities** is due to the increase in "Trade and other payables" by 431.6 million euros, mainly due to the provision for corporate income tax, which at the end of the year is reduced by the application of the payments made on account and in the opposite direction, under "Provision for other liabilities and expenses", which decreased by 52.1 million euros largely owing to the application of 68.3 million euros in commercial incentives.

Working capital, calculated as the difference between current assets and liabilities, normally negative in the Company for its operations and financial structure, increased from -514.7 million euros in 2016 to -354.8 million euros at the close of 30 September 2017, due to the changes in Current assets and liabilities explained in the preceding paragraphs.

6.2. Evolution of net financial debt

The Aena Group's consolidated net financial debt, which is calculated as Current Financial Debt plus Non-Current Financial Debt minus Cash and Cash Equivalents, stood at 7,195.9 million euros as of 30 September 2017, including 354.8 million euros from the Luton Airport LLAH III debt consolidation, compared to 8,228.0 million euros as of 31 December 2016.

Meanwhile, Aena's individual net financial debt, for the purpose of "covenants" included in financing contracts dated 29 July 2014, amounted to 6,990.3 million euros at 30 September 2017 against 8,041.0 million euros at the end of 2016, with a substantial improvement in the associated ratios due to both the decrease in net financial debt as well as the evolution of EBITDA:

Thousand euros	9M 2017	2016
Gross financial debt according to covenants	7,814,488	8,523,750
Cash and cash equivalents	824,175	482,758
Net financial debt according to covenants	**6,990,313**	**8,040,992**
Net financial debt according to covenants / EBITDA(1)	**2.9x**	**3.6x**

(1) Earnings before interest, taxes, depreciation and amortisation. Includes adjustment for WDF advance restatement.

Table 15.Net financial debt of the Company

The difference between Aena Group's net financial debt at 30 September 2017 (7,195.9 million euros) and the net financial debt calculated for the covenants (6,990.3 million euros) is mainly due to the fact that the latte does not include the debt (without recourse) associated with the subsidiaries of Aena (mainly LLAH I), nor short-term bonds and, on the contrary, it does include the fair value (liabilities) of financial derivatives.

During the nine-month period of 2017, debt amounting to 1,273.6 million euros was repaid, including 797.2 million euros corresponding to the early repayment of Depfa Bank's debt at a variable interest rate. This amortisation has been partially financed by the cash generated in the year and with 600 million euros of new debt at fixed interest rates (0.69%) and with a five-year maturity.

In this period a total of 391.1 million euros were coverted from the revisable rate to fixed rate to maturity, with these operations shifting from an average rate of 1.11% to an average rate of 0.73%.

As a result of these actions, the percentage of debt at fixed rates stands at 86%, compared to 71% at the end of 2016.

It is also noteworthy that during the first nine months of the year Aena has renewed/contracted new credit policies for the amount of 1 billion euros and one and two maturity years, being to date fully available.

On 9 February 2016 the Official Gazette published Bank of Spain Circular 2/2016 to credit institutions on supervision and solvency which completes the adaptation of the Spanish legal system to Directive 2013/36/EU and Regulation (EU) No 575/2013. The purpose of this Circular is to complete the adaptation of the Spanish legal framework in terms of banking supervision and solvency to Basel III standards.

In 2016, following a series of consultations with the Bank of Spain in order to clarify the interpretation and consequences of the provisions of the Circular, it was confirmed that it introduced a change in the risk weight that credit institutions had been applying until that moment to the debt of ENAIRE, of which Aena is co-borrower.

In particular, the entry into force of the Circular obliged some lenders to assign to their exposure to ENAIRE a risk weight different from that assigned to their exposures to the Spanish Government, which is 0%.

Some of the financing agreements in which ENAIRE and AENA are co-credited establish a change in the risk weight of the borrower by the Bank of Spain as a possible cause of early termination, at the request of the lender.

To address this risk, on 25 May 2017 Aena carried out the novation of the ICO loan agreements affected, canceling the weighting change clause in those operations that included it, and on 15 June 2017, it cared out early repayment of 797.2 million euros of variable rate debt held with Depfa Bank, using the cash generated and borrowing with various entities amounting to 600 million euros, with a maturity of 5 years and interest rate fixed at close to 0.69% per annum.

As a result of these actions, Aena's debt at 30 September 2017 affected by the change in risk weighting has been significantly reduced to an amount of 862.0 million euros, and no significant impact being expected to arise from this situation.

In relation to the costs incurred as a result of the change in the risk weight, they are expected to be regularized throughout 2017. These costs amounted to 11.8 million euros were provisioned as of 31 December 2016 and paid on 22 March 2017.

Furthermore, credit rating agencies have supported the financial soundness of Aena, confirming its solvency and creditworthiness. On 18 May 2017, credit rating agency Fitch Ratings has upgraded Aena's rating from "BBB +" to "A" by reviewing the positive to stable outlook. This improvement in Fitch Ratings is based on lower debt levels, improved operating income and lower regulatory uncertainty following the approval of the Airport Regulatory Document (DORA) 2017-2021. On 18 July 2017, the credit rating agency Moody's Investors Service maintained the credit rating granted to Aena in 2016 ("Baa1" with stable outlook), so Aena remains a step above the rating assigned by this agency to the Kingdom of Spain, although in its report it emphasizes that this qualification is affected by the one of the Kingdom of Spain, so it can be superior if it were revised upwards.

As of 30 September 2017, it should also be noted that Luton Airport has refinanced its debt, the process of which was completed in August. The subscribed debt amounted to GBP 390 million, of which 230 have been subscribed by institutional investors, the largest private placement of an airport in the UK.

The new debt structure diversifies the sources of financing (79.5% at fixed rate and 20.5% at variable rate), extends the terms (average life of more than 10 years) and covers the entire expansion plan of Luton, in this way meeting the London Luton Airport's capacity expansion aims and those of its shareholders.

Information on the average payment period of Aena and Aena Desarrollo Internacional is as follows:

Days	9M 2017
Average payment period	43
Average collection period	45
Ratio of outstanding payments	28

Table 16. Average payment period

These parameters were calculated per Art. 5 of Resolution of 29 January 2016 published by the Accounting and Auditing Institute, on the information to be included in the financial statement report in relation to the average payment period to suppliers in commercial transactions, as follows:

- Average payment period to suppliers = (Ratio of paid operations * total value of payments made + Ratio of outstanding payment operations * total amount outstanding payments)/(total amount of payments made + total amount of outstanding payments).

- Ratio of transactions paid = Σ (Days Payment Outstanding * amount of the transaction paid) / total amount of payments made. Days Payment Outstanding is understood to mean the calendar days that have elapsed since the date the calculation begins until the actual payment of the transaction.

- Ratio of outstanding payments = Σ (Days Payment Outstanding * amount of operations pending payment) / Total amount of outstanding payments. Days Payment Outstanding is understood to mean the calendar days that have elapsed since the date the calculation begins until the last day referred to in the financial statements.

- For the calculation of both the number of days of payment as well as the days' payment outstanding, the company calculates the term as of the date of provision of the services. However, given the lack of reliable information on the time that this has taken place, the date of receipt of the invoice is used.

This balance refers to suppliers who, given their nature, are suppliers of goods and services, so that it includes data regarding the items "Trade creditors and other accounts payable" in the balance sheet. Payments made and payments outstanding as of 30 September 2017 are as follows:

Thousand euros	9M 2017
Total payments made	720,548
Total payments outstanding	59,530

Table 17. Balance concerning suppliers

As in 2016, in the nine-month period of 2017 average payment period has complied with the deadlines set out by Law 15/2010. The cases in which a payment has been made outside of the legally binding period are due mainly to reasons not attributable to the Group: invoices not received on time, AEAT expired certificates, lack of certificates of proof of supplier bank accounts, etc.

7. Cash flow

Thousand euros	9M 2017	9M 2016	Variation	% Variation
Net cash from operating activities	1,823,318	1,699,125	124,193	7.3%
Net cash from/ (used in) investing activities	-231,601	-188,748	42,853	22.7%
Net cash used in financing activities	-1,187,420	-989,020	198,400	20.1%
Cash and cash equivalents at the start of the period	564,616	556,741	7,875	1.4%
Impact of changes in foreign exchange rates	-1,383	-3,589	-2,206	-61.5%
Cash and cash equivalents at the end of period	**967,530**	**1,074,509**	**-106,979**	**-10.0%**

Table 18.Summary of consolidated cash flow statement

During the nine-month period up to 30 September 2017, the Group's financing requirements and the payment of the dividend charged to profit/(loss) for the year 2016 have been covered by cash flows from operating activities (1,823.3 million euros) and with new long-term debt (955 million euros, of which 600 million correspond to the parent Company, and the remainder to the refinancing of Luton), which allowed the financing of the investment program of non-financial assets (246.4 million euros), repayment of the debt according to the established amortisation schedule and additionally making early repayment of the debt held with Depfa Bank (797.2 million euros) and the former debt of Luton (261.2 million euros).

Net cash flows from operating activities

The main cash inflows from operating activities relate to payments from customers, both the airlines and concessionaires of commercial space, while the main outflows involve payments for sundry services received, employment costs and local and state taxes. The cash generated by operating activities before changes in working capital and other cash generated by operations (interest and tax on benefits paid and collected), has increased significantly in the period (+8.7%), to 1,954.6 million euros, from 1,797.8 million euros in the same period of 2016, mainly as a result of the improvement in the Group's operations, which is reflected in the EBITDA figure (Earnings Before Interest, Taxes, Depreciation and Amortisation) of 1,949.0 million euros at the end of the nine-month period of 2017, compared to 1,759.6,million euros in the same period of 2016.

As a result of the aforementioned aspects, net cash amount generated by operating activities has grown to 1,823.3,million euros, from 1,699.1 million euros in the nine-month period of 2016.

Net cash flow from investment activities

The net cash amounts used in investing activities during this period amounted to 231.6 million euros compared to 188.7 million euros in the same period of the previous year and mainly includes payments related to acquisitions and restatements of non-financial assets relating to airport infrastructures.

These investments in non-financial assets have mainly focused on improvements to facilities and security, since no significant capacity building investments have been required (please refer to section 5. Investments") and the expansion project for London Luton Airport in the UK.

In addition, investment activities also include dividend collections from the associated affiliates for 12.2 million euros and collections from group companies and associates amounting to 5.4 million euros.

Cash flow from financing activities

The main positive cash flows correspond to the new debt subscribed by the parent company for 600 million euros and the refinancing of Luton (355 million euros disposed).

On the other hand, the main outflows of financing flows correspond to the repayment of the principal of the debt corresponding to the mirror debt with Enaire as a co-accredited institutions (476.4 million euros in compliance with the schedule of payments established under the contract), the early repayment of the debt with Depfa Bank (797.2 million euros), and to the repayment of Luton's former debt (261.1 million euros). In addition, dividends have been paid for a total of 581.4 million euros, of which 574.6 million euros have been paid to the shareholders of Aena and the remainder to the minority shareholders of LLAH III.

8. Litigation

As a result of aircraft overflying the town of Ciudad Santo Domingo (Algete, Madrid), some inhabitants of this area considered that their fundamental rights were violated due to excessive noise levels in their homes. These residents lodged an appeal for judicial review against Aena, ENAIRE and the Ministry of Public Works, in which they asked for a cessation of the alleged violation of their rights, which for them would mean stopping the use of runway 18R (one of the four at Adolfo Suárez Madrid-Barajas Airport). No Court has agreed to this measure. On 31 January 2006, the High Court of Justice in Madrid (TSJ) issued a judgement rejecting the aforementioned judicial appeal. The ruling was appealed by five of the initial appellants, and the Supreme Court partially upheld the appeal in a ruling of 13 October 2008 on the grounds of violation of the right to privacy at home. Subsequently, there were various pronouncements and incidents of enforcement which were appealed by all the parties involved in the proceedings.

Under a third motion for enforcement, the High Court of Justice in Madrid (TSJ) issued an Order of 2 December 2014, communicated to ENAIRE and Aena on 5 December 2014, in which (i) it declared that the judgement of the Supreme Court of 13 October 2008 had not been executed, as it concluded that the breach of fundamental rights as a result of the distress caused by flyovers remained; and (ii) it ordered, via an enforcement writ, a 30% reduction in the number of flights flying over the area of Ciudad Santo Domingo, a percentage calculated on the basis of the number of flyovers in 2004, which amounted to 20,730 approaches to runway 18R.

The Court Order dated 2 December 2014 was resubmitted before the same Chamber of the High Court of Justice of Madrid and later in appeal before the Supreme Court, requesting the suspension of its enforcement, without it being necessary to initiate the reduction of the number of flyovers that were produced on Ciudad Santo Domingo until they were 30% inferior to the levels recorded in 2004.

Finally, the Supreme Court issued a judgment on 3 April 2017, revoking the Order of 18 December 2014, by which it was agreed to suspend the 30% reduction, although it does not state hat the Ruling passed on 13 October 2008 has been enforced as it lacks sufficient elements to assess the actual or non-compliance with said Ruling.

The Supreme Court ruling of 3 April 2017 has no material consequences for Aena since the current situation is maintained. Thus the Supreme Court ruling:

(i) does not entail any obligation for the Administration nor for AENA (for example, modification of routes, reduction of overflights, etc.); and

(ii) maintains the airport’s current operating capacity.

In addition, the Conclusions of the Supreme Court ruling preclude court decisions that may restrict the operational capacity of the airport. This reduction may only be adopted by the competent administrations, in accordance with the provisions of Regulation (EU) 598/2014 of 16 April[1] ("Regulation 598/2014").

Following the pronouncement of the aforementioned ruling, the Superior Court of Justice of Madrid must continue enforcement. Thus, this Tribunal has requested information that has been communicated by the Technical General Secretariat of the Ministry of Public Works:

(i) That the bodies responsible for compliance with the judgment are Aena, Enaire and the General Directorate of Civil Aviation as a specific body of the Ministry of Public Works.

(ii) Dated 31 July 2017, the State Attorney has provided the Court with the technical report prepared jointly by Aena, Enaire and the DGAC, which outlines how the judicial mandate will be enforced. In addition, the State Attorney's Office has requested the extension of the period of enforcement provided for in Article 104.2 LJCA in order to bring it into line with the deadlines set forth in the report.

[1]Regulation (EU) No 598/2014 of the European Parliament and of the Council of 16 April 2014 on the establishment of rules and procedures with regard to the introduction of noise-related operating restrictions at Union airports within a balanced approach and repealing Directive 2002/30/EC.

This report indicates that the Ruling passed on 3 April 2017 by the Supreme Court requires a verification of the noise level in the exterior and interior of the dwellings according to the methodology referred to in Regulation (EU) 598/2014. Consequently, the actions to be carried out will be as follows:

(i) Checking the exterior noise level in the years 2016 and 2004 so that the variations produced can be compared.

(ii) Checking the noise level inside the dwellings using the formula defined in the technical standard UNE EN 12354-3: 2001 *Acoustic Performance of Buildings. Estimation of the acoustic characteristics of buildings based on the features of their elements. Part 3:Sound insulation block out aerial noise against external noise.*

The estimated period of completion of these checks and presentation of results to the TSJ is the end of November, whenever it is possible to access the homes whose noise level must be checked on the dates to that effect estimated.

On 4 September, the Supreme Court of Madrid received a ruling issued on 1 September, in which, in response to the request of the State Attorney's Office, a one-month extension of the enforcement period was granted in respect of the one contemplated in article 104.2 LJCA, pointing out that the decision on the specific content of the report submitted must be made by the rapporteur of the procedure.

This extension has expired on 4 October, and the State Attorney has proceeded to request a new extension of the period by informing the Supreme Court of the state of enforcement and of the proceedings already carried out.

9. Stock performance

The price performance of Aena's share during the nine months of 2017 has been positive, with a rise of 17.8% to 152.8 euros per share compared to the evolution of the IBEX35, which rose by 11.0%. During this period Aena's stock peaked at 183.70 euros and registered a minimum of 129.70 euros.

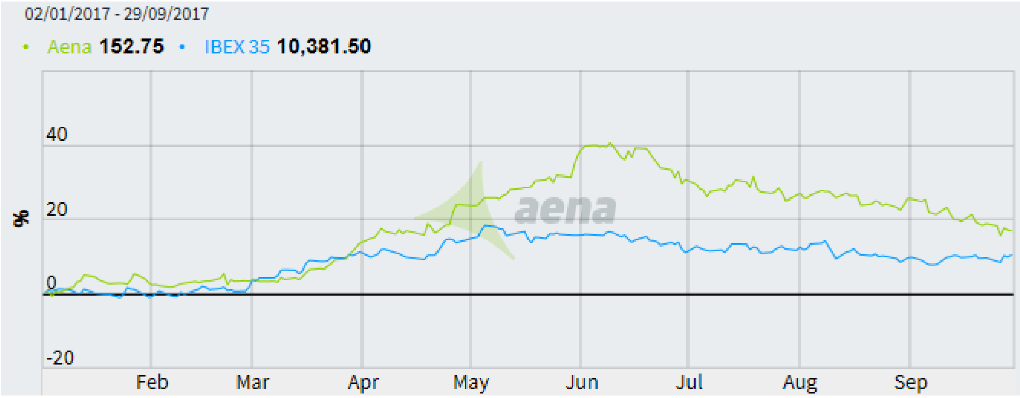


Figure 7. Stock performance of the company

The following table tracks the price performance of Aena stock in a summarised fashion:

29/09/2017	AENA.MC
Total volume traded (no. of shares)	67,096,128
Daily average volume traded in the period (no. of shares)	349,459
Market capitalisation €	22,912,500,000
Closing price €	152.75
Number of shares	150,000,000
Free Float (%)	49%
Free Float (shares)	73,500,000
Turnover rate	91.3%

Table 19. Main data on Aena's evolution

In connection with the acquisition and disposal of treasury shares at 30 September 2017, Aena does not own shares. For the foregoing, there has been no impact for this reason on the yield obtained by the shareholders or on the value of the shares.

10. Other events

Subsequent to 30 September 2017 and until the date of publication of this report, the following facts have been deemed relevant:

- On 2 October the British airline Monarch Airlines entered into a creditors' tender after the UK Civil Aviation Authority (BAA) did not renew its license. The exposure to Monarch of the Aena group airports is limited, less than 2%. As regards Luton Airport, one of the five bases from which the airline operated flights to more than 40 predominantly leisure destinations from the United Kingdom, exposure to default risk is reduced by local regulations (Section 88 of the Civil Aviation Law 1982) that allows for the recovery of the amount of the aeronautical debt with the airplanes parked at the airport. This mechanism will make it possible to recover virtually the entire debt.

  With regards to the passenger traffic operated by this airline, it is expected to be absorbed by other airlines in the coming months.

- On 13 October, the Board of Directors of Aena agreed:

  In order to fill vacancies in the board as a result of the recent resignations submitted by the independent board member Mr Simón Pedro Barceló Vadell, with effect on 18 September, and by the Chairman and CEO José Manuel Vargas Gómez, with effect on 15 October 2017, we hereby:

  1) To appoint Mr Jaime García-Legaz Ponce, as Board Member of the Company, with effect on 16 October 2017, including the post of CEO, through co-optation procedure, following a report issued by the Appointments and Remuneration Committee, for the term established in the Corporate Statutes, subject to approval or ratification during the forthcoming General Shareholders' Meeting of the Company.

  2) To appoint, following a report issued by the Appointments and Remuneration Committee, Mr Jaime García-Legaz Ponce, as Chairman of the Board of Directors and Chief Executive Officer of the Company, with effect on 16 October 2017.

  3) To appoint Mr Josep Piqué Camps, as Board Member of the Company, with effect on 13 October 2017, including the post of independent Board Member, through co-optation procedure, following a proposal issued by the Appointments and Remuneration Committee, for the term established in the Corporate Statutes, subject to approval or ratification during the forthcoming General Shareholders' Meeting of the Company.

  Likewise, the Board of Directors of the Company, in view of the vacancies produced as a result of the aforementioned resignations in the Appointments and Remuneration Committee and in the Executive Committee, at its meeting today, has agreed to the following, coming into force on 16 October 2017, namely:

  1) To appoint Mr Jaime García-Legaz Ponce, as Chairman of the Executive Committee of the Company.

  2) To appoint Mr Josep Piqué Camps, as new member of the Executive Committee of the Company, and of the Appointments and Remuneration Committee.

APPENDICES:

I. Interim Summary Consolidated Financial Statements for the nine-month period ending 30 September 2017
II. Summary of Price Sensitive Information issued on 30 September 2017

APPENDIX I: Interim Summary Consolidated Financial Statements for the nine-month period ending 30 September 2017

Interim summary consolidated Balance Sheets at 30 September 2017 and 31 December 2016

Thousand euros	30 September 2017	31 December 2016
ASSETS		
Non-current assets		
Property, plant and equipment	13,208,508	13,563,922
Intangible assets	492,820	525,647
Investment properties	135,772	135,690
Investments in associates	65,927	71,741
Other receivables	2,868	2,599
Deferred tax assets	129,834	143,971
Financial assets available for sale	347	354
Other financial assets	61,508	58,697
Financial derivatives	1,310	-
	14,098,894	**14,502,621**
Current assets		
Inventories	7,044	8,958
Trade and other receivables	444,635	437,579
Cash and cash equivalents	967,530	564,616
	1,419,209	**1,011,153**
Total assets	**15,518,103**	**15,513,774**
EQUITY AND LIABILITIES		
Equity		
Share capital	1,500,000	1,500,000
Share premium	1,100,868	1,100,868
Retained earnings	2,913,596	2,521,852
Accumulated translation differences	-18,021	-16,261
Other reserves	-85,213	-113,110
Non-controlling interest	18,268	32,400
	5,429,498	**5,025,749**
Liabilities		
Non-current liabilities		
Financial debt	7,409,727	7,912,184
Financial derivatives	52,619	96,895
Deferred tax liabilities	81,506	89,990
Provision for employee benefit obligations	64,656	53,065
Provisions for other liabilities and charges	78,009	133,639
Grants	526,202	544,382
Other non-current liabilities	101,838	132,001
	8,314,557	**8,962,156**
Current liabilities		
Trade and other payables	870,693	439,045
Financial debt	753,698	880,439
Financial derivatives	38,529	39,651
Grants	35,059	38,266
Provision for other liabilities and expenses	76,069	128,468
	1,774,048	**1,525,869**
Total liabilities	**10,088,605**	**10,488,025**
Total equity and liabilities	**15,518,103**	**15,513,774**

APPENDIX I:Interim Summary Consolidated Financial Statements for the nine-month period ending 30 September 2017

Interim summary consolidated Profit & Loss Account for the six-month periods ended on 30 September 2017 and 30 September 2016

Thousand euros	**30 September 2017**	**30 September 2016**
Continuing operations		
Ordinary revenue	3,048,423	2,845,034
Other operating revenue	7,762	4,940
Work carried out by the Company on its assets	3,446	3,106
Supplies	-131,466	-136,348
Staff costs	-307,309	-290,471
Other operating expenses	-705,670	-699,831
Depreciation and amortization	-593,669	-611,244
Non-financial assets subsidies allocation	33,321	31,371
Provision releases	3,352	4,685
Impairment and losses on disposal of fixed assets	-4,233	-2,737
Other gains /(losses)	1,355	-159
Operating income	**1,355,312**	**1,148,346**
Financial income	4,647	207,288
Financial expenses	-74,177	-81,614
Other net financial income / (expenses)	-30,715	-43,823
Net financial income / (expenses)	**-100,245**	**81,851**
Share of net profits in associates	15,489	11,949
Profit / (loss) before tax	**1,270,556**	**1,242,146**
Corporate income tax	-310,466	-296,701
Consolidated profit (/loss) for the period	**960,090**	**945,445**
Profit / (loss) for the period attributable to non-controlling interest	**-5,379**	**1,028**
Profit/(loss) for the period attributable to the equity holders of the parent company	**965,469**	**944,417**
Earnings per share (euro per share)		
Basic earnings per share	6.44	6.30
Diluted earnings per share	6.44	6.30

APPENDIX I:Interim Summary Consolidated Financial Statements for the nine-month period ending 30 September 2017

Interim summary consolidated statement of cash flow statements for the six-month periods ended on 30 September 2017 and 30 September 2016

Thousand euros	30 September 2017	30 September 2016
Profit / (loss) before tax	**1,270,556**	**1,242,146**
Adjustments for:	**684,072**	**555,676**
- Depreciation and amortisation	593,669	611,244
- (Profit)/loss on fixed assets disposal	4,233	2,737
- (Profit)/loss on disposal of financial instruments	7	3,143
Fair value losses/(gains) on financial instruments	27,391	30,103
Accrual of grants	-33,321	-31,371
- Trade receivable impairment adjustments	-4,790	4,500
- Change in provisions	36,800	61,839
- Financial income	-4,647	-207,288
- Financial expenses	74,177	81,614
Foreign exchange differences	3,317	10,577
- Other income and expenses	2,725	527
- Share in losses /(gains) in associates	-15,489	-11,949
Changes in working capital:	**-100,851**	**-33,901**
- Inventories	564	521
- Debtors and other receivables	-101,160	856
- Other current assets	-65	-106
- Creditors and other payables	31,469	-7,325
- Other current liabilities	-30,513	-27,203
- Other non-current assets and liabilities	-1,146	-644
Cash generated from operations	**-30,459**	**-64,796**
Interest paid	-106,568	-109,627
Interest receivable	368	1,162
Taxes collected (paid)	76,763	43,888
Other collections (payments)	-1,022	-219
Net cash generated from operating activities	**1,823,318**	**1,699,125**
Cash flows from investment activities		
Acquisitions of tangible fixed assets	-227,585	-185,672
Acquisitions of intangible assets	-18,579	-11,997
Acquisitions of investment properties	-224	-628
Payments for acquisitions of other financial assets	-2,918	-3,818
Proceeds from divestments in group and associated companies	5,376	2,029
Proceeds from property, plant and equipment divestment	-	1
Proceeds from other financial assets	106	10
Dividends received	12,223	11,327
Net cash from investment activities	**-231,601**	**-188,748**
Cash flow from financing activities		
Grants received (ERDF)	9,340	10,665
Net debt from financing	955,024	21,179
Other income	20,302	14,282
Repayment of bank borrowings	-300,387	-250
Repayment of Group financing	-1,273,647	-618,375
Dividends paid	-581,422	-409,850
Other payments	-16,630	-6,671
Net cash used in financing activities	**-1,187,420**	**-989,020**
Effect of changes in exchange rate	**-1,383**	**-3,589**
Net (decrease)/increase in cash and cash equivalents	402,914	517,768
Cash and cash equivalents at start of the year	**564,616**	**556,741**
Cash and cash equivalents at end of the year	**967,530**	**1,074,509**

APPENDIX II: Summary of Price Sensitive Information issued in the nine-month period ending 30 September 2017

Register	Date	Type of Event	Description
247552	27/01/2017	Other on business and financial situation	Approval of the Airport Regulation Document (DORA) 2017-2021
247614	27/01/2017	Other on business and financial situation	Approval of the Airport Regulation Document (DORA) 2017-2021
248151	15/02/2017	Calls for meetings or informative events	Aena, S.A., announces the holding of the presentation of earnings corresponding to the FY 2016.
248341	21/02/2017	Interim financial information	The company sends information on results for the second half of 2016.
248343	21/02/2017	Additional information on audited annual accounts	Presentation of results and consolidated management report for 2016.
248344	21/02/2017	Information on dividends	Proposed distribution of dividends charged to income for 2016
248345	21/02/2017	Other on business and financial situation	New commercial incentives scheme for the DORA period 2017-2021
248354	22/02/2017	Corporate Governance Annual Report	The company submits the Annual Corporate Governance Report for FY 2016.
248356	22/02/2017	Annual report on Board member compensation	The Company submits the Annual Report on Board member compensation for FY 2016.
249848	21/03/2017	Calls and resolutions of Board and General Shareholders' Meetings	The Company announces the approval of the calling of the General Shareholders' Meeting.
249849	21/03/2017	Composition of the Board of Directors	The Company notifies of changes to the Board of Directors
249896	23/03/2017	Calls and resolutions of Board and General Shareholders' Meetings	The company announces the calling of the General Shareholders' Meeting.
250765	18/04/2017	Calls for meetings or informative events	The Company announces the presentation of earnings for the first quarter of 2017
251084	25/04/2017	Calls and resolutions of Board and General Shareholders' Meetings	The Company announces the approval of resolutions of the General Shareholders' Meeting.
251087	25/04/2017	Composition of the Board of Directors	The Company announces changes in the Board of Directors, approved by the General Shareholders' Meeting
251094	25/04/2017	Information on dividends	Approval of dividend payment.
251120	26/04/2017	Interim financial information	The company sends information on results for the first quarter of 2017
252198	18/05/2017	Credit ratings	Fitch Ratings changes the credit rating of AENA from "BBB+" to "A" and revises its outlook from positive to stable.
252377	23/05/2017	Other on business and financial situation	The Board of Directors of Aena, with the favourable report of the Appointments and Remuneration Committee, has approved the new organisational structure of Aena
254683	18/07/2017	Calls for meetings or informative events	Aena, S.A., announces the holding of the presentation of earnings corresponding to the first quarter of 2017
254700	19/07/2017	Suspensions and resumptions of trading	The CNMV has decided to suspend trading of AENA, S.A
254706	19/07/2017	Other on corporate operations	Aena announces the decision of its majority shareholder to reject the potential takeover bid for Abertis
254707	19/07/2017	Suspensions and resumptions of trading	The CNMV has decided to resume trading of AENA, S.A. with effect from 11 am as of this date.
255044	26/07/2017	Interim financial information	The company sends information on results for the first half of 2017
255047	26/07/2017	Information on results	Presentation of results for the first half of 2017
256736	26/09/2017	Composition of the Board of Directors	The company announces changes in the composition of its board of directors and the appointments and remuneration committee and executive committee