Results Presentation

Q1 2019

30 April 2019

Disclaimer

This report shows the most significant data of Aena S.M.E., S.A. and its subsidiaries ("Aena" or "the Company") and its management during the first quarter of 2019, including the most significant information on all business areas, the main figures and the lines of action that have guided the management of the Company.

The Presentation has been prepared:

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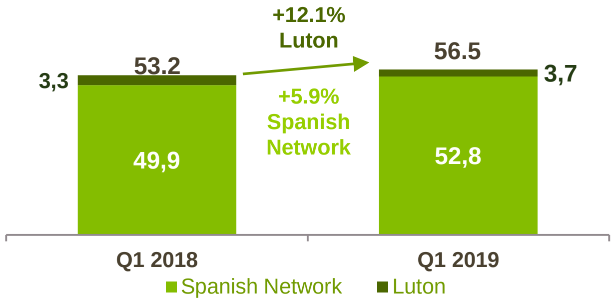
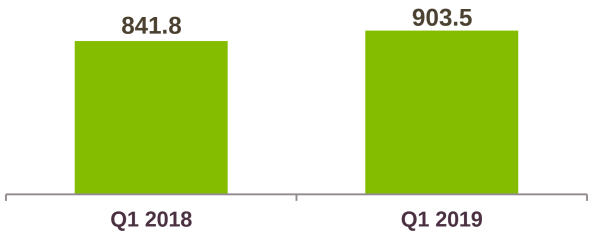
I. Key highlights

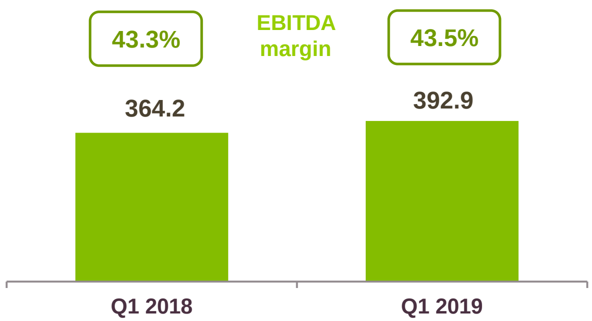
Passengers(1) (M): +6.2%



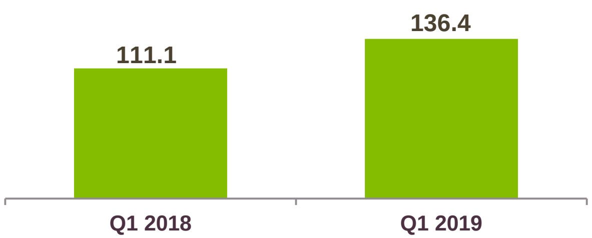
Total revenue (€M): +7.3%



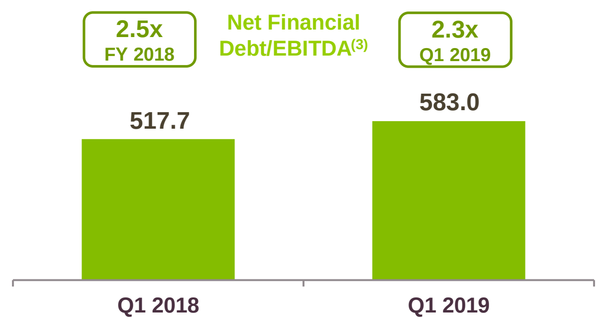
EBITDA(2) (€M): +7.9%



Net profit (€M): +22.7%



Operating Cash Flow (€M): +12,6%



- As part of the objectives of the 2018-2021 Strategic Plan, on 15 March 2019 Aena, through its subsidiary Aena Desarrollo Internacional, was declared winner of the tender for the concession for the north-eastern Brazil airport group for a period of 30 years, with the possibility of an additional 5 years of optional extensions.
- On 1 March 2019 came into force the tariff proposal for 2019, consisting of the freezing of the adjusted maximum annual revenue per passenger (IMAAJ) for 2019 with respect to the IMAAJ for 2018, set in the DORA document at 10.42 euros per passenger.
- On 10 April, Royal Decree Law 162/2019 was published, in which the updating rate of the airport fares of AENA SME, SA (P Index) is developed.
- On 25 April 2019, Aena has published the upward revision of the traffic estimation for 2019, estimating an increase in the volume of passengers in the network of airports in Spain of + 3.7% (with a variation of ± 0.5%). The impact on EBITDA would be approximately + 75 million euros.

(1) Total passengers in the Spanish airport network and at Luton airport. Not including traffic at airports of non-consolidated associates.
(2) Reported EBITDA
(3) Accounting net financial debt calculated as: Total consolidated Financial Debt (current and non-current) minus Cash and cash equivalents.

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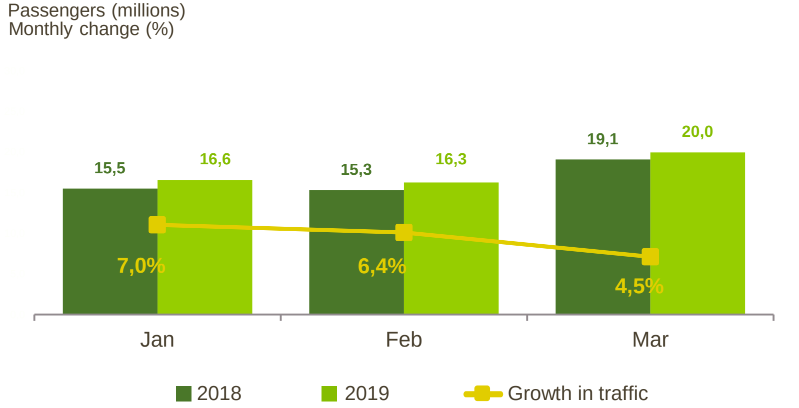
II. Traffic data

Passengers, aircraft movements and cargo

Spanish Network	Q1 2019	Q1 2018	Variation
Passengers	52,808,042	49,883,589	+5.9%
Operations	491,002	457,024	+7.4%
Cargo (kg.)	250,678,408	235,948,698	+6.2%

Luton	Q1 2019	Q1 2018	Variation
Passengers	3,672,189	3,276,632	+12.1%
Operations	30,429	29,374	+3.6%
Cargo (kg.)	9,587,000	5,631,000	+70.3%

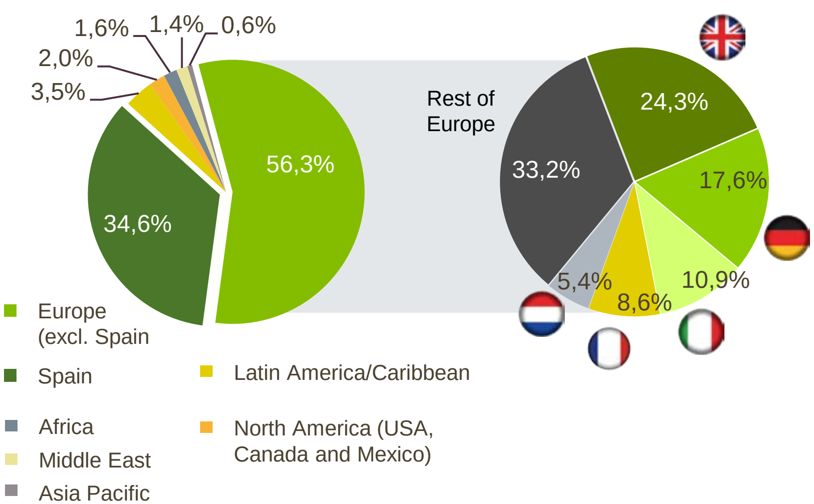
Monthly evolution of passenger traffic(1)



Breakdown of passenger traffic(1) by markets

Total Q1 2019

Europe (excl. Spain) Q1 2019



Passenger traffic(1) by airports and groups of airports

Airports/Groups(2)	Passengers(1) M	Var. (%)	Share (%)	% Var. Domestic (3)	% Var. International (3)
A.S. Madrid-Barajas Airport.	13.4	6.4%	25.5%	4.6%	7.1%
J.T. Barcelona - El Prat	10.5	5.9%	19.9%	4.7%	6.4%
Palma de Mallorca	3.0	10.2%	5.8%	6.6%	14.1%
Canary Islands Group	11.6	1.5%	21.9%	8.2%	-0.9%
Group I	11.5	9.1%	21.7%	9.1%	9.4%
Group II	2.4	3.9%	4.6%	8.9%	-9.8%
Group III	0.4	10.7%	0.7%	15.2%	-36.6%
TOTAL	**52.8**	**5.9%**	**100.0%**	**7.1%**	**5.5%**

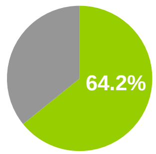
(1) Total passengers in the Spanish airport network.
(2) Canary Islands Group: El Hierro, Fuerteventura, Gran Canary, La Gomera, La Palma, Lanzarote-César Manrique, Tenerife North and Tenerife Sur.
Group I: Alicante-Elche, Bilbao, Girona, Ibiza, Málaga-Costa del Sol, Menorca, Seville and Valencia.
Group II: A Coruña, Aerop. Int. Region Of Murcia, Almería, Asturias, FGL Granada-Jaén, Jerez de la Frontera, Murcia-San Javier, Reus, Santiago, SB-Santander, Vigo and Zaragoza.
Group III: Albacete, Algeciras-Heliport, Badajoz, Burgos, Ceuta-Heliport, Córdoba, Huesca-Pirineos, Leon, Logroño, Madrid-Cuatro Vientos, Melilla, Pamplona, Sabadell, Salamanca, San Sebastián, Son Bonet, Valladolid and Vitoria.
(3) Percentages calculated on the basis of commercial traffic.

II. Performance by business lines

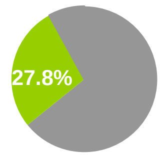
Airports

Q1 2019	Aeronautical	Commercial	Real estate services	International

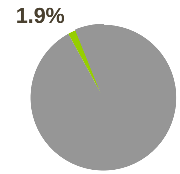
Total revenue 903.5 M€ +7.3%



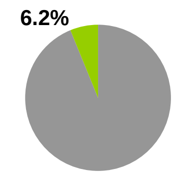
579.8 M€ (+4.2%)



251.0 M€ (+13.1%)

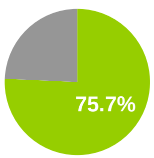


16.8 M€ (+1.3%)

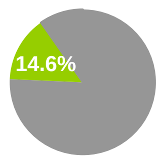


56.3 M€ (+17.8%)

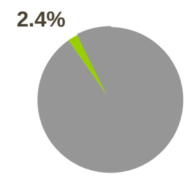
Total expenses 708.6 M€ +4.5%



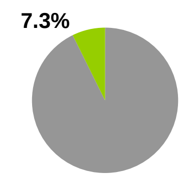
536.1 M€ (+3.1%)



103.2 M€ (+7.6%)

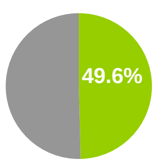


16.9 M€ (-1.4%)

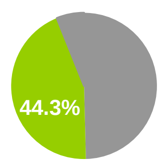


52.7 M€ (+16.1%)

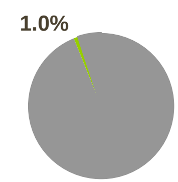
EBITDA 392.9 M€ +7.9%



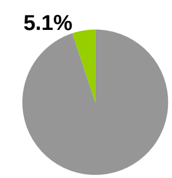
195.0 M€ (+0.8%)



174.0 M€ (+14.1%)



4.0 M€ (+15.0%)



19.9 M€ (+34.0%)

Q1 2019	Aeronautical	Commercial	Real estate services	International
EBITDA margin 43.5%	**EBITDA margin 33.6%**	**EBITDA margin 69.3%**	**EBITDA margin 24.0%**	**EBITDA margin 35.4%**

II. Commercial Information. Ordinary revenue

Business lines (Thousands of euros)	Revenue		Variation		MAG(1)	
	Q1 2019	Q1 2018	Thousands of €	%	Q1 2019	Q1 2018
Duty Free Shops	63,157	56,420	6,737	11.9%		
Food and Beverages	40,256	34,089	6,167	18.1%		
Specialty shops	21,684	19,747	1,937	9.8%		
Car Parks	35,583	30,743	4,840	15.7%		
Car Rental	32,600	30,965	1,635	5.3%		
Advertising	8,406	7,239	1,167	16.1%		
Leases	8,493	8,334	159	1.9%		
VIP services(2)	15,823	12,653	3,170	25.1%		
Other commercial revenue(3)	23,027	19,878	3,149	15.8%		
Commercial	**249,030**	**220,068**	**28,962**	**13.2%**	**30,231**	**22,018**
Average commercial revenue (€)/passenger	**4.72**	**4.41**	**0.30**	**6.9%**		

(1) Minimum Annual Guaranteed Rent.
(2) Includes use of lounges and free access zones and fast track.
(3) Includes: Commercial operations, commercial supplies, filming and recording and aircraft hangaring.

- Total ordinary commercial revenue includes the minimum guaranteed rents (MAG) recognised under contracts in the following business lines: Duty free shops, Food and beverage, Specialty shops, Advertising and Other commercial activities.
- In the first quarter of 2019, the amount recorded as revenue from minimum guaranteed rent (MAG) accounts for 19.3% of revenue from business lines with contracts that include these clauses (16.0% in Q1 2018).

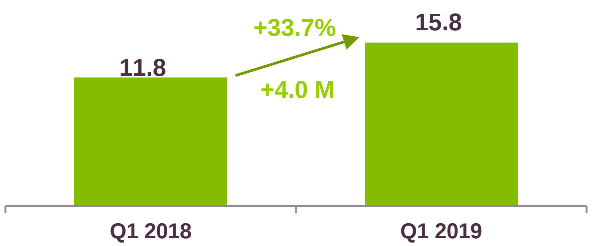
II. International shareholdings

Luton

Passengers (M)

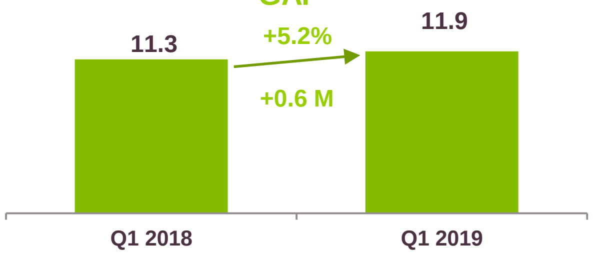
Revenue (M£)

EBITDA (M£)

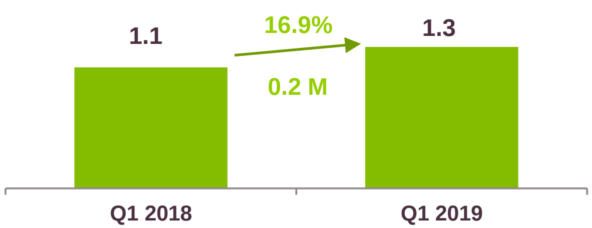


Other shareholdings: Evolution of passenger traffic (M)

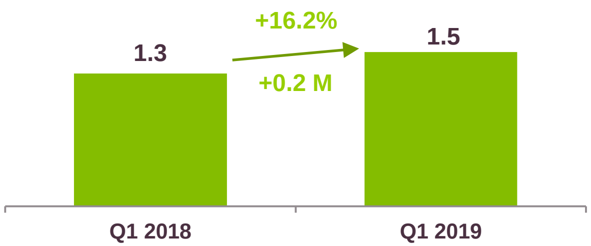
GAP(1)



Aerocali



SACSA



(1) Includes traffic at Sangster International Airport, Montego Bay, Jamaica. Based on guidance from 2019 and information 2018

II. International shareholdings

Brazil: Grupo Aeroportuario del Nordeste: Main highlights

Airports

- Six brownfield airports.
- Concession under BOT scheme (Build, Operate and Transfer). Air Traffic Control (ATC) not included.
- Regulation. Dual till system: Aeronautical business regulated (maximum income per passenger for airports with more than one million passengers is approximately € 8 and all other airports are subject to an agreement with airlines) and commercial activities non regulated.
- Period: 30 years with a potential five years extension.

2017 passenger traffic	
Recife	8,158,369
Maceió	2,150,635
Joao Pessoa-Bayeux	1,313,238
Aracajú	1,177,977
Juazeiro do Norte	560,246
Campina Grande	168,706
Total	**13,529,171**

Concession capital structure

- AENA unique bidder (100% stake).
- No initial equity leverage.
- Total disbursement: R$2,389 million (540 M €) 0.2x EBITDA of 2018 Aena Group.
  - Bid offer: R$1,900 million (€ 430 million)
  - Capital increase: R$489 million (€ 110 million) related to other expenses of the concession payable to Infraero (advisers, tender expenses and Infraero's layoff program) and remaining cash..

Variable concession fee

- 5-years grace period (0%), payments start in 2025 at 1.63% and gradually increases to 3.26% in 2026, 4.90% in 2027, 6.53% in 2028 and 8.16% in 2029 and onwards.

Projected required investments (1)

- R$2,153 million
- Mandatory (c. 26%): refers to investments to adequate infrastructure to traffic must be performed in the first 36-48 months of the concession.
- Discretionary (c. 32%): non-mandatory, mainly assigned to commercial space.
- Maintenance (c. 42%): maintenance of infrastructures, runways and equipment.

Valuation

- Winning bid per passenger: 141 Brazilian reals, well below the average paid in the last four rounds (188 Brazilian reals/passenger)
- Capex per passenger: 159 Brazilian reals, the lowest of all rounds.

Estimated calendar

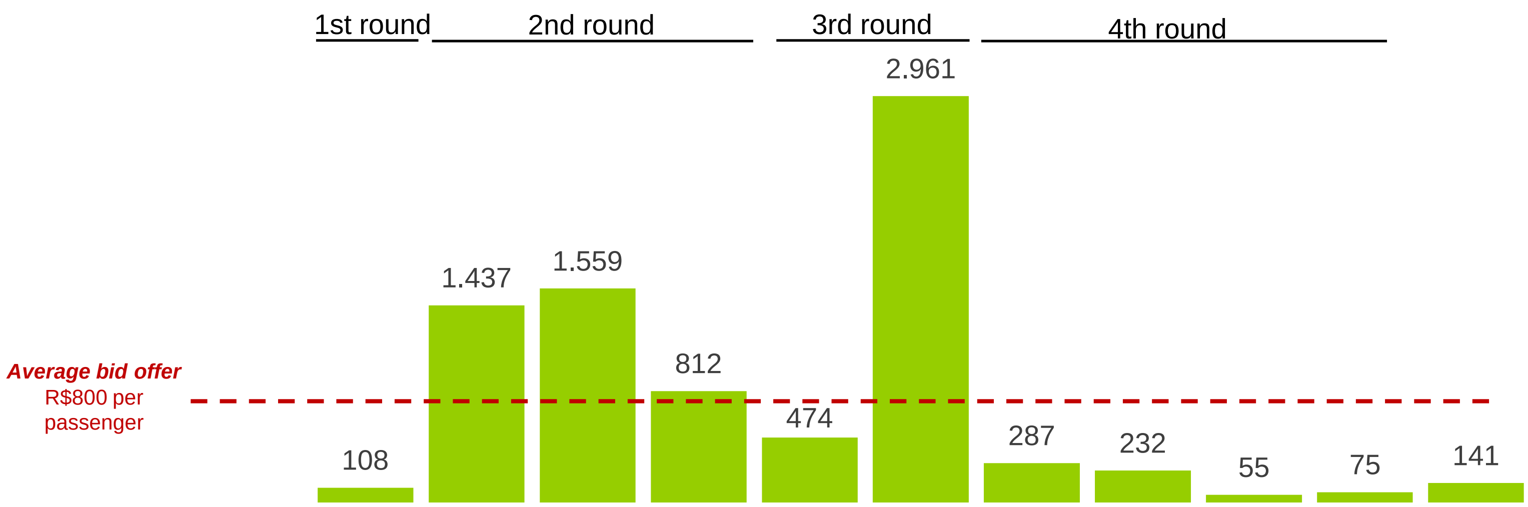
- Publication of the definitive award by ANAC: First week of June 2019.
- Signing of the concession contract: Second week of August 2019.
- Entry into force of the contract:Third week of September 2019.
- Transition phase. Income and expenses belong to Infraero: as from the third week of September 2019.
- Aena operates the airports. Income and expenses belong to Aena: as from the first half of January 2020.

(1) Source: Brazilian National Civil Aviation Agency (ANAC).

II. International shareholdings

Previous privatization rounds in Brazil

Offer per passenger (R $/passenger)



		Natal	Viracopos	Sao Paulo	Brasilia	Belo Horizonte	Rio de Janeiro	Fortaleza	Salvador	Porto Alegre	Floria-nopolis	North-east Cluster
Bid Date		**Aug-11**	**Feb-12**	**Feb-12**	**Feb-12**	**Nov-13**	**Nov-13**	**Mar-17**	**Mar-17**	**Mar-17**	**Mar-17**	**Mar-19**
Total LTM passenger traffic (millions)		2.4	4.0	15.5	8.3	5.2	8.7	5.6	7.3	7.5	3.5	13.5
Winning bid	Million.	260	5,699	24,140	6,716	2,477	25,754	1,606	1,698	414	265	1,900
Winning bid per passenger	**R$/pax**	**108**	**1,437**	**1,559**	**812**	**474**	**2,961**	**287**	**232**	**55**	**75**	**141**
Expected CAPEX per passenger	R$/pax	415	3,273	452	513	906	887	266	340	268	288	159
Bid + CAPEX per passenger	**R$/pax**	**523**	**4,711**	**2,011**	**1,326**	**1,380**	**3,847**	**553**	**572**	**323**	**363**	**300**

Source: Brazilian National Civil Aviation Agency (ANAC).
Note: The minimum bid and winning bid for previous rounds were adjusted by inflation from the respective auction date; bid amounts do not include variable contribution.

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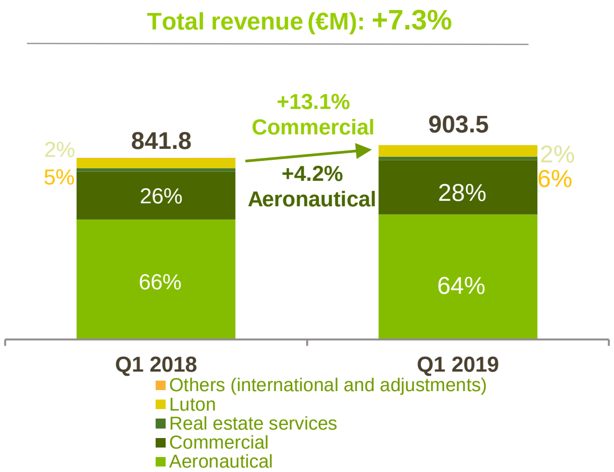
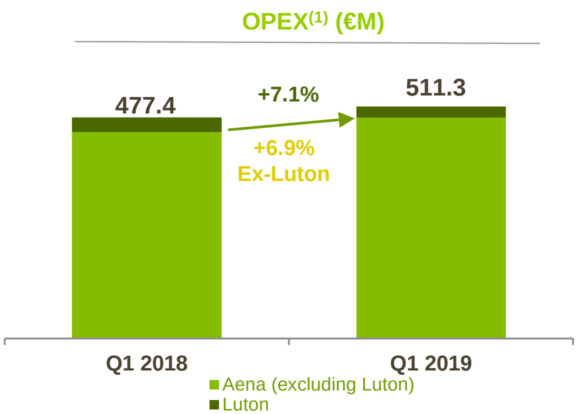
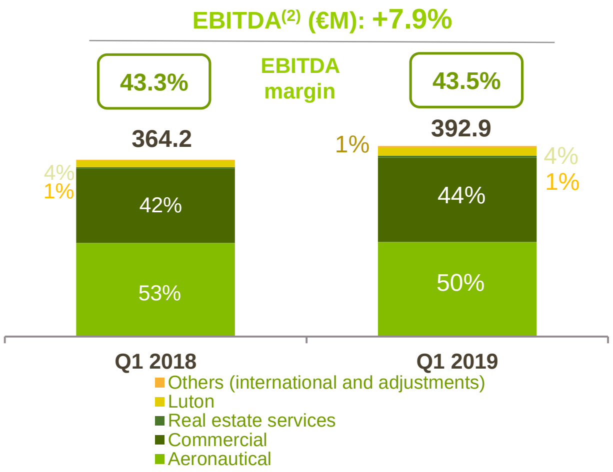
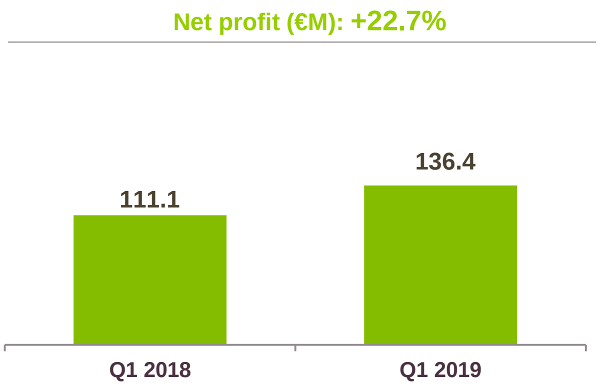
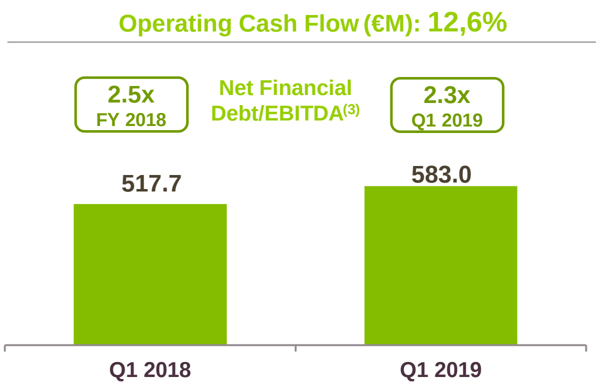
III. Financial results

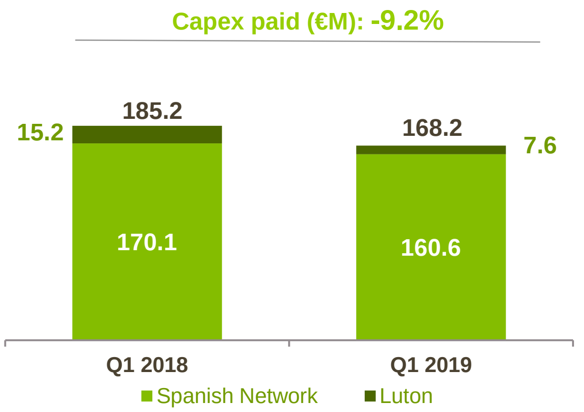












(1) OPEX includes: Supplies, Staff costs and Other operating expenses
(2) Reported EBITDA
(3) Accounting net financial debt calculated as: Total consolidated financial debt (current and non-current) less Cash and cash equivalents.

III. Some explanations to the financial results

In the first quarter of 2019, the revenue from Minimum Guaranteed Rents (MAG) rose to €30.2 million (Q1 2018: €22.0 million), representing 19.3% of the revenue of the business lines that have contracts with these clauses (16.0% in Q1 2018). This increase is mainly due to the conditions agreed in the new contracts (€ 2.8M), to the sales evolution (€ 2.4M) and to the increase collected from the current contracts (€ 0.5M).

Staff costs increased by 8.5% (+€ 8.8 million) as a result of the salary revision provided for in Royal Decree 24/2018 (in 2018, was estimated a 1% until the 2.75% increase was approved that was regularized in September; in 2019 a 2.6% is being accrued) and the increase in the workforce (100 new hires in 2018 and 87 during the first quarter of 2019).

The 2019 financial year is the first year in which IFRS 16 is applied and its impact has been negligible. One of the effects was the reclassification of the financial effect of the upfront payment received from World Duty Free Group España, S.A., from a lower commercial income to a higher financial expense, amounting to € 3 million. Excluding this effect, revenues from Duty-Free Shops of the first quarter of 2019 amounted to 60.2 million euros, an increase of 3.7 million euros (6.6%).

During the first quarter of 2019, the new advertising contract was awarded to four different providers, divided into eight lots with a duration of seven years, which is expected to enter into force on 1 June. The result has been a reduction in the RMGA (from € 32.5 million in 2018 to € 21.0 million in 2020), which is why the new contract is expected to operate in variable rents with revenue estimated in approximately 27 million euros.

III. Income statement

€M	Q1 2019	Q1 2018	Variation M	Variation %
Ordinary revenue	**890.2**	**827.9**	**62.3**	**7.5%**
Airports: Aeronautical	568.8	544.4	24.4	4.5%
Airports: Commercial	249.0	220.1	29.0	13.2%
Real Estate Services	16.5	16.3	0.2	1.3%
International	56.3	47.8	8.5	17.8%
Adjustments(1)	-0.4	-0.6	0.2	-34.2%
Other operating revenue	**13.3**	**14.0**	**-0.6**	**-4.7%**
Total revenue	**903.5**	**841.8**	**61.7**	**7.3%**
Supplies	-42.9	-42.8	0.1	0.2%
Staff costs	-111.9	-103.1	8.8	8.5%
Other operating expenses	-353.6	-334.8	18.8	5.6%
Losses, impairment and change in trading provisions	-2.9	3.3	6.2	-188.1%
Impairment and net gain or loss on disposals of fixed assets	-0.8	-1.3	-0.5	-36.1%
Other results	1.5	1.1	0.5	44.3%
Depreciation and amortization	-198.0	-200.2	-2.2	-1.1%
Total operating expenses	**-708.6**	**-677.8**	**30.8**	**4.5%**
Reported EBITDA	**392.9**	**364.2**	**28.7**	**7.9%**
% Margin (on Total Revenue)	*43.5%*	*43.3%*		-
EBIT	**194.9**	**164.0**	**30.9**	**18.8%**
% Margin (on Total Revenue)	*21.6%*	19.5%		**-**
Financial income	1.3	0.2	1.1	448.7%
Financial expenses	-27.6	-27.3	-0.3	1.2%
Other net financial income/(expense)	3.4	1.0	2.4	232.1%
Share in profit from affiliates	5.4	4.6	0.8	18.5%
Profit/(loss) before tax	**177.4**	**142.6**	**34.8**	**24.4%**
Corporate Income tax	-43.0	-33.5	-9.5	28.4%
Consolidated profit (/loss) for the period	**134.4**	**109.1**	**25.3**	**23.2%**
Profit/(loss) for the period attributable to minority interest	-2.0	-2.1	0.0	1.3%
Profit/(loss) for the period attributable to shareholders of the parent company	**136.4**	**111.1**	**25.3**	**22.7%**

(1) Adjustments among segments.

III. Cash Flow statement

M	Q1 2019	Q1 2018	Variation M€	Variation %
Profit/(loss) before tax	**177.4**	**142.6**	34.8	*24.4%*
Depreciation and amortisation	198.0	200.2		
Changes in working capital	214.8	179.2		
Financial results	23.5	26.0		
Shareholding in affiliates	-5.4	-4.6		
Interest flows	-23.8	-24.6		
Tax flows	-1.6	-1.1		
Operating cash flow	**583.0**	**517.7**	*65.3*	*12.6%*
Acquisition of property, plant and equipment	-168.2	-185.2		
Operations with affiliates	0.9	1.7		
Dividends received	2.2	3.1		
(Repayment)/Obtaining financing	-258.5	-241.4		
Other flows from investment/financing activities/dividends distribution	8.4	15.1		
Cash flow from Investments/Financing	**-415.2**	**-406.7**	*-8.5*	*2.1%*
Exchange rate impact	0.8	0.3		
Cash and cash equivalents at the start of the period	**651.4**	**855.0**		
Net (decrease)/increase in cash and cash equivalents	168.5	111.3	*57.3*	*51.5%*
Cash and cash equivalents at the end of the period	**819.9**	**966.2**	*-146.3*	*-15.1%*

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IV. Appendix. Other financial information. Key figures. Quarterly evolution

M	First Quarter		
	2019	2018	Var.
Consolidated traffic (thousands of passengers)[1]	**56,480.0**	**53,160.2**	**6.2%**
Traffic in Aena's Spanish network (thousands passengers)	**52,808.0**	**49,883.6**	**5.9%**
Total Revenue	**903.5**	**841.8**	**7.3%**
Aeronautical Revenue	567.9	544.4	4.3%
Commercial Revenue	248.4	220.0	12.9%
Real Estate Services	16.5	16.3	1.2%
International Airport Region of Murcia	1.6	0.0	-
International[2]	56.0	47.1	18.7%
Other revenue	13.3	14.0	-5.0%
Total operating expenses	**-708.6**	**-677.8**	**4.5%**
Supplies	-42.9	-42.8	0.2%
Staff costs	-111.9	-103.1	8.5%
Other operating expenses[3]	-356.6	-331.5	7.6%
Depreciation and Amortisation	-198.0	-200.2	-1,1,%
Impairment and profit/(loss) on fixed asset disposals and other results	0.7	-0.2	-473.0%
Total operating expenses (excl. Luton)	**-657.3**	**-633.7**	**3.7%**
Supplies	-42.9	-42.8	0.2%
Staff costs	-101.5	-93.3	8.8%
Other operating expenses[3]	-331.9	-309.5	7.2%
Depreciation and Amortisation	-181.8	-187.9	-3.3%
Impairment and profit/(loss) on fixed asset disposals and other results	0.7	-0.2	-473,0,%
EBITDA	**392.9**	**364.2**	**7.9%**
EBITDA (excl. Luton)	**374.7**	**350.8**	**6.8%**
Consolidated profit (/loss) for the period	**136.4**	**111.1**	**22.7%**

(1) Total passengers in the Spanish airport network and at Luton Airport.
(2) Net of adjustment among segments.
(3) Net of losses, impairment and changes in trading provisions (€3.3 million in Q12018 and €-2.9 million in Q1 2019)

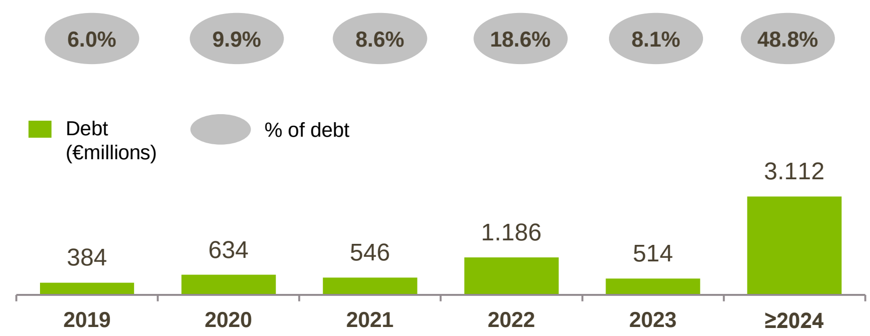
IV. Appendix. Other financial information. Balance sheet

€M	Q1 2019	FY 2018
Property, plant and equipment	12,791.7	12,872.8
Intangible assets	516.1	507.0
Investment properties	140.1	138.2
Assets by right of use	61.8	0.0
Investment in affiliates	70.1	65.4
Other non-current assets	202.6	202.2
Non-current assets	**13,782.4**	**13,785.6**
Inventories	7.2	7.3
Trade and other receivables	353.9	454.8
Cash and cash equivalents	819.9	651.4
Current assets	**1,181.0**	**1,113.5**
Total assets	**14,963.3**	**14,899.1**

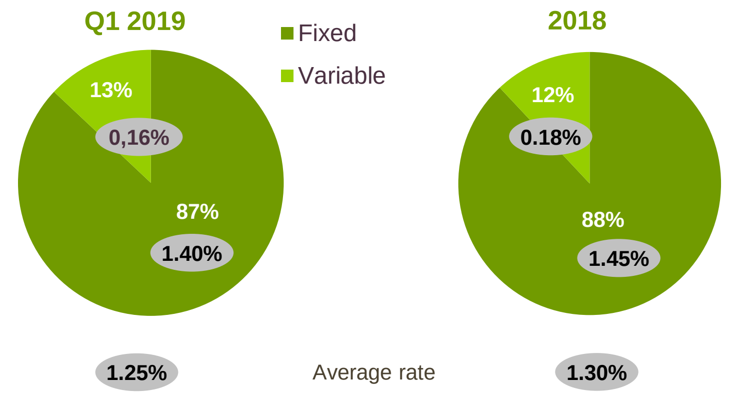
€M	Q1 2019	FY 2018
Share capital	1,500.0	1,500.0
Share premium	1,100.9	1,100.9
Retained profit/(losses)	3,670.7	3,534.6
Other reserves	-123.9	-100.6
Minority interests	-14.1	-11.1
Total equity	**6,133.6**	**6,023.8**
Financial debt	6,439.9	6,573.1
Provision for other liabilities and expenses	89.9	84.7
Grants	486.7	495.6
Other non-current liabilities	250.1	223.4
Non-current liabilities	**7,266.6**	**7,376.8**
Financial debt	690.2	732.4
Provision for other liabilities and expenses	67.2	60.2
Grants	34.9	35.2
Other current liabilities	770.8	670.7
Current liabilities	**1,563.1**	**1,498.5**
Total liabilities	**8,829.7**	**8,875.3**
Total net equity and liabilities	**14,963.3**	**14,899.1**

IV. Appendix. Other financial information. Aena debt excl. Luton

Debt maturity profile(1)
Total: €6,376.9 million; Average life: 10.1 years



Debt structure



Net Financial Debt

M	Q1 2019	2018
Gross financial debt	(6,586)	(6,802)
Cash and cash equivalents	636	467
Net Financial Debt	(5,949)	(6,335)
Net Financial Debt/EBITDA(2)	2.3x	2.5x

(1) At 31 March 2018.
(2) Net financial debt for accounting purposes/EBITDA(1)

IV. Appendix. Passenger figures by airport group(1). Traffic Q1 2019 vs Q1 2018

(1) Passengers on the network of airports in Spain.
(2) Includes International Airport Region of Murcia.
(3) Commercial traffic.

IV. Appendix. Traffic information Traffic by airline (Top 10)

Carrier	Passengers[1] Q1 2019	Passengers[1] Q1 2018	Variation %	Variation Passengers	Share (%) Q1 2019	Share (%) Q1 2018
Ryanair [2]	9,438,675	9,091,537	3.8%	347,138	17.9%	18.2%
Vueling	8,023,503	7,329,054	9.5%	694,449	15.2%	14.7%
Iberia	4,588,342	4,224,818	8.6%	363,524	8.7%	8.5%
Air Europa	4,165,362	3,725,755	11.8%	439,607	7.9%	7.5%
Easyjet[3]	3,133,342	2,875,822	9.0%	257,520	5.9%	5.8%
Iberia Express	2,253,713	2,090,069	7.8%	163,644	4.3%	4.2%
Norwegian Air [4]	2,051,334	2,046,001	0.3%	5,333	3.9%	4.1%
Air Nostrum	1,988,309	1,885,351	5.5%	102,958	3.8%	3.8%
Binter Group[5]	1,645,410	1,493,974	10.1%	151,436	3.1%	3.0%
Jet2.Com	1,014,467	916,368	10.7%	98,099	1.9%	1.8%
Total Top 10	**38,272,457**	**35,648,749**	**7.4%**	**2,623,708**	**72.5%**	**71.5%**
Total Low Cost Passengers[6]	**29,237,989**	**27,024,506**	**8.2%**	**2,213,483**	**55.4%**	**54.2%**

(1) Total passengers in the Spanish airport network. Provisional data pending final publication.
(2) Includes Ryanair Ltd. and Ryanair Sun, SA
(3) Includes Easyjet Switzerland, S.A. and Easyjet Airline Co. Ltd.
(4) Includes Norwegian Air International, Norwegian Air Shuttle AS and Norwegian Air UK
(5) Includes Binter Canarias, Naysa and Canarias Airlines.
(6) Includes traffic of low-cost carriers on regular flights.

Thank you

Interim consolidated management report

for the 3-month period ended 31 March 2019

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

This document has been originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

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Telephones:
Spain: +34 914 146 280
United Kingdom: +44 (0) 8003 767 922
+44 (0) 8445 718 892
USA: +1 866 966 1396
+1 631 510 7495

Access code: 3266499

1. Executive summary

The first quarter of 2019 shows the positive performance of the Aena Group[1] both in terms of activity and results.

The following aspects can be highlighted in this period:

- In relation to the Airport Regulation Document (DORA) for the period 2017-2021, pursuant to the application of said document, the 2019 airport charges came into force on 1 March 2019 based on the freezing of adjusted annual maximum income per passenger (Spanish acronym: IMAAJ) for 2019 with respect to the adjusted annual maximum income per passenger (IMAAJ) for 2018.

  It should also be noted that Royal Decree 162/2019 of 22 March, which develops the mechanism for calculating the P index for updating airport tariffs, was published on 10 April 2019.

- At operative level, traffic at the airports managed by Aena continues to break records, with a volume of 56.5 million passengers in the period (+6.2% in comparison with the previous year) including Luton Airport.

  In the Spanish network, traffic grew by 5.9% reaching a new record high of 52.8 million passengers, driven by good figures in the tourism sector and domestic traffic, although both traffic volumes, and passenger mix, have been affected by the fact that Easter operations last year took place for the most part in March, while this year they have taken place entirely in April.

  International traffic increased by 5.3%, while passenger traffic to/from the United Kingdom rose by 3.7%, reflecting the positive trend observed since October 2018.

  On the other hand, domestic traffic increased by 7.0%, helped along by the positive performance of the Spanish economy and the effect of the increase in the state bonus on inter-island traffic and flights to the Peninsula by residents of the islands, Ceuta and Melilla, which rose from 50 to 75% since 28 June 2017 and 16 July 2018 respectively.

  With regard to the forecast for passenger traffic growth for 2019, on 25 April 2019 the Company published an upward revision of the annual estimate, more specifically an increase of +3.7% in the volume of passengers on Spain's airport network (with a variation of ±0.5%), compared to the previous forecast of +2.0% reported on 10 October 2018 with the presentation of the 2018-2021 Strategic Plan. The impact on EBITDA would be approximately +75 million euros.

- Growth in traffic at Aena's airports contributed to the increase in total revenue by 7.3%[2] in comparison to 2018, up to 903.5 million euros, partly offset by the 2.22% reduction in airport charges from 1 March 2018.

- In the commercial activity, it is relevant to point out that in January Aena awarded the new food and beverage offer at Alicante-Elche Airport, which will have 18 points of sale and a commercial surface of more than 5,600 m^2, which represents an increase of 15% over the previous offer.

  Likewise, in the month of March the renewal of the catering offer at Palma de Mallorca Airport was put up for tender. The new premises will occupy a total surface area of more than 10,600 m^2, which will mean a 9% increase of the airport's catering space in 33 premises tendered in 13 files, which will come into service as from November 2019.

  The objective of these calls for tenders is to provide Alicante and Palma de Mallorca airports with a wide and varied range of food and beverage services, offering a high level of quality to passengers and serving local, national and international cuisine.

  As regards advertising activity, on 5 April 2019 the new licences which will give continuity to the previous agreement, were awarded for a period of seven years. The result of the tender represents an increase of the estimated income for the first year of 12.8% for variable rent and of 12.6% for minimum annual guaranteed rent, compared to the minimum conditions established in the calls for tenders.

  Based on the new contractual terms, the minimum annual guaranteed rent decreases from 32.5 million euros in 2018 to 21.0 million euros in 2020 (first annuity), thus it is expected to operate these contracts in variable rents with revenues estimated in approximately 27 million euros.

- EBITDA for the year has increased to 392.9 million euros, which is a growth of 7.9% compared to 2018. As usual in the first quarter, EBITDA is affected by the accrual of local taxes for the entire year and the seasonality of the business. It also reflects the rise in the costs of services provided by third parties as evidenced in the contracts that entered into force with higher associated costs as from the second quarter of 2018.

- Profit before tax reached 177.4 million euros compared with 142.6 million euros in 2018, and net profit for the period amounted to 136.4 million euros,

[1] Aena S.M.E., S.A. and Subsidiaries ("Aena" or "the Company")
[2] The variation percentages for financial figures have been calculated by taking the figures in thousands of euros as the base.

22.7% up on 31 December 2018 (111.1 million euros).

- Operating cash flow totalled 583.0 million euros at the end of the period, an increase of 12.6% compared to 517.7 million euros in 2018.

  The consolidated financial net debt ratio of the Aena Group (calculated as Current financial debt plus Non-current financial debt minus Cash and cash equivalents) has been reduced to 2.3x as of 31 March 2019 compared to 2.5x at 31 December 2018.

- As for the execution of capital expenditure, capex paid out in the period amounted to 168.2 million euros (including 7.6 million euros invested in Luton airport), representing a fall of 17.0 million euros relative to the same period of last year. Capital expenditure in the network of airports in Spain centred mainly on security and maintenance, in accordance with the regulated capex programme established in the DORA.

- On 15 March 2019 Aena was declared by ANAC (the Brazilian National Civil Aviation Agency) winner of the tender held for the 30-year term concession for the airport group of North-east Brazil, with an additional 5 years of optional extension.

  The airport group in North-east Brazil, which consists of six airports (Recife, Maceió, Joao Pessoa-Bayeux, Aracaju, Juazeiro do Norte and Campina Grande), had a traffic of more than 13.5 million passengers in 2017, representing 6.5% out of total Brazilian traffic and Recife being the eighth airport in Brazil based on total passenger traffic and the fifth for international passenger traffic.

  The total amount to be paid amounted to 2,389 million Brazilian reals (equivalent to 540.0 million euros) including, 1,900 million Brazilian reals (429.5 million euros) corresponding to the bid offer and 489 million Brazilian reals (110.5 million euros) corresponding to the contribution stipulated by the Government of Brazil for expenses of the concession to be paid to Infraero and the surplus cash.

  It is expected that the Brazilian National Civil Aviation Agency will publish the final award during the first week of June and that the administrative formalities for the concession will end next August, with the contract coming into force in the third week of September. As from that moment, a transition phase will start, after which it is estimated that Aena will operate the airports under the concession during the first half of January 2020.

  This acquisition complies with the targets of the 2018-2021 Strategic Plan and consolidates Aena's global leadership as an airport operator.

- During the first quarter of 2019, the share price fluctuated between a minimum of 137.00 euros and a maximum of 166.15 euros, closing the period at 160.50 euros, representing a revaluation of 18.2%, higher than the evolution of the IBEX35, which accumulated an increase of 7.5% during the same period.

2. Activity figures

2.1. Traffic in the Aena airport network in Spain

In the first quarter of 2019 passenger traffic in the airport network in Spain grew by 5.9%, reaching 52.8 million.

This growth, which is affected by the fact that Easter operations last year took place for the most part in March, while this year they have taken place entirely in April, has been favoured by the positive performance of domestic traffic, which has increased by 7.0%, driven by the positive performance of the Spanish economy and the effect of the increase in the state bonus on inter-island traffic and flights to the Peninsula by residents of the islands, Ceuta and Melilla, which rose from 50 to 75% since 28 June 2017 and 16 July 2018 respectively.

International traffic grew by 5.3% to 34.5 million passengers and its contribution to total traffic fell slightly to 65.4% (65.8% in the 2018 period). At 31 March 2019, passengers from and to the United Kingdom increased by 3.7%, reflecting the positive trend observed since October 2018.

In terms of aircraft movements, 491,002 flights were recorded, up 7.4% on the same period of last year.

The volume of freight continued to increase, up 6.2% to 250,678 tonnes.

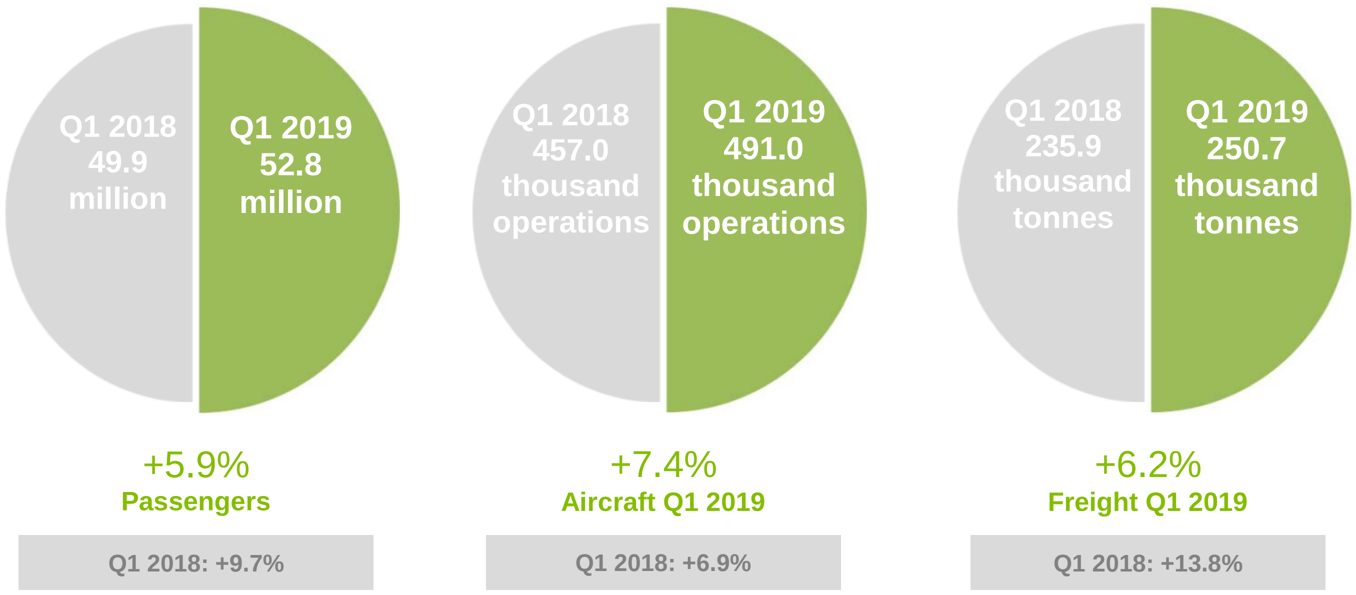

Figure 2. Traffic on the Aena airport network in Spain

2.2. Analysis of air passenger traffic by airport and airline

The distribution of passengers in terms of percentage shows that the volume remains concentrated at the network's seven main airports which accounts for 75.2% of the total:

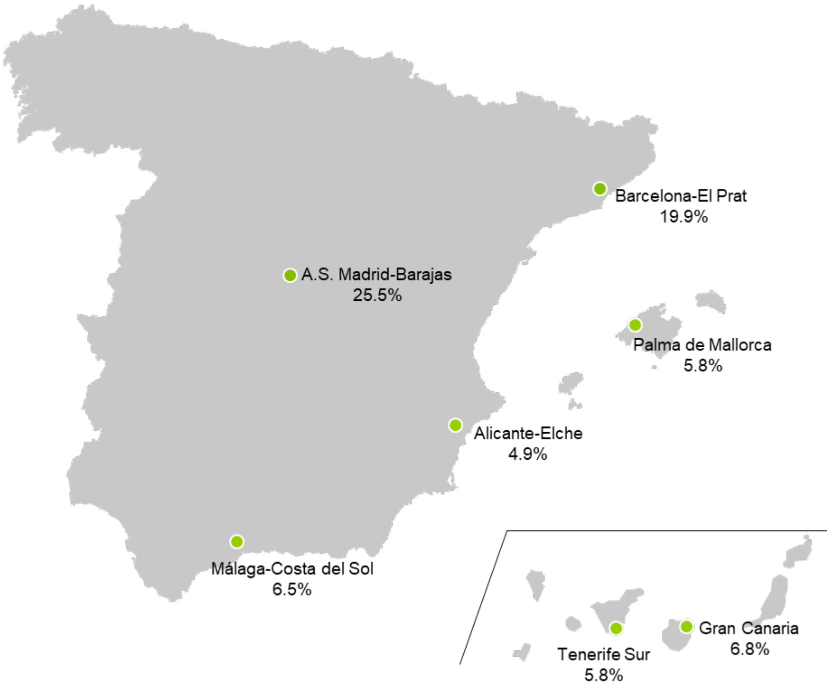

Figure 3. Share of passenger traffic at major airports in Spain

The evolution of traffic by airports in the first quarter of 2019 is detailed below:

	Passengers			Aircrafts			Cargo		
Airports and Airport groups	**Million**	**Variation(1) Q1 2019/ Q1 2018**	**Share/ Total**	**Thousands**	**Variation(1) Q1 2019/ Q1 2018**	**Share/ Total**	**Metric tons**	**Variation(1) Q1 2019/ Q1 2018**	**Share/ Total**
A. S. Madrid-Barajas	13.4	6.4%	25.5%	97.4	4.3%	19.8%	129,562	5.7%	51.7%
J. T. Barcelona-El Prat	10.5	5.9%	19.9%	72.7	4.5%	14.8%	41,607	9.0%	16.6%
Palma de Mallorca	3.0	10.2%	5.8%	26.8	6.2%	5.5%	2,065	-5.5%	0.8%
Total Canary Islands Group	11.6	1.5%	21.9%	105.8	3.0%	21.5%	9,237	-2.1%	3.7%
Total Group I	11.5	9.1%	21.7%	100.7	6.3%	20.5%	7,979	-13.9%	3.2%
Total Group II (2)	2.4	3.9%	4.6%	40.6	12.9%	8.3%	44,681	15.6%	17.8%
Total Group III	0.4	10.7%	0.7%	47.1	32.5%	9.6%	15,547	-0.6%	6.2%
TOTAL	**52.8**	**5.9%**	**100.0%**	**491.0**	**7.4%**	**100.0%**	**250,678**	**6.2%**	**100.0%**

Traffic data pending definitive close, not subject to significant variations.

(1) *Percentage changes calculated in passengers*
(2) *Includes the details International Airport of the Region of Murcia (AIRM): 121,413 passengers and 986 movements of aircrafts.*

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

The growth in passenger traffic at Adolfo Suárez Madrid-Barajas Airport has been distributed between an increase of 4.6% in domestic traffic (up to 3.8 million passengers) and 7.1% in international traffic (up to 9.6 million passengers).

At the Josep Tarradellas Barcelona-El Prat Airport domestic traffic increased by 4.7% and international traffic by 6.4% (up to 3.0 and 7.5 million passengers, respectively).

The Palma de Mallorca Airport achieved traffic of 1.5 million domestic passengers and 1.5 international passengers, representing growth of 6.6% and 14.1% respectively.

As regards the 8 airports of the Canary Islands Group, the number of domestic passengers increased by 8.2% (to 3.9 million) and international passengers fell by 0.9% (standing at 7.6 million).

The 8 airports in Group I grew by 9.1% in passenger traffic, to 11.5 million, the main increases being seen in Seville (+21.4%), Valencia (+13.2%) and Bilbao (+8.8%). Traffic at Alicante-Elche Airport grew by 7.9% (to 2.6 million passengers) and Málaga Costa del Sol Airport by 7.1% (to 3.4 million passengers). Domestic traffic in this group grew by 9.1% and international traffic was up 9.4%.

The 11 airports in Group II registered an overall increase in passenger traffic of 3.9%, up to 2.4 million passengers, driven by the evolution of domestic traffic (+8.9%), compared to international traffic, down 9.8%.

Notable among this group was the 15.8% increase in the volume of freight operated at Zaragoza airport, 43,734 tonnes of freight, most of which was international cargo, which made it the second freight airport in Spain, behind of the Adolfo Suárez Madrid-Barajas Airport.

Airport marketing activity was reflected in the first quarter of 2019 with the opening of 22 new routes[1] from Aena airports in Spain: 8 with domestic destinations, 13 medium-haul routes[2] and 1 long-haul route[3] (Josep Tarradellas Barcelona-El Prat - Santiago, Chile operated by Level).

The airports with the highest numbers of new routes were: Adolfo Suárez Madrid-Barajas (5), Tenerife Sur (3), Palma de Mallorca (2) and Ibiza (2).

By airline, Vueling has been the airline with the highest number of new routes (7), followed by EasyJet (4), Air Nostrum (2), British Airways (2), Wizz Air (2) and Air Europa (2).

(1) Routes with more than 5,000 passengers in 2019 and fewer than 1,000 in 2018.
(2) Routes of less than 4,000 km and destination in the EEA (excluding Spain).
(3) Routes longer than 4,000 km and with a non-EEA destination.

In terms of traffic distribution by geographical area, mention must be made of the significant growth with Asia (+35.7%) and North America (+16.6%), which, despite being lightweight markets in absolute terms, shows the positive impact of the Company's airport marketing measures.

Region	Passengers 1T 2019	% Variation
Europe [(1)]	29,711,295	4.5%
Spain	18,275,803	7.0%
Latin America	1,870,253	3.9%
North America [(2)]	1,044,962	16.6%
Africa	865,508	11.6%
Middle East	731,729	8.0%
Asia Pacific	308,492	35.7%
TOTAL	**52,808,042**	**5.9%**

[(1)] *Excluding Spain*
[(2)] *Including the USA, Canada and Mexico*

Table 2. Breakdown of traffic by geographical area

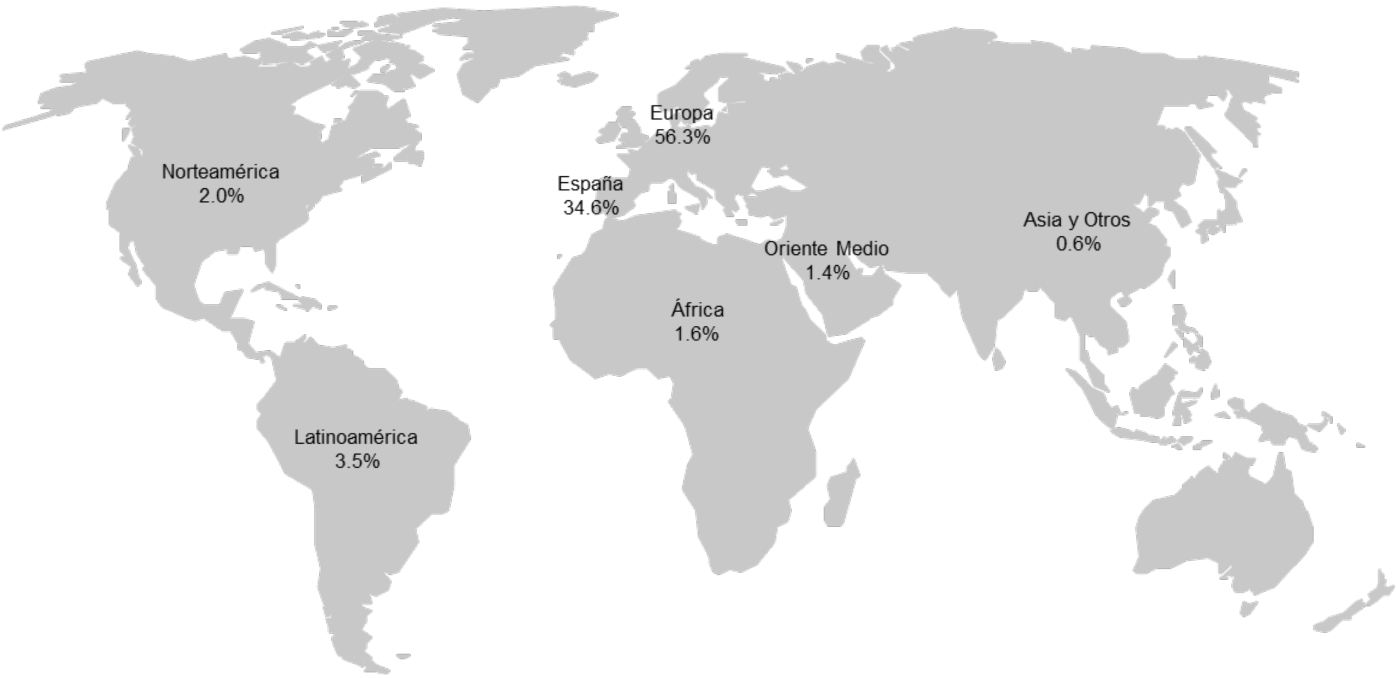

Figure 4. Map of traffic distribution by geographic area

By countries, total traffic on the airport network remains concentrated in Spain (34.6%), the UK, Germany, Italy and France, which together account for a 34.5% market share (34.7% in 2018).

Of these countries, it is worth noting, as already mentioned, the increase in the number of passengers from/to the United Kingdom (3.7%), which reflects the recovery in traffic impacted in the same period of 2018 due to the bankruptcy of Monarch in October 2017, although it is still affected by the recovery of alternative tourist destinations to Spain, as well as by the uncertainty surrounding Brexit.

Country	Passengers		Variation		Share (%)	
	Q1 2019	Q1 2018	%	Passengers	Q1 2019	Q1 2018
Spain	18,275,803	17,084,006	7.0%	1,191,797	34.6%	34.2%
United Kingdom	7,229,848	6,974,287	3.7%	255,561	13.7%	14.0%
Germany	5,217,056	4,938,936	5.6%	278,120	9.9%	9.9%
Italy	3,223,992	2,903,769	11.0%	320,223	6.1%	5.8%
France	2,566,940	2,484,578	3.3%	82,362	4.9%	5.0%
Holland	1,613,583	1,622,681	-0.6%	-9,098	3.1%	3.3%
Belgium	1,212,014	1,202,514	0.8%	9,500	2.3%	2.4%
Switzerland	1,186,368	1,171,861	1.2%	14,507	2.2%	2.3%
Portugal	1,117,710	989,779	12.9%	127,931	2.1%	2.0%
Sweden	816,418	918,832	-11.1%	-102,414	1.5%	1.8%
United States	790,137	671,894	17.6%	118,243	1.5%	1.3%
Ireland	721,785	645,294	11.9%	76,491	1.4%	1.3%
Denmark	670,931	758,984	-11.6%	-88,053	1.3%	1.5%
Norway	637,022	697,176	-8.6%	-60,154	1.2%	1.4%
Finland	522,286	489,108	6.8%	33,178	1.0%	1.0%
Total Top 15	**45,801,893**	**43,553,699**	**5.2%**	**2,248,194**	**86.7%**	**87.3%**
Rest of the world	**7,006,149**	**6,329,890**	**10.7%**	**676,259**	**13.3%**	**12.7%**
Total Passengers	**52,808,042**	**49,883,589**	**5.9%**	**2,924,453**	**100.0%**	**100.0%**

Table 3. Air traffic distribution by country

As regards the distribution of passenger traffic by airline, it can be seen that low-cost airlines are consolidating growth of their share and represent 55.4% of the total (54.2% in 2018), while the remaining 44.6% are traditional companies (45.8% in 2018), which shows that the degree of concentration continues to remain at a moderate level.

Aena's main client airlines continue to be the IAG Group and Ryanair. The former, comprising Iberia, Iberia Express, Vueling, British Airways, British Airways City Flyer, Aer Lingus and the Level brand, increased its share of total passenger traffic up 29.8% (28,9% in 2018), while Ryanair decreased its share to 17.9% (18.9% in 2018). Of the other airlines, noteworthy was the increase in the activity of Air Europa (11.8%) and easyJet (9.0%), as well as the growth of the Binter Group (which mainly operates traffic between Canary Islands airports), Jet2.com (passengers mainly from the United Kingdom to destinations in Spain) and Eurowings.

As for the long-haul flights operated by low-cost carriers Norwegian and Level since June 2017 with new routes from Barcelona, mention must be made of the fact that, albeit still at an early-stage in Spain, it continues its upward trend and, from when it opened for business, it has carried more than 1.3 million passengers, reaching the figure of 202,442 passengers in the first quarter of 2019, up 40% on 2018.

Airline	Passengers		Variation		Share (%)	
	Q1 2019	Q1 2018	%	Passengers	Q1 2019	Q1 2018
Ryanair [1]	9,438,675	9,091,537	3.8%	347,138	17.9	18.2
Vueling	8,023,503	7,329,054	9.5%	694,449	15.2	14.7
Iberia	4,588,342	4,224,818	8.6%	363,524	8.7	8.5
Air Europa	4,165,362	3,725,755	11.8%	439,607	7.9	7.5
Easyjet [2]	3,133,342	2,875,822	9.0%	257,520	5.9	5.8
Iberia Express	2,253,713	2,090,069	7.8%	163,644	4.3	4.2
Norwegian Air	2,051,334	2,046,001	0.3%	5,333	3.9	4.1
Air Nostrum	1,988,309	1,885,351	5.5%	102,958	3.8	3.8
Grupo Binter [4]	1,645,410	1,493,974	10.1%	151,436	3.1	3.0
Jet2.Com	1,014,467	916,368	10.7%	98,099	1.9	1.8
Eurowings	887,174	769,698	15.3%	117,476	1.7	1.5
Lufthansa	842,019	779,816	8.0%	62,203	1.6	1.6
Thomson Airways	672,335	701,710	-4.2%	-29,375	1.3	1.4
Transavia	638,227	626,514	1.9%	11,713	1.2	1.3
British Airways	551,726	518,361	6.4%	33,365	1.0	1.0
Total Top 15	**41,893,938**	**39,074,848**	**7.2%**	**2,819,090**	**79.3%**	**78.3%**
Other airlines	10,914,104	10,808,741	**1.0%**	105,363	20.7%	21.7%
Total Passengers	**52,808,042**	**49,883,589**	**5.5%**	**2,924,453**	**100.0%**	**100.0%**
Total Low Cost Passengers[5]	**29,237,989**	**27,024,506**	**8.2%**	**2,213,483**	**55.4%**	**54.2%**

[1] Includes Ryanair Ltd. and Ryanair Sun, S.A.
[2] Includes Easyjet Switzerland, S.A. and Easyjet Airline Co. Ltd.
[3] Includes Norwegian Air International, Norwegian Air Shuttle AS and Norwegian Air UK.
[4] Includes Binter Canarias, Naysa and Canarias Airlines.
[5] Includes traffic of low-cost carriers on regular flights.

Table 4. Distribution of air traffic by airlines

2.4. International activity

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

Millions of passengers	Q1 2019	Q1 2018	Change [(1)] %	% Aena share
London Luton United Kingdom)	3.7	3.3	12.1%	51.0%
Grupo Aeroportuario del Pacífico (GAP) [(2)] (Mexico)	11.9	11.3	5.2%	5.8%
Aerocali (Cali, Colombia)	1.3	1.1	16.9%	50.0%
SACSA (Cartagena de Indias, Colombia)	1.5	1.3	16.2%	37.9%
TOTAL	**18.4**	**17.0**	**8.1%**	-

[(1)] Percentage changes calculated in passengers

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

Table 5. Passenger traffic in investee airports

London Luton Airport saw its passenger traffic increase by 12.1%. This growth is affected by the calendar of Easter holidays that began last year in March, while this year they have taken place entirely in April, and reflects the growth provided by Wizz Air and Ryanair, as well as the excellent performance of international traffic, which rose by 13.1%.

GAP's total passenger traffic (Grupo Aeroportuario del Pacífico) grew by 5.2% in the period. Domestic passengers shown an increase of 3.9% and international passengers an increase of 6.7%, with notable traffic performance at the Group's main Mexican airports: Guadalajara, Puerto Vallarta, San José del Cabo and Tijuana, the latter driven by an increase in the number of users of the CBX (Cross Border Xpress).

In addition, it is important to mention that on 10 October 2018, GAP closed the agreement with the Jamaican Government to operate, modernize and expand Norman Manley International Airport in the city of Kingston by signing a 25-year Concession Agreement with a possible extension of five years. With this operation, GAP now operates the two commercial airports of Jamaica (Montego Bay and Kingston), which manage and process 99% of the country's traffic.

As regards Cali Airport, traffic grew by 16.9%. This significant increase is linked to the recovery of the impact caused by Avianca strike in September 2017, which affected 2018, as well as the opening of new domestic and international routes. Avianca's recovery of all frequencies with Bogotá and the new point-to-point routes operated by EasyFly with several destinations not served so far has boosted the domestic traffic increase by 17.4%. On the other hand, international traffic grew by 15.1%, mainly due to the routes started at the end of 2018 and to the new route from Latam to Lima.

Cartagena de Indias Airport increased by 16.2%, with increases in domestic and international traffic of 15.6% and 18.8% respectively, derived from the introduction of new routes and the new airlines that started operations with this airport in the last quarter of 2018, a trend that remains positive with the announcement of new scheduled international routes and international frequencies. Thus, in June Viva Air will start a new route with Lima and KLM will increase the frequencies on the flight with Amsterdam. As a result of its restructuring plan, Avianca is reorganizing routes and, as from 1 June, will cease to operate routes with San Salvador and New York.

On the other hand, it is worth noting that negotiations are ongoing with the National Infrastructure Agency (ANI) for the development of a private initiative (APP) whose objective is to sign a new concession contract once the current concession ends in 2020, having submitted the latest amendments requested by the ANI in March.

Concession of the North-eastern Brazil airport group

In the auction held on 15 March 2019, Aena won the concession for the North-eastern Brazil airport group, through its subsidiary Aena Desarrollo Internacional S.M.E., S.A.

The airport group of North-east Brazil, which consists of six airports, had a traffic of more than 13.5 million passengers in 2017, representing 6.5% of total Brazil traffic. Recife airport (8.2 million passengers in 2018) was eighth in Brazil for total passenger traffic and fifth in terms of international passenger traffic.

Millions of passengers	**2017**
Recife	8.2
Maceió	2.2
Joao Pessoa	1.3
Aracajú	1.2
Juazeiro do Norte	0.6
Campina Grande	0.2
TOTAL	**13.5**

The final award of the concession is expected to take place in the first week of June and it is estimated that the concession contract will be signed in the second week of August, following the incorporation of the concession operator Aeroportos do Nordeste do Brasil, S.A. (ANB), whose share capital will be fully subscribed and paid out by Aena Desarrollo Internacional. As from when the contract enters into force, scheduled for the third week of September, a transition phase will begin in which income and expenses will correspond to Infraero. It is estimated that, through its concession operator, Aena will begin operating the six airports during the first fortnight of January 2020.

The concession, which is awarded for a term of 30 years with optional extensions for 5 years under the BOT scheme,(Build, Operate and Transfer), does not include ATC (Air Traffic Control) services and follows a Dual-Till model, in which revenues from aeronautical activity are regulated (the maximum income per passenger for airports with more than 1 million passengers is approximately 8 euros and, for the other airports, it is established by agreements with airlines) while the commercial activity is not regulated.

The National Civil Aviation Agency (ANAC) estimated in the tender document an investment amount of 2,153 million Brazilian reals (equivalent to 486.6 million euros)[(1)] distributed among compulsory investments to adapt infrastructures to traffic (25.6% of the total estimated by the Brazilian authority to be executed in the first 3/4 years); non-compulsory discretionary investments (31.7%) mainly for commercial areas; and maintenance of infrastructures, runways and equipment (42.7%).

In relation to the capital structure of the concession, Aena will own 100%, with no initial leverage and will assume a total outlay of 2,389 million Brazilian reals (540 million euros), 0.2x the EBITDA of the Aena Group in 2018.
Said outlay is composed of 1,900 million Brazilian reals (430 million euros) for the bid offer plus 489 million Brazilian reals (110 million euros) of additional capital as concession fees payable to Infraero (corresponding to advisers, expenses of the tender and the redundancy plan for Infraero's employees) and surplus cash.

The variable financial consideration is set at 8.16% of gross income with an initial five-year grace period and 5 progressive years beginning in 2025 at 1.63% and gradually increasing to 3.26% in 2026, 4.90% in 2027, 6.53% in 2028 and 8.16% in 2029 and successive years.

Compared to the last four rounds of privatization, the offer made by Aena represents 141 Brazilian reals per passenger (31.9 euros), a figure considerably lower than the average paid previously (188 Brazilian reals per passenger), and the amount of the investment per passenger stands at 159 Brazilian reals per passenger (35.9 euros), the lowest of all rounds.

The concession of the North-eastern Brazil airport group is part of the objectives of the Strategic Plan of Aena approved in May 2018 and consolidates the Company's global leadership as airport operator, helping to increase the synergies of its network with the hub airports of the network in Spain, as well as the Latin American airports in which Aena participates in Mexico, Colombia and Jamaica.

[(1)] Exchange rate EUR-BRL used: 4.4239

2.5. Commercial Activity

One fundamental part of the experience Aena offers passengers travelling through its airports is the commercial business. Accordingly, Aena focuses its efforts on meeting the needs and demands of various user profiles, adapting the commercial range and making it increasingly attractive to clients.

In Q1 2019, commercial revenues reached 249.0 million euros, up 13.2% on the previous year. This growth is mainly due to the improved contractual conditions of the new tenders, which include higher minimum annual guaranteed rents (MAGR), the increase in guaranteed rents included in the current contracts and the evolution of sales of the businesses managed by Aena, parking and VIP services, where revenue continues to evolve significantly. The increase in the traffic mix of low-cost passengers with lower propensity to spend and the uncertainty surrounding Brexit continue to affect revenue from this business.

At unit level, at 31 March 2019, the commercial income ratio per passenger was 4.7 euros, 6.9% up on the same period in 2018 (4.4 euros). This ratio includes revenue from commercial activities inside the terminal and from car parks, but does not take into account income from real estate services, which form a different business segment.

As for contractual conditions, we would point out that most of Aena's commercial contracts stipulate a variable income based on sales made (these percentages can vary according to the category of the product and/or service) and a minimum annual guaranteed rent, which ensures that the lessee pays a minimum amount by compromising a percentage of its Business Plan. The following graph shows how the minimum annual guaranteed rents for each business line will evolve until 2023 for contracts in force at 31 December 2018:

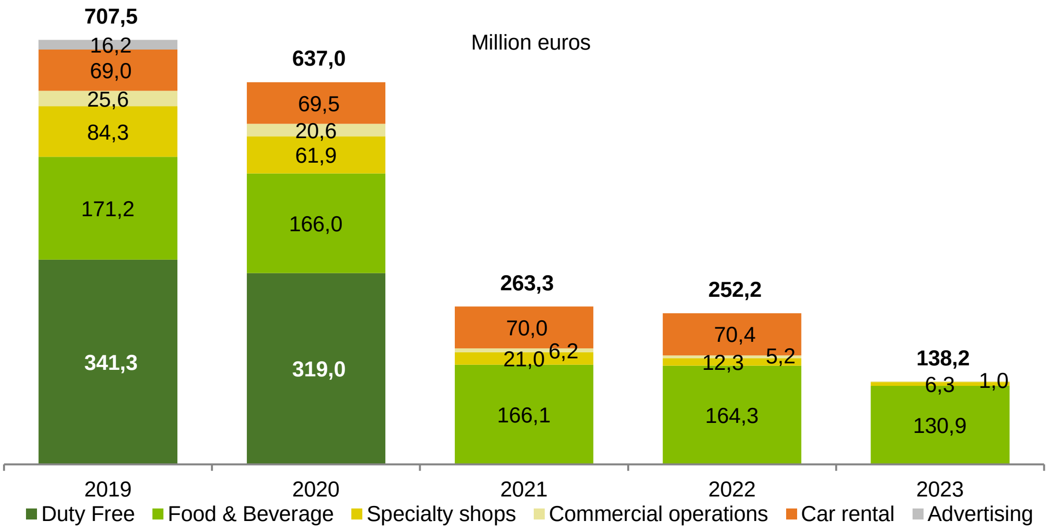

Figure 5. Minimum annual guaranteed rents (MAGR) by business line

The MAGR has been prorated to the actual days at the beginning and end of the contracts.
Commercial operations include contracts for financial and regulated services (currency exchange, pharmacies, tobacco shops, etc.)
Duty Free: the current contract ends in October 2020.
Advertising: the new contract is at tender stage and the rents correspond to the extension of the previous contract to June 30.

3. Business lines

The main figures for Aena's results for the first quarter of 2019, broken down by business area, show the contribution of the different segments in terms of EBITDA and revenue. The Airports segment represented 93.9% of total EBITDA and 92% of total revenues, the Real estate services contributed 1.0% and 1.9% respectively, and International segment 5.1% and 6.2%.

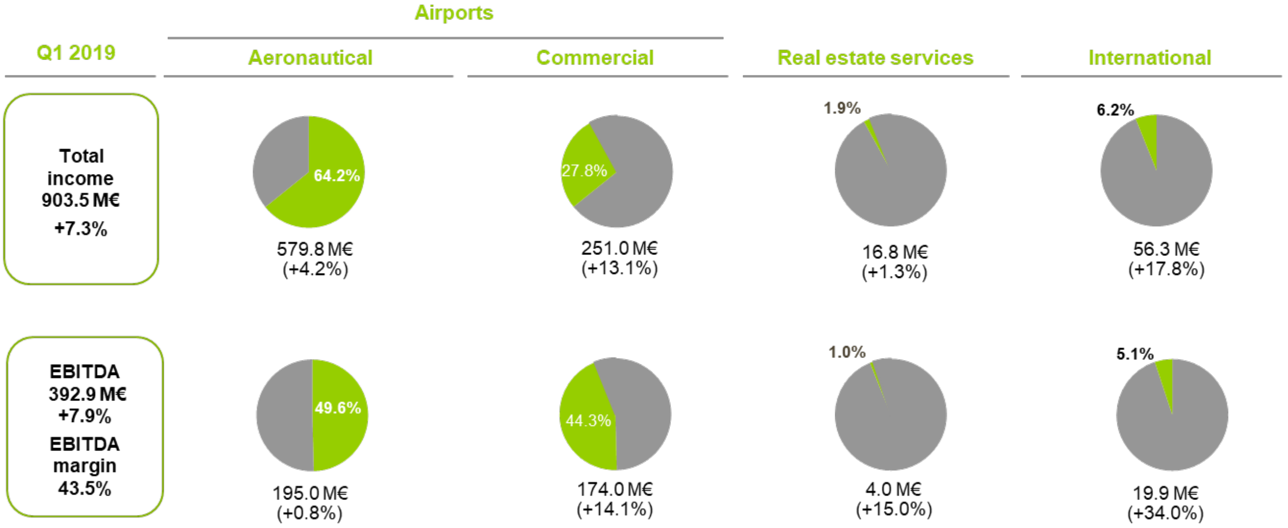

Figure 6. Aena's main results by business area

Aeronautical segment

3.1.1 Aeronautical

Airport Regulation Document (DORA 2017-2021)

In relation to the Airport Regulation Document (DORA) for the period 2017-2021 and pursuant to the application of said document, on 1 March 2019 the 2019 airport charges, based on the freezing of the adjusted annual maximum income per passenger (IMAAJ) of 2019 came into force with respect to the adjusted annual maximum income per passenger (IMAAJ) of 2018.

Regarding the regulated assets base, it stood at 10,103 million euros at 31 December 2018.

It should also be noted that on 10 April 2019 Royal Decree 162/2019, of 22 March, was published, which develops the mechanism for calculating the P-index for updating airport charges by means of a formula that depends on certain specific rates applicable for the review of certain costs defined in this Royal Decree, together with the procedure for determining their annual value.

Aviation activity

In the field of aviation activity, it is worth noting that the International Airport of the Region of Murcia (AIRM) started its activity on 15 January. This airport is managed under concession for a period of 25 years by the company “Aena Sociedad Concesionaria del Aeropuerto Internacional de la Región de Murcia S.M.E., S.A.” (100% owned by Aena S.M.E., S.A.) and its operative and financial information is included in the Airports segment.

As regards the services provided to passengers, in the first quarter of 2019 it is important to highlight Aena's participation in the launch of the ASQ Tablets (*Airport Service Quality*) programme, a technological improvement aimed at real-time monitoring of the results of the surveys that will allow airports to act immediately if a problem or risk is detected.

As for the services provided to airlines, it is worth noting the start of a pilot project to test facial recognition in the boarding process of the Menorca Airport.

For its part, in the section on operations, Aena has worked in groups related to the operation of drones and their preparation of procedures for actions. Furthermore, airport security, border control and customs control are the three basic features affected at operational level by Brexit, on which Aena has been working with all the players involved in the National Security Committee. The implementation of the corresponding measures is subject to the decisions adopted by the British Parliament.

The following is a summary of the most significant figures of the aeronautical activity during the period:

Thousand euros	**Q1 2019**	**Q1 2018**	**Variation**	**% Variation**
Ordinary revenue	568,843	544,419	24,424	4.5%
Airport charges(1)	551,677	527,582	24,095	4.6%
Passengers	251,955	241,018	10,937	4.5%
Landings	151,458	145,119	6,339	4.4%
Security	83,455	80,213	3,242	4.0%
Telescopic boarding bridges	22,677	24,435	-1,758	-7.2%
Handling	21,436	18,751	2,685	14.3%
Fuel	7,095	6,957	138	2.0%
Parking facilities	10,993	8,930	2,063	23.1%
Catering	2,608	2,159	449	20.8%
Other Airport Services(2)	17,166	16,837	329	2.0%
Other revenue	10,988	11,841	-853	-7.2%
Total revenue	579,831	556,260	23,571	4.2%
Total expenses (including depreciation)	-536,146	-519,947	16,199	3.1%
EBITDA(3)	194,950	193,326	1,624	0.8%

(1) The amounts for passenger fees, landing charges and security charges are shown net of commercial incentives: 4.1 million euros in 2019 (3.6 million euros in 2018).

(2) Includes: Check-in counters, use of 400 Hz gateways, fire service, luggage lockers and other revenue.
(3) Earnings before interest, tax, depreciation and amortization.

Table 6. The most significant figures in aeronautical activity

Total revenue from the aviation business increased to 579.8 million euros (up +4.2% on 2018) driven by the growth in traffic (5.9% increase in passenger traffic and 7.4% in number of aircraft).

The reduction in charges of -2.22% from 1 March 2018 has meant a reduction of 7.2 million euros in lower revenues. As of 1 March 2019 there is no change.

The effect of incentives to traffic has amounted to 4.1 million euros in the period (net of the adjustment of 1.0 million euros of provisions from previous years) compared to 3.6 million euros in 2018 (net of regularization of 2.6 million euros).

Rebates for passengers on connecting flights was 17.1 million euros, 0.3 million euros higher than 2018, due to an increase in connection traffic of 3.3%.

Total expenses of the aeronautical activity increased by 3.1% in comparison with the same period of 2018. Excluding amortizations (151.3 million euros), total expenses increased by 6.0% due to the increase in personnel expenses and other operating expenses explained in section 4. Income Statement.

The aforementioned effects have put the EBITDA for the period at 195.0 million euros, which represents an increase of 1.6 million euros compared to 2018 (+0.8%).

As for the main actions carried out at the airports in the network and with the main objective of maintaining the quality of service provided to passengers and airlines, the following are particularly noteworthy:

Passenger services

To improve the passenger experience, AENA pays special attention to the services it provides at its airports.

In this period, it should be highlighted that the tender for cleaning services that began in 2018 within the framework of the Strategic Cleaning Plan continues in progress. In 2018, the provision of this service was tendered at 21 airports of the network and awarded for 19 airports in which the new services entered into force.

The cleaning services contracts for the airports of Madrid and Barcelona have not yet been awarded, it is estimated that they will take place in the second quarter. The tender amounts to134.8 million euros over a period of 3 years, extendible for 2 annuities. The Barcelona tender for 58.9 million euros involves an increase in the budget of 37.8% compared to the previous procedure (in the first year) and 34% of the personnel assigned to cleaning work. The tender for the Adolfo Suárez Madrid-Barajas Airport was divided into three lots, totalling 75.9 million euros, an estimated increase of 16.3% compared to the previous procedure (in the first year) and 17% of the personnel assigned to cleaning work.

The main objectives of the new contracts are to improve the quality offered to passengers in compliance with the quality standards given in the Airport Regulation Document 2017-2021 (DORA). It provides a model that focuses on the values of quality, efficiency and flexibility, modernizing the service by means of a digital platform for resolving incidents in real time.

Likewise, to improve passenger service, Málaga-Costa del Sol airport is participating in the launch of an international programme for the use of ASQ Tablets. With this technological improvement, the real-time monitoring of the results of the surveys will allow airports to act in the event of detecting a problem immediately.

Services to airlines

Among the actions carried out by Aena on a regular basis to offer a better service to airlines, in the first quarter of 2019 the most notable were those initiated in projects to improve the flow of passengers and increase the capacity of the handling service, such as the pilot project carried out together with Air Europa, to test facial recognition in the boarding process at the Menorca Airport. This service allows passengers to board without having to show their documentation and will make Menorca Airport the first European airport to integrate the security filter and boarding in a single process.

In the same way, following the project initiated in 2018 for the creation of a new baggage self-check-in service (Self BagDrop), it is expected that, as from the second quarter, new counters with this technology will be put into operation at Barcelona Airport. This service will provide passengers with an automated system for completing the check-in process without the intervention of external personnel.

On the other hand, and following developments related to ground handling services, it is worth noting the incorporation of the first 100% electric passenger bus at Seville Airport into the handling equipment used at airports.

Air traffic services

In the field of air traffic services at ATS aerodrome (Air Traffic Services), on 15 January 2019, control service began to be provided from the Tower of the International Airport of the Region of Murcia (AIRM), after the operation of all air navigation systems and facilities, and the supervision and authorization of the commencement of service by the State Aviation Safety Agency (AESA).

In March the ATS services provider changed, both in the ATC mode (Air Traffic Control) and AFIS (Aerodrome Flight Information System), in the Towers of the El Hierro, La Gomera, Burgos and Huesca airports.

Operational systems

Throughout 2019, progress has been made in the integration of the airports on the Aena network into the "A-CDM" (Airport-Collaborative Decision Making) and Advanced Tower programmes sponsored by Eurocontrol. These programmes encourage the exchange of information among all the players involved in operating a flight to encourage joint decision making, improve punctuality, reduce the cost of movements and soften the environmental impact.

It is also planned that in 2019, the airports of Tenerife Norte and Valencia will obtain Advanced Tower Certification, with which the operational data from these airports will be integrated into the European real-time information network managed by Eurocontrol, reaching close to 75% of transactions in the network in Spain by the end of 2019. It is also planned to start the migration project from Torre Avanzada to A-CDM in Málaga airport during 2019.

Operations

In the area of operational safety, after completion by the State Aviation Safety Agency (AESA) in 2018 of all certification/verification processes of the airports to which it applies, Aena has established a maintenance plan for these certifications/verifications, which includes monitoring compliance with the commitments acquired during said processes.

In this regard, it should be pointed out that, in relation to the Operational Safety Management System, Aena has carried out 4 supervisions at airports of the network during the first quarter, and, on the other hand, support has been provided to the 4 airports that AESA has inspected in the same period.

It is also important to note that during the first quarter Aena has participated in different forums and working groups related to the operation of drones, both in the organization of workshops with AESA for the diffusion in airports, and in the preparation of the procedure for actions in case of drone sighting developed by ENAIRE. It also collaborates in the study of the use of drones in the scope of airport work and activities.

Physical security

As regards the actions related to physical security, it should be noted that in the first quarter of 2019 all the security files adjudicated throughout 2018 were already implemented. These files are based on quality indicators of passenger service and safety, and are aligned with the objectives established in the DORA.

On the other hand, during the first quarter of 2019, AESA has audited different airports in the network regarding airport security with satisfactory results. Aena continues to work on internal quality control to achieve continuous improvement in operations and processes.

- Security Equipment

In order to improve safety processes, 2018 saw commencement of the automation of the T4 connection filter at Madrid airport. The system came into operation on several lines at the end of the year. These actions have continued at the airports of Ibiza and Seville.

In relation to the supply and installation of warehouse baggage inspection equipment (standard 3), during the first quarter two machines were installed at the Menorca airport. The supply to the rest of airports by the companies awarded the corresponding Framework Agreement is in the award process.

Specifically, the second phase of deployment of ABC (Automatic Border Control) equipment corresponding to the airports of Gran Canary, Fuerteventura, Lanzarote, Seville, Bilbao and Valencia is in the award process.

Facilities and Maintenance

In 2019, the Strategic Airport Maintenance Plan (PEMA) was continued, with the aim of streamlining and standardizing maintenance services at all airports in the Aena network, over a period of 3 years.

Its execution will focus on the grouping of procedures in order to generate synergies in the execution of the services and greater efficiency in their management; start the process of digitizing maintenance services by introducing mobility, recognition and geolocation devices, developing an APP for mobility and improving the efficiency of the data management process and migrating to a new database for maintenance management, which will end in the summer of 2020; finalization of the maintenance manuals for airport facilities and infrastructures (December 2019); the preparation of 2 pilots of the Asset Management Plan, one for the boarding bridges of the airports network and the other for the air conditioning system of an airport.

3.1.2 Commercial activity

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

Thousand euros	Q1 2019	Q1 2018	Variation	% Variation
Ordinary revenue	249,030	220,068	28,962	13.2%
Other revenue	1,957	1,794	163	9.1%
Total revenue	250,987	221,862	29,125	13.1%
Total expenses (including depreciation)	-103,232	-95,965	7,267	7.6%
EBITDA [(1)]	174,018	152,549	21,469	14.1%

[(1)] *Earnings before interest, tax, depreciation and amortization.*

Table 7. Most relevant figures for commercial activity

In the first quarter of 2019, total revenue of the commercial activity increased by 13.1% relative to the same period of 2018, up to 251.0 million euros. Revenue, accounting for 28.0% of the Group's total revenue (26.6 million in 2018 euros) reached 249.0 million euros, up 13.2% on 2018.

This growth is mainly due to the improved contractual conditions of the new tenders, which include higher minimum annual guaranteed rent, the increase in guaranteed rents included in the current contracts and the evolution of sales of businesses managed by Aena, parking and VIP services, where income continues to evolve significantly.

The breakdown and analysis of ordinary revenue from the commercial business lines are as follows:

	Revenue		Variation		Minimum Guaranteed Rent	
Thousand euros	**Q1 2019**	**Q1 2018**	**Thousand euros**	**%**	**Q1 2019**	**Q1 2018**
Duty-free shops [(1)]	63,157	56,420	6,737	11.9%		
Specialty shops	21,684	19,747	1,937	9.8%		
Food and Beverage	40,256	34,089	6,167	18.1%		
Car Rental	32,600	30,965	1,635	5.3%		
Parking facilities	35,583	30,743	4,840	15.7%		
VIP services	15,823	12,653	3,170	25.1%		
Advertising	8,406	7,239	1,167	16.1%		
Leases	8,493	8,334	159	1.9%		
Other commercial revenue [(2)]	23,027	19,878	3,149	15.8%		
Ordinary revenue	**249,030**	**220,068**	**28,962**	**13.2%**	**30,231**	**22,018**

[(1)] *By application of IFRS 16 in 2019, the expenses deriving from the financial effect of accounting for the upfront payment from World Duty Free Group España, S.A. in connection with the contract signed with said company are shown under the heading "Financial expenses" of the P&L account and not reducing commercial revenue (see explanation in section "6. Balance sheet"). Excluding this effect, like for like revenues from duty-free shops in the first quarter of 2019 amounted to 60.2 million euros, an increase of 3.7 million euros (6.6%).*

[(2)] *This includes various commercial activities carried out at airports such as banking services, baggage wrapping machines, vending machines and other regulated services (pharmacies, tobacco shops and lotteries).*

Table 8. Analysis of commercial business lines

The amount posted in revenue from commercial activity corresponding to minimum annual guaranteed rents represented 19.3% of the revenue of the business lines that have contracts with these clauses, compared with 16.0% in 2018. This difference was due mainly to the conditions agreed in new contracts (2.8 million euros), the trend in sales in current contracts (2.4 million euros) and to the increase in existing contracts (0.5 million euros).

Total expenses for this activity increased by 7.6%, or by 11.0% if depreciation and amortization are excluded. This increase is impacted by the cost increase that has affected the Company, as explained in section 4. Income Statement.

The EBITDA increased by 21.5 million euros compared to 2018, reaching 174.0 million euros.

By lines of business, the following commercial actions during the period include:

Duty-free Shops

Revenues from duty-free shops increased by 11.9%[1] in the period, to 63.2 million euros compared to 2018, representing 25.4% of the income from commercial activity.

This activity is managed by Dufry, under the name of World Duty Free Group (WDFG), through the contracts signed with Aena distributed in three lots that recognize an assured income through the application of the minimum guaranteed income in the contracts.

In 2018, in collaboration with Aena, Dufry launched a pilot project at 5 airports (T2 Josep Tarradellas Barcelona-El Prat, Málaga-Costa del Sol, Alicante-Elche, Gran Canary and Bilbao) to identify actions to optimize commercial performance.

The analysis and diagnosis project and action plan at duty-free shops at the 5 airports and the actions implemented will be extended during the first half of 2019, based on five levers.

Subsequently, the initiatives that have had the greatest impact will be implemented at the remaining airports.

The levers subject to action are:

- Optimization of the pricing policy.
- Improvement of the designs and layouts of the current stores: change of layout and sense of place.
- Optimization of the assortment and brands.
- Marketing and digital development: partnership between Aena and Dufry, launch of the Reserve & Collect service and digitization of the main store in Málaga as a New Generation Store.
- Shares on sales force: incentives linked to performance.

In terms of the marketing and improvement to surfaces during the period, the following is worthy of note:

- Promotions to reinforce the purchase of the most attractive product categories for British passengers, such as the campaigns carried out at the airports of Gran Canary, Tenerife Sur, Lanzarote and Fuerteventura.
- Opening of the store of Module C of Palma de Mallorca Airport at its new location and closure of the previous store
- Completion of the refurbishment of the T1 Non-Schengen shop at the Adolfo Suárez Madrid-Barajas airport.

In addition, the Duty Free establishment at the Region of Murcia International Airport is open to the public.

Specialty shops

In the first quarter of 2019, this commercial line generated revenues of 21.7 million euros, an increase of 9.8% compared to the same period in 2018.

To boost the revenues of this business and following the trend of continuous improvement in the commercial offer, said premises have been refurbished at different airports in the first quarter of 2019:

- In the Canarian airports of Gran Canary, Lanzarote, Fuerteventura and Tenerife-Sur, the Lagardère Travel Retail company has started up the activity of 12 premises dedicated to the press activity and sundry products, between the months of February and March.

  In addition, at Lanzarote airport, 4 establishments occupying 500 m² have been awarded, incorporating the Victoria's Secret brand. Likewise, Tenerife Sur Airport has expanded its commercial offer with the opening of Victoria's Secret and Desigual stores.

- At Málaga-Costa del Sol Airport, 11 premises have been awarded, occupying an area of over 1,200 m². The new commercial offering will include brands such as Victoria's Secret, Adolfo Dominguez, TOUS, Vidal & Vidal and, for the first time in the network of Aena airports, a location of Koninklije Capi-Lux Holding BV, a reference brand in the electronics sector in Europe.

  To conclude this first phase of the renewal of the commercial offer, three premises have also been tendered, occupying more than 450 m².

- Likewise, at the Josep Tarradellas Barcelona-El Prat Airport, the renewal of the T2 commercial offer will be completed with the tender of 6 premises for press and other activities, electronics, official merchandising of the football club and others that take place in total area of more than 600 m².

[1] By application of IFRS 16 in 2019, the expenses deriving from the financial effect of accounting for the upfront payment from World Duty Free Group España, S.A. are shown under the heading “Financial expenses” of the P&L account and not reducing commercial income (see explanation in the item “6. Balance sheet”). Excluding this effect, revenues from duty-free shops in the first quarter of 2019 amounted to 60.2 million euros, an increase of 3.7 million euros (6.6%).

- 4 small-sized areas (15-30 m²) have been tendered at the Adolfo Suárez Madrid-Barajas airport and will be awarded in the second quarter of 2019.

Furthermore, in order to continue to provide specialized assistance to passengers, Aena has set up the Personal Shopper service at Alicante Airport in mid-February 2019. This free service has been available at the airports of Madrid (T1, T4 and T4S), Barcelona and Málaga since 2018.

Palma de Mallorca will be the next airport to receive this personalized commercial advising service, which is scheduled to start in the high season of 2020.

On the other hand, it is worth highlighting the actions taken to understand the specific needs of Asian passengers, who have such high expansion and spending potential. For this purpose, a consultancy procedure specializing in the Chinese market has been put in place, the results of which we will implement on completion and effectively at the airports of Adolfo Suárez Madrid-Barajas and Josep Tarradellas Barcelona-El Prat.

Opening of Victoria's Secret and Desigual Tenerife Sur Airport

Food and Beverage

Revenue from this activity amounted to 40.3 million euros and grew by 18.1%.

In this period, the award of the new contracts for the 18 Alicante-Elche Airport premises and the initial investment works carried out by the new tenants of the premises of the airports of Barcelona, Málaga and Gran Canary and in the International Airport of the Region of Murcia, as well as the publication of tenders for the new offer of 33 stores at the Palma de Mallorca airport.

- At the Gran Canary airport, of the 19 premises awarded at the end of 2017, which started operating in April 2018, at the end of the first quarter of 2019, there are 11 outlets opened with the new brands, 2 premises are on site and 6 at project phase.
- Regarding the renewal in 2018 of the catering offer at Barcelona Airport at the end of the first quarter of 2019, there are 27 open and refurbished outlets under the new brands, 12 outlets are under construction and 10 are at project phase.

  The new premises will occupy an area of nearly 16,000 m², which will represent an increase of nearly 19% compared to the existing area.

- In relation to the activity of the new lessees at Málaga airport (25 outlets awarded in June 2018), at the end of the first quarter of 2019 there are 12 outlets opened under the new brands, 8 outlets are under construction and 5 are at project phase.

  The new establishments will maintain a total occupied area of more than 6,500 m².

- At Alicante Airport, on 31 January, the new offer was awarded for 18 stores (tendered at the end of July 2018). The premises will occupy an area of about 5,600 m², which represents an increase of 15% compared to the existing surface area.

  The award of the new spaces went to the catering operator Areas, who will manage 8 locations, Select Service Partner (SSP) 7 points of sale, the EatOut Group (Pansfood) 2 stores and local Airfoods 1.

  It is planned that the renovation work on these premises will be carried out in 2019, so that most of the operators start up the activity of the new brands throughout the year.

- At the Girona-Costa Brava Airport, 5 points of sale and vending machines have been awarded to the company Areas, which has begun work on introducing the new brands in this quarter in order to have the new offer available throughout the second or third quarter.

- The renovation of the 250 vending machines at Adolfo Suárez Madrid-Barajas Airport was awarded to the Selecta Vending company in March 2019. The installation of the new machines is scheduled to take place during the second quarter of 2019.

- The renewal of the catering offer was tendered at the Palma de Mallorca Airport in March.

  The new spaces will occupy a total surface area of more than 10,600 m², which will mean an increase of 9% and 916 m², divided into 33 tendered premises out of a total of 13 procedures, which are expected to start service from November 2019.

Additionally, it is worth mentioning that at the Region of Murcia International Airport the work on the 4 catering establishments awarded at the end of 2018 (for the well-known Costa Coffee and Subway brands), as well as a café with a multi-store in the boarding area and a general restaurant) are in progress and are scheduled to open in the second quarter of 2019.

La Place Restaurant. Josep Tarradellas Barcelona-El Prat

Car rental

Rental income from vehicles amounted to 32.6 million euros, an increase of 5.3% on the previous year as a result of an improvement in sales of 3.4% and in the number of contracts of 8.0%.

This line of business continues to grow thanks to the improvement of total passenger numbers, and there is a rebound effect on the client company in the airports with the largest business segment.

This quarter, the SIXT company was awarded a new license for the rental of vehicles without a driver at the International Airport of the Region of Murcia. This company started its activity in April.

Parking facilities

This line of activity is operated by Aena through its own management model, which encompasses the control of operational processes, as well as marketing actions, pricing policies and the structuring of the various parking services.

In the first quarter, revenue from this activity increased to 35.6 million euros, an increase of 15.7%, which reflects its upward trend, driven mainly by the improvement of the non-reserve segment and on-line bookings at the main airports (an improvement of 25% over 2018), as well as the opening of express parking in Madrid (June 2018) and in Barcelona (May 2018).

In the first quarter of 2019, the bookings made by the different channels amounted to 9.5 million euros in sales, an increase of 23% compared to the same period of the previous year.

During the period, a new long-stay car park was opened at Tenerife Norte Airport and the payment service by number plate was launched in the car parks of Valencia Airport. This service is currently operating at the airports of Madrid, Barcelona, Bilbao, Alicante and Valencia.

Likewise, marketing campaigns aimed at increasing the number of customers and the number of bookings, at boosting awareness and positioning of the Aena Parking brand, as well as at promotional actions aimed at promoting the knowledge and positioning of the Aena Parking brand, have been extended to airports in Barcelona, Alicante and Bilbao to publicize the registration payment service.

VIP services

The VIP Services business includes income from the operation of 24 VIP lounges, a Premium Lounge and the preferred security access points: Fast Lane (service at security controls at 7 airports in the network) and Fast Track (independent security control offered at Adolfo Suárez Madrid-Barajas Airport).

The activity of the rooms is operated through a proprietary management model, which allows Aena to set the commercial policy and hire a provider to operate the service at each airport.

In the first quarter of 2019, revenues from the VIP services business reached 15.8 million euros, which represents growth of 25.1% compared to the first quarter of the previous year.

Revenues from the VIP lounges grew to 14.7 million euros, an increase of 27.1%, mainly reflecting the increase in the number of users (+13.8%), associated with the positive effect of marketing actions and price policy implemented by Aena in its management of this line of activity.

Likewise, use agreements have been extended with airlines and other companies.

Throughout the period, Aena continued to remodel the VIP lounges in Palma de Mallorca and Barcelona and to carry out the work on the new Menorca showroom.

New projects are also under way to redesign and expand VIP lounges at the airports of Madrid, Gran Canary, Málaga and Alicante, as well as the necessary work on the new Fuerteventura and Vigo halls.

In relation to the integral management of the meeting rooms, the award was made at the airports of Tenerife Sur, Fuerteventura and Bilbao. The tender for the management of this service at the airports of Madrid, Gran Canary, Valencia and Menorca is under way, as well as the actions required for the tender for the corresponding management dossier for the new Vigo room, which is scheduled to start its activity in the month of September.

Lastly, it should be noted that new services and rates are being developed to improve the range of premium services in the line of business, and a new meet & assist service is being developed.

Canudas VIP room at Terminal T2 Aeropuerto Josep Tarradellas Barcelona-El Prat

Advertising

On 5 April, the new licenses for advertising and promotional activities at Aena airports were awarded, which will give continuity to the previous agreement and which are scheduled to start operations in June.

The new licences have been awarded in eight lots, for a term of seven years, to four different providers: Exterior Plus SL and Sistemas e Imagen Publicitaria SLU (5 airports for the Madrid/Centre peninsular lot and 4 in the lot for Catalonia), JFT Comunicación, (8 airports for the Canary Islands and 10 in the lot for Andalusia), Promedios (8, 5 and 4 airports in the lots for the North, North-east and Levante, respectively) and the UTE New Business Media Ceco Centros Comerciales (4 airports of the Balearic Islands).

The result of the tender represents an increase of the estimated income for the first year of 12.8% for variable income and of 12.6% for minimum annual guaranteed rent, compared to the minimum conditions established in the calls for tenders.

Based on the new economic terms, the minimum annual guaranteed rent decreases from 32.5 million euros in 2018 to 21.0 million euros in 2020 (first annuity), thus it is expected to operate these contracts in variable rents with revenues estimated in approximately 27 million euros.

Real estate services segment

The activity of the real estate services segment consists of the provision of leasing or transfer of use of land (built on or not), office buildings, warehouses, hangars and cargo sheds to airlines, airfreight operators, handling agents and other providers of airport services aimed at supporting the activity and developing complementary services, such as the 24 service stations (15 land-side and 9 air-side) at 12 airports and the FBO (fixed-base operator) terminals at five of the major airports in the network, where private jets are handled exclusively.

As regards the real estate development plans of Adolfo Suárez Madrid-Barajas and Josep Tarradellas Barcelona-El Prat airports, Aena continues to work with external advisers to define the main aspects of the marketing of available airport land at the two main airports in the network.

- At the Adolfo Suárez Madrid-Barajas Airport, after the initial assessments carried out with the contracted experts, over the next few years, it is planned to develop up to a maximum of 2.2 million m² by occupying 349 net hectares (of the total 909 gross hectares available) for a range of uses, which will represent a significant diversification of the activity implemented at the airport, bringing it closer to the modern Airport City concept.

- The Real Estate Plan of the Josep Tarradellas Barcelona -El Prat Airport will cover a maximum of 1.1 million new building m², occupying approximately 200 net hectares (out of the total gross area of 290 available hectares) in a global development project, in which the preservation of the environmental and ethnographic values of the Delta del Llobregat is very present.

The main objective pursued by these projects is to enable Aena to define the strategy for implementing the business model to be developed. Once defined, the process of selecting partners will start through a public tender process, which is expected to begin in the last quarter of 2019.

In line with the work carried out at Adolfo Suárez Madrid-Barajas and Josep Tarradellas Barcelona-El Prat airports, the contracting of a consultant to support Aena in the definition of real estate development plans at other airports is at tender phase, where land and assets with high potential are available for the development of complementary airport activities, specifically at Palma de Mallorca, Málaga, Valencia and Seville airports.

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

Thousand euros	**Q1 2019**	**Q1 2018**	**Variation**	**% Variation**
Ordinary revenue	16,474	16,268	206	1.3%
Real estate services(1)	16,474	16,268	206	1.3%
Other revenue	286	273	13	4.8%
Total revenue	16,760	16,541	219	1.3%
Total expenses (including depreciation)	-16,899	-17,138	-239	-1.4%
EBITDA (2)	4,015	3,492	523	15.0%

(1) *Includes warehouses, hangars, real estate operations, off-terminal supplies and others.*
(2) *Earnings before interest, tax, depreciation and amortization.*

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

Revenue from real estate services amounted to 16.8 million euros, which represents growth of 1.3% compared to 2018.

Total expenses decreased by 1.4%, excluding depreciation and amortization, by 2.3%.

The main actions carried out during the period in relation to existing assets are as follows:

Hangar activity:

- At the Adolfo Suárez Madrid-Barajas Airport, work has begun on upgrading an 8,800- m² hangar located in the former Industrial Zone, estimating that it will start operations in the third quarter of 2019
- At the Seville Airport, in January the operation began on the hangar of approximately 6,000 m² built to support the maintenance of the aircraft of a large air operator.
- Finally, the award of a hangar at the Madrid-Cuatro Vientos Airport (2,498 m²), another in the Sabadell Airport (562 m²) and one at Seville Airport (966 m²). As well as the tender at the Airport of Santiago of a hangar of 1,223 m².

Executive aviation:

- The new awardees of the terminals for executive aviation (FBOs) at Madrid and Barcelona airports have started their activity, completing the renewal of a service that has been provided for more than 5 years, with high levels of service of perceived quality on the part of all users.

- At the beginning of February, a novation was signed of the contract associated with the FBO at Málaga airport, which represents an improvement in the provision of the service both for the Airport and for the operators.

Cargo:
Regarding the marketing of spaces for air cargo:

- At the Adolfo Suárez Madrid-Barajas Airport, a 7,500 m^2 building contract was awarded. This contract entails the possibility of leasing, within a maximum period of 10 years, another cargo shed of a built-up area of 19,500 m^2.

Likewise, it is worth noting that the development of new loading facilities in the area known as “Rejas” continues to progress, with Correos having tendered this quarter for the material execution of the construction work on a 12,500 m^2 import warehouse.

3.2 International activity

Financial 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. In total, revenues from international business increased by 17.8% in the first quarter of 2019, to 56.3 million euros.

Thousand euros	Q1 2019	Q1 2018	Variation	% Variation
Ordinary revenue	56,262	47,764	8,498	17.8%
Other revenue	51	41	10	24.4%
Total revenue	56,313	47,805	8,508	17.8%
Total expenses (including depreciation)	-52,690	-45,380	7,310	16.1%
EBITDA (1)	19,922	14,869	5,053	34.0%

(1) *Earnings before interest, tax, depreciation and amortization.*

Table 10. Key data for the international segment

Regarding the consolidation of London Luton Airport, this represented a contribution of 17.2 million euros at EBITDA level, which increased by 28.4% compared to 2018, reflecting the growth in traffic for the period (12.1%) as well as the positive evolution of commercial revenue.

(Thousand euros)(1)	Q1 2019	Q1 2018	Variation	% Variation
Airport charges	23,839	19,867	3,972	20.0%
Commercial revenue	29,351	25,310	4,041	16.0%
Total revenue	**53,190**	**45,177**	**8,013**	**17.7%**
Staff	10,424	9,819	605	6.2%
Other operating expenses	25,573	21,973	3,600	16.4%
Depreciation and impairments	15,506	12,286	3,220	26.2%
Total expenses	**51,503**	**44,078**	**7,425**	**16.8%**
EBITDA(2)	**17,193**	**13,385**	**3,808**	**28.4%**
Operating income	**1,687**	**1,099**	**588**	**53.5%**
Net finance result	-5,794	-5,736	58	1.0%
Profit/(loss) before tax	**-4,107**	**-4,637**	**-530**	**-11.4%**

(1) *Euro-sterling exchange rate: 0.8725 in Q1 2019 and 0.8834 in Q1 2018.*
(2) *Earnings before interest, taxes, depreciation and amortization.*

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

In GBP, Luton's revenues have grown in the period to 46,4 million (16,3% vs. 2018) driven by healthy commercial revenues.

- Aeronautical income in GBP has risen by 18.9% and commercial income by 14.3%.

  Within the income from the commercial activity, there was good performance in catering, shops and parking. Food and beverages and speciality shops also increased by 32.4% thanks to the opening of new shops as part of the terminal expansion project, a more varied selection on offer, improved concession royalties and the shift in passenger flows. Revenues from car parks grew by 5.4%, thanks to the new parking spaces available, although there is a growing choice of cheaper parking options.

- GBP EBITDA increased by 33.7% compared to 2018 to 15.8 million, and the EBITDA margin for the period improved to 34.1% compared to 29.6% in 2018.

As regards the results of equity-accounted investees, their evolution is shown hereunder as per equity accounting:

	Equity method profit/loss				Exchange rates [1]			
Thousand euros	**Q1 2019**	**Q1 2018**	**Variation**	**% Variation**	**Foreign exchange rate**	**Q1 2019**	**Q1 2018**	**Variation**
AMP (Mexico)	3,286	3,442	-156	-4.5%	€ - MXN	21.81	23.04	**5.3%**
SACSA (Colombia)	1,563	865	699	80.8%	€ - COP	3,560.55	3,510.57	**-1.4%**
AEROCALI (Colombia)	548	250	298	119.5%	€ - COP	3,560.55	3,510.57	**-1.4%**
Total Income from associates	**5,397**	**4,556**	**841**	**18.4%**				

(1) Average rate for the period

Table 12. Equity method for investee companies

4. Income statement

Thousand euros	Q1 2019	Q1 2018	Variation	% Variation
Ordinary revenue	890,186	827,876	62,310	7.5%
Other revenue	13,307	13,956	-649	-4.7%
Total revenue	**903,493**	**841,832**	**61,661**	**7.3%**
Supplies	-42,911	-42,821	90	0.2%
Staff costs	-111,913	-103,100	8,813	8.5%
Losses, impairment and change in trading provisions	-2,914	3,309	6,223	188.1%
Other operating expenses	-353,590	-334,787	18,803	5.6%
Depreciation and Amortisation	-197,981	-200,198	-2,217	-1.1%
Losses on property, plant and equipment	-809	-1,267	-458	-36.1%
Other results	1,544	1,070	474	44.3%
Total expenses	**-708,574**	**-677,794**	**30,780**	**4.5%**
EBITDA (1)	**392,900**	**364,236**	**28,664**	**7.9%**
Operating income	**194,919**	**164,038**	**30,881**	**18.8%**
Financial income	1,295	236	1,059	448.7%
Financial expenses	-27,626	-27,292	334	1.2%
Other net financial income/(expenses)	3,387	1,020	2,367	232.1%
Net finance income/(expense)	**-22,944**	**-26,036**	**-3,092**	**-11.9%**
Share of profits in associates	5,397	4,556	841	18.5%
Profit/(loss) before tax	**177,372**	**142,558**	**34,814**	**24.4%**
Income tax	-43,021	-33,497	9,524	28.4%
Consolidated profit (/loss) for the period	**134,351**	**109,061**	**25,290**	**23.2%**
Profit/(loss) for the period attributable to non-controlling interest	-2,036	-2,062	-26	1.3%
Profit/(loss) for the period attributable to shareholders of the parent company	**136,387**	**111,123**	**25,264**	**22.7%**

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

Table 13. Income statement

As a result of the positive evolution of all business lines, Aena's total revenue increased by 7.3% in the period up to 903.5 million euros.

Ordinary revenue grew by 7.5% to 890.2 million euros. This increase of 62.3 million euros has been explained above, in the analysis of the various business lines.

Revenue from commercial activity increased as a percentage of the total to 28.0%, compared with 26.6% in the same period of 2018.

As regards the change in expenses, this period shows an increase of 4.5% (30.8 million euros), or 6.9% if depreciation and amortization are excluded, due to the effect of changes in the following items:

- Supplies are up 0.2% (0.1 million euros), mainly due to the increase in the Agreement with the Ministry of Defence and the price increase of the second tower operator, partially offset by the decrease in the ATM/CNS service under the agreement with ENAIRE, in force until the year 2021 (-1.2 million euros).
- Staff costs increased by 8.5% (8.8 million euros), mainly as result of the salary review corresponding to Aena's staff under RD 24/2018 of 21 December (in 2018, was estimated a 1% until the approval of a 2.75% rise that was regularized in September. In 2019 a 2.6% is being accrued) and the headcount increase (100 new people in 2018 and 87 during the first quarter of 2019).
- Other operating expenses increased by 5.6% (18.8 million euros), mainly due to the effect of the entry into force as from June 2018 of the new private security services contracts with higher associated costs (8.7 million euros; 25.8%), increased electricity costs (2.4 million euros; 13.6%), higher expenses of VIP lounges (1.2 million euros; 28.1%), reflecting

the increase in users and new management contracts initiated in 2018, the rise of costs for maintenance (1.4 million euros; 3.0%), taxes (1.2 million euros; 0.9%) and support for passport control (0.6 million euros; 268.2%), as well as the variation in provisions for customer insolvencies (5.0 million euros; 174.1%), partially offset by the decrease of other expenses (-1.4 million euros).

- The depreciation of fixed assets has decreased 2.2 million euros (1.1%) mainly due to certain assets fully depreciated, partly offset by the amortization of the new investment associated with the extension project of the Luton airport terminal and parking (3.2 million euros, 26.2%) and the amortization of investments in runways, taxiways and other assets.

EBITDA (earnings before interest, tax, depreciation and amortization) increased to 392.9 million euros (including 17.2 million euros from the consolidation of Luton), which represents an increase of 7.9%, bringing the EBITDA margin for the period to 43.5% (43.3% in the same period of 2018). As usual, the margin for the first quarter was affected by the application of IFRIC 21 on local taxes (146.9 million euros in 2019 and 145.2 million euros in 2018), accrued entirely at the start of the financial year.

Financial expenses increased by 0.3 million euros (1.2%) as the reduction in interest on the debt due to the reduction in both the interest rate and the volume of debt (3.8 million euros) has been partially offset by the recognition in this heading of the financial effect of the upfront payment received from World Duty Free, in application in 2019 of the new IFRS 16 accounting standard (see explanation in section “6. Balance sheet”).

Income tax expense amounted to 43.0 million euros, an increase of 9.5 million euros, as result of higher earnings for the period. The effective rate for the period was 24.3% (23.5% in the same period of 2018).

The Consolidated profit (/loss) for the period reached 134.4 million euros. Earnings for the period attributable to non-controlling interests came to 2.0 million euros (corresponding to 49% of Luton’s net profit), which places Profit for the period attributable to shareholders of the parent company at 136.4 million euros, 25.3% more than at the end of the same period in 2018.

5. Investments

The total amount of capital expenditure paid during the period (property, plant and equipment, intangible assets and real estate investments) came to 168.2 million euros, including 7.6 million euros in Luton.

In the airports network, payments for tangible investments during the period amounted to 159.5 million euros, a reduction of 10.5 million euros (-6.2%) compared to the same period of 2018. which was 170.1 million euros. This amount was mainly used to pay for investments in infrastructure maintenance.

As regards the actions put into service during the period, noteworthy are those that have focused mainly on the airfield and, among them, the adaptations of the Palma de Mallorca, Fuerteventura and Josep Tarradellas Barcelona-El Prat platforms, on the Bilbao runway and on the taxiway beacon of Adolfo Suárez Madrid-Barajas.

As regards actions at facilities, the supply of gangways in Málaga-Costa del Sol and the supply of air-conditioning equipment for aircraft in Josep Tarradellas Barcelona-El Prat are noteworthy.

As regards maintenance activities, the highlights are those of the Josep Tarradellas Barcelona-El Prat power plant and various electrical activities in Tenerife Norte.

Also noteworthy are the actions for the regeneration of car parks at the Adolfo Suárez Madrid-Barajas Airport and the new SEI (Fire fighting) building in Ibiza.

Regarding investments in execution to be extended in coming months, it should be noted that they are also particularly focused on the airfield and on improving or expanding the platforms of the airports of Tenerife South, Girona-Costa Brava and Ibiza. Likewise, the regeneration of the Adolfo Suárez Madrid-Barajas runway and beaconing activities in Málaga-Costa del Sol are under way.

In terms of facilities, we would like to highlight improvements to the peak capacity of the automatic baggage transport system in Palma de Mallorca and the new T123 water supply for heating in Adolfo Suárez Madrid-Barajas.

There are notable actions in the maintenance chapter, such as the adequacy of electrical wiring in Seville, the improvement of security equipment on walkways and the replacement of berth guides in Adolfo Suárez Madrid-Barajas.

In terms of the environment, it is worth noting the thermal insulation of terminal buildings and the acoustic insulation of homes in adjoining areas of various airports.

Also noteworthy are the new flooring at the terminal in Palma de Mallorca, the adaptation of several car parks in Málaga-Costa del Sol and the drainage of the Alicante-Elche airport system.

As regards the significant actions initiated in the first quarter of 2019, noteworthy actions on the airfield include: the adaptation of the taxiways at the airports of Ibiza and Zaragoza and the renewal of the beaconing at the airport of Bilbao.

The adaptation of car parks in Asturias and Menorca airports, the adaptation of the Fuerteventura terminal building, various maintenance activities in Tenerife North and actions related to physical security in Josep Tarradellas Barcelona-El Prat are also noteworthy.

At Luton airport, investments have continued focused on the maintenance and renovation of equipment, as well as the *Curium Project,* which aims to increase capacity to 18 million passengers and an investment of approximately 160 million.

In 2018, work has been completed on the extension and remodelling of the terminal building (20,000 and 10,000 m², respectively); the new B-dock, new boarding gates and additional security lines (with an increase in the security lobby space of 50%) were put into operation. On the air side, 6 new aircraft parking positions were opened.

In 2019, work on the construction of the new Foxtrot taxiway continues to progress and it is estimated that it will be completed in mid-2019.

As part of the preliminary work for the construction of a light rail system that will connect the terminal building with *Luton Airport Parkway* railway station, to be financed by the local authority, the *drop-off* area has been moved to a provisional location, and construction of the new *Multi-Storey Car Park 2* has started.

In addition, it should be noted that, as explained in section '10. Other facts", in the first quarter of 2019 the entity granting the concession for Luton airport has notified the concession operator, "London Luton Airport Operations Limited, "LLAOL", of discrepancies in criteria relating to some of the extension work on the terminal building with regard to the content of the concession agreement.

Regarding the investments of associates that do not consolidate into accounts, it should be noted that investments to be executed pending implementation of the Modernization Plan approved at Cartagena de Indias Airport are being defined with the Colombian National Infrastructure Agency.

Investments were made in the airports of GAP during the first quarter of 2019 in Bajio (on the margins of the runway), La Paz (rehabilitation of the runway), Morelia (extension of the terminal building) and Los Mochis (rehabilitation of the airfield).

5.1 Analysis of investments broken down by action area

The following shows the distribution of the payments for the investment in the Spanish airports network at 31 March 2019 and its comparison with 2018:

Figure 7. Analysis of investments by area of application

- Capex in security represented 20% of Aena's total capital expenditure (compared with 19.5% in the same period of 2018) and increased by 32.1 million euros, (33.4 million euros in 2018). Of the actions in operational safety, those aimed at improving the beaconing in Málaga-Costa del Sol, Seville and Adolfo Suárez Madrid-Barajas and the improvement of pavements in various areas of the airfield at the airports of Ibiza, Girona-Costa Brava and Tenerife-Norte, all of them in the area of aircraft movement. With regard to the security of people and facilities, the focus has been on providing terminals with passport control systems, automated carry-on equipment and access control equipment.

- The investment earmarked to guarantee the maintenance of the service has reduced its representativeness over the total, from 45.5% in the first quarter of 2018 to 37% in 2019. It stood at 59.0 million euros in this period (77.4 million euros in 2018). The actions carried out include improvements to the Tenerife Sur, Valencia and Girona-Costa-Brava airfield, as well as actions to drain the Alicante-Elche airport system and the supply of boardwalks at Málaga-Costa del Sol Airport.

- Investments in capacity amounted to 14.2 million euros, compared to 8.5 million euros in 2018, increasing their representativeness. In the airfield, the remodelling of the southern dike platform at the Josep Tarradellas Barcelona-El Prat Airport and new parking spots at T4S at the Adolfo Suárez Madrid-Barajas Airport stand out. As regards work related to the terminals' capacity, the improvement of the automatic baggage transport system in Palma de Mallorca and the adaptation of the terminal building to functional design in Reus stand out.

- In the environment, the investment made was 11.4 million euros (3.7 million more than in 2018). This amount mainly relates to thermal insulation work at the Palma de Mallorca airport, the installation of efficient lighting systems at various airports in the network, the new hot water service from the cogeneration plant in the Adolfo Suárez Madrid-Barajas, for sound insulation work on residential properties in areas adjacent to several airports, for improved use of water in Alicante-Elche and for the installation of photovoltaic solar panels at Canarian airports.

- Other investments reflect actions amounting to 42.8 million euros (43.0 million euros in 2018), including investments in information technologies, especially those aimed at storing information and improving communication infrastructures at various airports. Also noteworthy are those aimed at commercial activities, most notably the remodelling of VIP lounges in Josep Tarradellas Barcelona-El Prat and various improvements in car parks at Palma de Mallorca, Málaga and Santiago airports.

6. Balance Sheet

6.1 Net assets and capital structure

Thousand euros	Q1 2019	2018	Variation	% Variation
ASSETS				
Non-current assets	13,782,363	13,785,594	-3,231	0.0%
Current assets	1,180,953	1,113,476	67,477	6.1%
Total assets	14,963,316	14,899,070	64,246	0.4%
EQUITY AND LIABILITIES				
Equity	6,133,574	6,023,805	109,769	1.8%
Non-current liabilities	7,266,644	7,376,773	-110,129	-1.5%
Current liabilities	1,563,098	1,498,492	64,606	4.3%
Total equity and liabilities	14,963,316	14,899,070	64,246	0.4%

Table 14. Summary of the consolidated balance sheet

Impacts derived from the entry into force of the new IFRS 16 Accounting Standards

IFRS 16 was applied in preparing the financial statements for the first time in 2019, as reported in note 2.1.2.2 of 2018 Consolidated Report. This rule supersedes IAS 17 Leases. The Aena Group has opted not to restate the previous periods and has recognized assets for rights of use and liability for leases for an approximate amount of 49 million euros at 31 March 2019. In addition, under the heading "Assets for rights of use" of the statement of financial position, the carrying amount (12.6 million euros) of the assets of the leases, previously classified as finance leases under the standard, is included under IAS 17, which were recorded as property, plant and equipment on the balance sheet at 31 December 2018. This total amounts to 61.8 million euros.

The impact on the income statement for the first quarter of 2019 was as follows:

- The depreciation of the right to use the assets (+1.5 million euros) and the recognition of interest on the lease obligation (0.4 million euros) exceeded those that would have been due to operating leases (-1.7 million euros) under the preceding rule (IAS 17), having a negative impact on the income statement of 0.2 million euros.
- Additionally, given that the new regulation also repeals SIC-15 "Operational Leases-Incentives", which did not take into account the financial effect of the advance received from World Duty Free Group España, S.A. on the occasion of the contract signed with said company for the lease of the commercial premises of the duty-free and duty-paid stores of the entire network of airports in Spain, the Income Statement for the first quarter of 2019 includes 3 million euros of financial expenses derived from this financial effect, which would not have appeared as such in the event of the validity of IAS 17, although, in the latter case, it would have impaired commercial income, thereby not having an impact on the net income of the period due to this reason.

Main changes

Non-current assets decreased by 3.2 million euros, mainly due to the effect of the following changes:

- A drop of 81.1 million euros in "Tangible fixed assets" explained by the performance of the investment in the Spanish network, which means that the amount of the additions of fixed assets for the period is lower than the amortisations made.
- Conversely, there was an increase due to the recognition in "Assets for rights of use" of assets amounting to 49 million euros derived from the entry into force of IFRS 16, as explained above.
- Likewise, the balance of "Intangible assets" was increased by 9.1 million euros, mainly due to the positive impact of the appreciation of the pound sterling during the valuation period of the Luton airport concession.
- Lastly, the heading of "Other financial assets" increased by 5.7 million euros due to the net constitution of deposits recorded by legal mandate in different public institutions of Autonomous Communities, corresponding to guarantees previously received from lessees of commercial spaces, in compliance with Law 29/1994, of 24 November, on Urban Leases.

Current assets have been increased by 67.5 million euros due to the increase in the balance of "Cash and cash equivalents" by 168.5 million euros (the variation of which is explained in section 7, Statement of cash flows), partially offset by a decrease in the balance of "Customers and other accounts receivable" by 101.0 million euros, mainly explained by the collection in the first quarter of 2019 of the minimum annual guaranteed rent (MAGR) accrued at 31 December 2018 (117.8 million euros).

Equity increased by 109.8 million euros, mainly as a result of the period, amounting to 136.4 million euros.

In addition, the heading "Other reserves" decreased by 25.3 million euros, as a result of hedging derivatives at fair value on 31 March 2019, which led to an increase of 33.1 million euros in the Liabilities of said financial instruments, as a consequence of the evolution of the interest rate curve.

The decrease in non-current liabilities by 110.1 million euros is mainly due to the decrease in the Financial debt heading of 133.2 million euros, mainly due to the short-term transfer of 249.4 million euros for the repayment of capital of Aena's debt with ENAIRE (as a co-borrower entity with various financial institutions) according to the established amortization schedule, which has been partially offset by the recognition associated with the liabilities arising from the entry into force of IFRS 16 amounting to 49 million euros, the long-term reclassification of some 50 million euros of the bank debt of the Luton subsidiary and new bonds in the amount of 20 million euros.

Likewise, the increase of 33.5 million euros in the heading of "Derivative financial instruments" stems from, as indicated above, the fair value of derivatives, with a counterpart contribution (by 75%) in the Reserve for cash flow hedges, and the remainder (25%) in deferred taxes.

The increase of 64.6 million euros in current liabilities reflects the net effect of the following

- Variation in the heading "Financial debt" in -42.2 million euros, mainly due to the aforementioned long-term reclassification of the Luton Debt.
- An increase under the heading "Suppliers and other accounts payable" of 70.3 million euros, due to the annual accrual of the IBI and other local taxes which, in application of IFRIC 21, were fully recognized at the start of the period by 146.9 million euros, partially offset by the payment to construction contractors and service providers of the accumulated debt at the close of the 2018 financial year, which reduced its balance by approximately 90 million euros during the period.
- An increase of 30 million in the "Current tax liabilities" heading, due to the accrual of Corporate income tax for the parent company.

Working capital, calculated as the difference between current assets and current liabilities, which is generally negative in the Company as a result of its operations and financing structure, stood at -382.1 million euros at the end of the period (-385.0 million euros at 31 December 2018), due to the changes in current assets and liabilities commented on previously.

6.2 Evolution of net financial debt

The Aena Group's consolidated debt, calculated as Current borrowings plus Non-current borrowings less Cash and cash equivalents, stood at 6,310.2 million euros at 31 March 2019 (including 478.6 million euros from the consolidation of Luton Airport's borrowings and 42.0 million euros of AIRM) compared with 6.654,1 million euros as of 31 December 2018 and the associated ratios continue to decrease:

Thousand euros	Q1 2019	2018
Gross financial debt for accounting purposes	7,130,120	7,305,506
Cash and cash equivalents	819,926	651,380
Net financial debt for accounting purposes	**6,310,194**	**6,654,126**
Net financial debt for accounting purposes/EBITDA(1)	**2.3x**	**2.5x**

(1) *Earnings before interest, tax, depreciation and amortization.*

Table 15. Accounting net financial debt of the Group

During the period, a debt of 249.4 million euros was amortized, taking into account the payment schedule established under the contract, and the average interest rate of Aena's debt was 1.25% (1.30% on 31 December 2018).

At 31 March, Aena had available (non-arranged financing) 800.0 million euros corresponding to the sustainable syndicated credit line ("ESG-linked RCF"), as well as 550 million euros corresponding to two loans of 150 million euros and 400 million euros each, with end dates for the withdrawal period: 31 December 2019 and 01 December 2019, respectively.

6.3 Information about the average payment period

At 31 March, the payment ratios to suppliers of Aena S.M.E., S.A. and Aena Desarrollo Internacional, S.M.E., S.A. are as follows:

Days	Q1 2019
Average term of payment to suppliers	48
Ratio of transactions paid	51
Ratio of transactions pending payment	21

Table 17. Average payment period

These parameters have been calculated according to the provisions set forth in Article 5 of the Resolution *of 29 January 2016 of the Accounting and Auditing Institute, regarding the information to be included in the annual accounts report with regard to the average period of payment to suppliers in commercial transactions*, based on the balance of suppliers who, by their nature, are suppliers of goods and services, so it includes the data pertaining to the items of trade payables on the balance sheet.

Thousand euros	Q1 2019
Total payments made	847,450
Total payments outstanding	97,504

Table 18. Balance concerning suppliers

In the accumulated period, the average payment terms are adapted to the terms established 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 Company: invoices not received on time, AEAT expired certificates, lack of certificates of proof of supplier bank accounts, amongst others.

7. Cash flow

Thousand euros	Q1 2019	Q1 2018	Variation	% Variation
Net cash flows from operating activities	582,954	517,661	65,293	12.6%
Net cash flows from investment activities	-170,273	-176,040	5,767	3.3%
Net cash used in financing activities	-244,932	-230,705	-14,227	-6.2%
Cash and cash equivalents at the beginning of the period	651,380	854,977	-203,597	-23.8%
Effect of exchange rate fluctuations	797	339	458	-135.1%
Cash and cash equivalents at the end of the period	**819,926**	**966,232**	**-146,306**	**-15.1%**

Table 19. Summary of consolidated cash flow statement

In the first quarter of 2019, the Group's financing requirements were met by cash flows from operations (583.0 million euros), which made it possible to finance the non-financial fixed-investment programme (168,2 million euros) and the repayment of the debt according to the established schedule (249.4 million euros), generating an increase during that period in the balance of "cash and cash equivalents" of 168.5 million euros.

Net cash flows from operating activities

The main cash inflows from operating activities related to payments from customers, both airlines and commercial tenants, while the main outflows involved payments for sundry services received, employee benefits and local and state taxes. Cash flow from operating activities before changes in working capital and other cash from operations (interest and tax on profits paid and received) increased in the period by +10.0% to 393.7 million euros, from 357.7 million euros in the same period of 2018, mainly as a result of the improvement in the Group's operations as reflected in EBITDA (earnings before interest, tax, depreciation and amortization) of 392.9 million euros for the period, as against 364.2 million euros in the same period of 2018.

Net cash flow from investment activities

Net cash used in investment activities in this period amounted to 170.3 million euros, compared with 176.0 million euros in the same period of 2018, and mainly consisted of payments for acquisition and replacement of non-financial fixed assets relating to airport infrastructure for an amount of 168.2 million euros (185.2 million euros in 2018).

These investments mainly focused on improvements to facilities and operational security of the airports in the network and the expansion project for London Luton Airport in the UK (see Section 5. Investments").

In addition, investment activities also include dividend collections from the associated affiliates for 2.2 million euros (3.1 million euros in the same 2018 period).

Cash flow from financing activities

The main financing outflows correspond to the repayment of capital of the debt corresponding to the mirror debt with Enaire as a co-accredited entity (249.4 million euros in compliance with the schedule of payments established under the contract). In addition, 20.0 million euros have been collected from guarantee deposits ("Other collections") and 9.2 million euros net has been returned from the contracted credit facilities. by the subsidiary of Luton Airport ("Debt repayments with credit institutions").

8. Main legal proceedings

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). On 31 January 2006, the High Court of Justice in Madrid (TSJ) issued a judgement rejecting this appeal for judicial review. 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.

As part of a third enforcement incident, the Supreme Court of Madrid issued a ruling of 2 December 2014 notified to ENAIRE and Aena on 5 December 2014, whereby: (i) it ordered the judgement of the TS of 13 October 2008 not to be executed, since it concluded that the infringement of the fundamental right due to the intensity caused by the overflights remained; and (ii) agreed, as a measure of execution of the same, a 30% reduction in the number of overflights in the Ciudad Santo Domingo urbanization, calculated based on the number of overflights 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% below the levels recorded in 2004.

Finally, the Supreme Court issued a judgement 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 that the Ruling passed on 13 October 2008 has been enforced as it lacks sufficient elements to assess the actual compliance 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.

Following the pronouncement of said judgement, the Supreme Court of Madrid must continue with the enforcement. Thus, this Court requested technical information about noise level checks, which has been notified by the General Technical Secretariat of the Ministry of Public Works.

The expected completion date of these checks and presentation of results to the TSJ was at the end of November 2017, but after various requests for extensions of time by the State Bar, it ended on 22 February 2018.

By Order of 22 March 2018, the parties and the State Counsel's Office were allowed a period to make allegations about the documentation submitted by the State Attorney.

After receiving the allegations, the Supreme Court of Madrid issued an order dated 30 July 2018, which agreed:

(i) To dismiss the allegation of the lack of a resident's legitimacy.

(ii) To declare the 13 October 2008 Supreme Court ruling executed.

Subsequently, several Ciudad Santo Domingo residents filed a motion for reconsideration before the Supreme Court on 30 July 2018, on which, on September 14, 2018, Aena filed a writ of appeal.

By Order of December 21, 2018 the TSJ dismissed the appeal for reversal against which an appeal for review can be lodged. On 1 February 2019, the residents announced an appeal against the Rulings handed down on 30 July and 21 December 2018. On 26 February 2019, the Supreme Court accepted the appeal for annulment and summoned the parties to appear before the Administrative Tribunal of the Supreme Court within a period of thirty days. On 8 April, Aena filed a letter of association and opposition to the appeal with the Court.

9. Stock performance

During the first quarter of 2019, the share price fluctuated between a minimum of 137.00 euros and a maximum of 166.15 euros, closing the period at 160.50 euros, representing a revaluation of 18.2%, higher than the evolution of the IBEX35, which accumulated an increase of 7.5% during the same period.

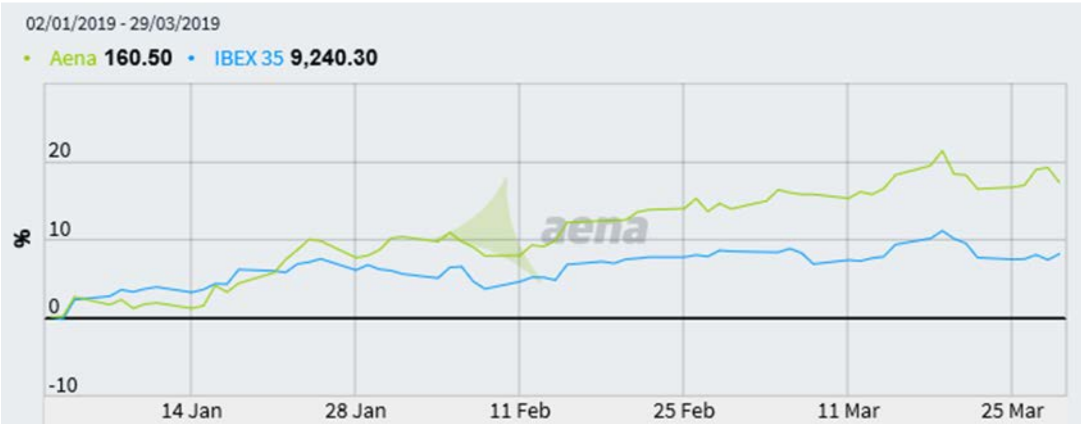

Figure 8. Stock performance

The main figures of performance of Aena's price on the continuous market of the Madrid Stock Exchange are summarized as follows:

29/03/2019	AENA.MC
Total volume traded (no. shares)	15,066,405
Daily average volume traded in the period (No. of shares)	239,149
Capitalization €	24,075,000,000
Closing price in €	160.50
Number of shares	150,000,000
Free Float (%)	49%
Free Float (shares)	73,500,000

Table 20. Main data on Aena's evolution

In connection with the acquisition and disposal of treasury shares at 31 March 2019, 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 relevant facts

- In the first quarter of 2019 the entity granting the concession for Luton airport (London Luton Airport Limited "LLAL") has notified the concession operator, "London Luton Airport Operations Limited, "LLAOL", that, in its opinion, some of the terminal building extension works have not been completed as defined in the concession agreement and that, therefore, LLAOL should pay an indemnity of 25 million pounds sterling..

  LLAOL is currently in talks with LLAL because, in its opinion, based on its interpretation of the agreement and independent legal advice, the basis for the assessment used by LLAL is incorrect and the works have complied with the terms of the agreement.

  Furthermore, this discussion could lead to a formal dispute process in which LLAL would have the option, but not the obligation, to terminate the airport operation concession contract, in which case LLAOL would be entitled to the corresponding financial compensation. However, Luton Management considers this scenario very unlikely.

- Subsequent to 31 March 2019 and until the publication of this report, on 16 April, Aena and the European Investment Bank (EIB) signed a financing agreement under which the EIB granted the Company a long-term loan of 86 million euros with a grace period of two years to finance 75% of investments to improve energy efficiency and encourage consumption of renewable energy at the 46 airports and 2 heliports in the Aena network in Spain, as provided in DORA 2017-2021.

  The agreement, supported by the Juncker Plan, will make it possible to reduce energy consumption and CO2 emissions at airports in the Aena network in Spain. Specifically, it will replace the airport lighting system with a low-energy lighting system, optimize the thermal insulation of terminals and renew ventilation systems and boilers. It is also planned to start up a self-consumption photovoltaic solar plant in Madrid, which will generate 13,600 MWh of clean energy per year and prevent the emission of 2,980 tonnes of CO2. There are also plans to install 2,700 charging points for electric vehicles in the car parks of the network. As a whole, all these improvements will contribute to the target of 30% reduction in CO2 emissions from Aena airports, taking into account the air traffic forecast.

APPENDICES:

I. Consolidated summary interim financial statements
II. Summary of relevant facts published

APPENDIX I: Consolidated summary interim financial statements

Consolidated interim statement of financial position at 31 March 2019 and 31 December 2018

Thousand euros	31 March 2019	31 December 2018
ASSETS		
Non-current assets		
Property, plant and equipment	12,791,718	12,872,781
Intangible assets	516,087	506,996
Investment properties	140,126	138,183
Assets by right of use	61,780	-
Equity-accounted investees	70,058	65,433
Other receivables	3,532	3,259
Deferred tax assets	120,483	124,944
Other financial assets	78,579	72,854
Derivative financial instruments	-	1,144
	13,782,363	**13,785,594**
Current assets		
Inventories	7,161	7,258
Trade and other receivables	353,866	454,838
Cash and cash equivalents	819,926	651,380
	1,180,953	**1,113,476**
Total assets	**14,963,316**	**14,899,070**
EQUITY AND LIABILITIES		
Equity		
Share capital	1,500,000	1,500,000
Share premium	1,100,868	1,100,868
Retained earnings/(losses)	3,670,727	3,534,635
Accumulated conversion differences	-18,241	-20,301
Other reserves	-105,664	-80,333
Non-controlling interests	-14,116	-11,064
	6,133,574	**6,023,805**
Liabilities		
Non-current liabilities		
Borrowings	6,439,923	6,573,078
Derivative financial instruments	90,013	56,543
Deferred tax liabilities	72,011	70,995
Provisions for employee benefit obligations	48,498	46,622
Provision for other liabilities and expenses	89,853	84,700
Grants…	486,729	495,594
Other non-current liabilities	39,617	49,241
	7,266,644	**7,376,773**
Current liabilities		
Trade and other payables	683,299	613,049
Current tax liabilities	54,931	24,889
Borrowings	690,197	732,428
Derivative financial instruments	32,619	32,740
Grants…	34,886	35,217
Provision for other liabilities and expenses	67,166	60,169
	1,563,098	**1,498,492**
Total liabilities	**8,829,742**	**8,875,265**
Total equity and liabilities	**14,963,316**	**14,899,070**

APPENDIX I: Consolidated summary interim financial statements

Consolidated interim income statement for the three-month period ended 31 March 2019 and 2018

Thousand euros	**31 March 2019**	**31 March 2018**
Continuing operations		
Ordinary revenue	890,186	827,876
Other revenue	2,638	2,666
Work carried out by the Company for its assets	1,329	1,298
Subcontracted work and other supplies	-42,911	-42,821
Employment costs	-111,913	-103,100
Losses, impairment and change in trading provisions	-2,914	3,309
Other operating expenses	-353,590	-334,787
Depreciation and amortization	-197,981	-200,198
Capital grants taken to income	9,177	8,934
Provisions surpluses	163	1,058
Impairments and income from disposals	-809	-1,267
Other net gains/(losses)	1,544	1,070
Operating income	**194,919**	**164,038**
Financial income	1,295	236
Financial expenses	-27,626	-27,292
Other net financial income/(expenses)	3,387	1,020
Net financial expense	**-22,944**	**-26,036**
Share of profits in associates	5,397	4,556
Profit/(loss) before tax	**177,372**	**142,558**
Income tax	-43,021	-33,497
Consolidated profit/(loss) for the period	**134,351**	**109,061**
Profit/(loss) for the period attributable to non-controlling interest	**-2,036**	**-2,062**
Profit/(loss) for the period attributable to the equity holders of the Parent Company	**136,387**	**111,123**
Earnings per share (Euro per share)		
Basic earnings per share	0.91	0.74
Diluted earnings per share	0.91	0.74

APPENDIX I: Consolidated summary interim financial statements

Consolidated interim cash flow statement for the 3-month period ended 31 March 2019 and 31 March 2018

Thousand euros	**31 March 2019**	**31 March 2018**
Profit/(loss) before tax	**177,372**	**142,558**
Adjustments for:	**216,278**	**215,152**
Depreciation and amortization	197,981	200,198
Impairment valuation adjustments	2,914	-3,309
Changes in provisions	6,927	4,831
Grants taken to income	-9,177	-8,934
(Profit)/loss on disposal of fixed assets	809	1,267
Financial income	-1,697	-236
Financial expenses	21,697	20,526
Exchange differences	-2,391	-1,020
Financial expenses settlement for financial derivatives	5,929	6,766
Variation in fair value of financial instruments	-594	-
Other revenue and expenses	-723	-381
Stake in profits (losses) of companies accounted for by the equity method	-5,397	-4,556
Changes in working capital:	**214,618**	**185,716**
Inventories	123	-8
Debtors and other receivables	71,196	43,136
Other current assets	-24	-122
Creditors and other payables	157,773	153,110
Other current liabilities	-13,499	-10,207
Other non-current assets and liabilities	-951	-193
Other cash generated from operating activities	**-25,314**	**-25,765**
Interest paid	-23,232	-25,369
Interest received	29	42
Taxes collected (paid)	-1,564	-1,139
Other income (received)	-547	701
Net cash flows from operating activities	**582,954**	**517,661**
Cash flow from investment activities		
Acquisitions of property, plant and equipment	-159,288	-180,629
Acquisitions of intangible assets	-6,259	-4,538
Acquisitions of investment properties	-2,626	-34
Payments for acquisitions of other financial assets	-6,046	-5,595
Proceeds on disposal of/loans to companies of the Group and associates	918	1,700
Proceeds from property, plant and equipment divestment	85	-
Proceeds from other financial assets	725	9,919
Dividends received	2,218	3,137
Net cash flows from investment activities	**-170,273**	**-176,040**

APPENDIX I: Consolidated summary interim financial statements

Consolidated interim cash flow statement for the 3-month period ended 31 March 2019 and 31 March 2018 (continued)

Thousand euros	31 March 2019	31 March 2018
Cash flow from financing activities		
Proceeds from ERDF grants	522	-
Proceeds from borrowing	-	7,924
Other income	19,981	13,320
Repayment of bank borrowings	-9,169	-
Repayment of Group financing	-249,361	-249,361
Other payments	-6,905	-2,588
Net cash used in financing activities	**-244,932**	**-230,705**
Effect of exchange rate fluctuations	**797**	**339**
Net (decrease)/increase in cash and cash equivalents	168,546	111,255
Cash and cash equivalents at the beginning of the period	**651,380**	**854,977**
Cash and cash equivalents at the end of the period	**819,926**	**966,232**

APPENDIX II: Summary of relevant facts published Q1 2019

Register	Date	Type of fact	Description
273536	04/01/2019	Composition of the Board of Directors	The Company communicates changes in the composition of the Board of Directors, Executive Committee and Appointments and Remuneration Committee
274244	29/01/2019	Composition of the Board of Directors	The Company communicates changes in the composition of the Board of Directors and the Appointments and Remuneration Committee
274582	07/02/2019	Others about corporate governance	The Company communicates the change of the chairman of the Audit Committee
274937	20/02/2019	Announcements and resolutions of general shareholders meetings	Aena, S.M.E., S.A. announces a conference call to present the Group´s results for FY2018
275161	26/02/2019	Corporate governance annual report	The Company submits the Corporate Governance Annual Report for 2018.
275164	26/02/2019	Interim financial information	The company sends information on results for the second half of 2018.
275165	26/02/2019	Information on P&L	Results Presentation and Consolidated Management Report FY 2018
275167	26/02/2019	Announcements and resolutions of general shareholders meetings	The Company announces the approval of the call of the General
275168	26/02/2019	Board of directors remuneration annual statement	The Company submits the Annual Report directors' remuneration for 2018
275170	26/02/2019	Information on dividends	Proposed dividend for 2018
275672	05/03/2019	Announcements and resolutions of general shareholders meetings	The Company announces the calling of the 2019 AGM
276121	15/03/2019	Transmissions and purchases of capital undertakings	The Company reports that it has won the tender for the concession of the North-eastern Brazil airport group
276523	28/03/2019	Placing of large numbers of shares (block trades)	Merrill Lynch hereby informs that it is carrying out on behalf of Talos Capital Designated Activity Company, an entity managed by TCI Fund Management Limited, a private placement among qualified investors of a package of AENA shares representing approximately 0.8% of its share capital.
276543	29/03/2019	Placing of large numbers of shares (block trades)	Merrill Lynch forwards details of the private placement among qualified investors of a package of AENA shares representing approximately 0.8% of its share capital.