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

Condensed Consolidated Interim Financial Statements

30 June 2019

Consolidated Interim Directors' Report

2019

(With Limited Review Report thereon)

(Free translation from the original in Spanish.
In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Limited Review on the Condensed Consolidated Interim Financial Statements

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the shareholders of

Aena S.M.E., S.A. commissioned by the Board of Directors

REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Introduction

We have carried out a limited review of the accompanying condensed consolidated interim financial statements (the "interim financial statements") of Aena S.M.E., S.A. (the "Company") and subsidiaries (the "Group"), which comprise the statement of financial position at 30 June 2019, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and the explanatory notes for the six-month period then ended (all condensed and consolidated). The directors of the Company are responsible for the preparation of these interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union, for the preparation of condensed interim financial statements, pursuant to article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

Based on our limited review, which under no circumstances can be considered an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2019 have not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial statements, pursuant to article 12 of Royal Decree 1362/2007.

Emphasis of Matter

We draw your attention to the accompanying note 2, which states that these interim financial statements do not include all the information required in complete consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accompanying condensed interim financial statements should therefore be read in conjunction with the Group's consolidated annual accounts for the year ended 31 December 2018. This matter does not modify our conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The accompanying consolidated interim directors' report for the six-month period ended 30 June 2019 contains such explanations as the directors of the Company consider relevant with respect to the significant events that have taken place in this period and their effect on the interim financial statements, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The consolidated interim directors' report is not an integral part of the interim financial statements. We have verified that the accounting information contained therein is consistent with that disclosed in the interim financial statements for the six-month period ended 30 June 2019. Our work is limited to the verification of the consolidated interim directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Aena S.M.E., S.A. and subsidiaries.

Paragraph on Other Matters

This report has been prepared at the request of the Board of Directors of Aena S.M.E., S.A. in relation to the publication of the six-monthly financial report required by article 119 of Legislative Royal Decree 4/2015 of 23 October 2015 approving the Revised Securities Market Law enacted by Royal Decree 1362/2007 of 19 October 2007.

KPMG Auditores, S.L.

Manuel Martín Barbón

(Signed on the original in Spanish)

30 July 2019

AENA S.M.E., S.A. AND SUBSIDIARIES

Condensed Consolidated Interim Financial Statements and Interim Consolidated Management Report for the six-month period ended 30 June 2019

Contents

(Amounts in thousands of euros unless otherwise stated)

Condensed consolidated interim statement of financial position at 30 June 2019 and 31 December 2018

	Note	30 June 2019	31 December 2018 (*)
ASSETS			
Non-current assets			
Property, plant and equipment	6	12,667,575	12,872,781
Intangible assets	7	496,483	506,996
Investment properties		139,196	138,183
Right-of-use assets	2.1	60,130	-
Equity-accounted investees		55,533	65,433
Other financial assets		77,840	72,854
Derivative financial instruments	8.a, b	-	1,144
Deferred tax assets		115,969	124,944
Other receivables		3,966	3,259
		13,616,692	**13,785,594**
Current assets			
Inventories		7,211	7,258
Trade and other receivables		508,076	454,838
Derivative financial instruments for hedging	8.a, b	4,983	-
Cash and cash equivalents	8.a	176,040	651,380
		696,310	**1,113,476**
Total assets		**14,313,002**	**14,899,070**
EQUITY AND LIABILITIES			
Equity			
Share capital	9	1,500,000	1,500,000
Share premium		1,100,868	1,100,868
Retained earnings/(losses)		3,055,264	3,534,635
Accumulated conversion differences		(18,510)	(20,301)
Other reserves		(126,198)	(80,333)
Non-controlling interests		(19,133)	(11,064)
		5,492,291	**6,023,805**
Liabilities			
Non-current liabilities			
Borrowings	8.a, 10	6,316,647	6,573,078
Derivative financial instruments	8.a, b	113,675	56,543
Grants		477,863	495,594
Provisions for employee benefit obligations		51,759	46,622
Provision for other liabilities and expenses	11	73,143	84,700
Deferred tax liabilities		57,689	70,995
Other non-current liabilities		27,360	49,241
		7,118,136	**7,376,773**
Current liabilities			
Borrowings	8.a, 10	765,238	732,428
Derivative financial instruments	8.a, b	34,143	32,740
Trade and other payables		666,203	613,049
Current tax liabilities		148,396	24,889
Grants		34,373	35,217
Provision for other liabilities and expenses	11	54,222	60,169
		1,702,575	**1,498,492**
Total liabilities		**8,820,711**	**8,875,265**
Total equity and liabilities		**14,313,002**	**14,899,070**

The accompanying Notes to the condensed consolidated interim financial statements form an integral part of these condensed consolidated interim financial statements.
(*) The statement of financial position at 31 December 2018 is presented solely and exclusively for comparison purposes (see Note 2.1). The Group made the initial application of IFRS 16 on 1 January 2019, opting in the transition for the modified retrospective approach set out in that standard and, therefore, the comparative information has not been restated.

(Amounts in thousands of euros unless otherwise stated)

Condensed consolidated interim statement of profit or loss for the six-month periods ended on 30 June 2019 and 30 June 2018

	Note	30 June 2019	30 June 2018 (*)
Continuing operations			
Ordinary revenue	5	2,073,507	1,936,334
Other revenue		4,575	6,255
Work carried out by the Company for its assets		2,636	2,575
Subcontracted work and other supplies		(85,581)	(86,734)
Employment costs		(229,042)	(210,385)
Losses, impairment and change in trading provisions		(3,060)	7,238
Other operating expenses		(589,916)	(545,946)
Depreciation and amortization		(393,464)	(401,551)
Non-financial assets subsidies allocation		18,536	17,608
Provisions surpluses		1,491	2,540
Impairment and net gain or loss on disposals of fixed assets		(4,699)	(4,453)
Other net gains/(losses)		867	1,433
Operating revenue		**795,850**	**724,914**
Financial income		3,070	1,036
Financial expenses		(70,426)	(60,878)
Other net financial income/(expenses)		338	1,385
Net financial income/(expenses)		**(67,018)**	**(58,457)**
Profit or loss of equity method measured companies		10,945	8,636
Profit/(loss) before tax		**739,777**	**675,093**
Income tax	12	(180,699)	(162,822)
Consolidated profit (/loss) for the period		**559,078**	**512,271**
Profit/(loss) for the period attributable to non-controlling interest		**87**	**(2,227)**
Profit for the year attributable to the parent company's shareholders		**558,991**	**514,498**
Earnings per share (Euro per share)			
Basic earnings per share for the period result		3.73	3.43
Diluted earnings per share for the period result		3.73	3.43

The accompanying Notes to the condensed consolidated interim financial statements form an integral part of these condensed consolidated interim financial statements.
(*) The consolidated abridged interim profit and loss statement for the six-month period ended 30 June 2018 is presented solely and exclusively for comparison purposes (see Note 2.1). The Group made the initial application of IFRS 16 on 1 January 2019, opting in the transition for the modified retrospective approach set out in that standard and, therefore, the comparative information has not been restated.

(Amounts in thousands of euros unless otherwise stated)

Condensed consolidated interim statement of comprehensive income for the six-month periods ended 30 June 2019 and 30 June 2018

	Note	30 June 2019	30 June 2018 (*)
Profit/(loss) for the period		**559,078**	**512,271**
Other comprehensive income - Items that are not reclassified to income for the period		**(3,979)**	**1,599**
- Revaluation/(reversal of revaluation) of property, plant and equipment and intangible assets			
- Actuarial gains and losses and other adjustments		(4,793)	1,925
- Equity in other comprehensive income recognised From investments in joint ventures and associates		(1)	1
- Tax effect		815	(327)
Other comprehensive income - Items that may be subsequently reclassified to income for the period		**(42,703)**	**2,096**
2. Cash flow hedges		**(59,341)**	**(540)**
- Profits/(Losses) on measurement		(76,174)	(19,430)
- Amounts transferred to the income statement		16,833	18,890
3. Foreign exchange translation differences		**1,966**	**2,337**
- Profits/(Losses) on measurement		1,966	2,337
6. Tax effect		**14,672**	**299**
Total profit (loss) for the period		**512,396**	**515,966**
- Attributed to the parent company		514,917	516,504
- Attributed to non-controlling interests		(2,521)	(538)

The accompanying Notes to the condensed consolidated interim financial statements form an integral part of these condensed consolidated interim financial statements.
(*) The condensed consolidated interim statement of comprehensive income for the six-month period ended 30 June 2018 is presented for comparison purposes only (see Note 2.1). The Group made the initial application of IFRS 16 on 1 January 2019, opting in the transition for the modified retrospective approach set out in that standard and, therefore, the comparative information has not been restated.

(Amounts in thousands of euros unless otherwise stated)

Condensed Consolidated interim statement of changes in equity for the six-month periods ended 30 June 30 2019 and 30 June 30 2018 (*)

	Attributable to owners of the parent company									
	Share capital (Note 9)	Share premium	Cumulative earnings	Hedging reserves	Actuarial gains and losses	Accumulated conversion differences	Share in other comprehensive income of associates	Total	Non-controlling interests	Total equity
Balance at 01 January 2018	**1,500,000**	**1,100,868**	**3,179,229**	**(64,225)**	**(11,729)**	**(22,523)**	**23**	**5,681,643**	**5,426**	**5,687,069**
Profit for the period	-	-	514,498	-	-	-	-	514,498	(2,227)	512,271
Share in other comprehensive income of associates	-	-	-	-	-	-	1	1	-	1
Other comprehensive income for the period	-	-	-	(1,080)	815	2,270	-	2,005	1,689	3,694
Total comprehensive income for the period	**-**	**-**	**514,498**	**(1,080)**	**815**	**2,270**	**1**	**516,504**	**(538)**	**515,966**
Distribution of dividends (Note 9)	-	-	(975,000)	-	-	-	-	(975,000)	(8,898)	(983,898)
Other movements	-	-	1,620	-	-	-	-	1,620	1,264	2,884
Total contributions by and distributions to shareholders recognised directly in equity	**-**	**-**	**(973,380)**	**-**	**-**	**-**	**-**	**(973,380)**	**(7,634)**	**(981,014)**
Balance at 30 June 2018	**1,500,000**	**1,100,868**	**2,720,347**	**(65,305)**	**(10,914)**	**(20,253)**	**24**	**5,224,767**	**(2,746)**	**5,222,021**
Balance at 01 January 2019	**1,500,000**	**1,100,868**	**3,534,635**	**(68,265)**	**(12,091)**	**(20,301)**	**23**	**6,034,869**	**(11,064)**	**6,023,805**
Profit for the period	-	-	558,991	-	-	-	-	558,991	87	559,078
Share in other comprehensive income of associates	-	-	-	-	-	-	(1)	(1)	-	(1)
Other comprehensive income for the period	-	-	-	(43,836)	(2,028)	1,791	-	(44,073)	(2,609)	(46,682)
Total comprehensive income for the period	**-**	**-**	**558,991**	**(43,836)**	**(2,028)**	**1,791**	**(1)**	**514,917**	**(2,522)**	**512,395**
Distribution of dividends (Note 9)	-	-	(1,039,500)	-	-	-	-	(1,039,500)	(5,547)	(1,045,047)
Other movements	-	-	1,138	-	-	-	-	1,138	-	1,138
Total contributions by and distributions to shareholders recognised directly in equity	**-**	**-**	**(1,038,362)**	**-**	**-**	**-**	**-**	**(1,038,362)**	**(5,547)**	**(1,043,909)**
Balance at 30 June 2019	**1,500,000**	**1,100,868**	**3,055,264**	**(112,101)**	**(14,119)**	**(18,510)**	**22**	**5,511,424**	**(19,133)**	**5,492,291**

The accompanying Notes to the condensed consolidated interim financial statements form an integral part of these condensed consolidated interim financial statements.
(*) The condensed consolidated statement of changes in equity for the six-month period ended 30 June 2018 is presented solely and exclusively for comparison purposes (see Note 2.1). The Group made the initial application of IFRS 16 on 1 January 2019, opting in the transition to the modified retrospective approach contemplated in that standard and, therefore, the comparative information has not been restated.

Condensed consolidated interim statement of cash flows for the six-month periods ended 30 June 2019 and 30 June 2018

	Note	30 June 2019	30 June 2018 (*)
Profit/(loss) before tax		**739,777**	**675,093**
Adjustments for:		**452,895**	**444,479**
- Depreciation and amortisation		393,464	401,551
- (Profit)/loss on disposal of fixed assets		4,699	4,453
- Accrual of grants		(18,536)	(17,608)
- Trade receivable impairment adjustments		3,060	(7,238)
- Changes in provisions		14,973	12,523
- Financial income		(3,885)	(2,173)
- Financial expenses		70,426	60,878
- Exchange differences		477	(248)
- Other revenue and expenses		(838)	977
- Share in profit/(loss) of entities accounted for using the equity method		(10,945)	(8,636)
Changes in working capital:		**17,135**	**(19,780)**
- Inventories		47	168
- Trade and other receivables		(76,013)	(85,571)
- Other current assets		(32)	(333)
- Trade and other payables		121,257	86,647
- Other current liabilities		(26,972)	(20,388)
- Other non-current assets and liabilities		(1,152)	(303)
Other cash generated from operating activities		**(98,220)**	**(90,005)**
Interest paid		(52,437)	(55,058)
Interest received		53	63
Taxes collected (paid)		(45,043)	(35,178)
Other collections (payments)		(793)	168
Net cash flows from operating activities		**1,111,587**	**1,009,787**

Condensed consolidated interim statements of cash flows for the six-month periods ended 30 June 2019 and 30 June 2018

	Note	30 June 2019	30 June 2018 (*)
Cash flow from investment activities			
Acquisitions of property, plant and equipment		(263,032)	(264,399)
Acquisitions of intangible assets		(9,935)	(9,714)
Acquisitions of investment properties		(3,012)	(528)
Payments for acquisitions of other financial assets		(6,141)	(5,783)
Sale of property, plant and equipment		85	-
Proceeds from divestments in group and associated companies		5,635	5,045
Proceeds from other financial assets		1,966	9,923
Dividends received		4,050	4,630
Net cash flows from investment activities		**(270,384)**	**(260,826)**
Cash flow from financing activities			
Income from outside resources (Grants)		1,574	-
Shareholder contributions		-	3,410
Net debt from financing	10	75,000	19,323
Other revenue	10	38,291	19,865
Repayment of bank borrowings	10	(9,157)	-
Repayment of Group financing	10	(362,320)	(360,493)
Payments of lease liabilities (2018: payments of finance lease liabilities)	10	(3,798)	(1,538)
Dividends paid	9 and 13.c	(1,045,047)	(983,898)
Other payments	10	(11,099)	(3,813)
Net cash used in financing activities		**(1,316,556)**	**(1,307,144)**
Effect of exchange rate fluctuations		**13**	**76**
Net (decrease)/increase in cash and cash equivalents		(475,340)	(558,107)
Cash and cash equivalents at the beginning of the period		**651,380**	**854,977**
Cash and cash equivalents at the end of the period		**176,040**	**296,870**

The accompanying Notes to the condensed consolidated interim financial statements form an integral part of these condensed consolidated interim financial statements.

(*) The condensed consolidated interim cash flow statement for the six-month period ended 30 June 2018 is presented for comparison purposes only (see Note 2.1). The Group made the initial application of IFRS 16 on 1 January 2019, opting for the modified retrospective transition contemplated in that standard and, therefore, the comparative information has not been restated.

Notes to the condensed consolidated interim financial statements for the six-month period ended 30 June 2019

1. General information

Aena S.M.E., S.A. ("the Company", or "Aena") is the Parent of a group of companies (the "Group") which at 30 June 2019 consisted of 8 subsidiaries and 4 associates. Aena S.M.E, S.A. was incorporated as an independent legal entity by virtue of Article 7 of Royal Decree Law 13/2010 (3 December), which authorised the Council of Ministers to incorporate the company. The authorisation for the effective incorporation took place on 25 February 2011 in the agreement of the Council of Ministers of that date in which the incorporation of the state corporation Aena Aeropuertos, S.A. was authorised pursuant to the provisions of article 166 of Law 33/2003, of 3 November, of the Patrimony of the Public Administrations (LPAP).

The Group is controlled by the public corporation "ENAIRE".

On 5 July 2014, pursuant to Article 18 of Royal Decree-Law 8/2014, the name of Aena Aeropuertos, S.A. was changed to Aena, S.A. and the public business entity "Aeropuertos Españoles y Navegación Aérea" was renamed ENAIRE ("Parent" or "controlling company"). As a result of the provisions of Law 40/2015, of 1 October, on the Legal System for the Public Sector, at the General Shareholders' Meeting held on 25 April 2017 the Company's corporate name was changed to "Aena S.M.E., S.A."

The corporate purpose of the Company, in accordance with its Articles of Association, is as follows:

- The organisation, management, co-ordination, exploitation, maintenance, administration and management of general interest, state-owned airports, heliports and associated services.

- The co-ordination, exploitation, maintenance, administration and management of the civil areas of air bases open to civil aviation traffic and joint-use airports.

- The design and preparation of projects, execution, management and control of investments in infrastructures and facilities referred to in the previous paragraphs and in goods intended for the provision of aerodrome air traffic services attached to said airport infrastructures.

- The evaluation of needs and, if appropriate, the proposal for planning new airport infrastructures and airport and acoustic rights of way associated with airports and services for which the Company is responsible for managing.

- The performance of organisational and security services at airport facilities that it manages, notwithstanding the authority assigned to the Ministry of Public Works in this respect.

- Training in areas relating to air traffic, including the training of aeronautical professionals that require licenses, certificates, authorisations or ratings and the promotion, reporting or development of aeronautical or airport activities.

In addition, the Company may engage in all commercial activities directly or indirectly related to its corporate purpose, including the management of airport facilities outside Spanish territory and any other ancillary and complementary activity that allows a return on investments.

At 30 June 2019, the Company' main activity consists of the business lines that constitute its corporate purpose. The corporate purpose may be carried out by the company directly or through the creation of trading companies and, specifically, the individualised management of airports may be carried out through subsidiary companies or through the concession of services.

The registered office of Aena S.M.E., S.A. is located in Madrid (Spain), calle Peonías, 12, after the change thereof adopted by its Board of Directors on 30 October 2018.

2. Bases of presentation

The Group's consolidated financial statements for 2018 were prepared by the Company's directors in accordance with International Financial Reporting Standards as adopted by the European Union, applying the accounting policies described in Note 2 of the notes to the consolidated financial statements, so that they present the true and fair view of the consolidated equity and consolidated financial position of the Group at 31 December 2018, the consolidated results of its operations, the changes in consolidated equity and its consolidated cash flows for the year then ended.

These condensed consolidated interim financial statements as of 30 June 2019 have been subjected to a limited review by the auditors under the ISRE 2410 Standard. The figures for 30 June 2018 (which were also subject to the same type of review) and 31 December 2018 (audited) are presented for comparison purposes only.

These condensed consolidated interim financial statements are presented in accordance with IAS 34 Interim Financial Reporting and were prepared by the Group's directors on 30 July 2019.

In accordance with IAS 34, interim financial reporting is presented solely for the purpose of updating the contents of the last consolidated financial statements prepared by the Group, placing emphasis, through selected explanatory notes, on new activities, events, transactions and circumstances that are significant for understanding the changes in the financial situation and performance of the entity since the end of the last financial year, without duplicating previously published information. Accordingly, it does not include all the information required by the International Financial Reporting Standards adopted by the European Union for a complete set of financial statements.

Therefore, for proper understanding of the information included in these condensed consolidated interim financial statements, they must be read together with the Group's consolidated financial statements for 2018, which were prepared on 26 February 2019 and approved by Aena's Ordinary General Meeting of Shareholders held on 9 April 2019.

These condensed consolidated interim financial statements at 30 June 2019 are the first financial statements in which IFRS 16 has been applied. Significant changes in accounting policies are described in Note 2.1.

2.1 Changes in accounting policies

The accounting policies used in the preparation of these condensed consolidated interim financial statements are the same as those applied in the consolidated financial statements for the year ended 31 December 2018, except as indicated below.

Changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements at 31 December 2019.

The following interpretations and amendments were adopted by the European Union during the first half of 2019:

Area	Fundamental requirements	Effective date
IFRS 16 *Leases*	The new international standard on leases (IFRS 16) was approved on January 2016, which entails a significant change in approach to the applicable standard (IAS 17).	01 January 2019
IFRIC Interpretation 23 *Uncertainties about Income Tax Treatment*	This Interpretation clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty about income tax treatments.	01 January 2019
Amendments to IFRS 9 *Characteristics of advance payments with negative compensation*	Clarification on the way of classifying and accounting for financial assets that include particular contractual prepayment options.	01 January 2019
Improvements to IFRS, 2015-2017 cycle	Includes changes to IAS 12 (Income Tax), IAS 23 (Borrowing costs) and IFRS 3 (Business combinations) and IFRS 11 (Joint arrangements).	01 January 2019
Amendments to IAS 19 Changing, reducing or settling a plan	Modifications to the guidance contained in IAS 19 "Employee Benefits", in relation to the accounting for modifications, reductions and liquidation of a defined benefit plan.	01 January 2019
Amendments to IAS 28 Long-term interest in associates and joint ventures	The amendments clarify that IFRS 9, including its impairment requirements, apply to long-term interests in associates and joint ventures that are part of the entity's net investment in those entities in which it invests.	01 January 2019

Although none of these standards has had a significant impact on the Group's condensed consolidated interim financial statements, the one with the biggest relevance was IFRS 16 Leases. The impact and changes in accounting policies implied by the application of IFRS 16 are detailed below.

IFRS 16 "Leases"

This Standard is effective for annual periods beginning on or after 1 January 2019 and establishes principles for the recognition, measurement, presentation and disclosure of leases for the lessor and lessee. It replaces the following Standards and Interpretations:

(a) IAS 17 *Leases*;

(b) IFRIC 4 *Determining whether an arrangement contains a lease*;

(c) SIC-15 *Operating Leases-Incentives*; and

(d) SIC-27 *Assessing the substance of transactions that take the legal form of a lease*.

The Group made its first application of IFRS 16 on 1 January 2019, opting in the transition for the modified retroactive approach contemplated in paragraph C5.b of Appendix C to IFRS 16. Thus, the comparative information that is presented in accordance with previous standards (IAS 17 and related interpretations) has not been restated. Since there was no cumulative monetary effect resulting from the first-time application of IFRS 16, no amount was recognised in reserves at the date of first-time application.

The main changes in accounting policies implied by IFRS 16 are detailed below.

A. Definition of Lease

Previously, the Group determined at the inception of a contract whether an arrangement contained a lease by applying IFRIC 4 *Determining whether an arrangement contains a lease*. Since 1 January 2019, in accordance with IFRS 16, the Group considers that a contract constitutes or contains a lease if it transfers the right to control the use of an identified asset during a certain period of time in exchange for a consideration.

As a strategy for transition to IFRS 16, the Group has chosen the practical solution of paragraph C3 of Appendix C to IFRS 16; therefore:

— Applies IFRS 16 to leases previously identified in accordance with IAS 17 and IFRIC 4 "Determination of Whether an Agreement Contains a Lease";

— Does not apply IFRS 16 to agreements previously identified as agreements that do not contain leases in accordance with IAS 17 and IFRIC 4; and

— Applies the lease definition in IFRS 16 to assess whether agreements concluded after the date of initial application of the new standard are or contain leases.

In accordance with p. 17 of IFRS 16, when the Aena Group acts as lessor, it analyses the contracts entered into, which include leases and other separate components, in order to allocate the transaction price to the various performance obligations identified by applying paragraphs 73 to 90 of IFRS 15 *Revenue from contracts with customers*.

B. Grupo Aena as lessee

The Group has entered into lease agreements for various assets such as land and business structures at Luton Airport in the United Kingdom (see Note 7 to the Group's consolidated financial statements for 2018), various facilities and transport vehicles at airports and the head offices of the business in Spain (Edificio Piovera in Madrid), among others.

Until IFRS 16 came into force, the Group classified these contracts as finance or operating leases depending on whether or not all the risks and rewards of ownership of the asset covered by the contract were substantially transferred.

Compared with previous standards, IFRS 16 eliminates the classification of operating and financial leases.

The Group carried out a detailed analysis of all the lease contracts it has entered into, both as lessor and lessee. With the adoption of IFRS 16, in the contracts in which it acts as lessee, the Group recognised in the statement of financial position the right to use the leased assets and liabilities arising from most of the lease contracts previously classified as operating leases under IAS 17, with the exception of short-term agreements, those relating to low-value assets and, in the transition to that standard, leases maturing in 2019 were also excluded. The total amount of these assets and liabilities amounted to 49,437 thousand euros. It also recognised as “Assets for use rights” the amount of assets previously classified as finance leases amounting to 14,860 thousand euros, which at 2018 year-end were classified by their nature as non-current assets. Therefore, the total initial amount of these “Assets for use rights” amounts to 64,297 thousand euros.

The valuation of these rights is presented in the accompanying statement of financial position at 30 June 2019 under "*Assets by right of use*". The detail of its composition is as follows:

	Balance on	
	01/01/2019	**30/06/2019**
Assets for right of use - Land and buildings	48,769	45,668
Assets for right of use - Plant and machinery	14,744	13,814
Assets for right of use - Other fixed assets	784	648
Total right-of-use assets	**64,297**	**60,130**

Lease liabilities are presented under the “*Financial Debt*“ captions in the non-current liabilities caption and in the current portion of the statement of financial position, as detailed below:

	Balance on	
	01/01/2019	**30/06/2019**
Non-current lease liabilities (Note 10)	62,095	56,643
Current lease liabilities (Note 10)	7,547	9,149
Total lease liabilities	**69,642**	**65,792**

i. Registration and measurement rules applied

When the Aena Group acts as lessee, it recognises in the statement of financial position the assets and liabilities arising from all the lease contracts (except for short-term lease agreements and those relating to low-value assets).

Assets for rights of use are measured at the contract start date at cost, which is includes:

- the amount of the initial measurement of the lease liability;
- any lease payment made on or before the commencement date, less any lease incentive received;
- any initial direct costs incurred as a result of the lease contract; and
- an estimate of the costs that the Group is obliged to assume as a lessee in dismantling and disposing of the underlying asset, restoring the site where the asset is located or returning the asset to the condition required by the terms and conditions of the lease, when the obligation to bear these costs arises from the date of commencement of the contract or as a result of having used the underlying asset during a specified period.

For subsequent measurements of the asset for use right, the Group applies the cost model, discounting accumulated depreciation and impairment to the cost value of the asset and, where appropriate, adjusting its valuation to reflect any new valuation of the lease liability.

Lease liabilities are measured at the commencement date of the contract at the present value of the lease payments not paid at that date. Lease payments are discounted using the interest rate implicit in the lease or, when this rate is not readily obtainable, the incremental interest rate of the indebtedness of the Group entity entering into the lease contract.

It should be noted that within the future payments of the lease (for purposes of calculating the initial value of the liability) payments that are variable and that do not depend on an index (such as the CPI or an applicable lease price index) or of a rate (such as the Euribor) are not included. Basically, they include: fixed payments, price of exercising purchase options (if it is reasonably true that they will be exercised), guaranteed residual values, penalties in cancellation options (if it is reasonably true that they will be exercised) and variable payments referenced to an index or to a rate (to the IPC, to the Euribor or that are updated to reflect the new market price of the leases). On initial recognition, such payments are measured using the index or rate at the start date (without estimating changes in the index or rate over the remainder of the lease term).

Subsequently, the lease liability is increased by the interest accrued and decreased by the amount of the lease payments made. The value of the liability is recalculated when there are changes in the terms of the lease, in the valuation of the purchase option, in the amounts expected to be paid under the residual value guarantee or when there are amendments in future lease payments as a result of changes in the indices or rates used for their calculation.

The lease period begins when the lessor makes the underlying asset available to the lessee for use. It includes rental-free periods.

The lease period used in the valuation is the non-cancellable period of the lease, in addition to:

— optional renewable periods if the lessee is reasonably certain to extend it; and
— periods after an optional termination date if the lessee is reasonably certain not to terminate early.

The early termination option held solely by the lessor is not considered in determining the lease term.

Therefore, the determination of the lease period requires judgement on the part of the Group's management and has a significant impact on the valuation of the assets by right of use and the liabilities by lease.

In the case of short-term leases and contracts in which the underlying asset is of low value, the Group recognises the lease payments relating to these contracts as expenses on a straight-line basis over the term of the lease.

ii. Transition

As a practical solution, the Group has chosen to apply IFRS 16 to contracts previously identified as leases under IAS 17 and IFRIC 4 whose underlying asset is not considered to be of low value, and not to apply it to contracts not previously determined to contain a lease under those standards.

In view of the foregoing, IFRS 16 was applied on 1 January 2019 to record the following leases previously classified as *operating leases* in accordance with IAS 17: the lease of land and business buildings at Luton Airport in the United Kingdom, where there is a fixed minimum fee of £3 million to be paid until the end of the concession; the lease of transport vehicles at Luton Airport facilities; and the business buildings in Spain (Piovera Building in Madrid).

On the date of initial application of IFRS 16, 1 January 2019, the Group recognised each of the aforementioned lease contracts:

- a lease liability for the present value of the remaining lease payments, discounted by applying the incremental borrowing rate of the Group entity at 1 January 2019;
- An asset by right of use measured for an amount equal to the lease liability.

In addition, the Group has applied the following practical solutions for the application of IFRS 16 to lease contracts previously considered as operating under IAS 17:

- No right-of-use asset or lease liability has been recognised for contracts expiring within the following twelve months at 1 January 2019, and lease payments are recognised as an operating expense on a straight-line basis over the term of the lease.
- Initial direct costs have been excluded from the valuation of the right-of-use asset at the date of initial application.

The Group also holds a number of leasing contracts for assets previously classified as finance leases in accordance with IAS 17, mainly the Madrid-Barajas airport cogeneration plant and the Luton airport parking apron. These assets were classified as property, plant and equipment in the statement of financial position at 31 December 2018.

In the case of leases previously considered as *finance leases*, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 corresponds to the carrying amount of the asset and liability resulting from recording finance lease contracts in accordance with IAS 17 on the date immediately prior to the date of first application of IFRS 16.

C. Grupo Aena as lessor

IFRS 16 barely has an impact on the accounting of the lessor; it mainly impacts the accounting of the lessee and, therefore, the most significant part of the Group relating to leases, considering that it refers to its role as lessor, has not been affected.

The accounting policies applicable to leases in which the Group acts as lessor do not differ from those applied under the former IAS 17 and therefore no adjustment has been made in the transition to IFRS 16. The Group has applied IFRS 15 *Revenue from customer contracts* in order to allocate the transaction price to the various lease components and other than the lease that may exist in each contract.

D. Impacts on Financial statements

i. Impacts of the transition

The transition to IFRS 16 meant that on 1 January 2019 assets for right of use amounting to 64,297 thousand euros and lease liabilities amounting to 69,642 thousand euros were recognised in the statement of financial position as detailed below:

a) At the transition date, additional amounts of *Assets for right of use* and *Liabilities for leases* have been recognised for contracts previously considered as *operating leases* under IAS 17:

	Valuation at 01/01/2019
Assets for right of use - Land and buildings	48,769
Assets for right of use - Other fixed assets	668
Total right-of-use assets	49,437
Lease liabilities (Note 10)	(49,437)
Reserves	-

For the calculation of lease liabilities, the Group used a discount rate of 2% to measure the lease contracts entered into by the Spanish parent company and 5.2% in the case of those entered into by UK subsidiary.

b) As regards the contracts previously classified as *finance leases* in accordance with IAS 17, at the transition date they were reclassified from Property, plant and equipment to Assets for right of use and from Debt under finance leases to Liabilities under leases in accordance with the following detail:

	Valuation at 01/01/2019		
	Cost	**Amortisation**	**Net carrying value**
Assets for right of use - Plant and machinery	26,337	(11,593)	14,744
Assets for right of use - Other fixed assets	127	(11)	116
Total right-of-use assets			14,860
Lease liabilities (Note 10)			(20,205)

c) The detail of the calculation of the lease liabilities at the transition date is as follows:

	On 01 January 2019
Future minimum payments for non-cancellable operating leases at 31 December 2018	61,870
Value discounted at the incremental interest rate of the Group's indebtedness	50,413
Liabilities under finance leases at 31 December 2018	20,205
- Exemption for low-value leases	(621)
- Exemption for leases expiring within 12 months after the transition date	(355)
- Extension options that can reasonably be exercised	-
Total liabilities recognised at 1 January 2019	**69,642**

ii. Impact on the six-month period ended 30 June 2019

As a result of the application of IFRS 16 in the recognition of contracts previously recognised as operating leases under IAS 17, on 30 June 2019 in the accompanying statement of financial position the Group presents *right-of-use assets* amounting to 46,211 thousand euros and *liabilities for lease* amounting to 46,718 thousand euros.

As a result of recording these contracts under IFRS 16, financial and depreciation expenses have been recognised instead of lease expenses. During the six months ended 30 June 2019, the Group recognised 3,192 thousand euros of depreciation *on Assets for right of use* and 976 thousand euros of finance charge accrued on the *Lease liability* associated with these contracts, reducing the lease charge by 3,652 thousand euros.

In addition, given that the new standard also repeals SIC-15 "Operating Leases—Incentives" which, on introducing a "single amortisation method" of the advance received from World Duty Free Group España, S.A. pursuant to the contract signed with this company for lease of the commercial premises of the duty-free and duty-paid shops of the entire airport network in Spain, did not take into account the associated financial effect, the Statement of income for the first half of 2019 includes 5,926 thousand euros of commercial revenue for tax and duty free shops and the same amount of financial charges resulting from the aforementioned financial effect, amounts that would not have appeared under the previous regulations. Accordingly, by offsetting this income and expenditure, there is no impact on the net profit (loss) of the period for this reason.

Note 4 details the impact of the application of IFRS 16 on segment reporting and EBITDA.

2.2 Standards, interpretations and amendments to existing standards which have not been adopted by the EU or which have been adopted by the EU but do not apply until later years.

At the date of preparation of these condensed consolidated interim financial statements, the Group had not early adopted any other standards, interpretations or amendments that have not yet come into force.

In addition, at the date of preparation of these condensed consolidated interim financial statements, the IASB and IFRIC had published a series of standards, amendments and interpretations detailed below, which are pending adoption by the European Union:

Area	Fundamental requirements	Effective date
Modifications to the references to the conceptual framework in IFRS	Some references to the conceptual framework in the IFRS standards are updated, in order to facilitate the users of the standards the use of the new concepts of the conceptual framework.	Issued on 29 March 2018, this standard has not yet been adopted by the EU.
Amendments to IFRS 3 "Business Combinations"	Clarifies the definition of "business", with the objective of helping entities determine if a transaction should be accounted for as a "business combination".	Issued on 22 October 2018, this standard has not yet been adopted by the EU.
Amendments to IAS 1 and IAS 8: Definition of material or of material importance	Minor amendments to IAS 1 and IAS 8 to clarify the definition of "material or material importance".	Issued on 31 October 2018, this standard has not yet been adopted by the EU.

Based on the analyses to date, the Group believes that the application of these standards and amendments will not have a significant impact on the consolidated financial statements in the initial period of application.

2.3 Consolidation and changes in the scope

The consolidation principles used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of the consolidated financial statements for 2018.

There were no transactions carried out by the Group in the six months ended 30 June 2019 that led to changes in the scope of consolidation with respect to that existing at 31 December 2018, with the exception of the following:

- Within the scope of the objectives of Strategic Plan 2018-2021, on 15 March 2019 Aena was declared the winner by the Brazilian National Civil Aviation Agency (ANAC) in the auction held in connection with the concession for the operation and maintenance of the airports of Recife, Maceió, Aracajú, Campina Grande, João Pessoa and Juazeiro do Norte in Brazil, grouped under the so-called Airport Group of Northeast Brazil.

  In accordance with Law 40/2015, of 1 October, on the Legal Regime of the Public Sector, at its meeting on 12 April 2019 the Council of Ministers agreed to authorise Aena Desarrollo Internacional, S.M.E., S.A. to create the state trading company Aeroportos do Nordeste do Brasil S.A. (hereinafter, "ANB") as the concession holder for airport management of the aforementioned airports. On 30 May 2019, the new Brazilian company was incorporated, wholly owned by Aena Desarrollo Internacional, S.M.E., S.A., with a share capital of 10,000 Brazilian reals and whose specific and exclusive corporate purpose is the provision of public services for the expansion, maintenance and operation of the airport infrastructure of the airport complexes comprising the Northeast block of Brazil. At its meeting held on 1 July 2019, the Board of Directors of the Brazilian company approved a share capital increase of 2,388,990,000 Brazilian reals (approximately 537.8 million euros at the insured exchange rate of 4.4425 EUR/BRL, as remarked upon in Note 8.b), which was fully subscribed by its sole shareholder. The method and timing of this disbursement is as follows:

  - 18 July 2019: 488,894,033 Brazilian reals (110.1 million euros at the insured exchange rate previously referred to) corresponding to the contribution stipulated by the Brazilian Government for the expenses of the concession to be paid to Infraero (advisors, auction expenses and the plan to disassociate Infraero workers) and the remaining cash.
  - 26 August 2019: 1,.900,000,000 Brazilian reals (427.7 million euros at the insured exchange rate mentioned previously) corresponding to the amount of the bid.

  In order to reduce exposure to changes in the BRL/EUR exchange rate of these commitments up to these dates, the Group has implemented the hedge strategy described in Note 8.b.

  In 2018, the Northeast Airport Group registered more than 13.7 million passengers, 6.5% of the total Brazilian traffic. Specifically, Recife airport is the eighth airport in Brazil in terms of total passenger traffic and the fifth in terms of international passenger traffic.

It is expected that the administrative procedures for the formalisation of the concession will end next August, with the contract coming into force in the second week of October. From then on, a transition phase would begin, after which it is estimated that the Aena Group would begin to operate the airports covered by the concession from January 2020.

Given the characteristics of the tender specifications, this contract can be classified as a public service management contract under the concession modality, and the successful bidder must provide all the services that an airport operator is entitled to, although it does not include ATC *(Air Traffic Control*) services. The main lines summarised in this agreement are as follows:

- The concession, which has a 30-year period extendable for an additional 5 years, is of the *BOT* type (build, operate and transfer). Once the total term of the concession has expired, the full and unlimited possession of the land and all the existing facilities (including the useful expenditure paid by the concession holder and the improvements that may have been incorporated by the latter) will revert to the Brazilian National Civil Aviation Agency without any right to compensation in favour of the Concession Holder.
- Income from the aeronautical activity is regulated under a dual-till model.
- The new Concession Holder Company will have the right to remuneration in the form of a price for the use of the facilities and for the provision of services connected with the management of the airport.
- For its part, the Administration receives a fixed fee of BRL 1,900 million (approximately 427.7 million euros) on the date of signing the contract and a variable fee from the fifth year onwards depending on the gross revenue from the concession agreement. The variable economic consideration is set at 8.16 % of gross income, with an initial 5-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, reaching the 8.16 % contractually applicable in 2029 and in successive years.
- The National Civil Aviation Agency (ANAC) estimated in the tender document an investment of 2,153 million Brazilian reals (equivalent to 486.6 million euros at the exchange rate of 4.4239 euros EUR/BRL) distributed among investments aimed at adapting infrastructures to traffic (25.6% of the total estimated by the Brazilian authority); non-compulsory discretionary investments (31.7%), mainly for commercial areas; and maintenance of infrastructures, runways and equipment (42.7%).

In view of the foregoing, the concession agreement for airports in Northeast Brazil is within the scope of IFRIC 12 *Service Concession Agreements* and it is expected that this will be reflected in the Group's financial statements for the year ended 31 December 2019 in accordance with the intangible asset model. The main impact expected on the aforementioned financial statements will correspond to registration of the intangible asset for the updated amount of the schedule of payments of the fixed fee of 1,900 million BRL referred to previously (427.7 million euros) and registration of the Share Capital for the full amount of the 2,389 million BRL contributed (537.8 million euros).

- On the other hand, on 7 January 2019, the General Shareholders' Meeting of the investee Aeropuertos Mexicanos del Pacífico, S.A.P.I. de C.V. approved the reduction of the variable part of the share capital by 60,000 thousand shares, to a total of 1,608,400 thousand Mexican pesos. As a result of this operation, the Group recognised a cash inflow of 919 thousand euros, reduced the ownership interest in the associate by 917 thousand euros and recognised the difference in equity as a result of this operation. Also, on 14 May 2019, the General Shareholders' Meeting of the investee Aeropuertos Mexicanos del Pacífico, S.A.P.I. de C.V. approved the reduction of the variable part of the share capital by 302,000 thousand shares, to a total of 1,306,400 thousand Mexican pesos. As a result of this operation, the Group recognised a cash inflow of 4,716 thousand euros, reduced the ownership interest in the associate by 4,313 thousand euros and recognised the difference in equity as a result of this operation. These operations did not give rise to any changes in the percentage of ownership.

2.4 Comparison of information

During the six months ended 30 June 2019, there were no changes in significant accounting policies with respect to the policies applied in 2018, with the exception of that indicated in point 2.1 above relating to the first application of IFRS 16 on 1 January 2019. For the purpose of comparing information, the Group has opted for the modified retroactive transition contemplated in that standard and, therefore, the comparative information has not been restated.

The figures in the condensed consolidated interim financial statements are expressed in thousands of euros, unless otherwise indicated.

2.5 Seasonality of the Group's transactions

The activity of the main segments in terms of the Group's ordinary revenue is subject to seasonal effects, as indicated below:

- Aeronautical revenues are affected by passenger traffic, the highest figures for which are achieved between holiday months and public holidays (Christmas, summer, Easter and public holidays).

- Commercial revenues for services are also affected by the increase in passenger traffic and the more purchases in the specialty shops located in the terminals that usually take place during the Christmas season.

Also, pursuant to IFRIC 21, the annual accrual of real estate tax (IBI) and other local taxes amounting to 147 million euros (2018: 145 million), is collected in full on 1 January, but the payment is not yet due. In addition, airport segment expenses are influenced by weather conditions and, in particular, by the winter season, which translates into action plans for the prevention of winter ice and snow contingencies at airports at risk of these adverse weather conditions.

3. Accounting estimates and judgements

The preparation of the condensed consolidated interim financial statements under IFRS requires the making of assumptions and estimates that have an impact on the recognised amount of assets, liabilities, income, expenses and related disclosures. The estimates and assumptions made are based, inter alia, on historical experience, the advice of expert consultants, and forecasts and expectations of future events considered reasonable under the facts and circumstances considered at the balance sheet date. Actual results may be different from the estimates.

Significant judgements made by management in the application of accounting policies and the key sources of estimation uncertainty are the same as those described in the last consolidated financial statements, except for the new opinions and sources of uncertainty related to the application of IFRS 16, which have been detailed in Note 2.1.

Fair value estimation

The table below includes an analysis of financial instruments measured at fair value, classified by valuation method. A fair value hierarchy is established that classifies the input data from measurement techniques used to measure fair value in three tiers, as follows:

- Listed prices (unadjusted) in active markets for identical assets and liabilities (Tier 1).
- Data other than listed prices included within Tier 1 that are observable for the asset or liability, both directly (i.e. prices) and indirectly (i.e. derived from prices) (Tier 2).
- Data for the asset or liability that are not based on observable market data (i.e., unobservable data) (Tier 3).

The following table sets out the Group's assets and liabilities measured at fair value at 30 June 2019:

	Level 1	Level 2	Level 3	Total balance
Assets				
Derivatives (Note 8)	-	4,983	-	4,983
Total assets	-	**4,983**	-	**4,983**
Liabilities				
Derivatives (Note 8)	-	147,818	-	147,818
Total liabilities	**-**	**147,818**	**-**	**147,818**

The following table presents the Group's liabilities measured at fair value at 31 December 2018:

	Level 1	Level 2	Level 3	Total balance
Assets				
Derivatives (Note 8)	-	1,144	-	1,144
Total assets	-	**1,144**	-	**1,144**
Liabilities				
Derivatives (Note 8)	-	89,283	-	89,283
Total liabilities	**-**	**89,283**	**-**	**89,283**

There have been no transfers between Tier 1 and Tier 2 financial instruments during the period.

a) Financial instruments in Tier 1:

The fair value of financial instruments traded in active markets is based on listed market prices at the balance sheet date. A market is considered active when listed prices are readily and regularly available through an exchange, financial intermediaries, a sectoral institution, a price service or a regulatory body, and those prices reflect current market transactions that occur regularly between parties acting in conditions of mutual independence. The listed market price used for the financial assets held by the Group is the current bid price. These instruments are included in Tier 1. There are no financial instruments in Tier 1 on any of the dates.

b) Financial instruments in Tier 2:

The fair value of financial instruments that are not traded in an active market (e.g. off-the-books market derivatives) is determined using valuation techniques. Valuation techniques maximise the use of available observable market data and rely as little as possible on entity-specific estimates. If all the significant data required to calculate the fair value of an instrument are observable, the instrument is included in Tier 2. The financial instruments included in Tier 2 are interest rate derivatives (swaps) to hedge variable rate loans and the "NDF" forward currency contracts described in Note 8.b., to hedge the exchange rate risk of the capital contributions to the new Group Company ANB (see Note 2.3).

c) Financial instruments in Tier 3:

If one or more of the significant data is not based on observable market data, the instrument is included in Tier 3. There are no financial instruments in Tier 3 on any of the dates.

Specific valuation techniques for financial instruments include:

- Market listed prices or prices established by financial intermediaries for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of estimated future cash flows based on estimated interest rate curves (see Note 8.b).
- Other techniques, such as discounted cash flow analysis, are used to analyse the fair value of other financial instruments.

4. Operating segment information

The Group had been developing its business activities through the following segments: Airports, Real Estate and International Services, in accordance with the criteria described in the last consolidated financial statements for 2018. The information relating to the new company in the scope of consolidation "Aena Sociedad Concesionaria del Aeropuerto Internacional de la Región de Murcia S.M.E., S.A." was included in the Airports segment of these financial statements, given that its ordinary revenues, profit or loss and assets were significantly less than 10% of the Group's aggregate value, since it had not been active during the year.

On 15 January 2019, the Murcia International Airport (AIRM) was inaugurated, and its operations began. With the start of operations of AIRM, the Murcia San Javier Airport is targeted exclusively at military aviation. As indicated in the last consolidated financial statements for 2018, the corresponding concession agreement was classified as belonging to the IFRIC 12 model of Intangible Assets, on considering the SCAIRM to be a single cash generating unit by itself (see Note 2.8 of the Notes to the Consolidated Financial Statements). Therefore, it was considered appropriate to report the results of the operations of this concession company in a separate "SCAIRM" segment, which includes income and expenses for construction services amounting to 2.4 million euros, with no margin for these services.

The President and CEO evaluate the performance of the operating segments according to the EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation). During the six-month periods ended June 30, 2019 and 2018, EBITDA, calculated as explained above, was adjusted for impairment and derecognition of fixed assets.

The financial information by segment at 30 June 2019 is as follows (in thousands of euros):

30 June 2019	Airports							
	Aeronautical	Commercial	Real estate services	Sub-Total	SCAIRM	International	Adjustments	Total consolidated
ordinary revenue-	1,330,947	571,433	35,693	1,938,073	7,858	128,426	(850)	2,073,507
External customers	*1,330,865*	*571,433*	*35,693*	*1,937,991*	*7,858*	*127,658*	-	*2,073,507*
Inter-segments	*82*	-	-	*82*	-	*768*	*(850)*	*0*
Other revenue	22,333	4,886	607	*27,826*	*35*	100	*(723)*	*27,238*
Total revenue	**1,353,280**	**576,319**	**36,300**	**1,965,899**	**7,893**	**128,526**	**(1,573)**	**2,100,745**
Subcontracted work and other supplies	(85,526)	-	-	(85,526)	(727)	0	672	(85,581)
Staff	(175,878)	(22,275)	(5,302)	(203,455)	(2,176)	(23,411)	0	(229,042)
Other operating expenses	(412,740)	(102,587)	(14,334)	(529,661)	(7,072)	(57,127)	884	(592,976)
Depreciation and Amortisation	(299,610)	(52,231)	(8,271)	(360,112)	(1,006)	(32,346)	-	(393,464)
Losses on property, plant and equipment	(3,991)	(554)	(148)	(4,693)	-	(6)	-	(4,699)
Other results	277	462	126	865	2	-	-	867
Total expenses	**(977,468)**	**(177,185)**	**(27,929)**	**(1,182,582)**	**(10,979)**	**(112,890)**	**1,556**	**(1,304,895)**
Operating revenue	**375,812**	**399,134**	**8,371**	**783,317**	**(3,086)**	**15,636**	**(17)**	**795,850**
Depreciation and Amortisation	299,610	52,231	8,271	360,112	1,006	32,346	-	393,464
EBITDA	**675,422**	**451,365**	**16,642**	**1,143,429**	**(2,080)**	**47,982**	**(17)**	**1,189,314**
Losses on property, plant and equipment	(3,991)	(554)	(148)	(4,693)	-	(6)	-	(4,699)
Adjusted EBITDA	**679,413**	**451,919**	**16,790**	**1,148,122**	**(2,080)**	**47,988**	**(17)**	**1,194,013**
Net finance result	(34,346)	(9,825)	(922)	(45,093)	(776)	(21,149)	-	(67,018)
Profit or loss of equity method measured companies	-	-	-	-	-	10,945	-	10,945
Profit/(loss) before tax	**341,466**	**389,309**	**7,449**	**738,224**	**(3,862)**	**5,432**	**(17)**	**739,777**
Total Assets as of 30 June 2019				13,605,243	59,390	926,397	(278,028)	14,313,002
Total Liabilities as of 30 June 2019				8,204,501	52,610	666,692	(103,092)	8,820,711

In the financial reporting by segments as of 30 June 2019 the costs have been adjusted in accordance with the DORA Resolution of 27 January 2017. According to this document and for regulatory purposes, the costs of airport activity should be reduced annually by 38.5 million euros (including Cost of capital at 6.98 %) with the following breakdown: Staff 1.6 million euros; Amortisation and depreciation 11.4 million euros; Other operating expenses 12 million euros and Capital cost 13.5 million euros. Accordingly, during the six-month period the cost of the aeronautical activity has been reduced by 12.5 million in operating expenses for the aforementioned reallocation of costs, which was transferred to the privately-priced services included in the "Commercial" activity.

The Group made the initial application of IFRS 16 on 1 January 2019, which entailed recognising *assets for right of use* and *liabilities for leases* amounting to 49,437 thousand euros in order to recognise contracts that had previously been treated as operating leases (see Note 2.1). At 30 June 2019, these assets and liabilities had been allocated to the Group's various segments by applying the criteria of the cost accounting system described in the 2018 consolidated notes.

The financial information by segment at 30 June 2018 is as follows (in thousands of euros):

30 June 2018	Airports						
	Aeronautical	**Commercial**	**Real estate services**	**Sub-Total**	**International**	**Adjustments**	**Total consolidated**
ordinary revenue-	1,273,801	519,139	33,208	1,826,148	111,472	(1,286)	1,936,334
External customers	*1,273,754*	*519,139*	*33,208*	*1,826,101*	*110,233*	-	*1,936,334*
Inter-segments	*47*	-	-	*47*	*1,239*	*(1,286)*	-
Other revenue	24,326	3,882	571	28,779	98	*101*	28,978
Total revenue	**1,298,127**	**523,021**	**33,779**	**1,854,927**	**111,570**	**(1,185)**	**1,965,312**
Subcontracted work and other supplies	(87,844)	-	-	(87,844)	-	1,110	(86,734)
Staff	(162,256)	(18,587)	(4,508)	(185,351)	(25,034)	-	(210,385)
Other operating expenses	(380,003)	(93,667)	(14,403)	(488,073)	(50,682)	47	(538,708)
Depreciation and Amortisation	(313,807)	(53,423)	(8,245)	(375,475)	(26,076)	-	(401,551)
Losses on property, plant and equipment	(3,896)	(372)	(145)	(4,413)	(40)	-	(4,453)
Other results	270	1,155	8	1,433	-	-	1,433
Total expenses	**(947,536)**	**(164,894)**	**(27,293)**	**(1,139,723)**	**(101,832)**	**1,157**	**(1,240,398)**
Operating revenue	**350,591**	**358,127**	**6,486**	**715,204**	**9,738**	**(28)**	**724,914**
Depreciation and Amortisation	313,807	53,423	8,245	375,475	26,076	-	401,551
EBITDA	**664,398**	**411,550**	**14,731**	**1,090,679**	**35,814**	**(28)**	**1,126,465**
Losses on property, plant and equipment	(3,896)	(372)	(145)	(4,413)	(40)	-	(4,453)
Adjusted EBITDA	**668,294**	**411,922**	**14,876**	**1,095,092**	**35,854**	**(28)**	**1,130,918**
Net finance result	(43,292)	(5,220)	(1,229)	(49,741)	(8,716)	-	(58,457)
Profit or loss of equity method measured companies	-	-	-	-	8,636	-	8,636
Profit/(loss) before tax	**307,299**	**352,907**	**5,257**	**665,463**	**9,658**	**(28)**	**675,093**
Total Assets as of 30 June 2018				14,060,978	907,567	(275,438)	14,693,107
Total Liabilities as of 30 June 2018				8,920,939	654,583	(104,436)	9,471,086

In the financial reporting by segments as of 30 June 2018 the costs were adjusted in accordance with the DORA Resolution of 27 January 2017. According to this document and for regulatory purposes, the costs of airport activity should be reduced annually by 38.8 million euros (including Cost of capital at 6.98 %) with the following breakdown: Staff 1.6 million euros; Amortisation and depreciation 11.7 million euros; Other operating expenses 11.7 million euros and Capital cost 13.8 million euros. Accordingly, during the six-month period the cost of the aeronautical activity has been reduced by 12.5 million in operating expenses for the aforementioned reallocation of costs, which was transferred to the privately-priced services included in the “Commercial” activity.

The reconciliation of EBITDA and Adjusted EBITDA to Profit for the six-month period ended 30 June 2019 and 30 June 2018 is as follows:

Item	**30 June 2019**	**30 June 2018**
Total adjusted EBITDA	**1,194,013**	**1,130,918**
Losses on property, plant and equipment	(4,699)	(4,453)
Total segment EBITDA	**1,189,314**	**1,126,465**
Depreciation and amortization	(393,464)	(401,551)
Operating revenue	**795,850**	**724,914**
Net financial expense	(67,018)	(58,457)
Income from associates	10,945	8,636
Income tax	(180,699)	(162,822)
Profit/(loss) for the period	**559,078**	**512,271**
Results attributable to external partners	87	(2,227)
Profit for the year attributable to the parent company's	558,991	514,498

As a consequence of the entry into force of IFRS 16, financial and amortisation expenses have been recognised instead of lease expenses. During the six months ended 30 June 2019, the Group recognised 3,192 thousand euros of depreciation *on Assets for right of use* and 976 thousand euros of finance charge accrued on the *Lease liability* associated with these contracts, reducing the lease charge by 3,652 thousand euros.

In addition, since the new standard also repeals SIC-15 "Operating Leases-Incentives" (Note 2.1), the income statement for the first half of 2019 of the commercial business includes 5,926 thousand euros of commercial revenue from tax and duty free shops that would not have appeared as such had IAS 17 and SIC-15 been in force. This income is offset by an increase in financial expenses by the same amount and, therefore, there is no impact on net income for the period for this reason.

As a result, the total impact on the Income Statement for the six-month period ended 30 June 2019 arising from all the foregoing events is positive by 516 thousand euros, while EBITDA and adjusted EBITDA increase by 9,578 thousand euros.

The adoption of IFRS 16 meant that earnings per share increased by 0.00344 euros for the six months ended 30 June 2019.

5. Income

The Group's operations and sources of income are described in its most recent consolidated financial statements.

A. Revenue breakdown

The breakdown, by type of service provided, of the ordinary revenues of the Subtotal included in the Financial Reporting by activity (excluding the International activity, SCAIRM and Adjustments) is as follows:

	30 June 2019	30 June 2018
Airport services	**1,330,947**	**1,273,801**
Airport charges	**1,294,399**	**1,235,632**
Landings	351,249	339,688
Parking facilities	21,825	17,902
Passengers	597,092	564,261
Telescopic boarding gates	48,337	51,719
Security	203,371	194,901
Handling	51,174	46,365
Fuel	15,652	15,746
Catering service on board	5,699	5,050
Other airport services (1)	**36,548**	**38,169**
Commercial services	**571,433**	**519,139**
Leases	17,163	16,696
Specialty Shops	52,877	48,264
Tax and duty free shops	157,197	142,609
Food and Beverages	97,169	87,858
Car Rental	70,252	68,543
Car parks	76,444	67,977
Advertising	16,108	15,173
VIP services (2)	36,574	29,648
Other commercial revenue(3)	47,649	42,371
Real estate services	**35,693**	**33,208**
Leases	6,867	6,060
Cargo logistics centres	12,060	12,464
Warehouses and hangars	3,960	4,343
Cargo logistics centres	8,605	7,237
Real Estate Operations	4,201	3,104
Total Net Turnover	**1,938,073**	**1,826,148**

1) Includes Counters, 400 Hz Footbridge usage, Fire Service, Left Luggage, and Other Revenues.

2) Includes lounge rental, VIP packages, other lounges, *fast-track* and *fast-lane*.

3) Includes commercial exploitations (banking services, baggage laminating machines, telecommunications, vending machines, etc.), commercial supplies and filming and recordings.

In application of the provisions of Article 34 of Law 18/2014 of 15 October, following the holding of the corresponding consultation process, on 27 January 2017, the Council of Ministers approved the Airport Regulation Document (DORA) for the 2017-2021 period. This document establishes the minimum service conditions that will prevail in the airports of the Aena network over the next five years, providing a framework of predictable regulation in the medium term that will enable the improvement of the levels of efficiency and competitiveness of airport operations. In this respect, and in relation to airport tariffs, this document established a reduction of 2.22% per year in the Maximum Annual Passenger Revenue (IMAP) for this period, which entered into force on 1 March 2017, affecting January and February 2018.

Similarly, pursuant to the abovementioned document, on 1 March 2018 a reduction of 2.22% of airport charges came into force over the tariffs then in force.

On 1 March 2019, the 2019 airport tariffs came into force, based on freezing the maximum annual income per passenger (IMAAP) of 2019 with regard to the 2018 IMAAP. Said freeze is a consequence of the adjustments the regulation provides in relation to the quality-based performance incentive, the execution of investments and the factor of 100 % fulfilment of the adjusted maximum annual income per passenger (Spanish acronym: IMAAJ) at the close of 2017.

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. The P index considers the annual price variations of inputs outside the control of the operator, but which affect its activity, in accordance with the principles of economic efficiency and sound business management. The P index is not specified in the DORA given that the amount of this is determined every year during the process of establishing the airport tariffs for the following year. The aforementioned royal decree introduces the mechanism for calculating the P index through a formula that depends on specific indexes applicable to the cost review of the airport manager and which are defined in its text, along with the procedure for determining its annual value.

Since 1 April 2018, Aena, S.M.E., S.A. maintains the current scheme of commercial incentives for the DORA 2017-2021 period, focused on the opening of new routes, the growth of long-range passengers, encouraging traffic in airports with lower passenger volume and reducing seasonality of airports with a strong seasonal component.

A significant part (44.1 %) of airport service revenues at 30 June 2019 is concentrated in three customers, with revenues of 210.4 million euros, 198.4 million euros and 178 million euros, respectively (30 June 2018: 201 million euros, 184.1 million euros and 169.4 million euros respectively, 43.5 % of the revenue from airport services).

B. Geographical information

Except for the International segment that maintains primary investments in the United Kingdom, Mexico and Colombia, the Group carries out its operations in Spain. At 30 June 2019 and 2018, ordinary revenues from external customers are distributed geographically as follows (data in thousands of euros):

Country	30 June 2019	30 June 2018
Spain	1,946,552	1,826,513
United Kingdom	122,131	106,289
United States	28	-
Luxembourg	284	-
Colombia	734	625
Mexico	3,778	2,907
TOTAL	**2,073,507**	**1,936,334**

6. Property, plant and equipment

Additions and retirements

During the six months ended 30 June 2019, the Group's additions to property, plant and equipment amounted to 243,998 thousand euros (30 June 2018: 210,890 thousand euros). These additions include capitalisation of interest amounting to 393 thousand euros (30 June 2018: 337 thousand euros). The main additions recorded during the first half of 2019 are detailed below:

New equipment has been acquired to adapt the control and surveillance systems of several airports in the network, some of which are already in operation. As far as ongoing actions are concerned, the works related to the regeneration of runway 32R-14L at Adolfo Suárez Madrid Barajas airport, the actions related to the acoustic insulation plan at Bilbao airport, the enlargement of the airport terminal building and the taxiways of London Luton stand out, along with the new flooring of the terminal building at Palma de Mallorca airport.

The most important actions put into service have been those carried out at Palma de Mallorca airport in relation to the extension of the air-conditioning ring of modules C and D, the increase in the peak capacity of SATE and new functions at the southern dock check-in; at Barcelona El Prat airport in relation to the new power plant cabins; and at Adolfo Suárez Madrid Barajas airport in relation to the signalling of taxiways.

Property, plant and equipment with an acquisition cost of 178,418 thousand euros were derecognisedduring the six-month period ended 30 June 2019(six-month period ended 30 June 2018: 108,433 thousand), giving rise to gains on the derecognition of property, plant and equipment of 4,801 thousand euros (six-month period ended 30 June 2018: 4,364 thousand euros). The most representative retirements are related to the cessation of activity at San Javier airport in Murcia, as the Murcia-Corvera airport has come into operation, which refer to assets that are completely impaired as at 31 December 2018 (see Note 36 of the notes to the consolidated financial statements of the Group for the financial year ending 31 December 2018). In addition, there are important retirements concerning the reversals of provisions allocated previously and charged to fixed assets for contested expropriation, as there have been favourable judgments for Aena (see Note 11); and there have also been retirements for the replacement of different facilities and equipment of several airports of the network.

Finally, during the period property, plant and equipment with an acquisition cost of 577 thousand euros were transferred to investment properties (six months ended 30 June 2018: 1,592 thousand euros.

Impairment of property, plant and equipment

At 31 December 2018, Group management reviewed the 2018 results to assess whether there were significant changes that could lead to impairment of intangible assets, property, plant and equipment and investment properties and concluded that there was no sign of impairment. However, in accordance with the procedure described in Note 2.8 of the last consolidated financial statements, and for the network of airports constituting the segment of Airportsalso described in that Note, the Group carried out the impairment *test* using the assumptions and variables described in these consolidated financial statements and did not identify any impact on the consolidated financial statements at 31 December 2018, even after applying sensitivities to the variables used.

At 30 June 2019, the Group did not perform an impairment test but reviewed the results for the first half of the year and assessed whether there were any significant changes that might indicate the existence of signs of impairment of intangible assets, property, plant and equipment and investment properties. The first six months of the year saw an improvement in passenger traffic (+5.9%) and operations (+3.8%) compared to the same period year-on-year. Overall revenue for Aena has increased 6.9 % versus 2018, with EBITDA totalling 1,189.3 million euros (+5.6 %). These increases are in excess of those that were contemplated in the scenario considered in the impairment test carried out at the close of 2018. All the foregoing has had a positive impact on earnings for the first six months of 2019.

7. Intangible assets

Additions during the period have totalled 14,108 thousand euros. The main addition in the first half of 2019 corresponds to the acquisition of various airport management applications.

Intangible assets with an acquisition cost of 1,547 thousand euros were derecognised during the six-month period ended 30 June 2019 (six-month period ended 30 June 2018): 2,295 thousand euros), without producing results (six-month period ended 30 June 2018: - 1 thousand euros).

At 30 June 2019, a total of 24 thousand euros had been capitalised (30 June 2018: 24 thousand euros) of financial expenses associated with intangible assets.

8. Financial instruments

a) Financial Instruments by category

	30 June 2019			
	At amortised cost	Hedges	Assets at fair value through profit or loss	Total
Assets on the balance sheet				
Financial derivatives (Note 3)	-	4,983	-	**4,983**
Other financial assets	77,493	-	347	**77,840**
Trade and other receivables (excluding prepayments and non-financial assets)	502,915	-	-	**502,915**
Cash and cash equivalents	176,040	-	-	**176,040**
Total	**756,448**	**4,983**	**347**	**761,778**

	30 June 2019			
	At amortised cost	Hedges	Liabilities at fair value through profit or loss	Total
Liabilities on the balance sheet				
Financial debt (excluding lease liabilities) (Note 10)	7,016,093	-	-	**7,016,093**
Lease liabilities (Note 10)	65,792	-	-	**65,792**
Hedge derivatives (Note 3)	-	147,818	-	**147,818**
Suppliers and other accounts payable (excluding non-financial liabilities)	387,740	-	-	**387,740**
Total	**7,469,625**	**147,818**	**-**	**7,617,443**

	31 December 2018			
	At amortised cost	Hedges	Assets at fair value through profit or loss	Total
Assets on the balance sheet				
Available for sale financial assets	-	-	347	**347**
Hedge derivatives (Note 3)	-	1,144	-	**1,144**
Trade and other receivables (excluding prepayments and non-financial assets)	433,646	.	-	**433,646**
Other financial assets	72,507	-	-	**72,507**
Cash and cash equivalents	651,380	-	-	**651,380**
Total	**1,157,533**	**1,144**	**347**	**1,159,024**

	31 December 2018(*)			
	At amortised cost	**Hedges**	**Assets at fair value through profit or loss**	**Total**
Liabilities on the balance sheet				
Borrowings (excluding finance lease liabilities) (Note 10)	7,285,301	-	-	**7,285,301**
Finance leases (Note 10)	20,205	-	-	**20,205**
Hedge derivatives (Note 3)		89,283	-	**89,283**
Suppliers and other accounts payable (excluding non-financial liabilities)	465,686	-	-	**465,686**
Total	**7,771,192**	**89,283**	**-**	**7,860,475**

(*) The Group made the initial application of IFRS 16 on 1 January 2019, opting for the modified retroactive transition contemplated in that standard and, therefore, the comparative information has not been restated.

(b) Measurement of fair values

The only financial instruments that are measured at fair value in the statement of financial position are the following derivative financial instruments:

	30 June 2019		31 December 2018	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Currency forward contracts -Fair value hedging	4,983	-	-	-
Interest rate swaps – cash flow hedges Aena	-	147,818	-	89,283
Interest rate swaps - cash flow hedges LLAH III	-	-	1,144	-
Total	**4,983**	**147,818**	**1,144**	**89,283**
Current portion	**4,983**	**34,143**	**-**	**32,740**
Non-current portion	**-**	**113,675**	**1,144**	**56,543**

The breakdown of derivative financial instruments at 30 June 2019 and 31 December 2018 is as shown in the table above.

During the six-month periods ended 30 June 2019 and 30 June 2018, hedge derivatives qualify for hedge accounting.

Currency forward contracts

"NDF" *currency forward* contracts are used to hedge the fair value of the foreign currency exchange rate risk of a firm commitment to acquire a business in certain countries. The Group has made a firm commitment to contribute BRL 488,894,033 (Brazilian reals) on 18 July 2019 and to contribute BRL 1,900,000,000 on 26 August 2019 as a result of winning the tender of the Northeastern Brazilian airport group called by the Brazilian government (see Note 2.3). The project contemplates the creation of a concessionary company in Brazil, to which Aena Desarrollo Internacional (ADI) would contribute the total amount of the aforementioned economic offer as shareholder equity.

As a result of the aforementioned firm commitment being denominated in Brazilian Reales (BRL), an exposure to the EUR/BRL exchange rate risk arises. The hedge strategy established by the Group in this transaction is based on the contracting of two currency forward "NDF" contracts with the financial institution SOCIETÉ GENERALE/PARIS to ensure an exchange rate of BRL 4.4425/EUR (which produces, applied to the amount of BRL 2,388,894,033, the sum of 537,736,417 euros), and which tally in all their essential economic terms with these firm commitments:

- Amount of firm commitment (in Euros) compared to the notional amount of the EUR portion of the hedge instrument.
- The expected maturity date of the firm commitment compared to the maturity date of the hedge instrument.
- The EUR/BRL exchange rate used to determine the fair value of (a) the hedge instrument and (b) the hedged commitment.

Given that many of the critical terms coincide, the hedge is expected to produce high efficiency. The only potential sources of inefficiency would come from the change of value of the derivatives contracted against the credit risk of counterparties to the contract (which are considered to be insignificant given the high rating of the two contracting parties and the extremely short time of the operations) and from the difference with the hypothetical derivative fixed rate (given that the derivatives contracted are off-market (they come from a restructuring of derivatives whose cost modifies their fixed rate)).

The fair value of the firm commitment (which at the beginning of the hedge, at the spot rate of 28 May 2019 - BRL 4.4950/EUR - in which the derivatives were contracted amounted to 531,455,847 euros) has increased by 15,944 thousand euros up to the closing date of these interim financial statements (spot rate of BRL 4.3641/EUR), which has given rise to recognition of a liability for this amount which appears under the heading "Suppliers and other accounts payable", with a charge to "Financial expenses". The fair value of the aforementioned derivatives at that closing date amounted to 4,983 thousand euros, which offset this effect to a net negative amount of 10,961 thousand euros, and is included as financial expenses in the accompanying condensed consolidated interim income statement.

Notwithstanding the foregoing, and regardless of how EUR/BRL exchange rates evolve over the life of the derivatives contracted, the final impact on the Income Statement, once the firm commitments acquired are executed and the derivatives are cancelled, will amount to 6,280 thousand euros, resulting from the difference between the value of the firm commitment at the beginning of the hedge (the 531,455,847 euros previously mentioned) and the 537,736,417 euros of the insured amount through contracting the derivatives.

Interest rate swap contracts

Interest rate swap contracts are used as cash flow hedges to reduce exposure to changes in the Euribor. The fair value of the interest swaps has been obtained by updating the net cash flows expected during the contractual period, using at each time of valuation the discount factors obtained from the zero coupon curve. In order to estimate the variable cash flows, the *forward* rates or implicit rates obtained from the zero coupon interest rates existing in the market at the time of the valuation of the interest swap. The fair value thus obtained is adjusted for credit risk, understanding credit risk for both the credit risk of the counterparty and the credit risk itself when necessary. In order to quantify the credit risk of a financial agent, there are three methodologies commonly accepted in the market, which are applied in the following order of priority: 1) Whenever there is *Credit Default Swap* (CDS) quoted in the market, the credit risk is quantified based on its market price. 2) Whenever there are debt issues accepted for trading in the different financial markets, the quantification of credit risk can be obtained as the differential between the internal rate of return (*yield*) of the bonds and the risk-free rate. 3) If it is not possible to obtain the quantification of the risk following the two previous methodologies, the use of comparables is generally accepted, that is, to take as a reference companies or bonds of companies of the same sector as the one that we want to analyse. For further details with regard to this type of contract, see note 12 of the Notes to the consolidated financial statements of the Group at 31 December 2018.

d) Concentration of credit risk

The Group determined that application of the impairment requirements of IFRS 9 to existing financial assets gave rise to the following change in the impairment loss during the six-month period ended 30 June 2019 and 30 June 2018:

	Trade and other receivables	*Other financial assets and treasury*	*Total*
Balance of impairment provision at 1 January 2019	**108,071**	**1,847**	**109,918**
Variation in the provision during the first half of 2019:			
Expense/(Income) for impairment of clients and other receivables	2,446	-	2,446
Expense/(Income) for impairment of other financial assets	-	(810)	(810)
Cash and cash equivalents	-	(5)	(5)
Balance of impairment provision at 30 June 2019	**110,517**	**1,032**	**111,549**

	Trade and other receivables	*Other financial assets and treasury*	*Total*
Balance of impairment provision at 01 January 2018	**115,902**	**1,618**	**117,520**
Variation in the provision during the first half of 2018:			
Expense/(Income) for impairment of clients and other receivables	(13,434)	-	(13,434)
Expense/(Income) for impairment of other financial assets	-	(1,125)	(1,125)
Cash and cash equivalents	-	(12)	(12)
Balance of impairment provision at 30 June 2018	**102,468**	**481**	**102,949**

9. Share capital, legal reserve and capitalisation reserve

According to the information available in the CNMV (National Securities Market Commission), on 30 June 2019 the shareholdings exceeding 10% are the following:

ENAIRE	51.00 %

Following the approval by the General Shareholders' Meeting, held on 9 April 2019, of the proposal made by the Board of Directors for the distribution of 2018 profit, the proposed dividend of 1,039,500 thousand euros was paid during the six-month period ended 30 June 2019 (six-month period ended 30 June 2018: 975,000 thousand euros).

The legal reserve was provided for in accordance with article 274 of the Revised text of the Corporate Enterprises Act, which provides that, in any case, a figure equal to 10 per cent of the profits of the year should be allocated to this until it reaches, at least, 20 per cent of the share capital. As of 30 June 2019, this reserve is endowed with the legal minimum. This reserve cannot be distributed and, if it is used to offset losses in the event of no other sufficient reserves being available for that purpose, it must be repaid through future profits.

Also, following this approval, in 2019 the Company, in compliance with article 25 of Law 27/2014, of 27 November, on Corporate Tax, set aside a capitalisation reserve amounting to 20,089 thousand euros (in 2018, 43,060 thousand euros), as a result of the application of the reduction established in the aforementioned article to the 2018 corporate tax settlement, with the commitment to maintain both the restricted reserve set aside for this concept and the increase in shareholders' equity used as the basis for this reduction over the next five years.

On 30 June 2019, there are no capital increases in progress nor authorisations to operate in own shares.

10. Borrowings

The components of financial debt as of 30 June 2019 and 31 December 2018 are as follows:

	30 June 2019	31 December 2018 (*)
Non-current		
Loans with ENAIRE	4,976,416	5,338,222
Loans with credit institutions Aena	649,925	649,913
Loans with credit institutions LLAH III	382,413	344,019
Loans with LLAH III shareholders	51,736	51,854
Aena lease liabilities (Note 2.1)	23,110	10,697
Lease liabilities LLAH III (Note 2.1)	33,533	7,262
Public Entity Concession Payable SCAIRM	48,363	47,590
Other financial liabilities	151,151	123,521
	6,316,647	**6,573,078**
Current		
Loans with ENAIRE	647,374	647,654
Accrued interest loan with credit institutions Aena	435	1,841
Loans with credit institutions Aena	75,000	-
Loans with credit institutions LLAH III	3,356	51,419
Loans with LLAH III shareholders	397	398
Aena lease liabilities (Note 2.1)	4,924	1,655
Lease liabilities LLAHIII (Note 2.1)	4,225	591
Other financial liabilities	29,527	28,870
	765,238	**732,428**
Total current and non-current	**7,081,885**	**7,305,506**

(*) The Group made the initial application of IFRS 16 on 1 January 2019, opting for the modified retroactive transition contemplated in that standard and, therefore, the comparative information has not been restated.

The carrying and fair values of non-current borrowings are as follows:

	Carrying amount		Fair value	
	30 June 2019	**31 December 2018 (*)**	**30 June 2019**	**31 December 2018**
Loan from ENAIRE	4,976,416	5,338,222	5,145,371	5,347,229
Loans with credit institutions Aena	649,925	649,913	662,830	652,836
Loans with credit institutions LLAH III	382,413	344,019	370,978	325,510
Loans with LLAH III shareholders	51,736	51,854	61,175	63,899
Lease liabilities Aena	23,110	10,697	23,110	10,697
Lease liabilities LLAH III	33,533	7,262	33,533	7,262
Public Entity payables- for SCAIRM concession	48,363	47,590	48,363	47,590
Other financial liabilities	151,151	123,521	151,150	123,521
Total	**6,316,647**	**6,573,078**	**6,496,510**	**6,578,544**

(*) The Group made the initial application of IFRS 16 on 1 January 2019, opting for the modified retroactive transition contemplated in that standard and, therefore, the comparative information has not been restated.

The fair value of current borrowings is equal to their carrying value, as the impact of the discount is not significant. Fair values for debt with a term greater than one year are based on cash flows discounted at risk-free rates (OIS curve) plus a spread equal to the modelized AENA CDS (56 bps) (2018: cash flows discounted at risk-free rates (OIS curve) plus a spread equal to the modelized AENA CDS (81 bps) and are at Tier 2 of the fair value hierarchy.

The reconciliation between the opening and closing balances in the statement of financial position of the components of the Financial debt is as follows:

		Cash flow							
	31 December 2018 (*)	Financing activities Collections	Financing activities Payments	Operating activities Interest payments	Adjustments opening balance for entry into force IFRS 16 (Note 2.1 b)	Short/long-term transfers	Accrued interest	Exchange differences	30 June 2019
Non-current									
Loan from ENAIRE	5,338,222	-	-	-	-	(362,145)	339	-	4,976,416
Aena bank borrowings	649,913	-	-	-	-	-	12	-	649,925
Luton loans with credit inst.	344,019	-	-	-	-	40,063	135	(1,804)	382,413
Loans with LLAH III shareholders	51,854	-	-	-	-	-	-	(118)	51,736
Liabilities under Aena leases	10,697	-	-	-	14,909	(2,496)	-	-	23,110
Lease liabilities LAHIII	7,262	-	-		29,227	(2,948)	-	(8)	33,533
Public Entity payables for SCAIRM concession	47,590	-	-	-	-	-	773	-	48,363
Other financial liabilities	123,521	37,598	(11,048)	-	-	(16)	1,096	-	151,151
Total non-current	**6,573,078**	**37,598**	**(11,048)**	**-**	**44,136**	**(327,542)**	**2,355**	**(1,930)**	**6,316,647**
Current									
Loans with ENAIRE	647,654	-	(362,320)	(22,020)	-	362,145	21,915	-	647,374
Accrued interest on debt Aena	1,841	-	-	(3,723)	-	-	2,317	-	435
Loans with credit institutions Aena	-	75,000	-	-	-	-	-	-	75,000
Loans with credit institutions LLAH III	51,419	-	(9,157)	(6,252)	-	(40,063)	6,268	1,141	3,356
Loans with LLAH III shareholders	398	-	-	(2,122)	-		2,106	15	397
Lease liabilities Aena	1,655	-	(2,449)	(327)	3,222	2,496	327		4,924
Lease liabilities LLAH III	591		(1,348)	(1,052)	2,079	2,948	1,052	(45)	4,225
Other financial liabilities	28,870	693	(52)	-	-	16	-	-	29,527
Total current	**732,428**	**75,693**	**(375,326)**	**(35,496)**	**5,301**	**327,542**	**33,985**	**1,111**	**765,238**
Total Financial debt	**7,305,506**	**113,291**	**(386,374)**	**(35,496)**	**49,437**	**-**	**36,340**	**(819)**	**7,081,885**

(*) The Group made the initial application of IFRS 16 on 1 January 2019, opting for the modified retroactive transition contemplated in that standard and, therefore, the comparative information has not been restated.

Financial debt with parent company

	30 June 2019	31 December 2018
Non-current		
Loan of Aena, S.M.E., S.A. with ENAIRE	4,980,013	5,342,187
Adjustment of the loan from ENAIRE using the effective cost criterion.	(3,597)	(3,965)
Subtotal long-term debt of Aena, S.M.E., S.A. with ENAIRE	**4,976,416**	**5,338,222**
Current		
Loan of Aena, S.M.E., S.A. with ENAIRE	633,305	633,159
Adjustment of the loan from ENAIRE using the effective cost criterion.	(387)	(401)
Interest accrued on loans from ENAIRE	14,456	14,896
Sub-total of loans from related parties	**647,374**	**647,654**
Total	**5,623,790**	**5,985,876**

The reconciliation between the opening and closing balances in the statement of financial position of the component of Borrowings from the parent company is as follows:

	31 December 2018	Cash flow Financing activities Collections	Cash flow Financing activities Payments	Cash flow Operating activities Interest payments	Short/long-term transfers	Accrued interest	30 June 2019
Non-current							
Loan to Aena S.M.E., S.A. from ENAIRE	5,342,187	-	-	-	(362,174)	-	4,980,013
Adjustment of the loan from ENAIRE using the effective cost criterion.	(3,965)	-	-	-	29	339	(3,597)
Subtotal Aena, S.M.E., S.A. long-term debt with ENAIRE	**5,338,222**	**-**	**-**	**-**	**(362,145)**	**339**	**4,976,416**
Current							
Loan from ENAIRE	633,159	-	(362,320)	-	362,174	292	633,305
Adjustment of the loan from ENAIRE using the effective cost criterion.	(401)	-	-	-	(29)	43	(387)
Interest accrued on loans from ENAIRE	14,896	-	-	(22,020)	-	21,580	14,456
Subtotal Aena, S.M.E., S.A. short- term debt with ENAIRE	**647,654**	**-**	**(362,320)**	**(22,020)**	**362,145**	**21,915**	**647,374**
Total	**5,985,876**	**-**	**(362,320)**	**(22,020)**	**-**	**22,254**	**5,623,790**

At the date of preparing these financial statements, neither ENAIRE, as the holder of the financing contracts, nor Aena nor any of its subsidiaries were in breach of their financial obligations or of any other type that might give rise to the early maturity of their financial commitments. Accordingly, the existence of the *covenants* referred to in Note 20 of the 2018 consolidated financial statements does not affect the classification of debt between current and non-current contained in the accompanying condensed consolidated interim financial statements. Also, at that date, the Group has complied with the required ratios.

11. Provisions and contingencies

a) Provisions

The movement in this heading during the six-month period ended 30 June 2019 is as follows:

	Environmental action	Liabilities	Taxes	Expropriations and late-payment	Other operating provisions	Provision for replacement of SCAIRM infrastructure	Total
Balance at 01 January 2019	**71,961**	**21,698**	**10,577**	**13,251**	**27,382**	**-**	**144,869**
Charge for the period	9,787	2,587	41	1,821	14,473	707	29,416
Reversals/Excesses	(6,697)	(1,330)	(107)	(6,921)	(1,160)	-	(16,215)
Amounts Used	(2,973)	(712)	(633)	(681)	(25,698)	-	(30,697)
Exchange differences	(3)	(5)	-	-	-	-	(8)
On 30 June 2019	**72,075**	**22,238**	**9,878**	**7,470**	**14,997**	**707**	**127,365**

Analysis of total provisions:

	30 June 2019	31 December 2018
Non-current	73,143	84,700
Current	54,222	60,169
Total	**127,365**	**144,869**

<u>Provision for environmental action</u>

The provision of 9,787 thousand euros for environmental actions during the six-month period ended 30 June 2019 was due to the updating of the acoustic footprints of certain insulation plans, which has resulted in an increase in the number of dwellings that might require acoustic insulation. The balancing entry for these provisions is included under "Property, plant and equipment".

There were also reversals in the first six months of 2019 amounting to 6,697 thousand euros, relating mainly to a decrease in the weighted average insulation cost per dwelling to 6,824 euros (except for Adolfo Suárez Madrid-Barajas airport, for which a cost of 19,450 euros is estimated due to the type of dwellings and buildings pending insulation at this airport), compared to the 8,956 euros used in the consolidated financial statements for 2018 (except for Adolfo Suárez Madrid-Barajas airport, for which a cost of 16,743 euros was estimated due to the type of dwellings and buildings pending insulation at this airport; and for a further three airports, the estimated average amount of which is 5,567 euros/dwelling). Such reversal has been made against the value of the property, plant and equipment against which the provision was originally made.

<u>Provisions for liabilities</u>

During the first half of 2019 the provisions made by the Group totalling 2,587 thousand euros related mainly to labour claims amounting to 1,644 thousand euros.

During the January-June 2019 period, the reversals amounting to 1,330 thousand euros relate mainly to the resolution in favour of the Group of labour disputes amounting to 711 thousand euros. The remaining reversals were credited to the consolidated interim income statement, mainly under the "Excess provisions" caption.

<u>Provisions for expropriations and late-payment interest</u>

Reversals made during the six-month period ended 30 June 2019 are principally the result of a Supreme Court ruling that a cassation appeal filed by the expropriated party was inadmissible. Of the 6,921 thousand euros reversed, 4,346 thousand euros was credited to the value of the property, plant and equipment against which they were originally recorded, and the remaining 2,575 thousand euros was credited to income (at the time they were credited to interest expense for expropriation delays).

<u>Other operating provisions</u>

In accordance with section 3.9.2 of the DORA, the commercial incentive scheme approved in February 2017 will be maintained in 2019 in order to continue encouraging the opening of new routes, increase in long-range passengers, encourage traffic at airports with lower traffic volumes and reduce the seasonality of airports with a strong seasonal component.

The effect of traffic incentives amounted to 13,313 thousand euros in the first half of 2019 (net of the reversal of 1,160 thousand euros of provisions from previous years) compared to 12,911 thousand euros in the same period in 2018 (net of the reversal of 4,457 thousand euros of provisions from previous years). 25,698 thousand euros have been paid against this provision during the period (30 June 2018: 44,223 thousand euros.

b) Contingencies

Note 23 to the consolidated financial statements for 2018 detailed the main litigation proceedings that the various companies in the group had pending at that date. The main changes in the litigation situation in the first half of 2019 are explained below:

Environmental action

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). Subsequently, there were various pronouncements and incidents of enforcement which were appealed by all the parties involved in the proceedings.

Finally, the Supreme Court ruled on 3 April 2017 requiring a verification of the noise level existing outside and inside the dwellings following the methodology referred to in Regulation (EU) 598/2014.

Since then, Aena, ENAIRE and the Ministry of Public Works have carried out the necessary actions to check noise levels.

Through a Ruling dated 22 March 2018, the parties and the Public Prosecutor's Office were granted a period of one month to make allegations regarding the documentation presented by the State Attorney, dated 15 March 2018, regarding all the actions and reports that have been carried out so far for the fulfilment of the Supreme Court's mandate.

Due to successive petitions from the parties, the deadline for presenting allegations has been extended, ending on 15 June 2018, after which the Madrid Supreme Court of Justice issued an Order dated 30 July 2018, in which it agreed to:

(i) Reject the allegation that a neighbour has no legal standing.
(ii) Declare the judgement of the Supreme Court of 13 October 2008 to be enforced.

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 recourse.

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.

Ministry of Defence

As specified in Note 23 of the Notes to the Consolidated Financial Statements of the Group at 31 December 2018, the Ministry of Defence has requested compliance with the sixth section of the Framework Agreement between the Ministry of Defence and the Ministry of Public Works on the transfer of airport premises to be affiliated with AENA dated 28 June 1998, and in consequence to obtain payment of the budgetary compensation agreed to by the Council of State in its ruling dated 8 October 1998. This Note also reported that at that time there was only one claim related to Son Bonet airport, although it might be extended to other facilities. Within the framework of the meetings held recently with the MoD, a new claim has arisen for the compensation payment relating to the Cuatro Vientos aerodrome. Unlike the Son Bonet airfield, which was never used for military purposes, the Cuatro Vientos airfield was constructed as a military airfield virtually since its construction. Despite the foregoing, there are currently no details on the payment that would be made by the Ministry of Defence.

Other relevant facts

As reported in the consolidated interim directors' report for the first quarter of 2019, the entity granting the Luton Airport concession (London Luton Airport Limited "LLAL") informed the concession holder, London Luton Airport Operations Limited "LLAOL", that, in its opinion, some of the terminal building extension works had not been completed as defined in the concession agreement and that therefore LLAOL should pay compensation of £25 million.

Based on its interpretation of the agreement and on independent legal advice, the Group has always considered that the basis of the assessment used by LLAL is wrong and that the works have complied with what was established in the agreement. In this regard, the certificate of acceptance of works undertaken has recently been received, which declares agreement with the works carried out and accordingly the contingency is considered definitively resolved in favour of the Group without any cost whatsoever.

Contingent asset – fee shortfall

a) Aena appeals 318/2015 against the CNMC Agreement of 23 April 2015

This contingency has been resolved by the High Court Judgment of 3 June 2019, notified on 6 June.

The CNMC Agreement of 23 April 2015 (Agreement of 23 April) on the 2016 tariffs provided that the accounting to be used as the basis for the tariff update for 2016 should reflect in a different way how the "costs arising from commercial revenue generated by a higher volume of traffic" had been incurred in the previous year. Pursuant to the Agreement of 23 April, that consequence would establish that part of the costs arising in airport terminals, and which were recorded as regulated airport activity, would be part of business activities and be considered as costs thereof.

The appeal 318/215 now resolved by the High Court was directed against the CNMC Agreement of 23 April 2015, as well as against a Resolution of 30 June 2015. The Resolution of 30 June 2015 had already been issued as part of the first phase of the procedure for approving airport charges. In the latter Resolution, CNMC had requested AENA to modify its tariff proposal for 2016, with a view to complying with the criteria of the Agreement of 23 April 2015.

The criterion of the National High Court is that these two resolutions are correct. On the one hand, because it considers that the Agreement of 23 April 2015 would not have had binding effect on AENA and would have been handed down in a purely preparatory procedure of the subsequent one without further effect. And, as for the Resolution of 30 June 2015, it is considered to form part of the tariff review procedure in which the CNMC can indicate to AENA what changes should be introduced in its proposal, without prejudice to the fact that in the end the decision corresponds to the legislator when it approves the General State Budget Law.

b) Appeal 355/2015 against the CNMC Resolution of 23 July 2015

On 23 July 2015, the CNMC issued the "Resolution adopting the Proposal for modification of fees of AENA for 2016, and establishing the measures to be adopted in future consultation procedures".

On 17 June 2019, Aena's contentious-administrative appeal was dismissed. The Judgment upholds the CNMC's theory, according to which the shortfall to be offset would be exclusively the actual shortfall produced each year and not the prospective shortfall estimated at the start of each period, as claimed by AENA.

12. Income tax

The corporate tax expense for the first six months of 2019 has been calculated on the basis of the tax rate estimated to be applicable to the consolidated companies' earnings for the year. The implicit tax rate before deductions and activation of deductions was 25% (2018: 25%), except for the earnings for the LLAH III group, which is taxed at 19 % (2018: 19 %). These rates correspond to the nominal corporate tax rates of the main countries in which the Aena Group carries out its operations. The effective tax rate for the six-month period ending on 30 June 2018 was 24.43% (24.12% for the six-month period ending on 30 June 2018).

In the United Kingdom, a progressive reduction in the income tax rate from 19% to 17% from 1 April 2020 was approved on 6 September 2016.

As established by current legislation, taxes cannot be considered to be definitive until the relevant returns have been inspected by the tax authorities or until four years have elapsed since filing. At 30 June 2019, the Group companies generally have the statute-of-limitations period between 2015 and 2018 open for all taxes, with the exception of corporate tax, which is open for 2014 and subsequent years.

The directors of Aena consider that the tax settlements have been properly carried out and, therefore, even if discrepancies were to arise in the interpretation of current legislation as a result of the tax treatment given to the transactions, any resulting liabilities, if any, would not have a material effect on the accompanying condensed consolidated interim financial statements.

Taxes are also open for inspection for the first six months of 2019.

The taxes for the last six years of the United Kingdom companies making up the LLAH III group are open to inspection by their taxation authority.

With effect from 1 January 2018, the tax group of which Aena S.M.E., S.A. is the parent company changed its composition to include Aena Sociedad Concesionaria del Aeropuerto Internacional de la Región de Murcia.

13. Related-party transactions

The Group is controlled by the public corporation “ENAIRE”.

All Related-party transactions are conducted at market values. In addition, transfer prices are appropriately supported, and therefore the directors of the Group do not consider that any significant risks that could give rise to material liabilities in the future exist in this connection.

The transactions carried out with Group and associate companies are shown below:

(a) Sales of goods and services

	30 June 2019	30 June 2018
Rendering of services:		
- Public corporation “ENAIRE”	859	562
- Associate companies	4,512	3,532
- Related companies:	2,092	93
- INECO	7	10
- Other related companies	2,085	83
Total	**7,463**	**4,187**

(b) Purchases of goods and services

	30 June 2019	30 June 2018
Services received:		
- Public corporation “ENAIRE”	65,683	68,693
- Associate companies	383	-
- Related companies	14,506	14,573
- AEMET	5,089	5,000
- INECO	4,671	7,222
- Other related companies	4,746	2,351
Total	**80,572**	**83,266**
Acquisition of assets		
- Group companies	79	101
- Related companies	3,547	1,190
- INECO	640	582
- Other related companies	2,907	608
Total	**3,626**	**1,291**

The amount of the service received from ENAIRE corresponds mainly to services received from aerodrome air traffic control (ATM and CNS services). To this end, the appropriate Service Agreement between the airport operator and the air traffic service provider has been concluded in order to determine the corresponding consideration to be paid for such services. The cost of these services is recorded under “Procurement” in the accompanying consolidated income statement. During the six months ended 30 June 2019, the services provided by the ultimate Parent Company for ATM and CNS services amounted to 65,624 thousand euros (30 June 2018: 68,220 thousand euros). This heading also includes the consideration paid by Aena for the special authorisation for the temporary use of the plant where the Data Processing

Centre (DPC) of the office building in Arturo Soria, owned by ENAIRE, is located, amounting to 57 thousand euros for the six-month period ended 30 June 2019, compared to the temporary use of the entire building in the same period of 2018 (30 June 2018: 471 thousand euros).

The remaining contracts between Aena S.M.E., S.A. and its related companies for 2019 and 2018 are listed in Note 34.b) of the Consolidated Financial Statements for 2018.

(c) Income from stake in related companies

	30 June 2019	30 June 2018
- Related companies	417	500
Total	**417**	**500**

In the first half of 2019 the Group received a dividend from the *European Satellite Services Provider* SAS (ESSP SAS) of 417 thousand euros (30 June 2018: 500 thousand euros).

In the first half of 2019, financial income from dividends from associates amounted to 17,946 thousand euros (30 June 2018: 15,247 thousand euros). At 30 June 2019, the Group had a balance of 15,546 thousand euros (30 June 2018: 13,916 thousand euros) relating to dividends receivable from these associates.

In the first half of 2019, the subsidiary LLAH III distributed dividends to its shareholders amounting to GBP 10,000 thousand (11,320 thousand euros at the transaction exchange rate), of which Aena Desarrollo Internacional received 5,773 thousand euros and the remaining 5,547 thousand euros were received by external partners (first half of 2018: dividends amounting to GBP 16,000 thousand, 18,159 thousand euros at the transaction exchange rate, of which Aena Desarrollo Internacional received 9,261 thousand euros, and the remaining 8,898 thousand euros were received by external partners).

(d) Key management personnel compensation

See Note 14. Other information

(e) Year-end balances arising from sales/purchases of goods/services

	30 June 2019	31 December 2018
Receivables from related parties:		
- Associates	2,628	3,943
- Related companies	1,516	179
- AEMET	1	1
- INECO	-	139
- Other related companies	1,515	39
- Public corporation "ENAIRE"	373	790
Total accounts receivable from related parties	**4,517**	**4,912**

Payables to related parties:		
- Associates	1,160	782
- Related companies	7,327	6,307
- AEMET	1,027	833
- INECO	1,783	4,453
- Other related companies	4,517	1,021
- Public corporation "ENAIRE"	23,894	25,099
Total accounts payable to related parties	**32,381**	**32,188**

Accounts receivable from related parties arise primarily from service transactions. The receivables are not secured due to their nature and do not accrue interest.

Accounts payable to related companies arise mainly from transactions involving the purchase of fixed assets and the provision of ATM and CNS services mentioned in section b). The foregoing balances are included under "Related-party payables".

(f) Loans with related parties

See Note 10. Borrowing.

14. Other information

Average workforce

The average number of employees in the first six months of 2019 and 2018, by category and gender, of Group companies consolidated through the full consolidation method, was as follows:

	30 June 2019 (*)			30 June 2018 (*)		
Professional Category	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Senior Management	3	8	11	10	1	11
Executives and graduates	751	987	1,738	945	709	1,654
Coordinators	334	832	1,166	816	318	1,134
Technicians	1,457	3,055	4,512	3,014	1,414	4,428
Support personnel	540	601	1,141	559	494	1,053
	3,085	**5,483**	**8,568**	**5,344**	**2,936**	**8,280**

(*) The above figures include temporary employees, which in the first half of 2019 amounted to 799 (first half of 2018): 968)

The integration of the LLAH III figures in the condensed consolidated interim financial statements at 30 June 2019 contributes 838 employees to the average workforce (30 June 2018: 741 employees) and SCAIRM 84 employees.

At 30 June 2019, the Board of Directors of the Parent Company consisted of 11 men and 4 women (first half of 2018: 12 men and 3 women).

At 30 June 2019 the Group had an average of 114 employees with disabilities (first half of 2018: 112).

Remuneration of Senior Management and directors

The detail of the remuneration received in the first half of 2019 and 2018 by Senior Management and Group directors, by item, is as follows (in thousands of euros):

	30 June 2019			30 June 2018		
Item	**Senior Management**	**Board of Directors**	**Total**	**Senior Management**	**Board of Directors**	**Total**
Salaries	631	-	631	605	-	605
Per Diems	21	86	107	16	75	91
Pension plans	-	-	-	-	-	-
Insurance premiums	3	-	3	3	-	3
Total	**655**	**86**	**741**	**624**	**75**	**699**

Remuneration in the first half of 2019 corresponds to that received at Aena S.M.E., S.A. for 10 senior management positions and by the Chairman and Chief Executive Officer.

There were no advances, balances or loans granted at 30 June 2019 or 30 June 2018. Likewise, there are no pension obligations owed to former or current directors.

Situations of conflicts of interest of the directors

In order to avoid situations of conflict with the interests of the Company, during the year the directors who have held positions on the Board of Directors have complied with the obligations set out in article 228 of the Consolidated Text of the Corporate Enterprises Act. Similarly, they and those related to them, have refrained from engaging in any conflict of interest situations mentioned in article 229 of that Act.

Shareholdings and positions held, and activities carried out, by members of the Board of Directors in other similar companies.

At 30 June 2019 and 31 December 2018, the members of the Board of Directors had not held any ownership interests in the share capital of companies that directly engage in activities that are identical, similar or complementary to the corporate purpose of the Company. In addition, no activities that are the same, similar or complementary to the Company's corporate purpose have been carried out or are currently being carried out by Members on their own behalf or on behalf of third parties.

None of the persons associated with the members of the Board of Directors hold any shareholding whatsoever in the share capital of Companies, and hold no position and fulfil no duties within any Company with the same, similar or supplementary corporate purpose as the Company.

Commitments to acquire fixed assets

Investments committed at 30 June 2019 amounted to 1,005.8 million euros (31 December 2018): 829.7 million euros"

Sureties and guarantees

The bank guarantees provided to various bodies at 30 June 2019 amounted to 10,205 thousand euros (31 December 2018: 10,372 thousand euros). The directors consider that no significant liabilities will arise from the provision of these guarantees.

15. Events after the balance sheet date

Subsequent to 30 June 2019 and until the date of publication of this report, the following facts have been deemed relevant:

- At its meeting held on 1 July 2019, the Board of Directors of the Brazilian company Aeroportos do Nordeste do Brasil S.A. approved a share capital increase of 2,388,990,000 Brazilian reals, which was fully subscribed by its sole shareholder, Aena Desarrollo Internacional S.M.E., S.A. as described in note 2.3 of the Notes to the Financial Statements.

  En 18 July 2019, there was a share capital contribution totalling 488.9 million Brazilian reals as specified in the aforementioned note.

- On 30 July 2019, the Board of Directors of Aena approved the tariff proposal applicable from 1 March 2020, setting the maximum annual income per passenger (IMAAJ) for 2020 at 10.2997 euros per passenger, representing a reduction of -1.17% with regard to the IMAAJ of 2019 (10.42 euros per passenger) as a consequence of the adjustments that the DORA introduces with regard to the incentive for performance of levels of quality, the structure of traffic corresponding to the close of 2018 and the effect of the P index calculated pursuant to the methodology set out in Royal Decree 162/2019 of 22 March.

  This proposal will be subject to a review and validation by the CNMV (Spain's National Authority for Markets and Competition) in its supervisory ruling of the airport tariffs applicable by Aena, S.M.E., S.A. in 2020.

- On 26 July 2019 the rating agency Moody's confirmed the "A3" credit rating with a stable outlook for Aena S.M.E., S.A.

Consolidated interim management report

for the six-month period ended 30 June 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.

Webcast/Conference-call:

31 July 2019

13:00 (local time)

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1. Executive summary

The first half of 2019 shows the positive performance of the Aena Group[(1)] in terms of both 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 (IMAAJ) of 2019 with respect to the adjusted annual maximum income per passenger (IMAAJ) for 2018.

  It should also be noted that 10 April 2019 saw the publication of Royal Decree 162/2019 of 22 March, which develops the mechanism for calculating the P index for updating airport charges that will be applied for the first time in 2020.

  Regarding setting the airport charges to be applied from 1 March 2020, during the months of May, June and July, the consultation process took place between Aena and the associations of airlines that use the airports, as established in the regulations (Law 18/2014 and Directive 2009/12/EC on airport charges).

  As a result of this process, Aena's Board of Directors, at the meeting held on 30 July 2019, approved the proposed charges applicable from 1 March 2020, setting the adjusted maximum annual income per passenger (IMAAJ) for 2020 at €10.2997, representing a reduction of 1.17% compared with the 2019 IMAAJ (€10.42). This proposal will be reviewed and validated by the Comisión Nacional de los Mercados y la Competencia (CNMC) in its supervisory resolution on airport charges applicable by Aena, S.M.E. S.A. in 2020.

- At an operational level, it should be noted that traffic at the airports managed by the Aena Group continues to break records, with a volume of 136.4 million passengers in the period (+5.9% in comparison with the previous year), including Luton Airport.

  In the airports of the Spanish network, traffic grew by 5.7%, reaching a new historical record of 127.9 million passengers, driven by the good figures in the tourism sector and the performance of domestic traffic. This growth is compatible with Aena's passenger traffic forecast for 2019, estimated to increase by 3.7% (within a ± 0.5% range) in the Spanish airport network.

  International traffic increased by 4.9%, and passenger traffic to and from the United Kingdom increased by +3.2%, reflecting the positive trend observed since October 2018.

  Domestic traffic for its part increased by 7.3%, favoured by the continued positive performance of the Spanish economy and the effect of the increase in the state subsidy for inter-island traffic and flights to and from the Peninsula by residents of the islands, Ceuta and Melilla, which increased from 50% to 75%, from 28 June 2017 and from 16 July 2018 respectively.

- Growth in traffic at Aena's airports contributed to the increase in total revenue by 6.9%[(2)] in comparison with 2018, to €2,100.7 million, despite the 2.22% reduction in airport charges from 1 March 2018. As from 1 March 2019, tariffs did not change.

- In terms of commercial activity, it is appropriate to highlight progress on renovation projects for food and beverage at Alicante and Palma de Mallorca airports, as shown by the award of new contracts for 18 premises at Alicante-Elche Airport (5,600 m², which represents an increase of 15% compared with the existing floor space), as well as the competitive bidding process for 33 premises at Palma de Mallorca airport (which will occupy more than 10,600 m²).

  As regards advertising, activity under the new licences awarded for a 7-year period began on 14 June. The result of these awards represents an increase in estimated revenues for the first year of 12.8% in variable income and 12.6% in minimum annual guaranteed rents, relative to the minimum bidding conditions established in the calls for tenders.

  Based on the new economic terms, the minimum annual guaranteed rents decrease from €32.5 million in 2018 to €21.0 million in 2020 (when the first annuity is due), so these contracts are expected to operate with variable income, with estimated income of approximately €27 million for the first full year.

- EBITDA for the period came to €1,189.3 million, an increase of 5.6% relative to 2018. It should be noted that, as usual in the first half year, earnings were affected by the accrual of local taxes for the entire year and by the seasonal nature of the business. The figure also reflects the rise in the cost of services provided by third parties as evidenced in the contracts that entered into force with higher associated costs from the second quarter of 2018.

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

- Profit before tax reached €739.8 million, compared with €675.1 million in 2018, and net profit for the period amounted to €559.0 million, 8.6% more than in the first half of 2018 (€514.5 million).

- Cash flow from operating activities totalled €1,111.6 million for the period, an increase of 10.1% compared with €1,009.8 million in the same period of 2018.

  The Aena Group's ratio of consolidated net financial debt (calculated as Current plus Non-current "Borrowings", less "Cash and cash equivalents") to EBITDA remained at 2.5x at 30 June 2019, unchanged from 31 December 2018.

  This financial strenght is reflected in the confirmation by Fitch Ratings of the "A" credit rating with a stable outlook, dated 9 May 2019 and by Moody's of the "A3" credit rating with a stable outlook, dated 26 July 2019.

  Fitch Ratings also assigned a "F1" short-term rating for the first time.

- As regards the execution of the capital expenditure programme, the amount paid out in the period totalled €276.0 million (of which €263.3 million invested in Spain), €1.4 million more than in the same period of the previous year. The main capital expenditure in the airport network continues to focus on safety and maintenance, in accordance with the regulated capital expenditure programme established in the Airport Regulation Document (DORA).

- Within the scope of the objectives of the Strategic Plan 2018-2021, on 15 March 2019 Aena was declared the winner by the Brazilian National Civil Aviation Agency (ANAC) in the auction held for the concession, for a term of 30 years with an additional five year optional extension, for the operation and maintenance of the airports of Recife, Maceió, Aracaju, Campina Grande, João Pessoa and Juazeiro do Norte, which together form the Northeast Brazil Airport Group.

  The Group recorded traffic of 14.0 million passengers in 2018, a 3.7% increase compared with 2017.

  In its meeting of 12 April 2019, the Council of Ministers approved a resolution to authorise Aena Desarrollo Internacional S.M.E., S.A. to create the state-owned company Aeroportos do Nordeste do Brasil S.A. (hereinafter, "ANB") in Brazil as a concessionary entity for the management of the above-mentioned airports. The company was formed on 30 May 2019.

  The Board of Directors of Aeroportos do Nordeste do Brasil S.A, in its meeting held on 1 July 2019, approved a capital increase in an amount of 2,389.0 million Brazilian Real, which was fully subscribed by its sole shareholder Aena Desarrollo Internacional S.M.E., S.A.

  On 18 July 2019, the first capital contribution amounting to 488.9 million Brazilian Real was made.

  It is expected that the administrative procedures for the formalisation of the concession will be completed in August, with the contract coming into force in the second week of September. From then on, a transition phase would begin, after which it is estimated that the Aena Group would begin to operate the airports covered by the concession from January 2020.

  With this acquisition, Aena consolidates its global leadership as an airport operator.

- During the first six months of 2019, the share price fluctuated between a minimum of €137.00 and a maximum of €178.05, ending the period at €174.30, representing a revaluation of 28.4%, outperforming the IBEX35, which gained 7.7% during the same period.

2. Activity figures

2.1. Macroeconomic and sector situation

The Spanish economy continues along its path of growth and air transport constitutes one of its main industries.

According to data published by the National Institute of Statistics, year-on-year GDP growth stood at 2.4% in the first quarter of 2019, one tenth of a percentage point more than in the fourth quarter of 2018.

The contribution made by air transport is particularly significant (according to ACI-InterVISTAS it generates approximately 5.9% of Spain's GDP) and is strongly linked to one of the main industries: tourism, which according to Exceltur accounted for 11.8% of Spain's GDP in 2018, with indicators that continue to evolve favourably with record numbers of foreign tourists.

Data provided by the National Institute of Statistics show that 21.4 million tourists visited Spain in the first four months of 2019, 4.4% more than in the same period of the previous year, the main countries of origin being: United Kingdom (with close to 4.3 million tourists and an increase of 0.1% compared with the first four months of 2018), Germany (with almost 3.0 million and an increase of 6.5%) and France (with more than 2.7 million tourists, 2.0% fewer).

These markets have shown growth lower than that experienced in recent years, due, among other reasons, to the recovery of alternative tourist destinations to Spain and additionally, in the case of tourists from the United Kingdom (which, in the Aena network accounted for 16.0% of passenger traffic in the first half of 2019), to the current negotiation environment for the United Kingdom's leaving the European Union (Brexit).

By autonomous regions, Catalonia was the leading destination in the first four months of 2019, with 22.9% of the total number of tourists, followed by the Canary Islands with 22.4% and Andalusia with 14.9%.

What is most notable from Aena's perspective is that airports served as the point of entry to the largest number of tourists up until April, with over 83.3% of tourist entering Spain through one or other of the airports in the network.

Mention must also be made of the fact that Spain has a significant position as a gateway to and from Latin America by air.

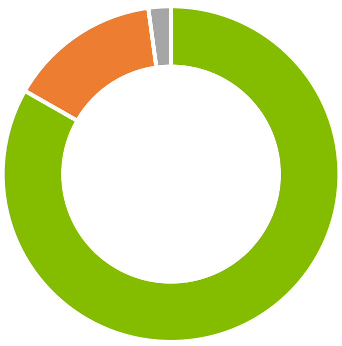

Figure 1. Distribution of tourists by means of access

2.1. Traffic in the Aena airport network in Spain

In the first half of 2019 passenger traffic in the airport network in Spain grew by +5.7%, breaking a new record by reaching 127.9 million passengers.

This increase was boosted by the positive trend in domestic traffic, (+7.3%), with a volume of 40.8 million passengers, driven by the good performance of the Spanish economy and by the increase in the state subsidy for inter-island traffic and flights to and from the Peninsula by residents of the islands, Ceuta and Melilla, raised from 50% to 75%, from 28 June 2017 and 16 July 2018 respectively.

International traffic grew by 4.9% to 87.1 million passengers, while its contribution to total traffic fell slightly to 68.1% (68.6% in the same period of 2018). In the six months to 30 June 2019, the number of passengers travelling from and to the United Kingdom increased by +3.2%, reflecting the recovery observed since October 2018.

In terms of aircraft movements, 1,125,242 flights were recorded, up by 4.8% on the same period of the previous year.

Cargo volumes reached 499,562 metric tons, up by 3.7% compared with the first half of 2018.

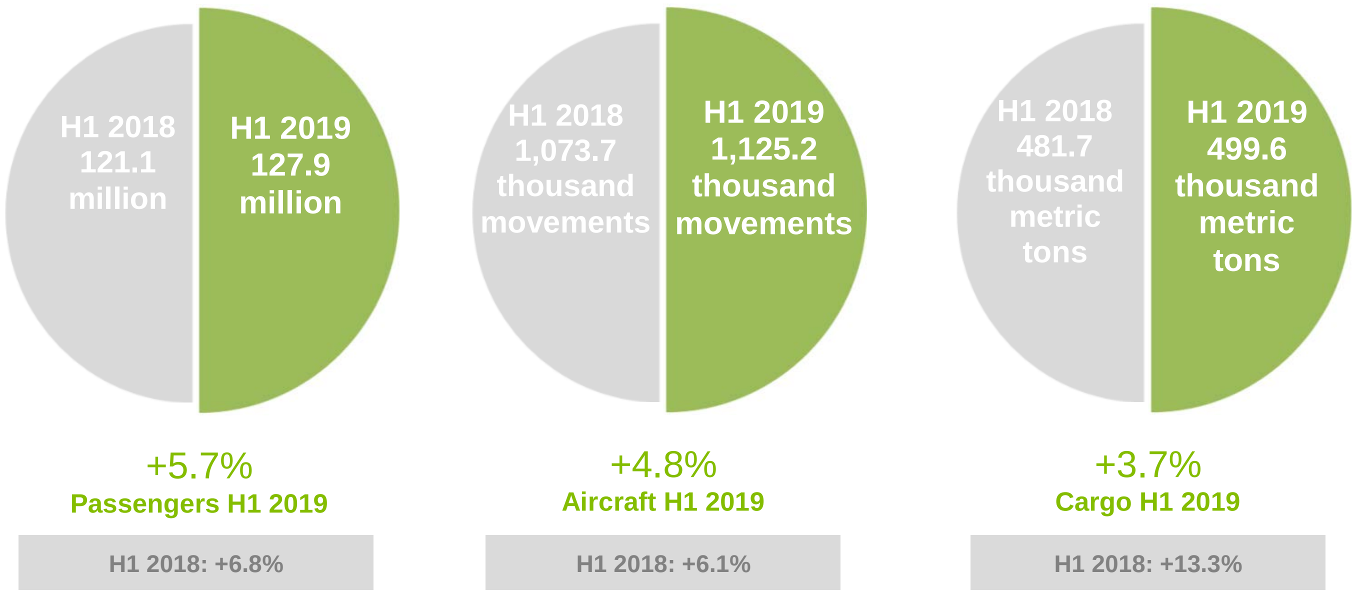

Figure 2. Aena airport network traffic

2.3. Analysis of air passenger traffic by airports and airlines

The percentage distribution of passengers remains concentrated in the network's seven main airports, which represent 75.2% of the total:

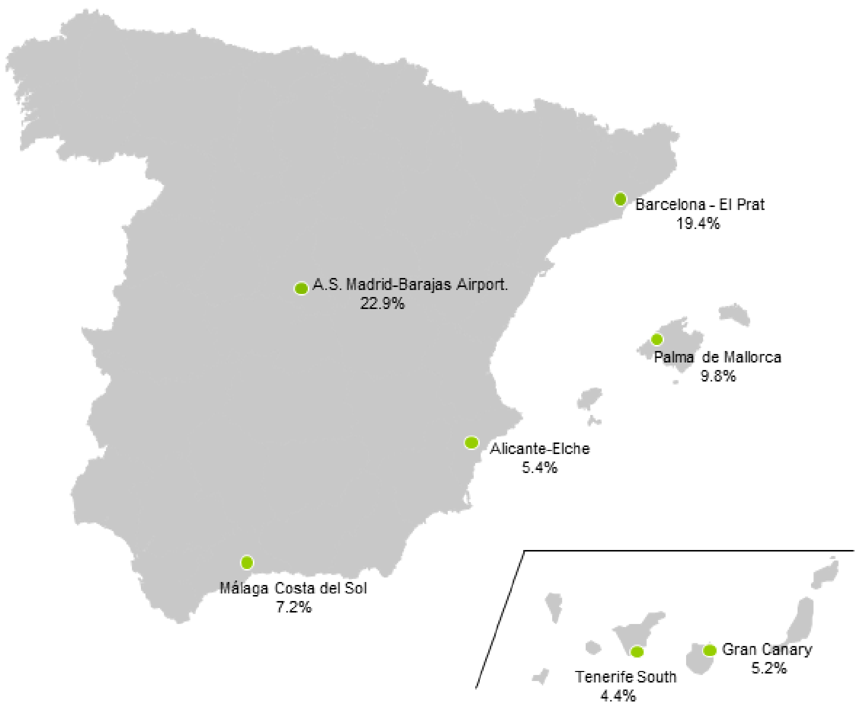

Figure 3. Share of passenger traffic at major airports in Spain

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

Airports and Airport groups	Passengers			Aircraft			Cargo		
	Millions	Change [1] H1 2019 / H1 2018	Share of Total	Thousands	Change [1] H1 2019 / H1 2018	Share of Total	Metric tons	Change [1] H1 2019 / H1 2018	Share of Total
Adolfo Suárez Madrid-Barajas	29.3	6.6%	22.9%	207.4	4.5%	18.4%	262,407	5.2%	52.5%
Josep Tarradellas Barcelona-El Prat	24.8	5.5%	19.4%	165.7	3.5%	14.7%	83,680	3.1%	16.8%
Palma de Mallorca	12.6	5.9%	9.8%	95.1	2.9%	8.5%	4,521	-10.3%	0.9%
Total Canary Islands Group	22.2	1.3%	17.4%	204.0	0.8%	18.1%	18,414	0.1%	3.7%
Total Group I	31.8	8.3%	24.9%	260.5	5.2%	23.2%	17,120	-11.8%	3.4%
Total Group II [2]	6.4	2.9%	5.0%	92.4	5.2%	8.2%	81,772	6.9%	16.4%
Total Group III	0.8	17.8%	0.7%	100.0	17.9%	8.9%	31,648	0.0%	6.3%
TOTAL	**127.9**	**5.7%**	**100.0%**	**1,125.0**	**4.8%**	**100.0%**	**499,562**	**3.7%**	**100.0%**

Traffic data pending final closure, not subject to significant changes.

[1] Percentage changes calculated in passengers, aircraft and kg.
[2] Includes data from the Región de Murcia International Airport (AIRM): 487,225 passengers and 3,625 aircraft movements.

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

The growth in passenger traffic at Adolfo Suárez Madrid-Barajas Airport was distributed between increases of 4.7% in domestic traffic (to 8.1 million passengers) and of 7.2% in international traffic (to 21.2 million passengers).

At Josep Tarradellas Barcelona-El Prat Airport, domestic traffic increased by 4.3% and international traffic by 6.0% (reaching 6.8 and 18.0 million passengers respectively).

Palma de Mallorca Airport recorded growth of 6.9% in domestic passengers, higher than the 5.6% increase in international traffic, with passenger volumes standing at 3.5 and 9.1 million respectively.

As regards the eight airports in the Canary Islands Group, the number of domestic passengers increased by 8.8% (to 8.5 million) and international passengers fell by 2.5% (to 13.5 million).

Growth in passenger traffic of the eight airports in Group I was led by Sevilla (+21.4%), Valencia (+12.4%) and Bilbao (+9.1%). Traffic at Alicante-Elche Airport grew by 8.3% (to 6.8 million passengers) and at Málaga-Costa del Sol by 6.4% (to 9.2 million passengers). Domestic traffic in this group grew by 9.4% and international traffic was up by 8.1%.

The airports in Group II registered an overall increase in passenger traffic of 2.9%, to 6.4 million passengers, driven by the 8.5% increase in domestic traffic compared with international traffic, which was down by 6.3%. In this group, we would highlight the increase in the volume of goods handled at Zaragoza airport (+7.1%), 79,896 metric tons of cargo, most of it international.

As part of the result of the airport marketing activity, 203 new routes[1] were opened during the first half of 2019 from airports in the Aena network: 58 with domestic destinations, 136 medium-haul[2] and nine long-haul[3].

The airports with the highest number of new routes were: Palma de Mallorca (27), A.S. Madrid-Barajas (25), Alicante-Elche (17), J.T. Barcelona-El Prat (15) and Málaga-Costa del Sol (15).

By airlines, those with the greatest numbers of newly opened routes were: Vueling (36), Ryanair (34) and easyJet (13).

It is worth noting the opening of the following long-haul routes:

- J.T. Barcelona-El Prat Airport: Santiago de Chile with Level, Toronto with WestJet, Chicago with Norwegian, Sialkot with Pakistan Airlines and Mexico with Aeromexico.
- A.S. Madrid-Barajas Airport: Boston with Norwegian and Medellín and Panama with Air Europa.
- Málaga-Costa de Sol Airport to Bahrain with Gulf Air.

It is also remarkable that during the first half of 2019 Laudamotion expanded its operational base at Palma de Mallorca Airport, with four aircraft that will operate during the summer season, and Vueling added one new aircraft at each of its bases in Barcelona, Bilbao, Sevilla, Alicante, Valencia and Santiago.

As regards the distribution of traffic by geographical areas, we would highlight the significant growth in long-haul traffic to North America (+15.3%). Africa (+15.5%), the Middle East (+12.7%) and Asia (+28.8%), which, although in absolute terms these are markets with a low weight (5.4% as a whole of total passenger volume), shows the positive impact that the airport marketing actions put in place are having.

Region	Passengers H1 2019	Change %
Europe [1]	76,315,647	4.0%
Spain	40,768,882	7.3%
Latin America	3,868,535	5.6%
North America [2]	2,923,454	15.3%
Africa	1,763,775	15.5%
Middle East	1,611,541	12.7%
Asia and Others	664,710	28.8%
TOTAL	127,916,544	5.7%

[1] *Excluding Spain*
[2] *USA, Canada and Mexico*

Table 2. Breakdown of traffic by geographical area

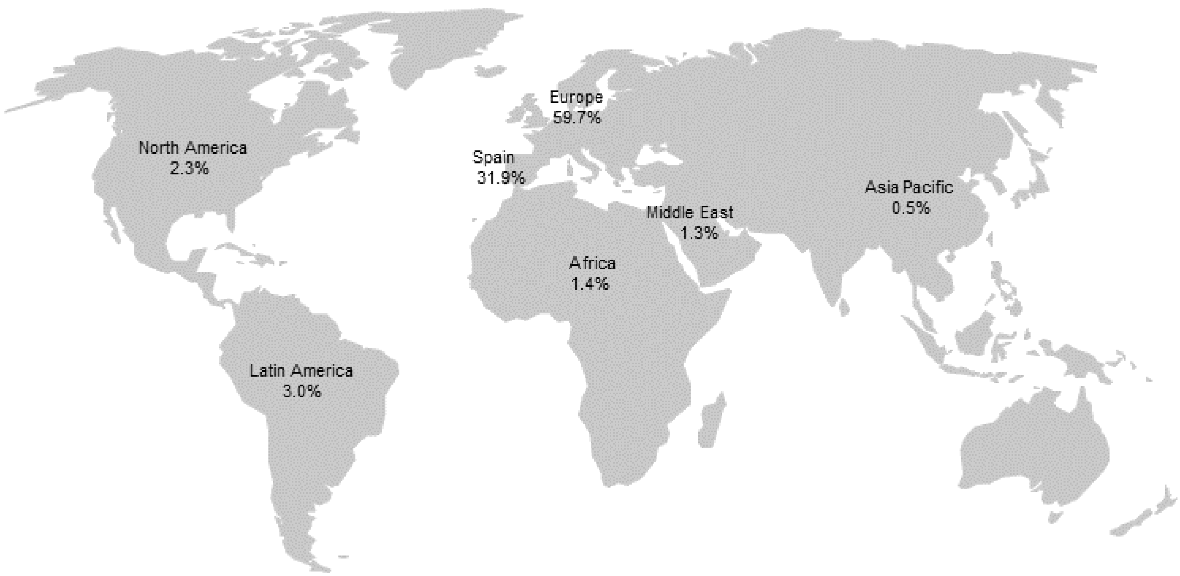

Figure 4. Map of traffic distribution by geographical area

[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

By countries, total traffic of the airport network is concentrated in Spain (31.9%), and in the UK, Germany, Italy and France, which together account for 37.7% of the total (38.2% in 2018).

Of these countries, it is worth noting, as already mentioned, the increase in the number of passengers travelling to and from the United Kingdom (3.2%), which reflects the recovery in traffic which was negatively affected in the same period of 2018 by the bankruptcy of Monarch in October 2017, although it continues to be affected by the recovery of alternative tourist destinations to Spain, as well as the uncertainty caused by Brexit.

Country	Passengers		Change		Share (%)	
	H1 2019	H1 2018	%	Passengers	H1 2019	H1 2018
Spain	40,768,882	38,008,856	7.3%	2,760,026	31.9%	31.4%
United Kingdom	20,530,127	19,883,942	3.2%	646,185	16.0%	16.4%
Germany	13,666,884	13,246,106	3.2%	420,778	10.7%	10.9%
Italy	7,488,893	6,925,587	8.1%	563,306	5.9%	5.7%
France	6,551,214	6,224,239	5.3%	326,975	5.1%	5.1%
Netherlands	4,120,158	4,113,040	0.2%	7,118	3.2%	3.4%
Switzerland	2,969,682	2,958,848	0.4%	10,834	2.3%	2.4%
Belgium	2,961,139	2,876,269	3.0%	84,870	2.3%	2.4%
Portugal	2,590,083	2,259,420	14.6%	330,663	2.0%	1.9%
United States	2,213,014	1,916,280	15.5%	296,734	1.7%	1.6%
Ireland	2,129,779	1,972,958	7.9%	156,821	1.7%	1.6%
Sweden	1,804,119	1,921,464	-6.1%	-117,345	1.4%	1.6%
Denmark	1,505,724	1,691,590	-11.0%	-185,866	1.2%	1.4%
Norway	1,378,736	1,484,127	-7.1%	-105,391	1.1%	1.2%
Austria	1,238,852	626,318	97.8%	612,534	1.0%	0.5%
Total Top 15	111,917,286	106,109,044	5.5%	5,808,242	87.5%	87.6%
Rest of the world	15,999,258	14,958,982	7.0%	1,040,276	12.5%	12.4%
Total Passengers	127,916,544	121,068,026	5.7%	6,848,518	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 carriers increased their share in the first half of 2019 to 57.4% (56.0% in 2018), the remaining 42.6% corresponding to full service airlines (44.0% in 2018), which shows that the degree of concentration remains 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 to 28.7% (27.9% in 2018), and Ryanair's share stood at 18.4%, in line with the same period of 2018 (18.3%). Among the other airlines, mention should be made of the start-up of Laudamotion, the sustained growth of Jet2.com (passengers coming mainly from the United Kingdom to tourist destinations in Spain), and the growth of Air Europa, mainly feeding in to the Madrid-Barajas Airport.

As for the long-haul flights started by low-cost carriers Norwegian and Level in June 2017 from Barcelona, mention must be made of the fact that, albeit still at an early-stage in Spain, this activity continues its upward trend and, from when it opened for business, it has carried more than 1.6 million passengers, reaching the figure of 0.6 million passengers in the first half year, up by 49.1% on the same period of 2018.

Airline	Passengers		Change		Share (%)	
	H1 2019	H1 2018	%	Passengers	H1 2019	H1 2018
Ryanair [1]	23,570,983	22,144,088	6.4%	1,426,895	18.4	18.3
Vueling	19,568,700	17,884,266	9.4%	1,684,434	15.3	14.8
Iberia	9,875,818	9,239,666	6.9%	636,152	7.7	7.6
Air Europa	9,103,559	8,088,262	12.6%	1,015,297	7.1	6.7
Easyjet [2]	8,319,151	7,669,836	8.5%	649,315	6.5	6.3
Iberia Express	4,813,421	4,478,247	7.5%	335,174	3.8	3.7
Norwegian Air [3]	4,548,126	4,745,730	-4.2%	-197,604	3.6	3.9
Air Nostrum	4,276,177	4,053,414	5.5%	222,763	3.3	3.3
Grupo Binter [4]	3,571,274	3,295,576	8.4%	275,698	2.8	2.7
Jet2.Com	3,301,830	2,988,280	10.5%	313,550	2.6	2.5
Eurowings	2,585,386	2,525,160	2.4%	60,226	2.0	2.1
Lufthansa	2,130,870	1,980,949	7.6%	149,921	1.7	1.6
Thomson Airways	1,993,424	2,113,462	-5.7%	-120,038	1.6	1.7
Transavia	1,781,509	1,711,983	4.1%	69,526	1.4	1.4
Condor	1,564,969	1,477,143	5.9%	87,826	1.2	1.2
Total Top 15	101,005,197	94,396,062	7.0%	6,609,135	79.0%	78.0%
Other airlines	26,911,347	26,671,964	0.9%	239,383	21.0%	22.0%
Total Passengers	127,916,544	121,068,026	5.7%	6,848,518	100.0%	100.0%
Total Low Cost Passengers [5]	73,429,696	67,849,352	8.2%	5,580,344	57.4%	56.0%

[1] Comprising Ryanair Ltd. and Ryanair Sun, S.A.
[2] Comprising Easyjet Switzerland, S.A., Easyjet Airline Co. Ltd. and Easyjet Europe Airline GmbH.
[3] Comprising Norwegian Air International, Norwegian Air Shuttle AS and Norwegian Air UK.
[4] Comprising 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 presence

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

Millions of passengers	H1 2019	H1 2018	Change [(1)] %	Aena's shareholding, %
London Luton (United Kingdom)	8.5	7.7	10.3%	51.0%
Grupo Aeroportuario del Pacífico (GAP) [(2)] (Mexico)	24.1	22.4	7.5%	5.8%
Aerocali (Cali, Colombia)	2.6	2.3	14.3%	50.0%
SACSA (Cartagena de Indias, Colombia)	2.8	2.5	12.5%	37.9%
TOTAL	38.1	35.0	8.9%	-

[(1)] *Percentage changes calculated in passengers*

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

Table 5. Passenger traffic at investee airports

London Luton Airport saw its passenger traffic increase by a significant 10.3%, due above all to the contributions from Wizz Air and Ryanair. This growth was driven by the excellent performance of international traffic, which increased by 10.9%.

Total passenger traffic of GAP ("Grupo Aeroportuario del Pacífico") grew by 7.5% in the period. The number of domestic passengers increased by 7.1% and international passengers increased by 7.7%, with particularly good traffic performance from the Group's main Mexican airports: Guadalajara, Puerto Vallarta, San José del Cabo and Tijuana, this last 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 an agreement with the Jamaican Government to operate, modernise and expand the Norman Manley International Airport, Kingston, by signing a 25-year Concession Agreement with a possible extension of five years. With this operation, GAP has begun operating the two commercial airports of Jamaica (Montego Bay and Kingston), which manage and operate 99% of the country's traffic.

As regards Cali Airport, traffic grew by 14.3%. This significant increase is linked to the recovery from the effect of the Avianca strike in September 2017, which affected 2018, as well as the opening of new domestic and international routes. Avianca's recovery of all scheduled flights to and from Bogotá and the new point-to-point routes operated by EasyFly with several destinations not previously served boosted domestic traffic by 14.3%. At the same time, international traffic grew by 14.0%, mainly due to the routes started at the end of 2018 and Latam's new route to Lima.

Cartagena de Indias Airport experience an increase of 12.5%, with increases in domestic and international traffic of 12.8% and 11.2% respectively, resulting from the introduction of new routes and the new airlines that started operations at this airport in the last quarter of 2018, a trend that remains positive with the announcement of new scheduled international routes and departures. For example in June, Viva Air will start a new route to Lima and KLM will increase the frequency of its flights to Amsterdam from October onwards. Avianca, as a result of its restructuring plan, is reorganising its routes. It discontinued its New York service from 1 May and San Salvador from 1 June.

Apart from this it is worth noting that negotiations are ongoing with the National Infrastructure Agency (ANI) for the development of the two public-private initiatives (PPP), the objective of which is to sign these concession contracts once the current concession ends in 2020, the latest changes requested by the ANI having been presented in March.

Concession of the North-eastern Brazil airport group

Aena, through its subsidiary Aena Desarrollo Internacional S.M.E., S.A. won the concession for the operation and maintenance of Recife, Maceió, Aracaju, Campina Grande, João Pessoa and Juazeiro do Norte airports, which together form the Northeast Brazil Airport Group, in the auction held on 15 March 2019.

In 2018, the group registered traffic of 14.0 million passengers:

Millions of passengers	**2018**
Recife	8.4
Maceió	2.2
Joao Pessoa	1.4
Aracaju	1.2
Juazeiro do Norte	0.6
Campina Grande	0.2
TOTAL	**14.0**

On 30 May 2019, the new Brazilian company was incorporated, wholly owned by Aena Desarrollo Internacional S.M.E., S.A., with a share capital of 10,000 Brazilian Real and whose specific and exclusive corporate object is the provision of public services for the expansion, maintenance and operation of the airport infrastructure of the airport complexes comprising the Northeast block of Brazil. At its meeting held on 1 July 2019, the Board of Directors of the Brazilian company approved a capital increase of 2,389.0 million Brazilian Real (approximately 537.8 million euros at the insured exchange rate of 4.4425 EUR/BRL), which was fully subscribed by its sole shareholder. The method and timing of this disbursement is as follows:

- 18 July 2019: 488.9 million Brazilian Real (110.1 million euros at the insured exchange rate) corresponding to the contribution stipulated by the Brazilian Government for the expenses of the concession to be paid to Infraero (advisers, auction expenses and the personnel reallocation programme) and residual cash.
- 26 August 2019: 1,900.0 Brazilian Real (427.7 million euros at the insured exchange rate) corresponding to the amount of the bid.

It is expected that the administrative procedures for the formalisation of the concession will be completed in August, with the contract coming into force in the second week of September. From then on, a transition phase would begin, after which it is estimated that the Aena Group would begin to operate the airports covered by the concession from January 2020.

The concession, which has a period of 30 years and can be extended by five additional years, is of the BOT (Build, Operate and Transfer) type, does not include ATC (Air Traffic Control) services and follows a Dual-Till model, in which aeronautical revenues are regulated (the maximum income per passenger for airports with more than one million passengers is approximately €8 and the maximum income is established based on an agreement with the airlines for the rest of the airports) and commercial activity is not regulated.

In the tender specifications, the National Civil Aviation Agency (ANAC) estimated an investment amount of 2,153 million Brazilian Real (equivalent to 486.6 million euros at the exchange rate of 4.4239 euros EUR/BRL) divided between mandatory capital expenditure aimed at bringing infrastructure up to standard for the traffic (25.6% of the total estimated by the Brazilian authority to be executed in the first 3/4 years); non-mandatory discretionary capital expenditure (31.7%), mainly aimed at commercial areas; and the maintenance of infrastructure, runways and equipment (42.7%).

The variable financial consideration is set at 8.16% of gross income, with an initial five-year grace period and five progressive years, which would begin in 2025 at 1.63% and gradually increase to 3.26% in 2026, 4.90% in 2027 and 6.53% in 2028, reaching the 8.16% contractual rate applicable in 2029 and subsequent years.

Regarding the last four rounds of privatisation, the offer made by Aena represents 141 Brazilian Real per passenger (€31.90), a figure lower than the average previously paid (188 Brazilian Real per passenger), and the amount of capital expenditure per passenger stands at 159 Brazilian Real (€35.90), the lowest of all rounds.

2.5. Commercial activity

Among the various services that Aena provides to its users (passengers, accompanying persons and employees) is the commercial activity, for which the Company adapts its commercial offering to the demands of the various user profiles, with the aim of making it more varied and attractive.

Cumulative commercial revenue during the first half of 2019 reached €578.1 million, representing an increase of 10.5% compared with the same period of the previous year. This growth was due, among other factors, to the improvement in the contractual conditions of new bidding processes, which included higher minimum annual guaranteed rents (MAGR), increases of these rents in current contracts and the favourable evolution of the two businesses managed in house - car parking and VIP services.

On a per passenger basis, commercial revenue in the first half of the year was €4.5, 4.5% higher than in the same period of 2018 (€4.3). This amount includes the ordinary revenue from the commercial activities, both within the terminal and from the car parks, not including those from real estate services, which constitute a differentiated business segment.

In relation to contractual conditions, it should be mentioned that most of Aena's commercial contracts provide for a variable income based on sales made (the percentage varies according to the product and service categories) and a minimum annual guaranteed rental (MAGR), which ensures that the lessee pays a minimum amount by committing a percentage of its Business Plan. The following graph shows how the minimum annual guaranteed rents for each business line corresponding to the contracts in force at 30 June 2019 will evolve until 2023:

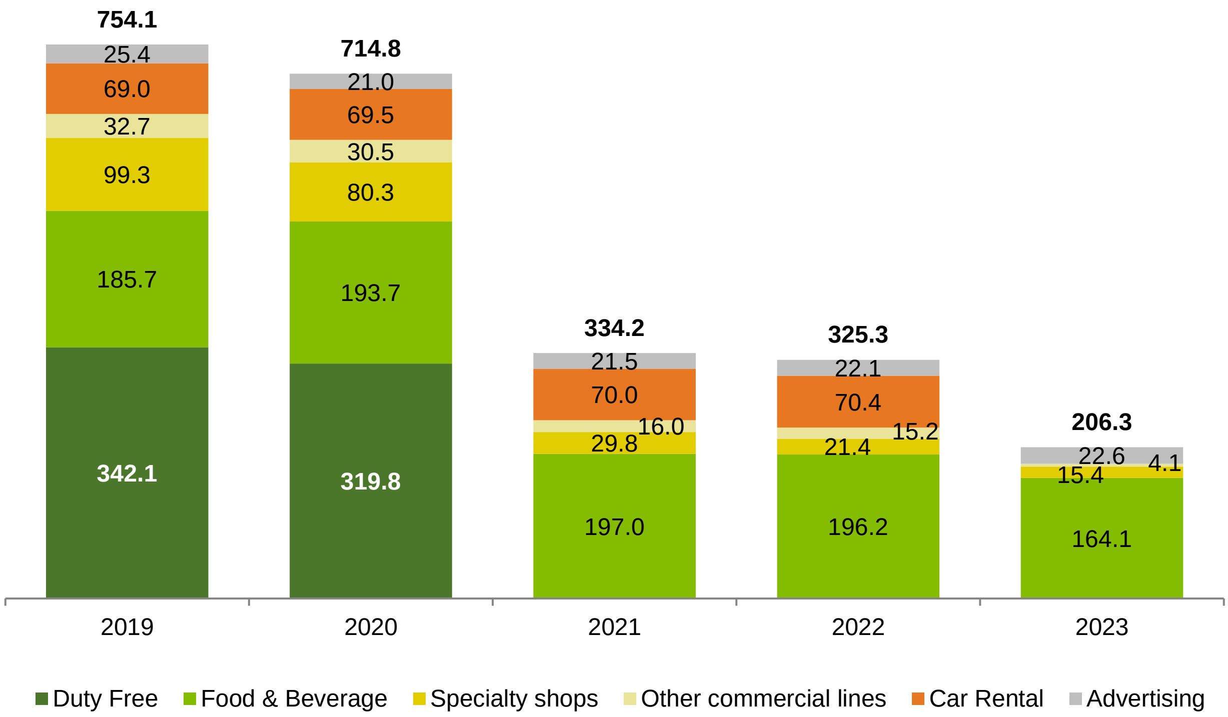

Figure 5. Minimum annual guaranteed rents (MAGR) by lines of business

The MAGRs have been adjusted pro rata to the actual contract start and end days. Includes MAGRs of the Región de Murcia International Airport contracts and an update of the Duty Free MAGRs at Gran Canaria.
Other commercial lines include contracts for financial and regulated services (currency exchange, pharmacies, tobacco shops, etc.)
Duty Free: the current contract ends in October 2020.
Advertising: MAGR corresponding to the extension of the previous contract until 13 June and from 14 June to the MAGR of the new licences.

3. Business lines

The main figures for Aena's results for the first half of 2019, broken down by business area, show the contribution of the various segments in terms of revenue and EBITDA. The Airports segment represented 92.1% of total revenue and 94.6% of total EDITDA, the Real Estate Services segment contributed 1.7% and 1.4% respectively, and the International segment contributed 6.1% and 4.0%.

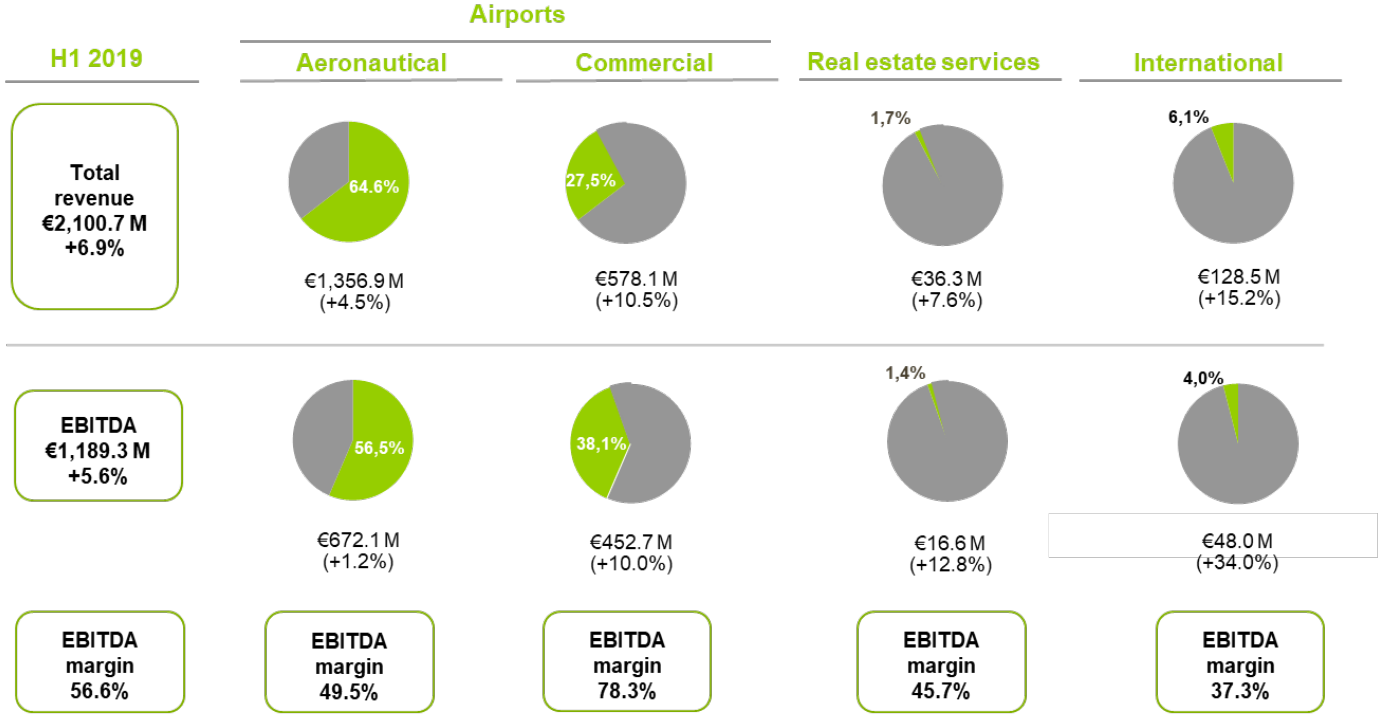

Figure 6. Aena's main results by business area

3.1 Airports 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 maximum annual revenue per passenger (IMAAJ) for 2019 came into force with respect to the adjusted maximum annual revenue per passenger (IMAAJ) of 2018.

The regulated assets base stood at €10,103 million at 31 December 2018.

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

Airport charges 2020 consultation process

In accordance with the provisions of the legislation (Law 18/2014 and Directive 2009/12/EC on airport charges), in May, June and July the process of consultation took place between Aena and the associations of airlines using the airports on the updating or revision of airport charges for 2020.

In the course of this process of consultation Aena provided users and the CNMC (Spain's National Commission on Markets and Competition), which performs the functions of Independent Supervisory Authority, with the information required by the legislation and a proposal of charges which meets the requirements established in the Airport Regulation Document (DORA).

The first meeting in the consultation process was held on 13 May, the second on 17 June, and a third on 16 July, at which the definitive charges proposal for 2020 was presented. These proposed charges were approved by Aena's Board of Directors on 30 July and must be communicated to the CNMC, the users' associations and the Dirección General de Aviación Civil Aviation (DGAC) by 31 July.

The users called upon by Aena to take part in the consultative process belong to the following associations and airlines:

- IATA: International Air Transport Association
- A4E: Airlines for Europe
- AIRE: Airlines International Representation in Europe
- ACETA: Asociación de Compañías Españolas de Transporte Aéreo (Association of Spanish Air Transport Companies)
- ALA: Asociación de Líneas Aéreas
- AECA: Asociación Española de Compañías Aéreas (Spanish Airline Association)
- AOC España: Comité de Operadores de Líneas Aéreas (Committee of Airline Operators)
- RACE: Real Aeroclub de España (Royal Aero-Club of Spain)
- RFAE: Real Federación Aeronáutica Española (Spanish Royal Aeronautical Federation)
- AOPA: Aircraft Owners and Pilots Association
- Ryanair
- Norwegian
- Jet2.com

The meetings of this process were also attended by the CNMC, the DGAC and AESA (the Spanish Aviation Safety and Security Agency) as observers.

As a result of this process, Aena's Board of Directors, in the meeting held on 30 July 2019, approved the proposed charges applicable from 1 March 2020, setting the maximum adjusted annual income per passenger (IMAAJ) for 2020 at €10.2997 per passenger, which is -1.17% lower than the 2019 IMAAJ (€10.42 per passenger) as a result of the adjustments that DORA establishes in relation to the performance incentive for quality levels, the traffic structure at year end 2018 and the effect of the P index calculated according to the methodology established in Royal Decree 162/2019, 22 March.

This proposal will be reviewed and validated by the Comisión Nacional de los Mercado y la Competencia (CNMC) in its supervisory resolution on airport charges to be applied by Aena, S.M.E. S.A. in 2020.

Aeronautical activity

In the field of aeronautical activity, it should be noted that Región de Murcia International Airport (AIRM) started its activity on 15 January. This airport is managed under concession for a period of 25 years by 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 operational and financial information is included in the Airports segment.

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

In terms of services provided to airlines, it is worth noting the start of a pilot project to test facial recognition during the boarding process at Menorca Airport.

In the operations section, Aena has worked in groups related to the operation of drones and the drafting of action procedures.
Finally, it should be mentioned that airport security, border control and customs control are the three basic aspects affected at an operational level by Brexit, on which Aena has been working with all the players involved by participating 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:

Thousands of euros	H1 2019	H1 2018	Change	% Change
Ordinary revenue	1,334,533	1,273,801	60,733	4.8%
Airport charges[(1)]	1,297,905	1,235,632	62,273	5.0%
Passengers	598,199	564,261	33,938	6.0%
Landing charges	352,576	339,688	12,887	3.8%
Security	204,233	194,901	9,332	4.8%
Airbridge charges	48,337	51,719	-3,382	-6.5%
Handling charges	51,332	46,365	4,968	10.7%
Fuel	15,694	15,746	-52	-0.3%
Parking charges	21,834	17,902	3,932	22.0%
On-board catering	5,699	5,050	649	12.8%
Other Airport Services[(2)]	36,629	38,169	-1,540	-4.0%
Other operating income	22,365	24,326	-1,961	-8.1%
Total revenue	1,356,898	1,298,127	58,772	4.5%
Total expenses (including depreciation and amortisation)	-985,341	-947,536	37,805	4.0%
EBITDA[(3)]	672,062	664,398	7,664	1.2%

[(1)] The amounts for passenger fees, landing charges and security charges are shown net of commercial incentives: €10.7 million in 2019 (€9.6 million in 2018).

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

Table 6. Key figures of the aeronautical activity

Total revenue from the aeronautical business increased to €1,356.90 million (up by 4.5% compared with the first half of 2018), driven by the positive evolution of traffic (5.7% increase in passenger traffic and a 4.8% increase in the number of aircraft).

The reduction in charges of -2.22% from 1 March 2018 led to a reduction in revenue of €6.3 million. Tariffs did not change after 1 March 2019.

The effect of traffic incentives amounted to €10.7 million over the period (net of the regularisation of €1.3 million of provisions from previous years) compared with €9.6 million in 2018 (net of the regularisation of €3.0 million).

Rebates for connecting passengers amounted to €35.7 million, €0.6 million more than in the same period of 2018. Connecting traffic grew by 2.3%.

Total expenses of the aeronautical activity increased by 4.0% in comparison with the same period of 2018. Excluding depreciation and amortisation (€300.5 million), total expenses increased by 8.1% due to the increase in personnel costs and other operating expenses explained in section 4. Income Statement.

The aforementioned effects put EBITDA for the period at €672.1 million, which represents an increase of €7.7 million compared with 2018 (+1.2%).

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

Passenger services

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

This period saw the continuation of the bidding process for cleaning services that began in 2018 within the framework of the Strategic Cleaning Plan, during which tenders were submitted for the provision of this service at 21 airports of the network; contracts were awarded and the services entered into force at 19 airports.

Cleaning services at Madrid and Barcelona airports have been tendered for an amount of €134.8 million for a period of 3 years, which can be extended by 2 years.

The contract corresponding to the cleaning service for the Adolfo Suárez Madrid-Barajas Airport has not yet been awarded. It is estimated that it will be awarded in the third quarter. This process was divided into three lots, totalling €75.9 million, and provides for an estimated increase of 16.3% compared with the previous procedure (in the first year) and an increase of 17% of the staff assigned to cleaning work.

The Barcelona Airport contract has been awarded to Sacyr Facilities for an amount of €57.8 million, with a start date of 4 July 2019 and a period of 3 years. This contract involves a 37.8% increase compared with the previous one (in the first year), and an increase of 34% in the personnel assigned to cleaning work.

The main objective of the new contracts is to improve the quality offered to passengers in compliance with the quality standards set out in the Airport Regulation Document 2017-2021 (DORA). It provides a model that promotes the values of quality, efficiency and flexibility, as well as modernising the service by means of a digital platform for resolving incidents in real time.

Similarly, to improve passenger service, Málaga-Costa del Sol airport is participating in the launch of the ASQ (Airport Service Quality) international programme for the use tablets. This technological improvement for the real-time monitoring of survey results will allow airports to act immediately if a problem or risk is detected in the services provided.

Services to airlines

Prominent among the actions carried out by Aena on a regular basis to offer a better service to airlines are those started during the first half of 2019 with Air Europa to test facial recognition during the boarding process at Menorca Airport. This pilot project for improving passenger flows and increasing the capacity of the handling 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 into a single process.

Similarly, following on from the project started in 2018 for the creation of a new baggage self-check-in service (Self BagDrop), new self-check-in counters have been put into operation at J.T. Barcelona -El Prat airport, and are also scheduled to be installed at A.S. Madrid-Barajas airport at the end of this year. This service provides passengers with an automated system for performing the entire check-in process without the intervention of external staff.

Continuing with new features of ground services, a notable addition to the handling equipment used at airports in the network came in the form of the first 100% electric passenger bus at Sevilla Airport.

Air traffic services

In the field of ATS (Air Traffic Services), on 15 January 2019 air traffic control started from the Tower of Región de Murcia International Airport (AIRM), following the commissioning of all of the air navigation systems and facilities, and the supervision and authorisation of the start of the service by the Spanish Aviation Safety and Security Agency (AESA).

The ATS provider (for both ATC - Air Traffic Control - and AFIS - Aerodrome Flight Information System) was changed in March in the control towers at the El Hierro, La Gomera, Burgos and Huesca airports. The service has been contracted for an amount similar to that of the previous contract, the duration being seven years plus an additional one-year extension.

Operational systems

During 2019 we will continue to move ahead with the integration of the Aena network airports 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 agents involved in operating a flight with a view to promoting joint decision taking, improving punctuality, reducing the cost of movements and mitigating the environmental impact.

It is also expected that Tenerife North and Valencia airports will obtain Advanced Tower Certification in the third and fourth quarters respectively, when the operational data from these airports will be integrated into the European real-time information network managed by Eurocontrol, reaching close to 75% of operating traffic in the network in Spain by the end of 2019. Similarly, work is expected to start during the fourth quarter on migration from Advanced Tower to A-CDM at Málaga-Costa del Sol Airport, with the objective of its being certified in early 2020.

Operations

In the area of operational safety, nine internal supervisions have been carried out as part of the annual maintenance plan for the execution of certifications/verifications. In addition, support was provided to the nine airports that AESA (the Spanish Aviation Safety and Security Agency) inspected during the period.

Likewise, during this period, the annual review of the Aircraft Rescue and Fire Fighting (ARFF) categories of Aena Airports was performed. This review is carried out to ensure that the level of protection of the ARFF service of each airport is sufficient to cater to its operations.

It is also appropriate to note that during the second quarter Aena continued to take part in workshops on wildlife hazards for aviation, such as the 1st Meeting of the Aviation and Pigeon-keeping Working Group, organised by AESA, which was held at Gran Canaria Airport, with the aim of seeking collaborative solutions that minimise the hazard that this activity poses to operations at nearby airports.

A total of six full-scale simulated emergency drills were carried out at the airports of Jerez, Almería, Logroño-La Rioja, Girona, Adolfo Suarez Madrid-Barajas and Badajoz.

Physical security

As regards the actions related to physical security, it should be noted that the first year of the security service contracts, awarded during the course of 2018, is nearing its end. These contracts are based on security and passenger service indicators, and are in line with the objectives set out in the DORA. The result has thus far been positive. At Madrid Barajas there was a strike from 12 April to 22 May, still pending resolution by external arbitration. In general terms, it did not have a major impact on operations and did not cause major queues or missed flights by passengers, as the minimum service level was 90%. Although the strike did not have an economic impact as such, sanctions have been proposed (the final amount is yet to be determined) for not meeting service quality standards.

During 2019 AESA continued its airport security audit activity at various airports in the network, 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 security processes, 2018 saw the start of automation of the connections filter at T4 of Madrid airport, which is now in operation. These actions have been completed at Sevilla airport and are continuing at Ibiza airport.

In relation to the supply and installation of hold baggage screening (HBS) equipment (Standard 3), during the first quarter machines were installed at Menorca airport and the contract for its supply to the rest of the airports is currently out to tender. The detection standards or regulations for EDS (explosive detection system) equipment are defined by the European Commission and are set out in European Union Regulations and Decisions and Spanish legislation (National Security Programme - PNS). Standard 3 involves a higher ability to detect explosives, relative to the previous standard (Standard 2).

A contract was awarded for the second roll-out phase of ABC (Automatic Border Control) equipment at Gran Canaria, Fuerteventura, Lanzarote, Sevilla, Bilbao and Valencia airports. The successful bidders were IECISA (Fuerteventura, Bilbao and Valencia) and EVERIS (Gran Canaria, Lanzarote and Sevilla), for a total amount of €16.3 million.

The third phase is currently out to tender, for Tenerife South, Reus and Girona airports.

Facilities and Maintenance

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

Its implementation focuses on grouping projects together to reduce the number of contracts, create synergies in the performance of services and ensure greater management efficiency. Likewise, the plan includes: the completion of preventive maintenance manuals for airport facilities and infrastructure (in December 2019) to standardise components and prepare work plans based on the various laws and regulations; starting the process of digitising maintenance services by introducing mobility, recognition and geolocation devices; as well as the development of an app for mobility and improving the efficiency of the data management process, and migration to a new maintenance management database that will be completed in summer 2020.

3.1.2 Commercial activity

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

Thousands of euros	H1 2019	H1 2018	Change	% Change
Ordinary revenue	573,240	519,139	54,101	10.4%
Other operating revenue	4,888	3,882	1,006	25.9%
Total revenue	578,128	523,021	55,107	10.5%
Total expenses (including depreciation and amortisation)	-177,789	-164,894	12,895	7.8%
EBITDA (1)	452,666	411,550	41,116	10.0%

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

Table 7. Most significant figures for commercial activity

In the first half of 2019, total revenue of the commercial activity increased by 10.5% relative to the same period of 2018, to €578.1 million.

Ordinary revenue, now accounting for 27.6% of the Group's total ordinary revenue (26.8% in 2018), reached €573.2 million, representing a 10.4% increase relative to the same period of 2018.

This increase was mainly due to the growth in traffic, the improvement in the contractual conditions of new tenders, which include higher minimum annual guaranteed rents (MAGR), the increase in these rents under current contracts, and to the favourable evolution of the two businesses managed by Aena (car parks and VIP services).

Total expenses for this activity increased by 7.8%, or by 12.6% if depreciation and amortisation are excluded. This increase was largely due to the cost increase that has affected the Company, as explained in section 4. Income Statement.

EBITDA of the commercial business increased by €41.1 million year-on-year, reaching €452.7 million.

The breakdown of ordinary revenue from the various commercial business lines is shown below:

	Revenue		Change		Minimum Annual Guaranteed Rents	
Thousands of euros	**H1 2019**	**H1 2018**	**Thousands of €**	**%**	**H1 2019**	**H1 2018**
Duty free shops (1)	157,693	142,609	15,084	10.6%		
Specialty shops	52,958	48,264	4,693	9.7%		
Food and Beverage	97,446	87,858	9,588	10.9%		
Car rental	70,921	68,543	2,378	3.5%		
Car parks	76,630	67,977	8,653	12.7%		
VIP services	36,576	29,648	6,928	23.4%		
Advertising	16,120	15,173	947	6.2%		
Leases	17,203	16,696	507	3.0%		
Other commercial revenue (2)	47,694	42,371	5,323	12.6%		
Ordinary commercial revenue	**573,240**	**519,139**	**54,101**	**10.4%**	**69,668**	**55,942**

(1) *In application of IFRS 16 in 2019, the expenses deriving from the financial effect of accounting for the advance received from World Duty Free Group España, S.A. in connection with the agreement signed with this company, shown until 31 December 2018 as a deduction from commercial revenue are shown under the heading "Financial expenses" in the income statement. Excluding this effect, revenues from duty-free shops in the first six months of 2019 amounted to €151.8 million, representing a like-for-like increase of €9.2 million (+6.4%).*

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

Table 8. Breakdown of commercial business lines

In the specialty shop business line, commercial premises with recognised fashion and accessories brands have been put out to tender at several Aena airports, supplementing the current offering.

Uniquely, at Adolfo Suárez Madrid-Barajas Airport, contracts have been awarded to shops with recognised reputations in terminals T4 and T4S, such as Spanish jewellery, accessories and fashion firm TOUS, leading world luxury watch makers Tag Heuer and two small retail outlets in terminal T1 for Nails Factory, (manicure). This new offering is a significant qualitative leap in terms of the commercial offering available to passengers.

The food and beverage area continues to be subject to continuous improvement, as shown by the tender process for 33 food & beverage establishments at Palma de Mallorca airport (over 10,600 m2), the award of new contracts and the commencement of activities of 18 premises at Alicante-Elche Airport. Likewise, at Josep Tarradellas Barcelona-El Prat airport, at the end of the first half of 2019 there were 40 outlets opened and refurbished with the new brands. The new premises will occupy a surface area of around 16,000 m².

The car rental service, of great importance at our tourist airports, opened a new lobby at Málaga-Costa del Sol Airport, which brings the counters of car rental companies together in one area with modern, open concept counters.

More management improvements have been included in the car parks business line, operated by Aena, with the opening of long stay car parks and express parking and promotion of the pay-by-plate service. Among other actions, marketing campaigns focused on increasing customer share, the number of bookings and the positioning of our own brand, "Aena Parking", were pushed.

Revenue from the VIP lounge business, managed by Aena, was €32.5 million, an increase of 25.3%, deriving from the 14.4% increase in users, which in turn is the result of the marketing actions and pricing policy implemented by Aena. VIP lounges are also being expanded and redesigned at several airports, and additional services and rates are being implemented to improve the offering in the premium segment.

Additionally, we note that commercial revenue from minimum annual guaranteed rents (MAGR) represents 18.8% of revenue from activities with contracts that include such clauses, compared with 16.6% in the first half of 2018. This difference is due mainly to the evolution of sales under existing contracts (€5.7 million), the better conditions of the new contracts (€3.6 million) and the increase in MAGR under current contracts (€1.2 million).

By lines of business, the following commercial actions carried out during the period stand out more specifically:

Duty Free Shops

Revenues from duty free shops increased by 10.6%[(1)] in the period, to €157.7 million compared with H1 2018, representing 27.5% of revenue from commercial activity.

This activity is managed by Dufry, under the trading name of World Duty Free Group (WDFG), through the contracts signed with Aena (divided into three lots) and generates assured revenue through the application of the minimum annual guaranteed rents included in the contracts signed.

In June 2018, in collaboration with Aena, Dufry launched a project at five airports (T2 at Josep Tarradellas Barcelona-El Prat, Málaga-Costa del Sol, Alicante-Elche, Gran Canaria and Bilbao) to identify actions to optimise commercial performance. Dufry has also carried out marketing and floor space improvement actions to strengthen sales and products on offer at airport shops.

The analysis and diagnosis project and action plan at duty free shops at the five airports began in August 2018 and the implementation of actions continued into the first half of 2019, coordinated around five levers. An analysis will subsequently be made of the initiatives with the greatest impact, so that they can be carried out at the remaining airports.

[(1)] In application of IFRS 16 in 2019, the expenses deriving from the financial effect of accounting for the advance received from World Duty Free Group España, S.A. in connection with the agreement signed with this company, shown until 31 December 2018 as a deduction from commercial revenue are shown under the heading "Financial expenses" in the income statement. Excluding this effect, revenues from duty-free shops in the first six months of 2019 amounted to €151.8 million, representing a like-for-like increase of €9.2 million (+6.4%).

The following actions were implemented as part of each lever during the first half of the year:

- Optimisation of the pricing policy: repositioning, broadening of the range and promotions of certain product categories.
- Improvement of the designs and layouts of current shops: change of layout and "sense of place" (Bilbao), completion of the works in the main shop (Alicante, Barcelona and Gran Canaria), new shop concept (Málaga arrivals), introduction of the beach concept (Alicante arrivals), and start of construction of the new shop in the non-Schengen area at Málaga Airport.
- Optimisation of the selection and brands: working on snacks and deli products, beverages, health and beauty products, jewellery and travel accessories, among other categories.
- Marketing and digital development: partnership between Aena and Dufry in the VIP lounges in Alicante and Málaga and the Bilbao car park), launch of the *Reserve & Collect* service at all airports in Spain and the digitisation of the main shop in Málaga as a *New Generation Store*. Additionally, a partnership agreement has been reached for the joint loyalty of new users of the *Red by Dufry* and *Aena Club Cliente* programmes, and the development of sales assistance with the use of tablets has begun.
- Actions with the sales force, such as performance related incentives at Barcelona and Alicante, and a competition among pilot airports to boost sales.

Aena also carried out marketing and floor space improvement actions during the period, notably:

- Opening of the new refurbished shops at J.T. Barcelona-El Prat airport (M0 modules due to change of location, M1 and M2), and at Palma de Mallorca Airport Module C shops in their new location, and Module A shops.
- Completion of the refurbishment of the T1 Non-Schengen shop at A.S. Madrid-Barajas.
- Promotions were carried out to enhance purchases of products in categories with the greatest appeal to British passengers, with a view to offsetting the effect of the depreciation of sterling, which still seems to be affecting purchases by these passengers.
- Promotional activities for beverage products, especially at the main tourist airports.

In addition, it should be mentioned that the Duty Free area at Región de Murcia International Airport is now open to the public.

Specialty Shops

Revenue generated by this business line in the first half of 2019 amounted to €53.0 million, 9.7% more than in the same period of 2018.

This business line posted increased commercial revenues, following the trend of continuous improvement in the commercial offering, thanks to the new renovation initiatives in premises at various airports in the first six months of 2019.

The following actions stood out in this regard:

- The new retail stores in Málaga-Costa del Sol Airport are gradually opening up as existing contracts expire. This renewed offer will include brands such as Victoria's Secret, Adolfo Dominguez, TOUS, Vidal & Vidal and a "Capi" (Koninklijke Capi-Lux Holding BV) store, the first at an Aena airport of this leading European consumer electronics airport retailer.
- In the Josep Tarradellas Barcelona-El Prat Airport, in the first quarter, the T2 commercial offering was renewed with the award of six premises for newsstands and miscellaneous activities, electronics, official football club merchandise and others occupying a total floor space of over 600 m². In the second quarter, the offering developed in T2 was complemented by the tender for five stores in terminal T1. These stores will be operational with the new brands from the first quarter of 2020. These are large areas expected to be occupied by recognised Fashion and Accessories brands and a large multi-store offering a wide range of products.
- At Palma de Mallorca Airport and to complement the current offer, three small seasonal (pop-up) outlets were put out to tender.
- At Adolfo Suárez Madrid-Barajas Airport, four small areas (15-30 m²) were awarded to prestigious brands including TOUS and Tag Heuer and two small areas in terminal T1 for Nails Factory. This new offering is a significant qualitative leap in terms of the commercial offering available to passengers. This is the first time that there has been an exclusive space for Tag Heuer, one of the world's leading luxury watch brands.

In addition to these commercial actions, in order to continue improving the passenger experience, Aena now offers the Personal Shopper service at four of its main airports. This free service has been available in the Madrid (T1, T4 and T4S), Josep Tarradellas Barcelona-El Prat and Málaga-Costa del Sol airports since 2018, and since February 2019 in Alicante-Elche.

Apart from this, we completed the preliminary phase of the study to detect the specific needs of Asian passengers, who, as we indicated last year, have high growth and spending potential. The support from the specialist company continues with preparing and publishing content for the most-established Social Network in China, WeChat.

During this period, Aena launched two social profiles on Instagram and Facebook (@enjoyaena) to carry out communication and marketing campaigns through the main social networks.

Attracting new brands and potential business opportunities is another of the levers driving commercial activity in 2019, with connections again being established with the retail sector in order to renew the portfolio of potential bidders for our spaces.

Opening of Victoria's Secret and Desigual, Tenerife South Airport

Food and Beverage

Food and beverage revenue amounted to €97.4 million and grew by 10.9% YoY.

In this period, the award of the new contracts for the 18 Alicante-Elche Airport premises and the renovation works carried out by the new tenants of the premises in Barcelona, Málaga and Gran Canaria airports stand out, as do the tenders for food and beverage outlets in 33 premises at Palma de Mallorca airport.

- At Gran Canaria Airport, at the end of the first six months of 2019, 15 new premises with renewed brands were already operational, with one under construction and three in the project phase pending at that date.
- Regarding the 2018 renovation of the catering offering at Josep Tarradellas Barcelona-El Prat airport, at the end of the first six months of 2019 there were 40 points of sale in operation. The new premises will occupy an area of about 16,000 m², which is an increase of 19% compared with the area prior to the bidding process.
- In relation to the activity of the new tenants at Málaga airport (25 points of sale awarded in June 2018), at the end of the first six months of 2019, 22 catering points were in operation.

  The new establishments will occupy a total area of more than 6,500 m².
- At Alicante Airport, the new contracts for the 18 premises awarded in January were signed.

  The renovation of the catering offering consists of an area of approximately 5,600 m².

  The new spaces were awarded to these operators: "Áreas", "Select Service Partner (SSP)", "Grupo EatOut (Pansfood)" and "Airfoods". The new Eat, Costa Coffee and Lavazza brands opened in June. Construction works will be carried out on the other premises in the second half of 2019, in order for most operators to commence activity with the new brands at the end of the year.
- As for the renewal of the catering offerings at Palma de Mallorca Airport, the tender process will be completed with the electronic auction in July. The new premises will occupy a total floor space of more than 10,600 m² and are

expected to begin service in November 2019.

- At Girona-Costa Brava Airport, the five new outlets and food and beverage vending machines, awarded to Areas at the beginning of the year, have commenced operations with the following brands: Burger King, La Pausa, Carlsberg, Exploring the World and Lavazza.
- At the end of May, Adolfo Suárez Madrid-Barajas Airport began operating the 250 vending machines for food and beverage installed by the new tenant, Selecta Vending.

It should also be noted that Murcia Región de Murcia International Airport opened its new catering offering, which was awarded to Airfoods at the end of 2018 and which features the well-known brands Costa Coffee, Subway, Food & Goods, Semba and 13 vending machines for food and beverage.

La Place Restaurant. Josep Tarradellas Barcelona-El Prat

Car rental

This business line generated revenues of €70.9 million, representing a 3.5% year-on-year increase, reflecting the positive increase in the number of contracts, which grew by 7.3%, as well as the increase in sales by 2.3%.

Car rental at Aena continues on a favourable trend, boosted by increased passenger volumes. In the airports with the largest proportions of business travellers there is also a good trend for business customers.

On 1 April 2019, the company began to rent driverless cars from SIXT at Región de Murcia International Airport.

Málaga-Costa del Sol Airport has also set up a new lobby bringing car rental companies' counters together in a modern, open-concept space.

Car parks

Aena manages this major business line, encompassing the control of revenue and operating process, as well as the associated marketing activities, the pricing policy and the structuring of the various types of car parks.

In the first six months, revenue from this activity increased to €76.6 million, an increase of 12.7%, which reflects its upward trend, driven mainly by the improvement of the non-reserve segment and online bookings at the main airports (an improvement of 25% over 2018), as well as the opening of express parking at Adolfo Suárez Madrid-Barajas (June 2018) and Josep Tarradellas Barcelona-El Prat (May 2018).

Revenue from reservations through the various sales channels reached €26 million, a 27.9% increase with respect to the first six months of 2018.

During the first six months of 2019, a new long-stay car park was opened at Tenerife North Airport and the pay-by-plate service was launched in the Valencia Airport car parks. This service is currently operating at Adolfo Suárez Madrid-Barajas, Josep Tarradellas Barcelona-El Prat, Bilbao, Alicante and Valencia airports. Express parking at Palma de Mallorca and Vigo airports has also been put into operation.

Marketing campaigns continued to focus on increasing the number of customers and the number of bookings at Josep Tarradellas Barcelona-El Prat, Alicante-Elche and Bilbao airports. Work was also undertaken on promoting and positioning the Aena Parking brand, reinforcing promotional actions to raise awareness about the pay-by-plate service.

VIP services

Revenues from this business line come from the operation of 24 VIP lounges and a Premium room, as well as the Fast Lane preferential security service at checkpoints in eight airports in the network. During this six-month period, this service was opened at A Coruña airport and a Fast Track (independent security control) service was opened at Adolfo Suárez Madrid-Barajas Airport.

Revenue from the VIP services activity was €36.6 million in the period, which represents 23.4% growth over the same period last year.

Revenue from VIP lounges managed by Aena was €32.5 million, an increase of 24.7%, due to the 14.4% increase in the number of users, a reflection of the marketing actions and price policy developed by Aena in managing this service.

Throughout the first six months, Aena continued to remodel the VIP lounges in Palma de Mallorca and Josep Tarradellas Barcelona-El Prat and completed the work on the new Menorca lounge. Expansions and redesigns of VIP lounges are underway at Madrid, Gran Canaria, Málaga and Alicante airports. New lounges are being built at Fuerteventura and Vigo airports.

New user agreements have also been signed with airlines.

The comprehensive management service has been awarded for the airport lounges in Tenerife South, Fuerteventura, Bilbao, Gran Canaria and Valencia, and is in the tender phase at Adolfo Suárez Madrid-Barajas, Tenerife North and Vigo airports.

Given the dynamic nature of this activity, Aena is developing additional services and prices to improve the premium segment offering and is working on a new “meet & assist” service planned for the third quarter of 2019.

Canudas VIP lounge at Terminal T2, Josep Tarradellas Barcelona-El Prat Airport

Advertising

On 14 June, the activity of the new companies awarded the advertising and promotional activity at Aena airports began.

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

During the first year, the increase in estimated income, due to variable income, is 12.8%, while income from the minimum annual guaranteed rent (MAGR) is expected to increase by 12.6%. Both increases are in relation to the minimum bidding conditions established in the calls for tenders.

As a result of the new economic conditions, the minimum annual guaranteed rent decreases from €32.5 million in 2018 to €21.0 million in 2020 (first full year), so these contracts are expected to operate in variable income, with estimated income of approximately €27 million for the first full year.

3.2 Real estate services segment

This activity segment includes 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 airport service providers 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 service is provided for private jets.

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 marketing models for the available airport land in both airports.

- At Adolfo Suárez Madrid-Barajas Airport, after the initial assessments carried out with the contracted experts, plans have been drafted to develop up to 2.2 million m² for various uses over the next few years. With these actions, the primary airport in the Aena network will come close to the modern 'Airport City' concept.
- The Real Estate Plan for Josep Tarradellas Barcelona-El Prat Airport includes a maximum of 1.1 million new buildable m² in an overall development project that takes full account of environmental and cultural aspects of the Llobregat Delta.

These two real estate developments at Aena's main airports will make it possible to define the strategy and implementation of the business model to be applied. Based on this strategy, partners will be selected through a public competitive bidding process, which is expected to start in the first quarter of 2020.

At the same time, Aena is working on defining real estate development plans in Palma de Mallorca, Málaga-Costa del Sol, Valencia and Sevilla airports, where land and assets with high potential for developing complementary airport activities are available. In this regard, the award of the agreement for a consultant to support Aena in defining real estate development plans at these airports is pending.

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

Thousands of euros	H1 2019	H1 2018	Change	% Change
Ordinary revenue	35,723	33,208	2,515	7.6%
Real estate services[1]	35,723	33,208	2,515	7.6%
Other operating revenue	607	571	36	6.4%
Total revenue	36,331	33,779	2,552	7.6%
Total expenses (including depreciation and amortisation)	-27,998	-27,293	705	2.6%
EBITDA [2]	16,620	14,731	1,889	12.8%

[1]Includes warehouses, hangars, real estate operations, off-terminal supplies and others.
[2]Earnings before interest, tax, depreciation and amortisation.

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

Revenue from real estate services amounted to €36.3 million, which represents year-on-year growth of 7.6%.

Total expenses increased by 2.6%, or excluding depreciation and amortisation by 3.5%.

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

Hangar activity:

- At Adolfo Suárez Madrid-Barajas Airport, work began on upgrading an 8,800- m^2 hangar located in the former Industrial Zone. It is expected to start operations in the third quarter of 2019
- At Sevilla Airport, in January the operation began on the hangar of approximately 6,000 m^2 built to support the maintenance of the aircraft of a major airline.
- At Palma de Mallorca Airport, a 5,000 m^2 plot was contracted for the construction of a 3,500 m^2 hangar. Another 15,600 m^2 plot for a hangar of 4,750 m^2 was also contracted at Valencia Airport.
- Hangars were also awarded at Madrid-Cuatro Vientos (2,498 m^2), Sabadell (562 m^2), and Sevilla (966 m^2) airports.

Executive aviation:

- At Adolfo Suárez Madrid-Barajas and Josep Tarradellas Barcelona El Prat airports, the new concessionaires for executive jet terminals (FBOs or fixed-base operators) began operations. As a result of this new award, the service that has been provided for more than five years will be renewed, a service that users perceive as being of high quality.
- Since mid-June, a new exclusive filter for users of these facilities has been fully operational at the FBO of Ibiza Airport, thereby significantly improving customer experience.

Cargo:

In relation to the spaces dedicated to air cargo:

- At Adolfo Suárez Madrid-Barajas Airport, a lease was granted on a 7,500 m^2 cargo shed. This contract provides for the possibility of leasing, within a maximum period of 10 years, another cargo shed with a built-up area of 19,500 m^2.

  It is also worth noting that the development of new loading facilities in the area known as "Rejas" continues to progress, with the material execution of the construction work on a 12,500 m^2 import warehouse having been awarded to Correos in this six-month period.

- The construction of a new cargo building of more than 3,500 m^2 was awarded at Zaragoza Airport, which will provide the airport with greater capacity to meet the strong growth in transported goods that has been occurring at this airport in recent years.

3.3 AIRM

On 15 January 2019, the Región de Murcia International Airport (AIRM) commenced operations. This airport is managed by Aena Sociedad Concesionaria del Aeropuerto Internacional de la Región de Murcia SME, SA, which is wholly owned by Aena SME, SA, on a concession basis, for a period of 25 years.

In the first six months of 2019, AIRM registered a volume of 487,225 passengers, most of them international, and 3,625 aircraft movements. The operational and financial information for the period is included in the aeronautical, commercial and real estate services activities in this Management Report (see additional information described in note 4 to the Financial Statements).

3.4 International activity

Financial data for the international activity consist mainly of the consolidation of London Luton Airport (the fifth largest airport in the United Kingdom by number of passengers), and those deriving from advisory services to international airports. In total, revenues from international business increased by 15.2% in the first six months of 2019, to €128.5 million.

Thousands of euros	H1 2019	H1 2018	Change	% Change
Ordinary revenue	128,426	111,472	16,954	15.2%
Other operating revenue	100	98	2	2.0%
Total revenue	128,526	111,570	16,956	15.2%
Total expenses (including depreciation and amortisation)	-112,890	-101,832	11,058	10.9%
EBITDA [1]	47,982	35,814	12,168	34.0%

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

Table 10. Key data for the international segment

Regarding the consolidation of London Luton Airport, this represented a contribution of €45.7 million to EBITDA, which was 37.8% more than in H1 2018, reflecting the growth in traffic for the period (10.3%) as well as the positive evolution of commercial revenue.

(Thousands of euros)[1]	H1 2019	H1 2018	Change	% Change
Aeronautical revenue	55,408	48,038	7,370	15.3%
Commercial revenue	66,723	58,251	8,472	14.5%
Total revenue	122,131	106,289	15,842	14.9%
Staff cost	22,452	24,073	-1,621	-6.7%
Other operating expenses	53,989	49,016	4,973	10.1%
Depreciation, amortisation and impairment	32,176	25,855	6,321	24.4%
Total expenses	108,617	98,944	9,673	9.8%
EBITDA[2]	45,684	33,160	12,524	37.8%
Operating profit/(loss)	13,514	7,345	6,169	84.0%
Net finance income/(expense)	-12,407	-11,673	-734	-6.3%
Profit/(loss) before tax	1,107	-4,328	-5,435	-125.6%

[1] *Euro-sterling exchange rate: 0.8736 in H1 2019 and 0.8798 in H1 2018.*

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

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

London Luton's revenue in sterling terms increased over the period to £106.7 million (14.1% up on H1 2018). This growth was possible thanks to the increased traffic, accompanied by good commercial revenue performance.

- Aeronautical income in sterling rose by 14.8% and commercial revenue by 13.5%.

  In the commercial revenue section, retail activities (shops and restaurants) performed well, with revenue increasing by 26.7% in the period YoY as a result of the opening of new premises (with better concession fees), following expansion of the terminal, with passenger flow also improving. Thanks to the actions carried out, the airport has a more attractive and varied range of services for passengers.

- EBITDA increased by 36.7% in the first six months compared with the same period in 2018, to £39.9 million. The EBITDA margin also improved to 37.4% compared with 31.2% in H1 2018.

The evolution of equity-accounted investees is shown hereunder:

	Equity method profit/(loss)				Exchange rates [1]			
Thousands of euros	H1 2019	H1 2018	Change	% Change	Foreign exchange rate	H1 2019	H1 2018	% Change
AMP (Mexico)	7,153.7	6,427.8	725.9	11.3%	€ - MXN	21.65	23.09	6.2%
SACSA (Colombia)	2,621.0	1,721.2	899.8	52.3%	€ - COP	3,602.08	3,448.55	-4.5%
AEROCALI (Colombia)	1,170.4	487.5	682.9	140.1%	€ - COP	3,602.08	3,448.55	-4.5%
Total share in income of associates	10,945.1	8,636.5	2,308.6	26.7%				

[1] *Average rate for the period*

Table 12. Equity-accounted investees

4. Statement of profit or loss

Thousands of euros	H1 2019	H1 2018	Change	% Change
Revenue	2,073,507	1,936,334	137,173	7.1%
Other Operating Income	27,238	28,978	-1,740	-6.0%
Total Income	**2,100,745**	**1,965,312**	**135,433**	**6.9%**
Supplies	-85,581	-86,734	-1,153	-1.3%
Staff cost	-229,042	-210,385	18,657	8.9%
Other operating expenses	-589,916	-545,946	43,970	8.1%
Losses, impairment and change in trading provisions	-3,060	7,238	-10,298	-142.3%
Depreciation and amortisation	-393,464	-401,551	-8,087	-2.0%
Impairment and net gain or loss on disposals of fixed assets	-4,699	-4,453	246	5.5%
Other net gains/(losses)	867	1,433	-566	-39.5%
Total expenses	-1,304,895	-1,240,398	64,497	5.2%
EBITDA (1)	**1,189,314**	**1,126,465**	**62,849**	**5.6%**
Operating profit/(loss)	**795,850**	**724,914**	**70,936**	**9.8%**
Finance income	3,070	1,036	2,034	196.3%
Finance expenses	-70,426	-60,878	9,548	15.7%
Other net financial income/(expenses)	338	1,385	-1,047	-75.6%
Net finance income/(costs)	**-67,018**	**-58,457**	**8,561**	**14.6%**
Profit or loss of equity method measured companies	10,945	8,636	2,309	26.7%
Profit before tax	**739,777**	**675,093**	**64,684**	**9.6%**
Income tax	-180,699	-162,822	17,877	11.0%
Consolidated profit for the period	**559,078**	**512,271**	**46,807**	**9.1%**
Profit for the period attributable to non-controlling interests	87	-2,227	2,314	103.9%
Profit for the year attributable to the parent company's shareholders	**558,991**	**514,498**	**44,493**	**8.6%**

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

Table 13. Statement of profit or loss

As a result of the positive evolution of all business lines, Aena's total revenue increased by 6.9% in the period, with respect to 2018, to €2,100.7 million.

Ordinary revenue grew by 7.1% to €2,073.5 million. This increase of €137.2 million has been explained above in the analysis of the various business lines.

As regards the change in expenses, this period shows an increase of 5.2% in the total (€64.5 million), or 8.7% if depreciation and amortisation are excluded, due to the effect of changes in the following items:

- Supplies fell by 1.3% (€1.2 million), mainly due to a reduction in the cost of the ATM/CNS (Air Traffic Management and Communications, Navigation and Surveillance) service due to the agreement signed with ENAIRE until 2021 (-€2.4 million), partially offset by the increase in the Agreement with the Ministry of Defence (+€0.8 million) and spare parts procurement.

- Staff cost increased by 8.9% (€18.7 million), mainly as a result of the salary review corresponding to the personnel of Aena SME, SA under Royal Decree 24/2018 of 21 December (in 2018 it was estimated for accounting purposes to be 1% until approval of the 2.75% increase that was regularised in September; 2.4% accrued in 2019), new hirings and the effect of the reversal in May 2018 of an excess provision in 2017.

- Other operating expenses increased by 8.1% (€44.0 million), mainly due to the effect of the entry into force in June 2018 of new contracts for private security services at network airports with higher associated costs (€17.2 million, +23.9%), the increase in electricity expenditure (€3.6 million, +10.1%), higher professional services costs (€4.6 million, 20.4%), as well as VIP lounge services managed by Aena (€2.1 million, +21.5%), which reflect the increase in users and new agreements initiated in 2018, due to the higher tax expenses (€1.5 million, +1.0%), support for passport control (€1.5 million, +253.0%), cleaning (€1.8 million, +6.2%), for services to passengers with reduced mobility (€1.8 million: 7.1%), as well as the change in provisions for customer insolvencies (€9.0 million; 151.9%).

- Depreciation of fixed assets decreased by €8.1 million (2.0%), mainly due to certain assets fully depreciated, partly offset by the depreciation of the new investment associated with the extension project of the Luton airport terminal and parking at height, as well as the depreciation of investments in runways and taxiways on the network and other actions on the Aena network.

EBITDA (earnings before interest, tax, depreciation and amortisation) increased to €1,189.3 million (including €45.7 million from the consolidation of Luton), which represents an increase of 5.6%, bringing the EBITDA margin for the period to 56.6% (57.3% in the same period of 2018). As usual, the margin for the first half of the year was affected by recording local taxes whose accrual occurs entirely at the beginning of the year in application of IFRIC 21 (€146.9 million in 2019 and €145.2 million in 2018).

Financial expenses increased by €9.5 million (15.7%). This increase was due to the reclassification of the financial effect of the advance received from World Duty Free Group España in application of IFRS 16 (€5.9 million, with no effect on cash) and to the change in the fair value (€10.9 million) of the hedging instrument contracted to protect against the risk of exposure to fluctuations of the euro/Brazilian real exchange rate to meet payments corresponding to the concession of the Northeast Group airports in Brazil (see note 8.b to the Financial Statements).
This increase was partially offset by the decrease in interest on debt due to lower interest rates and debt volume (-€8.2 million).

Income tax amounted to €180.7 million, an increase of €17.9 million, as a result of higher earnings for the period. The effective rate for the period was 24.4% (24.1% in the same period of 2018).

Consolidated profit for the period was €559.1 million. Earnings for the period attributable to non-controlling interests came to €0.1 million (corresponding to 49% of London Luton’s net profit), which places Profit for the year attributable to the parent company's shareholders at €559.0 million, 8.6% more than in the first half of 2018.

5. Capital expenditure

The total amount of capital expenditure paid during the period (property, plant and equipment, intangible assets and real estate investments) came to €276.0 million, including €12.7 million at London-Luton and €1.4 million at Región de Murcia International Airport.

In the airports network, payments for tangible investments during the period amounted to €261.8 million, an increase of €7.8 million (3.1%) compared with the same period of 2018, for which the figure was €254.0 million. This amount was mainly used to pay for investments in infrastructure maintenance.

As regards the actions put into service during the period, these focused mainly on the airfield, including notably the adaptation of the Palma de Mallorca, Girona-Costa Brava, Ibiza, Fuerteventura, Josep Tarradellas Barcelona-El Prat and Adolfo Suárez Madrid-Barajas aprons and runway improvements at Bilbao and Tenerife North airports.

As regards actions at facilities, it is worth noting the improved peak capacity of the automatic baggage transport system in Palma de Mallorca, the supply of gangways in Málaga-Costa del Sol and the supply of air-conditioning equipment for aircraft in Josep Tarradellas Barcelona-El Prat.
In maintenance, the most noteworthy were the actions carried out at the Josep Tarradellas Barcelona-El Prat power station.

The new FFS (Firefighting Service) building in Ibiza is also worth mention.

Regarding investments in progress, the duration of which will extend over the coming months, we would highlight those focusing on the terminal area, the remodelling and expansion of the South Pier building of Josep Tarradellas Barcelona-El Prat, on actions deriving from the functional design of the Reus terminal and remodelling of the Picasso terminal in Málaga-Costa del Sol.

Of particular note in airfields is the improvement or expansion of the aprons at Tenerife South, Ibiza, Lanzarote and Zaragoza airports. Runway regeneration at Sevilla and regeneration of runway 32R-14L at Adolfo Suárez Madrid-Barajas is also underway.

In buildings, the renovation work on the flooring in the Palma de Mallorca terminal, the expansion of the VIP rooms and the construction of the new building at the Josep Tarradellas Barcelona-El Prat border inspection point and the ground lighting activities in Málaga-Costa del Sol are also noteworthy.

As regards facilities, the supply of airbridges at Adolfo Suárez Madrid-Barajas and Josep Tarradellas Barcelona-El Prat stands out. And in personal security the improved security equipment on the airbridges at Adolfo Suárez Madrid-Barajas is noteworthy.

Notable actions are also being carried out in as regards the environment, aimed at soundproofing homes in the adjoining areas of several airports and thermal insulation of the terminal building and the modules in Palma de Mallorca.

As regards significant actions initiated in the first six months of 2019, functional improvements based on the functional design of Tenerife South and Sevilla in terminal buildings are worth mention.

In the airfield, actions on several taxiways at Alicante, Zaragoza and Ibiza airports stand out.

The upgrading of the hold baggage screening system to the latest standards, the supply of passport control equipment at several airports and the supply of aircraft assistance equipment at Adolfo Suárez Madrid-Barajas are also noteworthy.

Finally, it should be noted that during this period the public tender process for constructing a photovoltaic plant for Adolfo Suárez Madrid Barajas airport has begun.

At London-Luton Airport, investments continued to focus on the maintenance and renovation of equipment, as well as Project Curium, which aims to increase capacity to 18 million passengers with an investment of approximately £160 million.

In 2019, work continues on the new Multi- Storey Car Park 2 and the construction of the new Foxtrot taxiway, and it is estimated that they will be completed in mid-2019.

Work is also under way, financed and executed by Luton Borough Council, to connect the terminal building with Luton Airport Parkway railway station.

The airport continues to explore, together with the Luton Borough Council, options for providing new capacity to the airport once it is close to reaching the currently authorised limit.

As reported in the Consolidated Interim Management Report for the first quarter of 2019, the entity granting the concession for Luton Airport (London Luton Airport Limited “LLAL”) notified the concession operator, London Luton Airport Operations Limited “LLAOL ”, that in its opinion, some of the terminal building extension works had not been completed as defined in the concession agreement.

In this regard, in June, the deed of acceptance for the first and main phase of the London Luton Airport extension works (Project Curium) completed in December 2018 was received, whereby LLAL confirmed the conformity of the works carried out, the discrepancies communicated having been resolved and LLAL’s claim against LLAOL being withdrawn at no cost to the Group.

Regarding the capital expenditure of equity-accounted investees, it should be noted that on 13 May the environmental licence was partially assigned by Aerocivil (the Colombian civil aviation authority) to Cartagena de Indias Airport, the resulting allocation of environmental risks being favourable to SACSA.

At GAP airports, during the first six months of 2019, the expansion of the terminal building at Tijuana Airport was completed, with a total investment of more than 600 million Mexican pesos, runway 18-36n at La Paz airport was refurbished, and the expansion of the Los Cabos and Morelia terminal buildings is under way, as are investments in Bajío (on the runway shoulders) and in Los Mochis (refurbishment of the airfield).

5.1 Analysis of capital expenditure by area of action

Information on the breakdown of capital expenditure payments in the Spanish airports network in the first half of 2019 is shown hereunder together with a comparison with the same period of 2018:

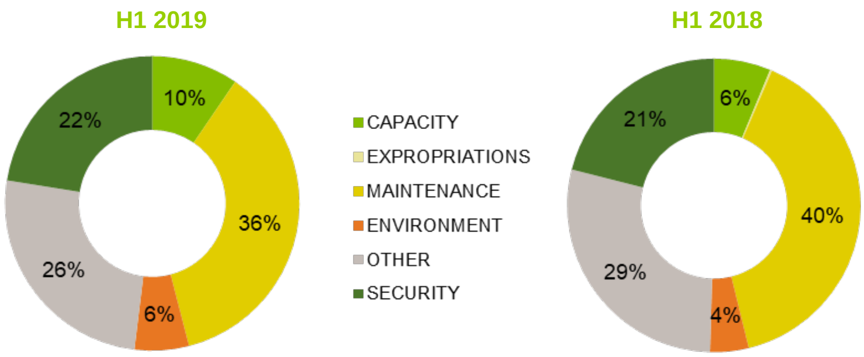

Figure 7. Analysis of capital expenditure by areas of application

- Capital expenditure aimed at ensuring the maintenance of the service fell as a proportion of the total, from 40% in the first six months of 2018 to 36% in H1 2019. It amounted to €95.4 million in this period (€100.9 million in H1 2018). The actions carried out included improvements to the Tenerife South, Valencia and Girona airports, as well as actions in the drainage of the Alicante airport system and improvement to the roofs at Adolfo Suárez Madrid-Barajas.

- Capital expenditure on security represented 22% of the total (21% in the same period of 2018), amounting to €58.9 million (€53.5 million in 2018). Actions carried out on safety included those aimed at improving the paving of various areas of the airfield at Madrid, Ibiza, Tenerife-North, Lanzarote and Girona airports, as well as those aimed at improving ground lighting at Málaga, Sevilla and Madrid airports, all of them in the aircraft movement zone. In terms of the security of people and facilities, actions focused on providing the terminals with access control systems, automated hand baggage equipment and explosive detection systems of a higher standard.

- Investments in capacity amounted to €25.0 million (€15.9 million in H1 2018), increasing from 6% to 10% as a proportion of the total. The actions completed in the terminals included: improved automatic luggage transport system in Palma de Mallorca, adapting the terminal building to the functional design in Reus and extending the South Pier at Barcelona airport. On the airfield: the new parking spaces at T4S in Madrid and the remodelling of the South Pier apron at Barcelona airport.

- In the environmental category, capital expenditure amounted to €15.6 million (€4.9 million more than in the first six months of 2018). This amount corresponds mainly to the thermal insulation work at Palma de Mallorca airport, soundproofing works on homes in areas adjacent to several airports, the installation of efficient lighting systems at several airports in the network, the new hot water supply from the co-generation plant in Madrid, the installation of photovoltaic solar panels at the Canary Islands airports and improved water use at Alicante airport.

- Other investments reflect actions amounting to €66.9 million (€72.4 million in H1 2018), including investments in information technologies, especially those aimed at improving communication infrastructure at several airports and storage servers and networks. Also noteworthy are those aimed at commercial activities, most notably the upgrading of VIP lounges in Barcelona and various improvements in car parks at Málaga, Palma de Mallorca and Madrid airports.

6. Statement of financial position

6.1 Net assets and capital structure

Thousands of euros	H1 2019	2018	Change	% Change
ASSETS				
Non-current assets	13,616,692	13,785,594	-168,902	-1.2%
Current assets	696,310	1,113,476	-417,166	-37.5%
Total assets	14,313,002	14,899,070	-586,068	-3.9%
EQUITY AND LIABILITIES				
Equity	5,492,291	6,023,805	-531,514	-8.8%
Non-current liabilities	7,118,136	7,376,773	-258,637	-3.5%
Current liabilities	1,702,575	1,498,492	204,083	13.6%
Total equity and liabilities	14,313,002	14,899,070	-586,068	-3.9%

Table 14. Summary of the consolidated statement of financial position

Effects of the entry into force of the new IFRS 16 Accounting Standard

IFRS 16 was applied in preparing the financial statements for the first time in 2019, as reported in note 2.1. to the 2018 Consolidated Financial Statements. This standard replaces IAS 17 Leases. The Aena Group has opted not to restate the previous periods and has recognised right-of-use assets and lease liabilities in an approximate amount of €46 million at 30 June 2019. In addition, the heading "Right-of-use assets" in the statement of financial position includes the carrying amount (€13.9 million) of the leased assets previously classified as finance leases under the previous IAS 17 standard, which were shown as property, plant and equipment in the statement of financial position at 31 December 2018. Consequently the total amounts to €60.1 million.

The effects on the statement of profit or loss for the first half of 2019 are detailed in note 2.1. to the Financial Statements, and are not significant.

Main changes

Non-current assets decreased by €168.9 million, mainly due to the effect of the following changes:

- Falls of €205.2 million in "Property, plant and equipment" heading, and of €10.5 million in “Intangible assets”, explained by trends in capital expenditure in the Spanish network, as a result of which additions to non-current assets for the period were less than the depreciation and amortisation recognised.

  The amount under “Equity-accounted investees” was also down, by €9.9 million, mainly as a result of the approval of dividend distribution of €17.9 million and the capital reduction of associate AMP (see note 2.3 to the Financial Statements); these factors were partially offset by the amount of €10.9 million under “Profit or loss of equity method measured companies” heading in the Statement of Profit or Loss for the six months to 30 June 2019 and which has increased the value of these investments.

- Conversely, there was an increase due to the recognition in "Right-of-use assets" of assets amounting to €60.1 million deriving from the entry into force of IFRS 16, as explained above.

- Lastly, the heading "Other financial assets" increased by €5.7 million due to the net constitution of deposits consigned by legal mandate to various public institutions of Autonomous Regions, corresponding to deposits in guarantee previously received from lessees of AENA SME SA’s commercial spaces, in compliance with Law 29/1994, of 24 November, on Urban Leases.

Current assets fell by €417.2 million, mainly due to the decrease of €475.3 million in "Cash and cash equivalents" as explained in section 7, Statement of Cash Flows), partially offset by the €58.2 million increase in the Trade and other receivables due to the accrual of unbilled income, mainly relating to the minimum annual guaranteed rent (MAGR) in the first half of 2019.

The reduction of €531.5 million in equity is due to the net effect of the dividend payment of €1,045.1 million, and the positive result in the period of €559.1 million (see Statement of changes in equity in the Notes to the Financial Statements).

In addition, the heading "Other reserves" decreased by €45.9 million as a result of the adjustment to fair value of hedging derivatives at 30 June 2019, which led to an increase of €57.3 million in the Liabilities of said financial instruments, as a consequence of the evolution of the interest rate curve.

The decrease in non-current Liabilities of €258.6 million is essentially due to the reduction in “Borrowings” of €256.4 million, explained in note 8 a to the Financial Statements, mainly due to the short-term transfer of €362.1 million corresponding to repayment of the principal of Aena's debt to ENAIRE (as a co-borrowing entity with various financial institutions) in accordance with the established repayment schedule. In the opposite sense, an entry was recorded in liabilities arising from the entry into force of IFRS 16 for an amount of €44 million, the reclassification to long term of approximately €40 million of the Luton subsidiary's bank debt, and receipts of new deposits in guarantee amounting to €37.6 million.

Likewise, the increase of €57.1 million in the heading "Derivative financial instruments" stems, as indicated above, from the adjustment to fair value of derivatives, the balancing entries being Reserve for cash flow hedges (75%), and deferred taxes (the remaining 25%).

The increase of €204.1 million in current liabilities mainly reflects the net effect of the following headings:

- Increase in the item “Trade and other payables” by €53.1 million, due to the annual accrual of Spanish property tax (IBI) and other local taxes which in application of IFRIC 21 are fully recognised at the beginning of the period for the amount of €146.9 million (of which €98.5 million remained payable at 30 June 2019), and an increase of €35.6 million in “Customer advances” due to the seasonality of the period. All of the above has been compensated by paying contractors and service providers the debt outstanding at the end of 2018, decreasing the balance by about €90 million during the period.
- Increase of €123.5 million in the item "Current tax liabilities", due to the accrual of Corporation Tax for the period, less an advance payment of €41.3 million.
- Change in the heading " Borrowings" by €32.8 million, explained in detail in Note 8 to the Financial Statements, mainly due to the aforementioned reclassification to long term of the Luton debt.

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 -€1,006.3 million at the end of the period (-€385.0 million at 31 December 2018), due to the changes in current assets and liabilities commented on previously.

6.2 Changes in loans and borrowings

The Aena Group’s consolidated net financial debt (calculated as Current plus Non-current “Borrowings”, less “Cash and cash equivalents”), stood at €6,905.8 million at 30 June 2019 (including €462.7 million from the consolidation of Luton Airport’s borrowings and €40.7 million of AIRM) compared with €6,654.1 million at 31 December 2018, with the associated ratios holding steady:

Thousands of euros	**H1 2019**	**2018**
Gross financial debt for accounting purposes	7,081,886	7,305,506
Cash and cash equivalents	176,040	651,380
Net financial debt for accounting purposes	**6,905,846**	**6,654,126**
Net financial debt for accounting purposes/EBITDA[1]	**2.5x**	**2.5x**

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

Table 15. Net loans and borrowings of the Group

Aena's financial strength is reflected in the confirmation by Fitch Ratings of the "A" credit rating with a stable outlook on 9 May 2019 and by Moody’s of the “A3” credit rating with a stable outlook on 26 July 2019.

Fitch Ratings also assigned a "F1" short-term rating for the first time.

During the period, debt of €362.3 million was amortised, in accordance with the payment schedule established in the contract, and the average interest rate of Aena's debt was 1.25% (1.30% at 31 December 2018).

Additionally, in the first half of 2019, €25.6 million were converted from a variable to a fixed rate to maturity system, with the interest rate dropping from 1.630% to 0.719%, and maintaining the debt composition by type at 88% of debt at a fixed rate and 12% at variable rates, with respect to 31 December 2018.

At 30 June, Aena had €725 million undrawn and available under a facility for €800 million corresponding to the sustainable syndicated credit line (ESG-linked RCF), as well as €636 million corresponding to three loans of €150 million, €400 million and €86 million, available until 31 December

2019, 1 December 2019 and 16 April 2021 respectively.

The above-mentioned €86 million loan corresponds to the financing agreement between Aena and the European Investment Bank (EIB) signed on 16 April, whereby the EIB granted the Company a long-term loan with a two-year grace period. This loan is intended to finance 75% of investments to improve energy efficiency and encourage renewable energy consumption at the 46 airports and 2 heliports in the Aena network in Spain, foreseen in DORA 2017-2021.

In relation to the capital to be contributed by the concessionaire of the North-east Brazil airports, Aena Desarrollo Internacional has contracted a non-deliverable forward hedging instrument with early cancellation option (in the event that the transaction does not go ahead). The purpose is to hedge the risk of exposure to fluctuations in the Brazilian Real/euro exchange rate in the period between the day of the award, 15 March, and the dates on which the capital payments are required by the concession (July and September 2019).
Although from a financial point of view at 30 June, the hedge had achieved the objective of covering the effects of the appreciation of the Brazilian Real at the accounting level the hedge had an impact on financial expenses in the profit and loss account of €10.9 million.

6.3 Information on average payment terms

At 30 June, 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	H1 2019
Average term of payment to suppliers	44
Ratio of transactions paid	51
Ratio of transactions pending payment	19

Table 16. Average payment terms

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 notes to the financial statements with regard to the average period of payment to trade suppliers* based on the balance of suppliers who, by their nature, are suppliers of goods and services, so that it includes the data pertaining to the items of trade payables in the statement of financial position.

Thousands of euros	H1 2019
Total payments made	465,533
Total payments outstanding	131,831

Table 17. Balance concerning suppliers

Over the period as a whole, these average payment terms were in accordance with those established by Law 15/2010. Cases in which payment was made outside the legally stipulated period were due mainly to reasons not attributable to the Company: invoices not received on time, expired AEAT certificates, lack of certificates of proof of supplier bank accounts, among others.

7. Cash flow

Thousands of euros	H1 2019	H1 2018	Change	% Change
Net cash from operating activities	1,111,587	1,009,787	101,800	10.1%
Net cash from/(used in) investing activities	-270,384	-260,826	-9,558	-3.7%
Net cash from/(used in) financing activities	-1,316,556	-1,307,144	-9,412	-0.7%
Cash and cash equivalents at the beginning of the period	651,380	854,977	-203,597	-23.8%
Effect of exchange rate fluctuations on cash held	13	76	-63	82.9%
Cash and cash equivalents at the end of the period	**176,040**	**296,870**	**-120,830**	**-40.7%**

Table 18. Summary of consolidated cash flow statement

In the first half of 2019, the Group's financing needs were met with the cash flow generated from operations (€1,111.6 million) and the good liquidity at the beginning of the period, which enabled financing of the non-financial capital expenditure programme (€276.0 million) and debt amortisation in accordance with the established schedule (€362.3 million), with very little recourse to external financing (only €75 million was availed under short-tern borrowing facilities).

Net cash from operating activities

The main cash inflows from operating activities related to payments from customers, both airlines and commercial tenants, and the main operating 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 6.5% to €1,192.7 million, from €1,119.6 million in the same period of 2018, mainly as a result of the improvement in the Group's operations as also reflected in EBITDA (earnings before interest, tax, depreciation and amortisation) of €1,189.3 million for the period, as against €1,126.5 million in the same period of 2018.

Once changes in working capital, interest and tax payments and other minor operating payments and receipts are taken into account, the net cash generated by operating activities amounted to €1,111.6 million, 10.1% more than in the same period of the previous year (€1,009.8 million).

Net cash used in investing activities

Net cash used in investment activities in this period amounted to €270.4 million, compared with €260.8 million in the same period of 2018, and mainly consisted of payments for acquisition and replacement of property, plant and equipment relating to airport infrastructure for an amount of €276.0 million (€274.6 million 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. Capital expenditure").

In addition, investing activities also included dividend collections from equity-accounted associates for €4.1 million (€4.6 million in 2018) and certain divestments in associates (see note 2.3 to the Financial Statements).

Net cash used in financing activities

The main financing outflows corresponded to the payment of dividends and repayment of principal of the debt corresponding to the mirror debt with Enaire as a co-accredited entity pursuant to the schedule of payments established under the agreement. Dividends paid amounted to €1,045.1 million, of which €1,039.5 million was paid to Aena shareholders and the rest to the non-controlling shareholders of Luton (first six months of 2018): €983.9 million, of which €975.0 million was paid to the shareholders of Aena and the remainder to the minority shareholders of Luton). Repayment of the principal of the debt corresponding to the mirror debt with Enaire as a co-accredited institution was €362.3 million (first six months of 2018: €360.5 million).

In terms of financing inflows, €75 million was drawn under existing credit facilities and €20.0 million was received by way of deposits in guarantee ("Other revenue").

8. Operating and financial risks

8.1 Description of key operating risks

Regulatory risks

AENA S.M.E., S.A. operates in a regulated sector and changes or future developments in applicable regulations may have a negative impact on the revenue, operating profit and financial position of AENA. In particular, such regulations affect:
- Management of the airport network with public service criteria;
- Regime of airport charges;
- Airport security measures;
- Operational safety;
- Allocation of slots.

Act 18/2014 introduces the mechanism governing the determination of airport charges for the first Airport Regulation Document ("DORA").

On 27 January 2017, the Council of Ministers approved the DORA for the period 2017-2021, in which the minimum service conditions that will be in force in airports in the AENA network are set forth for the next five years, providing a foreseeable regulatory framework in the medium term that will enable improved levels of efficiency and competitiveness to be achieved in terms of airport operations.

The DORA, prepared by the Dirección General de Aviación Civil (DGAC), following the proposal submitted by AENA and approved by its Board of Directors on 8 March 2016, conforms to the conditions and principles set out in Act 18/2014 of 15 October. It contains AENA's obligations for a period of five years, establishing among other aspects:

- The tariff path, with the establishment of a maximum annual income per passenger (IMAP) that allows AENA to recover the costs associated with the provision of basic airport services, costs that also respond to efficiency criteria laid down by the regulator. AENA IMAP will undergo an annual decrease of 2.22% over the period 2017-2021, starting from 1 March 2017.
- Capital expenditure that Aena must carry out and that has to meet the standards of capacity and service levels established, while also remaining in line with traffic forecasts. Regulated capital expenditure related to airport services amounts to €2,185 million for the five years (€437.1 million on average per year). Furthermore, a set of investment projects considered as strategic has been defined, any delay in the execution of which will mean a penalty in the IMAP.
- The levels of service quality, as well as a system of incentives and penalties to ensure compliance with them. The penalty / maximum annual bonus applicable to Aena for this item would be ±2% of the IMAP.
- The operating costs used in the DORA 2017-2021 were estimated without price effect and prospectively, and must be updated through the P index, so any unexceptional deviation such as the current inflationary pressure which may be passed on by service providers is considered an operator risk.

In application of Law 18/2014, on 24 July 2018 the Board of Directors of AENA approved the proposed charges applicable from 1 March 2019, consisting in the freezing of the adjusted maximum annual income per passenger (IMAAJ) for 2019 relative to the maximum annual income per passenger (IMAP) established in the DORA at €10.42 per passenger for 2018, as a result of the adjustments established by the DORA regarding the performance incentive for levels of quality and the traffic structure corresponding to year-end 2017.

The European Commission instigated infringement proceedings against the Kingdom of Spain to assess whether there had been an incorrect transposition of Directive 2009/12/EC, or an incorrect application of Regulation (EC) No. 1008/2008 on common rules for the operation of air services in the Community. The resolution of these proceedings could lead to changes in the regulatory framework applicable to airport charges.

The Regional Government of Catalonia asked the European Commission for a ruling on whether or not the airport regime set out in Law 18/2014 was in accordance with community law.

In addition, AENA's activity is regulated by both domestic and international law in terms of operational safety regarding persons, property and the environment, which may limit activities or growth of AENA airports, and/or require significant investments or expenses. AENA is a state company and, as such, its management capacity may be conditioned. Likewise, the top management of AENA, due to its characteristics as a state company, is subject to the public remuneration regime.

The main shareholder of AENA is a company belonging to the Spanish State. The Spanish State will continue to have control of AENA's operations, and its interests may differ from those of the other shareholders.

Operating risks

The Group's activity is directly related to the levels of passenger traffic and air operations in its airports, so it can be affected by the following factors:

- Negative developments (economic, financial or other) in Spain and other countries, both those that are origin/destination of traffic (United Kingdom, Germany, France and Italy, among others), and others that are competing tourist destinations. In this sense, the recovery of geopolitical stability which competing tourist destinations are beginning to experience affects the number of passengers in the AENA network of airports who may return to those destinations.

- It operates in a competitive environment both with respect to other airports and compared with other means of transport that can affect its revenue.
- It faces risks arising from the concentration of airlines and is reliant on the income from its two main airports.
- Commercial revenues are associated with the sales of the companies that rent the retail spaces, which could be affected by both the volume of passengers and their higher or lower spending power.
- In the operation of its airports, the Group depends on services provided by third parties, which may have an impact on its activity.
- Events such as terrorist attacks, wars or global epidemics could have a negative impact on international air traffic. In this sense, the recovery of geopolitical stability which competing tourist destinations are beginning to experience affects the number of passengers in the AENA network of airports who may return to those destinations.
- Industrial disputes may have an impact on AENA's activities.
- AENA is dependent on information and communication technology and systems and infrastructures face certain risks including the risks of cybersecurity.
- AENA is exposed to risks related to airport operations (operational and physical security).
- AENA is exposed to the risk of a major aviation accident.
- Natural disasters and weather conditions may adversely affect the business.
- Insurance coverage may be insufficient.
- The Group's international activity is subject to risks associated with operations in third countries and the fact that profitability prospects may not be as expected.
- AENA's profitability could be affected if it is unable to maintain its current efficiency levels.
- AENA is exposed to risks related to its indebtedness, whose obligations may limit AENA's activity and the possibility of accessing financing, distributing dividends or making its investments, among others.
- Changes in tax legislation could result in additional taxes or other forms of harm to the tax position of AENA.
- The Group is and may continue to be exposed to the risk of loss in the legal or administrative proceedings in which it is involved (see note 11.b to the Financial Statements).
- AENA is exposed to the effects of climate change, changes in regulations that may lead to an increase in the price of carbon emissions, and the need to undertake adaptation actions at airports in the medium-long term.

Risks related to Brexit

In the current financial year 2019, specific risks arise from the result of the referendum in the United Kingdom in favour of its exit from the European Union (Brexit). In this sense, the following risks are considered, whose ultimate expression is subjected to the negotiation process that the British government must initiate with the European Union to determine the ultimate conditions of its exit.

- Currently, 16.0% of passengers of the airport network of AENA S.M.E., S.A. in Spain have their origin/destination in the UK. Adverse economic developments in the United Kingdom could reduce tourism originating in that country.

- From an operational viewpoint, the risk is focused on airlines as it would involve agreements that will allow the movement of aircraft between the European Union and the United Kingdom. Regarding border control operations, the United Kingdom already enjoyed special treatment since it was not a part to the Schengen Treaty, so there would be no additional impact. That said, the volume of passengers with destination or origin in the United Kingdom increased by 3.2% in the first half of 2019 compared with the same period in 2018. On the other hand, European legislation prevents airlines from operating between European Union countries without a majority ownership and control of community ownership, which could put into question the European ownership of Iberia and Vueling to operate in Spain, both in domestic and European routes.

- From the standpoint of commercial revenue, a depreciation of the pound against the euro means a loss in purchasing power for British passengers, which is affecting the sales of the retail concessions in the airports, and therefore AENA S.M.E., S.A.'s revenues, although much of AENA S.M.E., S.A.'s commercial activity is ensured by the Annual Guaranteed Minimums.
- Activity at Luton Airport could be reduced as a result of restrictions on the free movement of persons or economic developments in the United Kingdom, given that a high percentage of its traffic is international.
- Investments, expenses and operational difficulties caused by the reconfiguration of passenger flows at airports.
- The Group has evaluated the possible scenarios arising from Brexit, concluding that the risk of deterioration is remote.

The Group's management bodies have implemented mechanisms aimed at identifying, quantifying and covering situations of risk. Regardless of the above, situations that can entail a major risk are closely tracked, as are the measures taken in this regard.

8.2 Description of the main financial risks

The activities of the Aena Group expose it to several financial risks: market risk (including exchange rate risk, fair value risk due to interest rates and price risk), credit risk and liquidity risk. The Group's global risk management programme focuses on the uncertainty of the financial markets and aims to minimise the potential adverse effects on the Group's financial profitability. In specific cases, the Group uses derivative financial instruments to hedge certain risk exposures.

The Board of Directors issues policies to manage global risk, as well as specific areas, such as foreign exchange risk, interest rate risk, liquidity risk, the use of derivatives and investment of surplus liquidity.

There is an acknowledgement of financial debt contract between AENA S.M.E., S.A. and its parent company ENAIRE, which originated in the non-monetary contribution that led to the creation of Aena Aeropuertos, S. A, through which 94.9% of the parent company's bank debt was initially taken on. On 29 July 2014 this contract was novated.

Market risk

Currency risk

The Group is exposed to fluctuations in exchange rates that can affect its sales, results, equity and cash flows, primarily stemming from:

- Investments in foreign countries (mainly the United Kingdom, Mexico, Colombia and Brazil).
- Transactions conducted by associates and other related parties which operate in countries with currencies other than the euro (mainly the United Kingdom, Mexico, Colombia and Brazil).

The foreign exchange risk on net assets of the Group's operations abroad are primarily managed by external resources denominated in the corresponding foreign currencies. In particular, with respect to the operation of Luton Airport, its business is naturally hedged as its operational collections and payments are all in pounds.

In the first six months of 2019 there was a loss of €122,000 (2018: gain of €73,000) due to exchange differences associated with a loan between companies in the group denominated in pounds sterling.

Additionally, as indicated in section 6 and detailed in note 8.b to the Financial Statements, Aena Desarrollo Internacional contracted an exchange rate hedging instrument (non-deliverable forward) with an early cancellation option (in the event that the transaction is not executed). The purpose is to hedge the risk of exposure to fluctuations in the Brazilian Real/euro exchange rate in the period between the day of the award, 15 March, and the dates on which the capital payments are required by the concession (July and September 2019).

Although from a financial point of view at 30 June, the hedge had achieved the objective of covering the effects of the appreciation of the Brazilian Real, at the accounting level the hedge had an impact on financial expenses in the profit and loss account of €10.9 million.

Cash flow and fair value interest rate risk

The Group's interest rate risk results from borrowings. Loans issued at variable rates expose the Group to cash flow interest rate risk. Fixed interest rate loans expose the Group to fair value interest rate risk.

The Group's goal when managing interest rates is to optimise the financial expense within the risk limits established, with the risk variables being the Euribor at three and six months, the main reference for long-term debt.

In addition, the value of the financial expense risk over the horizon of the projects is calculated and rate trend scenarios are established for the period to be taken into consideration.

Financial expenses are mainly due to the borrowings recognised by AENA S.M.E., S.A. with the parent company as well as the Company's own debt to credit institutions.

The Group manages the cash flow interest rate risk through swaps from variable to fixed interest rates (see note 8 to the Financial Statements). On 10 June 2015, the Company signed a hedging contract from variable interest to fixed for a notional amount of €4.195 million to cover part of its exposure to this debt with the parent company ENAIRE. The average spread of these loans over 3- and 6-month Euribor is 1.0379%. The execution fixed rate was 1.978%. The objective of the transaction was to provide a stable framework of interest rates in the DORA 2017-2021 period.

On 30 June 2019, the total amount of liability for these swaps in interest rate was €147,818,000 (2018: €85,260,000) (see note 8 to the Financial Statements).

The revisable interest rate, which is primarily applicable to the loan from the European Investment Bank, has a fixed interest rate which remains steady for a certain period (usually 4 years). At the end of this period, it is reviewed by the Group, which decides whether to continue with the same system or change it for a fixed rate at maturity or a variable rate. In this regard, in the first half of 2019, €25.6 million (EIB loans) have been converted from a revisable type regime to a fixed rate to maturity system, maintaining the debt composition by type at 30 June 2019 at 88% of debt at a fixed rate and 12% variable, similar to that of 31 December 2018 (if the effect derived from the exchange rate swaps contracted is considered).

Credit Risk

The Group's credit risk originates from cash and cash equivalents, derivative financial instruments and bank and other deposits, as well as exposure to trade receivables and agreed transactions.

Credit risk relating to trade receivables is limited, given that the main clients are airlines and collection is usually in cash or in advance. As for retail customers who have leased premises in the various airports, their risk is managed by obtaining sureties and guarantees. At

30 June 2019 the Group held, in addition to the cash collateral included in the consolidated statement of financial position, guarantees and other sureties related to the normal course of business for an amount of €10,205,000.

On 5 March 2011 the Official Gazette published Law 1/2011 of 4 March amending Law 21/2003 of 7 July on Air Security, which stipulated that for the management, liquidation and payment of all public airport charges of AENA or its subsidiaries, debt collection proceedings may be used to enforce payment, which shall be managed by the collecting bodies of the State Tax Administration Agency.

Credit limits have not been exceeded during the year and the management does not expect any losses not provisioned as a result of default by these counterparties.

Liquidity Risk

The main risk variables are: limitations in the financial markets, increase in capital expenditure envisaged and reduction in cash flow generation.

The credit risk policy described in the previous section results in short average collection periods. The Group's cost efficiency measures and reducing the cycle have also positively affected its cash generation. However, on 30 June 2019 the Group had negative working capital (calculated as total current assets minus total current liabilities) of €1,006.3 million (31 December 2018: €385.0 million), EBITDA, calculated as the sum of operating revenue and depreciation and amortisation in H1 2019 of €1,189.3 million (H1 2018: €1,126.5 million) and does not consider that there is a risk of being unable to meet its short-term commitments given the positive operating cash flows, which the Group predicts will remain positive in the short term.

The parent company Aena also has €725 million available in an ESG credit line with long-term maturity, and €636 million in available long-term financing corresponding to loans of €150 million from Unicaja and €486 million from the EIB.

The Group tracks cash flow generation to ensure that it is capable of meeting its financial commitments.

9. 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, demanding 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.

Under a third motion for enforcement, the High Court of Justice of Madrid issued a ruling on 2 December 2014 notifying ENAIRE and Aena on 5 December 2014, whereby: (i) it declared that the judgement of the Supreme Court of 13 October 2008 had not been executed, since it concluded that the breach of fundamental rights due to the stress caused by the overflights remained; and (ii) ordered, as a means of execution of the same, a 30% reduction in the number of overflights of Ciudad Santo Domingo, calculated based on the number of overflights in 2004, which amounted to 20,730 approaches to runway 18R.

An appeal for reversal was filed against the Order of 2 December 2014 with the same division of the High Court of Justice of Madrid requesting suspension of its enforcement without having to begin the reduction in the number of flights over Ciudad Santo Domingo until they are down to 30% less than those existing 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 there are insufficient elements to assess the actual compliance or non-compliance with the 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 High Court of Justice 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 Court was the end of November 2017, but after several requests for extensions of time by the Solicitor General, it ended on 22 February 2018.

By Order of 22 March 2018, the parties and the Prosecution Ministry were allowed a period to present pleadings about the documentation submitted by the Solicitor General. After receiving the pleadings, the High Court of Justice of Madrid issued an order dated 30 July 2018, which agreed: (i) to dismiss the argument of a resident's lack of legitimacy and (ii) to declare the Supreme Court ruling of 13 October 2008 executed.

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

By Order of 21 December 2018 the High Court of Justice dismissed the appeal for reversal, against which an appeal for cassation can be lodged. On 1 February 2019, the residents announced an appeal in cassation against the Rulings handed down on 30 July and 21 December 2018.

On 26 February, Aena Auto was notified by the High Court of Justice of Madrid that the cassation appeal is considered to have been prepared by the opposing party and Aena is summoned to appear before the Supreme Court. On 8 April, Aena filed a letter of appearance and opposition to the appeal with the Court.

Regarding Aena's appeals (see note 11.c to the Financial Statements) against the CNMC Agreement dated 23 April 2015 regarding the application in the update of the 2016 rates of a different criterion from that which was applied previous year for the allocation of costs, which would result in part of the costs of the airport terminals that had been accounted for as regulated activity costs would take advantage of commercial activities and should be considered as costs corresponding to them, this contingency has been resolved by the 3 June 2019 ruling of the National Court, considering the resolutions with which the rates were updated in 2016 to be correct.

Regarding the appeal against the CNMC Resolution of 23 July 2015 in relation to the deficit to be compensated, on 17 June 2019, a ruling dismissed Aena's claim, confirming that the compensable deficit would be the real deficit produced in each year and not the prospective deficit claimed.

9. Stock performance

During the first six months of 2019, the share price fluctuated between a minimum of €137.00 and a maximum of €178.05, ending the period at €174.30, representing a revaluation of 28.4%, outperforming the IBEX35, which gained 7.7% in the same period.

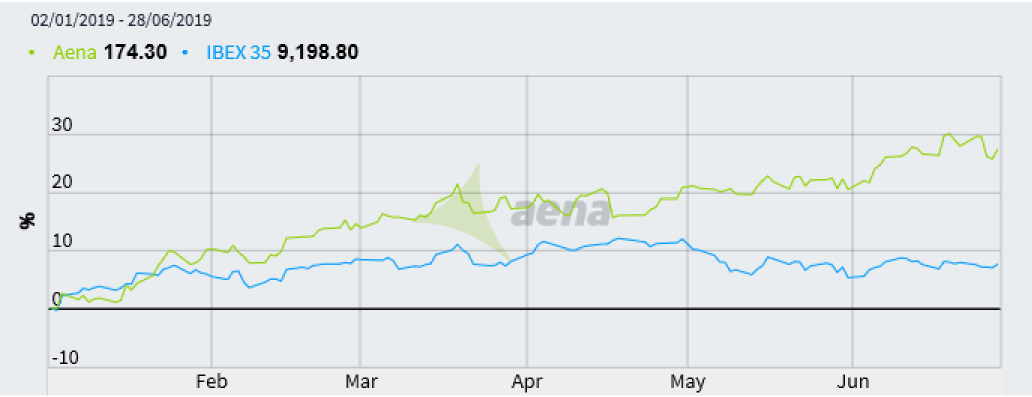

Figure 8. Stock performance

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

28 June 2019	AENA.MC
Total volume traded (no. shares)	40,011,356
Daily average volume traded in the period (No. of shares)	320,091
Capitalisation (€)	26,145,000,000
Closing price (€)	174.30
Number of shares	150,000,000
Free Float (%)	49%
Free Float (shares)	73,500,000

Table 19. Main data on Aena's share trading

As regards the acquisition and disposal of treasury shares, at 30 June 2019 Aena did not hold treasury shares, so there was no impact on the yield obtained by the shareholders or on the value of the shares.

10. Other events

Subsequent to 30 June 2019 and until the date of publication of this report, the following events considered significant have occurred:

- The Board of Directors of the state-owned company Aeroportos do Nordeste do Brasil S.A., in its meeting held on 1 July 2019, approved a capital increase in the amount of 2,389.0 Brazilian Real, which was fully subscribed by its sole shareholder Aena Desarrollo Internacional S.M.E., S.A. as explained in note 2.3 to the Financial Statements.

  On 18 July 2019, the first capital stock contribution amounting to 488.9 million Brazilian Real indicated in this note was recorded.

- On 30 July 2019, Aena's Board of Directors approved the proposed charges applicable from 1 March 2020, setting the maximum annual adjusted income per passenger (IMAAJ) for 2020 at €10.2997, which entails a reduction of -1.17% with respect to the IMAAJ of 2019 (€10.42) as a result of the adjustments that the DORA establishes in relation to the incentive for quality levels, the traffic structure at year end 2018 and the effect of the P index calculated according to the methodology established in Royal Decree 162/2019 of 22 March.

  This proposal will be reviewed and validated by the National Commission on Markets and Competition (CNMC) in its supervisory resolution on airport charges to be applied by Aena, S.M.E. S.A. in 2020.

- On 26 July 2019 the rating agency Moody’s affirmed the “A3” credit rating with a stable outlook for Aena S.M.E., S.A.

APPENDICES:

I. Consolidated interim financial statements
II. Summary of significant events published

APPENDIX I: Consolidated interim financial statements

Consolidated interim statement of financial position at 30 June 2019 and 31 December 2018

Thousands of euros	30 June 2019	31 December 2018
ASSETS		
Non-current assets		
Property, plant and equipment	12,667,575	12,872,781
Intangible assets	496,483	506,996
Investment property	139,196	138,183
Right-of–use assets	60,130	-
Equity-accounted investees	55,533	65,433
Other financial assets	77,840	72,854
Derivative financial instruments	-	1,144
Deferred tax assets	115,969	124,944
Other receivables	3,966	3,259
	13,616,692	**13,785,594**
Current assets		
Inventories	7,211	7,258
Trade and other receivables	508,076	454,838
Derivative financial instruments for hedging	4,983	-
Cash and cash equivalents	176,040	651,380
	696,310	**1,113,476**
Total assets	**14,313,002**	**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)	3,055,264	3,534,635
Accumulated conversion differences	-18,510	-20,301
Other reserves	-126,198	-80,333
Non-controlling interests	-19,133	-11,064
	5,492,291	**6,023,805**
Liabilities		
Non-current liabilities		
Borrowings	6,316,647	6,573,078
Derivative financial instruments	113,675	56,543
Grants	477,863	495,594
Provisions for employee benefit obligations	51,759	46,622
Provision for other liabilities and expenses	73,143	84,700
Deferred tax liabilities	57,689	70,995
Other non-current liabilities	27,360	49,241
	7,118,136	**7,376,773**
Current liabilities		
Borrowings	765,238	732,428
Derivative financial instruments	34,143	32,740
Trade and other payables	666,203	613,049
Current tax liabilities	148,396	24,889
Grants	34,373	35,217
Provision for other liabilities and expenses	54,222	60,169
	1,702,575	**1,498,492**
Total liabilities	**8,820,711**	**8,875,265**
Total equity and liabilities	**14,313,002**	**14,899,070**

APPENDIX I: Consolidated interim financial statements

Consolidated interim statement of profit or loss for the six-month periods ended 30 June 2019 and 30 June 2018

Thousands of euros	30 June 2019	30 June 2018
Continuing operations		
Ordinary revenue	2,073,507	1,936,334
Other revenue	4,575	6,255
Work carried out by the Company for its assets	2,636	2,575
Subcontracted work and other supplies	-85,581	-86,734
Employment costs	-229,042	-210,385
Losses, impairment and change in trading provisions	-3,060	7,238
Other operating expenses	-589,916	-545,946
Depreciation and amortisation	-393,464	-401,551
Portion of grants for fixed assets and others taken to income	18,536	17,608
Surplus provisions	1,491	2,540
Impairment and net gain or loss on disposals of fixed assets	-4,699	-4,453
Other gains/(losses) – net	867	1,433
Operating revenue	**795,850**	**724,914**
Finance income	3,070	1,036
Finance expenses	-70,426	-60,878
Other financial income/(expense) - net	338	1,385
Net finance income/(expense)	**-67,018**	**-58,457**
Profit or loss of equity method measured companies	10,945	8,636
Profit before tax	**739,777**	**675,093**
Income tax	-180,699	-162,822
Consolidated profit (/loss) for the period	**559,078**	**512,271**
Profit/(loss) for the period attributable to non-controlling interest	**87**	**-2,227**
Profit for the year attributable to the parent company's shareholders	**558,991**	**514,498**
Earnings per share (Euro per share)		
Basic earnings per share for the period	3.73	3.43
Diluted earnings per share for the period	3.73	3.43

APPENDIX I: Consolidated interim financial statements

Consolidated interim statement of cash flows for the 6-month periods ended 30 June 2019 and 30 June 2018

Thousands of euros	30 June 2019	30 June 2018
Profit/(loss) before tax	**739,777**	**675,093**
Adjustments for:	**452,895**	**444,479**
Impairment, depreciation and amortisation	393,464	401,551
(Profit)/loss on disposal of fixed assets	4,699	4,453
Accrual of grants	-18,536	-17,608
Trade receivable impairment adjustments	3,060	-7,238
Changes in provisions	14,973	12,523
Finance income	-3,885	-2173
Finance expenses	70,426	60,878
Exchange differences	477	-248
Other revenue and expense	-838	977
Share in profit/(loss) of entities accounted for using the equity method	-10,945	-8,636
Changes in working capital:	**17,135**	**-19,780**
Inventories	47	168
Trade and other receivables	-76,013	-85,571
Other current assets	-32	-333
Trade and other payables	121,257	86,647
Other current liabilities	-26,972	-20,388
Other non-current assets and liabilities	-1,152	-303
Other cash flows from operating activities	**-98,220**	**-90,005**
Interest paid	-52,437	-55,058
Interest received	53	63
Taxes received (paid)	-45,043	-35,178
Other proceeds (payments)	-793	168
Net cash from operating activities	**1,111,587**	**1,009,787**
Cash flow from investment activities		
Acquisition of property, plant and equipment	-263,032	-264,399
Acquisition of intangible assets	-9,935	-9,714
Acquisition of investment properties	-3,012	-528
Payments for acquisition of other financial assets	-6,141	-5,783
Sales of property, plant and equipment	85	-
Proceeds from divestments in group and associated companies	5,635	5,045
Proceeds from other financial assets	1,966	9,923
Dividends received	4,050	4,630
Net cash flows from investment activities	**-270,384**	**-260,826**

APPENDIX I: Consolidated interim financial statements

Consolidated interim statement of cash flows for the 6-month periods ended 30 June 2019 and 30 June 2018 (continued)

Thousands of euros	30 June 2019	30 June 2018
Cash flow from financing activities		
Income from outside resources (Grants)	1,574	-
Shareholder contributions	-	3,410
Net debt from financing	75,000	19,323
Other revenue	38,291	19,865
Repayment of bank borrowings	-9,157	-
Repayment of Group financing	-362,320	-360,493
Payments of lease liabilities (2018: payments of finance lease liabilities)	-3,798	-1,538
Dividends paid	-1,045,047	-983,898
Other payments	-11,099	-3,813
Net cash used in financing activities	**-1,316,556**	**-1,307,144**
Effect of exchange rate fluctuations	**13**	**76**
Net (decrease)/increase in cash and cash equivalents	-475,340	-558,107
Cash and cash equivalents at the beginning of the period	**651,380**	**854,977**
Cash and cash equivalents at the end of the period	**176,040**	**296,870**

APPENDIX II: Summary of Significant Events published H1 2019

Register	Date	Type of event	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 re corporate governance	The Company communicates the change of the chairman of the Audit Committee
274937	20/02/2019	Announcements of public presentations and meetings	Aena, S.M.E., S.A. announces the presentation of the Group´s results for FY2018
275161	26/02/2019	Annual corporate governance report	The company publishes its Annual Corporate Governance Report for 2018
275164	26/02/2019	Interim financial information	The Company publishes information on results for H2 2018
275165	26/02/2019	Information on results	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 Shareholders' Meeting
275168	26/02/2019	Board of directors remuneration annual statement	The Company publishes the Annual Report on directors' remuneration for financial year 2018
275170	26/02/2019	Information on dividends	2018 financial year dividend proposal
275672	05/03/2019	Announcements and resolutions of general shareholders meetings	The Company communicates the call for the General Shareholder´s Meeting 2019
276121	15/03/2019	Transmissions and acquisitions of equity interests	The company announces that it has been awarded the concession for the Northeast Group of airports in Brazil
276523	28/03/2019	Placing of large numbers of shares (block trades)	Merrill Lynch 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.
276946	09/04/2019	Information on dividends	The Company communicates the dividend distribution approval by the General Shareholders´ Meeting
276947	09/04/2019	Announcements and resolutions of general shareholders meetings	The Company communicates the approval of Resolutions by the General Shareholders´ Meeting
276948	09/04/2019	Composition of the Board of Directors	The Company communicates changes in the composition of the Board of Directors and Board of Directors´ Committees
277143	15/04/2019	Announcements of public presentations and meetings	Aena, S.M.E., S.A. announces the presentation of the Group´s results for Q1 2019
277144	15/04/2019	Announcements of public presentations and meetings	Aena, S.M.E., S.A. announces the presentation of the Group´s results for Q1 2019
277145	15/04/2019	Announcements of public presentations and meetings	Aena, S.M.E., S.A. announces the presentation of the Group´s results for Q1 2019
277415	25/04/2019	Strategic plans, profit forecasts and presentations	The Company communicates the revision of passenger traffic growth estimate for the year 2019.
277681	30/04/2019	Interim financial information	The Company communicates Q1 2019 results
277989	09/05/2019	Credit ratings	Fitch affirms long-term IDR “A” Stable and rates Aena short-term IDR “F1”

PREPARATION OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND THE CONSOLIDATED INTERIM MANAGEMENT REPORT AS AT JUNE 30, 2019

The Board of Directors of Aena, S.M.E., S.A, on July 30, 2019, in accordance with the provisions of current applicable regulations, has prepared the consolidated interim financial statements and consolidated interim management report for the six-month period ended June 30, 2019 which comprise the attached documents that precede this statement and, they consist of, the first in ___pages of common paper, and the second in ____ pages of common paper.

Cargo	Nombre	Firma
Chairman:	Mr. Maurici Lucena Betriu	
Director:	Mrs. Pilar Arranz Notario	
Director:	Mr. Francisco Javier Martín Ramiro	
Director:	Mr. Angel Luis Arias Serrano	
Director:	Mrs. Angélica Martínez Ortega	
Director:	Mr. Francisco Ferrer Moreno	
Director:	Mr. Juan Ignacio Díaz Bidart	
Director:	Mrs. Marta Bardón Fernández-Pacheco	
Director:	TCI Advisory Services, LLP, representado por Mr. Christopher Anthony Hohn	
Director:	Mr. Jaime Terceiro Lomba	
Director:	Mr. Amancio López Seijas	
Director:	Mr. José Luis Bonet Ferrer	
Director:	Mr. Josep Antoni Durán i Lleida	
Director:	Mrs. Leticia Iglesias Herraiz	
Director:	Mr. Jordi Hereu Boher	
Secretary (non Director):	Mr. Juan Carlos Alfonso Rubio	