MANAGEMENT
REPORT & ACCOUNTS
2019

ANA AEROPORTOS DE PORTUGAL

Powered by VINCI AIRPORTS

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I. MANAGEMENT REPORT

Annual Report 2019

1. KEY PERFORMANCE INDICATORS

Table 1. **ANA Group – Indicators** (2017-2019)

INDICATORS	Real 2019	Real 2018	Real 2017	Var. % 2019/2018
OPERATIONAL INDICATORS				
Commercial traffic				
Passengers	59.120.491	55.325.527	51.802.422	6,9
Aircraft movement	428.684	418.541	398.344	2,4
Cargo (tonnes)	194.681	175.001	167.064	11,2
Activities				
Turnover (thousand euros)[1]	898.465	830.220	760.639	8,2
Construction contracts (thousand euros)	21.501	14.338	22.821	50,0
Aviation (share of total %)	73,2	73,7	73,8	(0,5)*p.p.*
Non-aviation (share of total %)	26,8	26,3	26,2	0,5*p.p.*
Staff				
Staff at 31 December	3.258	3.143	3.286	3,7
Average staff	3.405	3.443	3.514	(1,1)
Staff costs (thousand euros)	138.041	131.264	126.463	5,2
Productivity				
Passengers/staff	17.363	16.069	14.742	8,1
Earnings				
EBITDA[2] (thousand euros)	573.835	558.573	485.385	2,7
EBITDA[3] margin (%)	63,9	67,3	63,8	(3,4)p.p.
EBIT[4] (thousand euros)	486.734	467.562	393.841	4,1
EBIT margin (%)	54,2	56,3	51,8	(2,1)p.p.
FINANCIAL INDICATORS				
Earnings				
Net profit (thousand euros)	303.435	284.114	248.451	6,8
Financial structure[5]				
Equity (thousand euros)	751.664	648.706	764.259	15,9
Debt (thousand euros)	1.034.605	1.203.440	1.131.748	(14,0)
Capital employed (thousand euros)	1.786.269	1.852.147	1.896.007	(3,6)
Cash flow				
Operational cash flow (thousand euros)	458.923	421.315	398.256	8,9

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

[2] EBITDA without construction contracts IFRIC 12 - Earnings before interest, taxes, depreciation and amortization.

[3] EBITDA / turnover.

[4] EBIT without construction contracts IFRIC 12 - Earnings before interest and taxes.

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

Table 2. **ANA, S.A. – Indicators** (2017-2019)

INDICATORS	Real 2019	Real 2018	Real 2017	Var. % 2019/2018
OPERATIONAL INDICATORS				
Commercial traffic				
Passengers	59.120.491	55.325.527	51.802.422	6,9
Aircraft movement	428.684	418.541	398.344	2,4
Cargo (tonnes)	194.681	175.001	167.064	11,2
Activities				
Turnover (thousand euros)[1]	847.077	781.627	710.891	8,4
Construction contracts (thousand euros)	21.501	14.338	22.822	50,0
Aviation (share of total %)	71,0	71,4	71,3	(0,4)p.p.
Non-aviation (share of total %)	29,0	28,6	28,7	0,4p.p.
Staff				
Staff at 31 December	1.304	1.279	1.272	2,0
Average staff	1.273	1.262	1.250	0,9
Staff costs (thousand euros)	84.594	79.217	75.410	6,8
Productivity				
Passengers/staff	46.442	43.840	41.442	5,9
Earnings				
EBITDA[2] (thousand euros)	566.565	553.388	483.220	2,4
EBITDA[3] margin (%)	66,9	70,8	68,0	(3,9)p.p.
EBIT[4] (thousand euros)	481.145	463.529	392.620	3,8
	56,8	59,3	55,2	(2,5)p.p.
FINANCIAL INDICATORS				
Earnings				
Net profit (thousand euros)				
	301.864	282.255	249.154	6,9
Financial structure[5]				
Equity (thousand euros)				
Debt (thousand euros)	744.990	643.603	761.014	15,8
Capital employed (thousand euros)	1.050.171	1.218.470	1.143.093	(13,8)
	1.795.161	1.862.073	1.904.107	(3,6)
Cash flow				
Operational cash flow (thousand euros)				
	451.957	415.007	393.144	8,9

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

[2] EBITDA without construction contracts IFRIC 12 - Earnings before interest, taxes, depreciation and amortization.

[3] EBITDA / turnover.

[4] EBIT without construction contracts IFRIC 12 - Earnings before interest and taxes.

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

2. THE ANA GROUP AT A GLANCE

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

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

On 31 December 2019, ANA, S.A.'s share capital stood at 200,000,000 euros, fully subscribed and paid up, represented by 40,000,000 shares, each with a nominal value of 5 euros.

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

On 31 December 2019, ANA, S.A. was fully owned by Vinci Airports, SAS.

In the following chapters, namely in Part III – Notes to the Financial Statements, more detailed information could be accessed, namely in what regards, the business framework, the constitution of the share capital of the companies comprising the ANA Group and the transactions between related parties.

3. ECONOMIC ENVIRONMENT

3.1. MACROECONOMIC OVERVIEW

Banco de Portugal data, updated in March 2020, indicates that global GDP growth is likely to have slowed to 2.7% in 2019, and it is forecasted to fall in 2020 (1.8% in the baseline scenario and 4.6% in the adverse scenario) and to recover in the two subsequent years.

Given this context, the external environment faced by the Portuguese economy was less favourable in 2019 than it had been in previous years.

In what regards 2020, the recent COVID-19 pandemic with a rather fast pace of spread conducted to a revision of the early projections for the Portuguese economy, presenting a GDP decrease of 3.7% in the baseline scenario and a GDP decrease of 5.7% in the adverse scenario. [1]

[1] Source: Economic Bulletin March/2020 of the Bank of Portugal.

3.2. THE AIR TRANSPORT SECTOR

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

Passenger traffic in Portugal increased in 2019. This rise is closely linked to the strong growth of the tourism sector, which continues to be the main driver of traffic.

As a result, ANA, S.A. has focused on implementing a proactive business strategy for route development, so as to leverage the strong economic conditions favoured by tourism. As in previous years, the Portuguese market has enjoyed a sustained increase in tourist demand, in line with the ongoing growth in passenger traffic through Portuguese airports.

In those regions in which there are ANA network airports, tourism has had a significant effect, as a function of each region’s specific characteristics.

As in previous years, the tourism-related awards that Portugal picked up in 2019 have helped to consolidate the country’s reputation and raise expectations of increased demand over the coming years. For the third time in a row, the World Travel Awards 2019 chose Portugal as the world’s leading destination, Lisbon as the world’s leading city break destination and Madeira as the world’s leading island destination.

4. BUSINESS REVIEW

The ANA Group currently provides services at the airports of Lisbon, Porto, Faro and the civilian terminal in Beja, in continental Portugal, at the airports of Ponta Delgada, Santa Maria, Horta and Flores, in the Autonomous Region of the Azores, and at the airports of Madeira and Porto Santo, in the Autonomous Region of Madeira.

The ANA Group, through ANA, S.A., manages the airport infrastructures that serve aircraft, passengers and cargo alike, as well as the operation of commercial and advertising spaces at airports, the offer of real estate (linked to airport operations, commercial buildings and hotels), car parks and support for rent-a-car services (generally defined as “non-aviation business”). In 2019, these businesses accounted for 93% of the Group's turnover.

Through Portway, S.A., the group also provides the full range of handling services required by air transport, this activity representing 7% of the turnover generated by the Group in 2019.

During 2019, the ANA Group kept on carrying out a sustainable development strategy for air traffic at the airports it manages, through a continued and dynamic commitment to the development of routes.

4.1. AIR TRAFFIC EVOLUTION

In 2019, around 59.1 million commercial passengers passed through the ten airports of the ANA network (3.8 million more than in 2018), a year-on-year increase of 6.9%.

The growth of passenger traffic at Portuguese airports continues to stand out in European terms. Significant results were achieved again in 2019, in Lisbon, Porto, Faro and Ponta Delgada airports, where, for the first time, the 31, 13, 9 and 2 million passenger marks, were respectively attained.

Lisbon airport was responsible for about 56% of the global increase in passenger traffic on the ANA network. It handled a total of 31 million commercial passengers (+ 2.14 million passengers, + 7.4% compared to 2018) and accounted for 217.7 thousand aircraft movements (+1.9% compared to 2018).

Legacy carriers were the strongest growing segment in the ANA network, in both relative and absolute terms. These airlines carried a total of 32.9 million passengers (+7.5% on 2018). The low-cost segment also expanded, carrying around 25.1 million passengers in 2019 (+6.9% in year-on-year terms).

The legacy carriers also turned in the strongest growth on the supply side, which was up by 2.4% in aircraft movements and 7.2% in seats. The average load factor for commercial flights across the ANA network (83.7%) fell slightly this year (0.2 p.p. down on 2018).

In absolute terms, the biggest increases in the number of passengers were registered in the following origin/destination pairs: Spain (+795 thousand), United Kingdom (+718 thousand), Italy (+284 thousand), Brazil (+270 thousand) and France (+254 thousand). On the other hand, the number of passengers from Germany was down by 75 thousand (-1.4%), what was mostly due to the decrease of demand for this origin/destination at Lisbon and Faro airports.

A total of 35 brand new routes were opened by ANA airports in 2019 (16 in Lisbon, 13 in Porto, 2 in Faro, 2 in Madeira and 2 in Ponta Delgada). There were also 28 new operations on routes already served by other companies (17 in Lisbon, 10 in Porto, 1 in Faro). Furthermore, 4 new scheduled airlines began operating out of ANA airports.

In order to achieve such a sound performance, the consolidation of an aviation marketing strategy, coordinated across the various airports in the ANA network and all other VINCI airports around the world, was once again a very important factor, its focus being centred on developing both our route profile and the airport product, with the overall aim of driving sustained growth.

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

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

The route development incentive system, which has been in force since April 2015 and which was revised and updated in 2017, is one of the main tools we use to meet our route and airport product development objectives.

In the case of Porto and Faro airports, the existing system was upgraded in 2018, with enhanced incentives designed to encourage airlines to set up operational bases and, thus, improve capacity usage at these airports while diversifying the network of destinations they serve.

The main commercial traffic indicators for ANA network airports in 2019 were as follows:

Table 3. **Commercial traffic by area** (2019)

	Lisboa	Porto	Faro	Beja	Açores	Madeira	Rede ANA
Passengers (unit)	31.172.774	13.105.339	9.008.991	770	2.463.021	3.369.596	**59.120.491**
Var. % 2019/2018	*7,4%*	*9,8%*	*3,7%*	*(84,9%)*	*6,2%*	*0,7%*	***6,9%***
Aircraft movements (unit)	217.703	96.537	58.788	92	29.496	26.068	**428.684**
Var. % 2019/2018	*1,9%*	*4,9%*	*(2,5%)*	*(19,3%)*	*3,9%*	*(3,3%)*	***2,4%***
Cargo (tonnes)	141.715	41.600	115	0	6.877	4.374	**194.681**
Var. % 2019/2018	*14,1%*	*4,6%*	*(4,5%)*	*0,0%*	*(10,4%)*	*34,8%*	***11,2%***
Seats (unit)	37.917.227	15.476.580	10.265.082	2.288	3.142.809	4.085.475	**70.889.461**
Var. % 2019/2018	*7,8%*	*10,1%*	*3,8%*	*(69,2%)*	*5,3%*	*1,0%*	***7,2%***
Load factor (%)	82,2%	85,4%	88,4%	33,7%	80,1%	82,9%	**83,7%**
Var. % 2019/2018	*(0,4 p.p.)*	*(0,3 p.p.)*	*0,0 p.p.*	*(34,9 p.p.)*	*1,1 p.p.*	*(0,2 p.p.)*	***(0,2 p.p.)***

Turnover at the Subsidiary in 2019 was around 83.3 million euros, which is 6% higher than it was in 2018. The main business indicators for the year underscore the overall result:

Table 4. **Business indicators for Portway, S.A.** (2019)

Business (amounts)	2019	2018	Change
No. of flights handled	53,834	53,096	***1.4%***
No. of passengers handled	15,603,903	16,059,507	***-2.8%***
No. of tonnes handled	84,401	72,725	***16.1%***

4.2. AVIATION BUSINESS

As in previous years, the Group's aviation business, which includes the handling business operated through the Subsidiary Portway, S.A., was responsible for most of the Group’s turnover. In 2019, it contributed with 657.3 million euros, or 73.2% of total ANA Group turnover.

Regulated revenues comprise by far the major part of aviation income (97.5%). These revenues were generated under the economic regulation model, the application of which led to the updating of the regulated charges in 2019.

The National Civil Aviation Authority (“ANAC”) approved the regulated charge structure for 2019, which had been previously subjected to user consultation. The service charges for Passengers with Reduced Mobility (“PRM”) and security at all ANA network airports came into effect on 11 January 2019, as did all the other regulated charges at Porto and Faro airports. The remaining regulated charges at the airports in the Lisbon Group (Lisbon airport, the airports in Madeira and the Azores and the Beja civilian terminal) only entered into force on 7 March 2019.

The charges subject to the economic regulation model, due for the use of airport facilities and services, are detailed in the Charges Guide, available at ANA’s internet site (www.ana.pt).

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

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

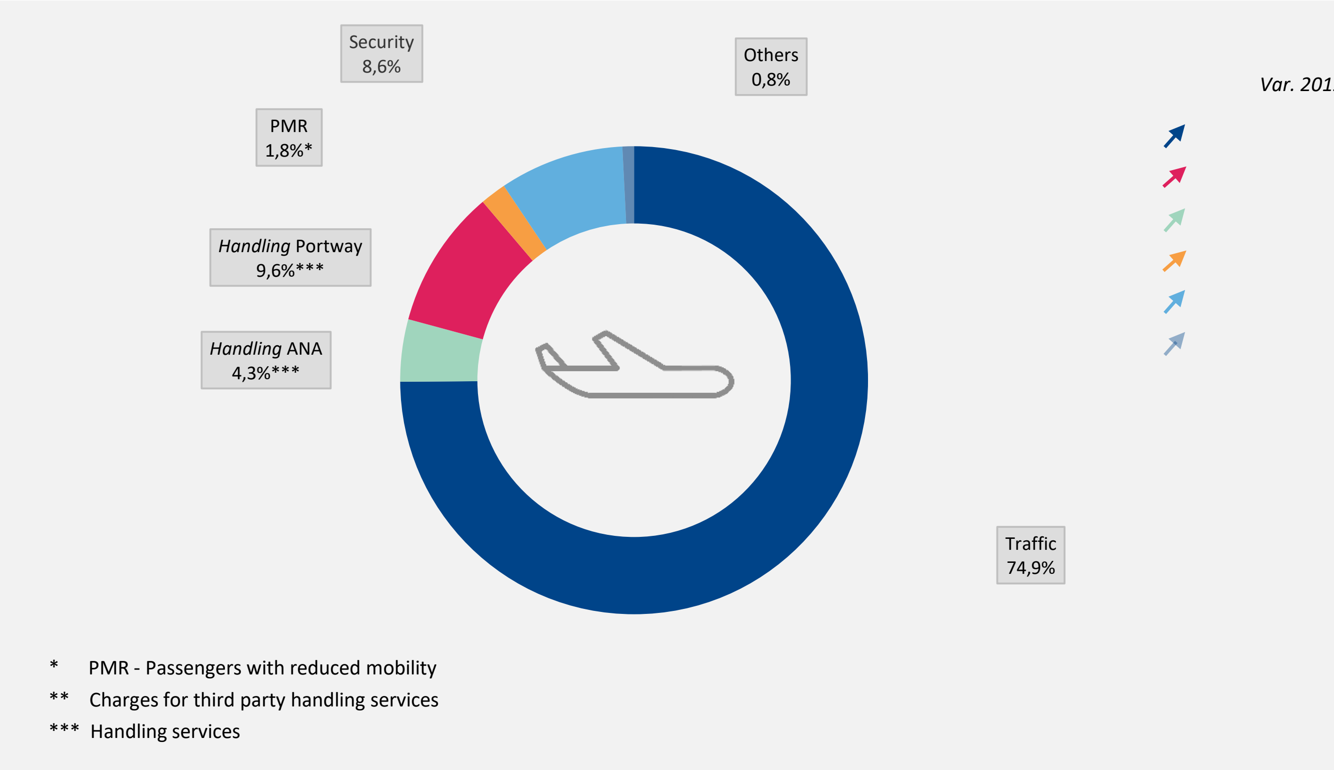
Building on the work done in previous years, the aviation product development strategy resulted in a number of studies and initiatives aimed at improving service provision and the efficiency of those airport processes that directly and indirectly involve users. These included:

- evaluation of PRM satisfaction at 5 network airports;
- evaluation of airline satisfaction, through a methodological approach supported in face-to-face interviews with airline representatives;
- analysis and benchmarking with various VINCI network airports, using Porto airport as a pilot case study. The aim of this exercise was to determine the best model for the “self-connecting” product, with a view to improving the experience for those passengers making informal transfers;
- a pilot study of waiting times at the security control at Faro airport. An automatic video camera system was used to monitor the efficiency of the operation in real time and to allow for improved resource allocation programming/planning on the basis of historical data;
- mapping of the passenger experience in the various flows - departures, arrivals and transfers - at both Lisbon airport terminals through a “service design” approach, in order to identify the main critical points and determine which improvement actions should be prioritized, so as to meet user and customer needs.

The ANA Group’s aviation business is sub-divided into five different revenue streams. The most important of these streams, in revenue terms, was traffic, which accounted for 74.9% of the group's aviation turnover in 2019. This stream presented an 8.1% growth when compared to the previous year. Revenue from handling services (including from our Subsidiary Portway, S.A.) also feeds into this business segment and contributed 14% of aviation turnover for the year. Other aviation segment revenue streams include security services, PRM and other aviation services, which accounted for 8.6%, 1.8% and 0.8% of 2019 aviation turnover, respectively.

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

Graph 1. Distribution of ANA Group's aviation business (2019; %)



4.3. NON-AVIATION BUSINESS

In 2019, revenues from non-aviation businesses amounted to 241.2 million euros (said amount does not consider approximately 4.7 million euros relate to intra-group transactions). This equates to a year-on-year increase of 10.1% and around 26.8% of total ANA, S.A. revenue.

The main revenue streams are retail (56.4%), rent-a-car (15.9%), car parking (12.6%), real estate (9.3%) and other services (5.8%).

The following cross-segmental non-aviation business development projects were launched in 2019:

Entry into service of a CRM (Customer Relationship Management) platform that will allow for tighter oversight of the various businesses and the activity of all concessionaires at Portuguese airports. The platform is run in close collaboration with the Vinci Airports Network;

Entry into service of a new e-commerce platform for Lisbon, Porto, Faro and Funchal airports. This will facilitate both cross-selling and upselling across product categories and airports, as well as allow clients more autonomy in their management of bookings.

The following subsections cover developments in the main business segments.

4.3.1. RETAIL

In 2019, retail business revenues rose 11.4%, in year-on-year terms, to 135.9 million euros. This performance can be attributed to both an upswing in traffic and the commercial development strategy.

Specialist retail continues to be the leading segment this year, accounting for 70% of revenues, followed by restaurants and bars, which generated 24% of the income.

The following developments in this business segment were of particular note in 2019:

- the opening of 3 new shops at Lisbon airport;
- the ongoing reconfiguration and refurbishment of the shopping areas in the main airports. This is designed to ensure that space layout, the offer mix in stores and the business policies employed by the concessionaires' match both what customers are looking for and the ongoing shifts in passenger profile. The sharing and exchange of information by those involved helped optimise the outcome of this approach.

4.3.2. RENT-A-CAR

The rent-a-car business continued to pursue its growth strategy, with 2019 revenue coming in at 38.4 million euros, a rise of 15.8% over the previous year.

We are still closely monitoring the activity of rent-a-car companies that do not have on-airport facilities. The regulation applicable to this business area (published in the Official Gazette of the Republic), implemented at mainland and Madeira airports in 2019, was also extended to Ponta Delgada. We are working, on an ongoing basis, to create improved conditions for the service provided by these companies, whilst also fostering compliance with the set of rules and conducts that are in force at the companies that have already been licensed to operate at ANA airports.

4.3.3. CAR PARKS

In 2019, the car parking business continued to grow, bringing in revenues of around 30.4 million euros, which is up 3.6%, in year-on-year terms.

A number of initiatives aimed at increasing the offer and the quality of the service were implemented over the year, namely:

- a complete overhaul of the online booking platform for mainland airports and also making this booking system available for the first time at Funchal airport;
- continuation of the overall growth trend in the various ANA, S.A. parking segments;
- continuation of the strategy of managing the use of some of the parks dynamically, in order to meet the parking needs of specific segments;
- consolidation of the curbside control and management systems at Lisbon and Porto airports, so as to better discipline and control access to these often-congested areas;
- consolidation of the application of the new charging model to the kiss & fly parks, which has resulted in a more rational use of these spaces.

4.3.4. REAL ESTATE

The main developments in the real estate business in 2019 revolved around the drive to maximise occupancy rates for the available business spaces. Revenues continued to grow, as they have since 2015.

Income for 2019 came in at around 22.5 million euros (27.2 million euros considering the intragroup operations), which is 0,3% up on the 2018 figure.

4.3.5. OTHER SERVICES

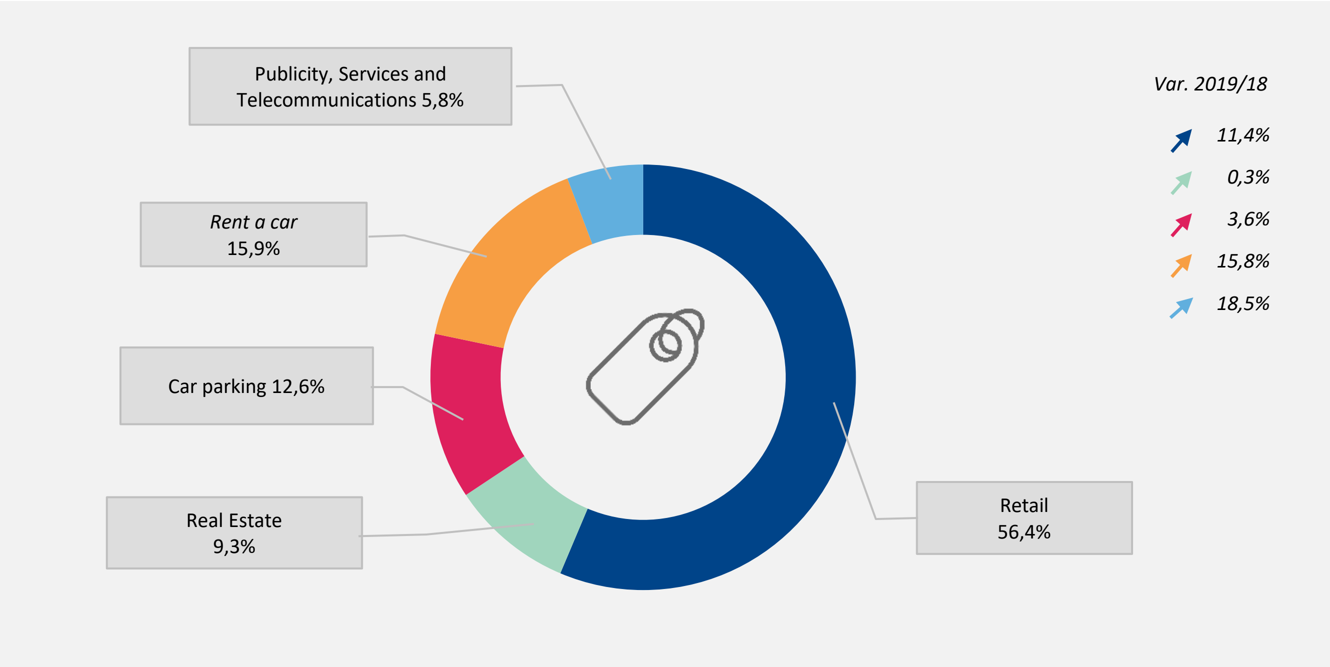
In what regards other services, revenue rose to 14 million euros as a result of a 18.5% growth up on the 2018 figure.

Publicity revenues rose to 4.6 million euros, an increase of 17.7% in year-on-year terms. This was achieved through the implementation of a number of creative and innovative solutions, increasing occupancy rates and the prices attained in the sale of the various positions, boosted by higher demand.

The telecommunications business brought in some 1.3 million euros, which is 3.1% down on the previous year. This drop is largely accounted for by a fall-off in Wi-Fi revenues.

Finally, other business revenues continued to grow, rising to 8.2 million euros for the year, 23.2% up on 2018. ANA lounges made a significant contribution to this rise in income.

Graph 2. **Distribution of the ANA Group's non-aviation business** (2019; %)



5. SUSTAINABILITY

5.1. HUMAN RESOURCES

5.1.1. RECRUITMENT

ANA S.A. continues to invest in the valorisation and empowerment of young talent, its second trainee programme, which was completed in 2019, resulting in the recruitment of20 of the 22 participating trainees, who came from a wide range of backgrounds. These new hires have helped rejuvenate and diversify ANA's human capital.

This programme, which was launched in 2018, offers structured internships in our various departments. The 12-month traineeships are specifically designed to foster a stronger integration between the academic and labour worlds. In addition to the abovementioned trainees, there were 58 new hires across the Company's various business areas in 2019.

The Portway S.A. Subsidiary has managed to substantially diversify its recruitment sources and place its brand as an important national recruiter. This has helped the company ensure it has the workforce it needs for seasonal peaks, particularly in Faro and Lisbon.

5.1.2. SKILLS DEVELOPMENT

In the field of training and skills development, a number of training sessions and other human resource development initiatives were run over the year, with the aim of driving performance and building workforce skills. These activities were embedded in the various plans comprising the training frameworks at the Company and Subsidiary. Some of the training highlights from 2019 were:

- sessions based on the across-the-board operational training plan, including an 'aviation security crisis management simulation' course and a 'security financial planning and optimisation' course;
- the deployment of a number of 'integrity and prevention of corruption' e-learning training sessions, designed to enhance the overall integration within the VINCI Airports Group;
- an investment in the development of the workforce's language skills, particularly English, through both face-to-face and e-learning courses;
- the running of a basic first aid course at various company sites, as part of the health and safety at work training programme;
- implementation of a new human resources management software programme, known as RUMO. Clarification sessions on this programme were held at all our airports and at head office. These focused on the changes in the performance assessment model and the on the platform that will be supporting the entire assessment process;
- development of a set of e-learning courses, including a number of training modules on self-protection measures and a course on innovation and creativity;
- implementation, at Portway, S.A., of an integrated human resource planning system designed to support, optimise and control handling operations and timetables.

Our ongoing investment in building workforce competences translated into a group-wide delivery of 100,087 hours of (internal and external) training. Of this total, 20,511 hours were delivered to ANA, S.A. employees and 79,576 hours to Portway, S.A. employees.

5.1.3. HUMAN RESOURCES IN NUMBERS

As at 31 December 2019, the ANA Group had a total workforce of 3,258[2]. 1,304 people were employed by ANA, S.A. and 1,954 by Portway, S.A., as detailed in the table below.

Table 5. **Distribution of ANA Group employees by company, gender and age group** (2018-2019)

	ANA, S.A.			Portway, S.A.			Grupo ANA		
	2019	2018	Var. % 2019/18	2019	2018	Var. % 2019/18	2019	2018	Var. % 2019/18
Total staff	1.304	1.279	**1,95%**	1.954	1.864	**4,83%**	**3.258**	**3.143**	**3,66%**
Gender									
Male	843	814	**3,56%**	1.444	1.403	**2,92%**	**2287**	**2217**	**3,16%**
Female	461	465	**-0,86%**	510	461	**10,63%**	**971**	**926**	**4,86%**
Age									
< 30	72	48	**50,00%**	355	292	**21,58%**	**427**	**340**	**25,59%**
30-50	734	741	**-0,94%**	1.415	1.405	**0,71%**	**2149**	**2146**	**0,14%**
>50	498	490	**1,63%**	184	167	**10,18%**	**682**	**657**	**3,81%**
Average age	46,9	47,4	**-1,05%**	38,1	38,2	**-0,24%**	**41,62**	**42,80**	**-2,75%**

As can be seen from the above table, there were 3.7% more employees in 2019 than in the previous year. This rise reflects the increase in traffic and business activity in general and is also driven by the operational improvement of airport capacity in Lisbon, as well as by the development of the Montijo airport.

The average age of the Group's employees is 41.6 years, slightly lower than the average recorded in the previous year.

5.1.4. SAFETY

The VINCI Group is committed to a “zero accidents” target and this underpins all our occupational risk prevention and health protection programmes for ANA Group employees.

In the case of ANA, S.A., both the frequency and severity of work-related accidents fell in 2019, when compared with the previous year. The LTIR (lost time injury rate) was down 9.7% and the SR (severity rate) was down 33.9%.

In the case of Portway, S.A., the frequency and severity of work-related accidents also came down in 2019, on a year-on-year basis. The LTIR (lost time injury rate – a frequency measure) fell by 37.2% and the SR (severity rate) was 51.7% lower.

As part of our work on reducing accident rates and fostering health and well-being at work, we ran the following initiatives in 2019: assessment and control of exposure to electromagnetic fields and assessment of exposure to biological agents and assessment/control of other risk factors, namely checking the safety of work equipment; assessment of indoor air quality; control of exposure to ionising radiation and adequacy of the radiological protection programme; microbiological control of building water networks for the prevention of exposure to legionellae; diagnosis of the status of the implementation of the self-protection measures for building fire safety.

[2] Includes members of the Executive Committee.

During VINCI safety week, information sessions were held on preventing the musculoskeletal injuries associated with work LMERT (the main accident risk identified last year) and on-the-job awareness, through postural coaching. Given the risks inherent in all the airside vehicle traffic and equipment movements, a Road Accident Prevention Journey was held at Lisbon airport, for in-house and third-party employees who manoeuvre equipment airside.

Portway, S.A. turned in a good operating performance throughout 2019, maintaining a focus on all levels of its safety management process, despite the constraints at some of the Portuguese airports.

5.2. ENVIRONMENT

ANA, S.A. considers the environment to be a strategic dimension and undertakes new approaches in order to improve its environmental performance and to develop and promote initiatives aimed at reducing the carbon footprint in the transportation and aviation sectors.

Environmental issues are part of its daily management, whereas its environmental management system (which is fully embedded in a single management system along with quality, health and safety at work and innovation) is ISO 14001:2015 certified since 2008. Thus, the Company is committed to monitoring, controlling and reducing any potential impacts that its work might have on the environment in general, as it seeks to ensure that it is operating in an environmentally responsible way.

In 2019, all ANA's ten airports had their Carbon Accreditation renewed by ACI Europe, maintaining the level 2 (reduction) of the Airport Accreditation program, as a result of the sustained and systematic application of a voluntary effort to manage ANA, S.A.'s activity with associated carbon emissions. As part of an ACI initiative, ANA committed itself to achieve carbon neutrality in 2050 – NetZero.

ANA, S.A. joined the Business Mobility Pact for the city of Lisbon, an initiative of the Lisbon City Council, the WBCSD – World Business Council for Sustainable Development and the BCSD Portugal – Business Council for Sustainable Development, which brings together leading companies in their commitment to make Lisbon's mobility more sustainable.

ANA, S.A. has collaboration protocols with a range of environmental associations which aim to support within different areas of technical, operational or environmental expertise (including some local).

The purpose of these partnerships is to strengthen company's capacity and know-how in these matters, using entities with specialized skills in the various fields related to environmental preservation.

Under the aegis of the 2015 environmental strategy for VINCI Airports, which includes all the ANA, S.A. airports, AirPact (Activities Impact Reduction) was approved. This strategy was revised and enhanced in 2019, with the establishment of more ambitious targets running through to 2030 and with a greater emphasis on three main areas: i) energy and climate change, ii) the circular economy and waste management and iii) water and the natural environment.

The aim for 2020 is to draw up specific plans for each airport, so that the strategy in question can be successfully implemented.

For further information on ANA, S.A.'s environmental performance, please see the separate report available on our website. (www.ana.pt).

Finally, great care was taken at Portway, S.A. to bolster operational sustainability. This concern is strikingly clear in the environmental initiatives being developed by the company, which include the ongoing initiatives to reduce the use of plastics, water and energy consumption and the electrification of the fleet.

The following areas of intervention are both relevant to this report and of significant note in their own right.

5.2.1. NOISE AND AIR QUALITY

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

This work has included the implementation of a noise monitoring system at the airports (operational round the clock), in which significant weighting is given to the environmental descriptor. The objective is to monitor and control noise levels, particularly as generated by aircraft.

Lisbon airport has 9 fixed monitoring stations, which are supplemented by 2 further stations at the airport perimeter to check the use of engine-breaking procedures. Porto, Faro and Madeira airports are each equipped with 3 such stations. The monitoring is complemented by 1 portable station at each airport. These are used to carry out analyses in areas not covered by the fixed stations and can also be deployed in response to any complaints.

Simulations/forecasts are also carried out/prepared, through the regular drawing up of noise maps. These describe the acoustic environment in the environs of the larger airports, where aircraft noise might be expected to have a greater impact.

ANA, S.A. continues to control gaseous emissions at the airports, particularly one-off releases, in compliance with our legal obligations. The air quality at Lisbon, Porto and Madeira airports is similarly monitored. This control mostly takes the form of monitoring surveys that are carried out in the summer and winter, at two separate sampling points.

In terms of air quality index classifications, air quality measurements at our airports continued to be broadly favourable in 2019. All air pollution levels came in below the legal limits and all airports were rated “Good” or “Very Good”. There were one or two lower quality results, largely attributable to local limitations linked to adverse atmospheric conditions.

In general terms, we can conclude that outdoor air quality was not significantly impacted by the sources of emission involved in running an airport.

5.2.2. VOLUNTARY CARBON MANAGEMENT

All airports of ANA network are accredited under the Airport Carbon Accreditation programme run by the Airports Council International (“ACI”). In 2019, the ten airports that are managed by the Company achieved level-2 accreditation (reduction), thereby maintaining the recognition of the efforts they have made to manage and reduce their direct and controllable greenhouse gas emissions.

As part of an ACI initiative, ANA, S.A. is committed to achieve carbon neutrality in 2050 – NetZero.

5.2.3. INCREASE IN ENERGY EFFICIENCY

At ANA, S.A., we consume direct energy (petrol, diesel, natural gas, butane gas and propane gas) and indirect energy (electricity). Electricity accounts for the bigger part of our energy consumption.

In this context, several energy efficiency measures have been implemented at the ANA Group, some in an across-the-board corporate sense while others have been adapted to the reality of each airport. It is worth mentioning the continued renewal of lighting by more efficient technologies, namely LED, the introduction of electric vehicles into the ANA, S.A. fleet and the studies carried out in Faro on the installation of solar photovoltaic systems for self-consumption.

5.2.4. CONSERVATION OF NATURAL RESOURCES

ANA, S.A. has worked particularly hard to optimise management of its water resources, to ensure that usage is efficient and overall consumption is reduced. The Company's total usage of this natural resource has steadily declined in recent times, thanks to the implementation of a different number of measures.

One interesting water-saving initiative involves reusing the water used in the tests run on firefighting vehicles. This project has been implemented at Porto airport for a number of years and has won a VINCI innovation prize. The project was extended to Lisbon airport in 2019 and VINCI Airports fully expects to implement it at other airports in the Group.

We have invested substantially in improving the drainage systems designed to deal with effluents, rainwater and contaminated run-off. Entire networks have been reconfigured at some airports and programmes have been installed to monitor the quality of wastewater, rainwater and run-off.

5.3. RESEARCH, DEVELOPMENT AND INNOVATION

In 2019, the Research, Development and Innovation Management System ("SGIDI") continued to be the main tool through which we fostered the organisational culture required to drive innovation. Thus, we were able to pursue our intention of energising knowledge-generating and innovation-enhancing processes, by sharing ideas and opportunities, stimulating our internal critical spirit and managing in such a way as to produce innovative results.

In leveraging the Company's "innovation network" and in-house know-how, we have encouraged our employees to get involved in partnerships at both the national and international level. We have also hosted experience sharing initiatives at our airports in Porto and the Azores and encouraged participation in forums, fairs and other external events.

Work was completed this year on the "IDK – Innovation, Development and Knowledge" platform, which is based on four crucial principles: innovation, transversality, foresight and openness. The objective is to act right along the innovation value chain, at its multiple focal points and across all its themes, by implementing tailor-made approaches that allow us to both foster creativity and harness and disseminate knowledge.

The key elements of our RDI project management over the year were as follows:

- Approval of the application to the "Madeira 14-20" Operational Programme of the "MEGE - Structural Monitoring of Large Structures" project. This objective of this project, which started in March, is to monitor the condition of the infrastructure at Madeira airport. It focuses on two key components: runway support infrastructure and the breakwater on the protection shoulder.
- Approval of the application to the 2020 Operational Programme for the Centre of the "MPP - Persistent Runway Monitoring" project, to be run at Lisbon airport in collaboration with Tecmic and INOV. The project, which started in August, aims to develop an innovative solution for monitoring and analysing the status of an airport's runway, even in adverse weather conditions. This non-intrusive system is designed to identify situations that might compromise the operability of the runway. These will trigger multi-channel notification mechanisms, as a function of the risk and level of severity of each type of occurrence.
- The LIS_iAOP project, which aims at improving alignment with the best practices and methods identified in the "SESAR 2020 R&D Programme" and, thus, contribute to enhancing Lisbon airport's performance. This programme has the following objectives:

i) to obtain better results for the safety and efficiency of the management of airport resources;

ii) to mobilise R&D for the European Commission's Single European Sky initiative;

iii) to assure punctuality, resilience and continuous air traffic flows around the world; and

iv) to make European airspace attractive to passengers from all over the world.

5.4. INFORMATION SYSTEMS

Work continued throughout 2019 on implementing the new governance model for information technologies ("IT") that the Company adopted in late 2018.

At the same time, an internal analysis of application sourcing was carried out, with a view to substantially increasing our application development capacity and consolidating the number of external service providers. This process is intrinsically linked to the implementation of the new governance model.

The Company's main initiatives in the area in 2019 were as follows:

- In what concerns technical infrastructures, strengthening local storage solutions (airports) and the virtual server platforms as well as encouraging greater use of cloud platforms supported on Microsoft Azure and Amazon Web Services;
- Given that nine of the network's ten airports have been classified as essential services, particular attention was paid to cybersecurity. As a result, we contracted both a SIEM (advanced correlation of security events) system and SOC (Security Operation Centre) services. The ACI Europe task force also held its meeting in Lisbon and the Company has participated actively in various international initiatives, including those run by ACI Europe, EASA and the European Commission (representing ACI in the second two of these);
- renewal of the contract for the passenger processing platform that supports the check-in and boarding processes as well as baggage reconciliation; and
- renewal of GO, the platform that supports the traffic operations management system.

5.5. INFORMATION SECURITY AND PRIVACY

European Parliament Regulation 2016/679, of 27 April 2016, the General Data Protection Regulation ("GDPR"), led to significant changes in the way that personal data is processed and the free circulation of these data. The regulation came into force in Portugal in May 2018. Subsequent legislation Law no. 58/2019, of 8 August, and Law no. 59/2019, of 8 August) transposed the rules and execution of the regulation into Portuguese law.

Given the consequences of the GDPR coming into force, we have adopted the following measures:

- Reformulation of the cookie policy for the corporate website, as well as the agreements we have with our suppliers for the processing of personal data;
- We have put up posters in the airports informing passengers and staff what data are collected and how they might exercise their rights as owners of the personal data;
- Start of a new internal training programme for staff, and some of our key partners, at the Azores, Madeira, Porto, Faro and Beja airports. Trainees are given the key information they need to be able to understand the impact and obligations of GDPR, in terms of the practices

instituted at the Company on the basis of the policies adopted and the way in which these affect their work. The training also includes an awareness module on information security;

- A range of data protection impact assessments were carried out, in such areas as video surveillance, automatic reading of licence plates and clinical databases;
- An internal audit was carried out of the governance model for data protection and the monitoring of video surveillance systems, the automatic reading of licence plates, personal data processing agreements with suppliers and the data protection system records at the Azores, Madeira, Porto, Faro and Beja airports.

6. ECONOMIC AND FINANCIAL ANALYSIS

6.1. RESULTS

ANA Group turnover [3] in 2019 was 898.5 million euros, a year-on-year increase of 8.2%. This growth can be attributed to the favourable performance of both the aviation (+7.5%) and non-aviation (+10.3%) businesses.

ANA, S.A.'s contribution to group turnover, excluding intragroup operations in the form of the invoicing of the Portway, S.A. Subsidiary, was 835.3 million euros, 8.4% more than in 2018.

Tabela 6. **ANA Group turnover** (2017-2019; thousands of euros)

ANA Group	2019	2018	2017	Δ% 2019/2018
ANA, S.A.	847.077	781.627	710.891	8,4%
Portway, S.A.	83.321	78.685	77.805	5,9%
Intra-group operations	(31.933)	(30.092)	(28.058)	6,1%
ANA Group	**898.465**	**830.220**	**760.639**	**8,2%**

In overall terms, Portway, S.A. performed well in 2019, although there were differences between the various airports. Existing client business activity rose, and new handling and cargo clients were acquired in Lisbon and Porto, whilst numbers fell slightly at Madeira and Faro airports.

The Group's EBITDA for 2019 came in at 573.8 million euros, thus maintaining the upward trend seen in recent years. This translates into an EBITDA margin without construction contracts of 63.9%, a year-on-year fall of 3.4 pp.

Group revenue per passenger amounted to 15.2 euros, an increase of 1.3% over the previous year.

Net profits for the ANA Group were 303.4 million euros, which is 6.8% up on the previous year and in line with the recent growth trend.

This performance was mainly driven by revenue performance, which rose by 75.4 million euros year-on-year, as detailed in chapter 4 of this report.

The provision of external supplies and services to the ANA Group, amounting to 185.9 million euros, excluding the 30,2 million euros impact of IFRIC 12, was 6.6% higher than in 2018.

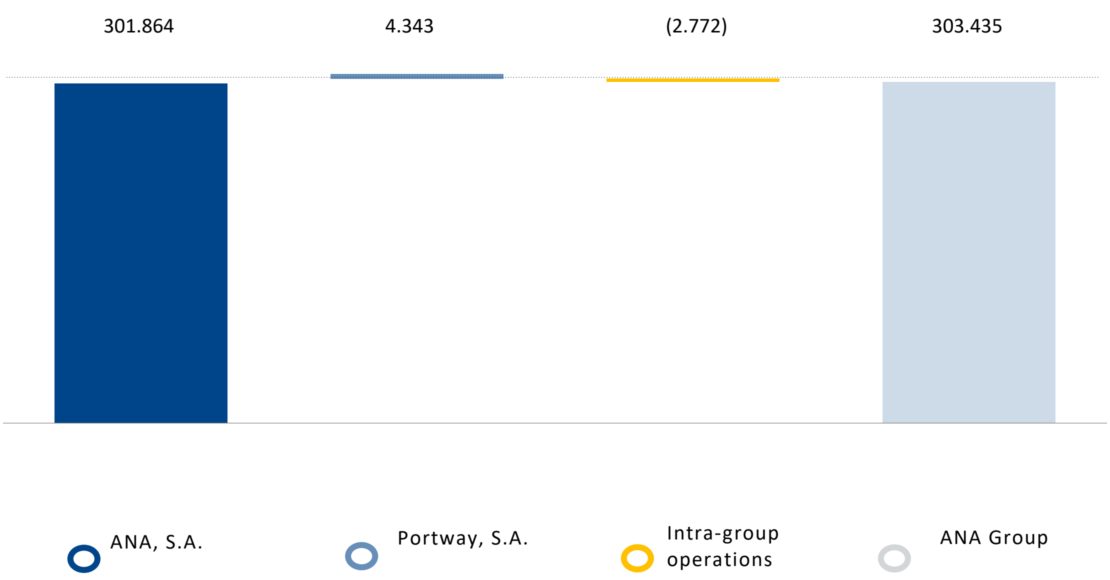
Staff costs showed an increase of 5.2% compared to 2018, reflecting the combined effect of hiring new employees, salary updates and staff numbers.

[3] Turnover is presented net of construction contracts (IFRIC 12).

With respect to financial income, the near 1% drop in year-on-year borrowing costs in 2019 is the result of lower charges, which, in turn, are due to a reduction in debt principals following the loan repayments made in 2019.

The following graph shows the breakdown of net profits for each Group company in 2019:

Graph 3. **Breakdown of the net profits of the ANA Group companies (2019; thousand of euros)**



6.2. FINANCIAL SITUATION

At the end of 2019, the capital invested in the ANA Group totalled approximately 1.8 thousand million euros.

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

The change in net applications is largely accounted for by a one-off rise in financial liabilities, associated with the growth of the ANA Group's activity.

On the finance side, the fall in equity reflects the dividends distributed to the shareholder in 2019, in respect of the profits earned in 2018, and the carrying of the net profit for 2019.

Table 7. **Financial situation in the ANA Group** (2017-2019; thousand of euros)

	ANA,SA				Grupo ANA	
2019	2018	2017		2019	2018	2017
209 256	230 062	250 050	Tangible Fixed Assets (net of subsidies)	214 272	233 878	253 333
1 717 830	1 738 852	1 752 952	Intangible Assets (net of subsidies)	1 719 260	1 740 282	1 754 382
51 802	46 425	41 794	(+) Deferred tax assets	52 048	46 477	41 859
401	365	372	(+) Inventories	1 159	1 096	972
87 624	81 646	79 091	(+) Third party debt	92 324	85 043	84 276
(277.147)	(241.032)	(225.276)	(+) Debt to third parties and other liabilities	(293.615)	(255.810)	(239.365)
1.789.766	1.856.318	1.898.983	**(=) Net use of capital**	1.785.448	1.850.966	1.895.457
5 395	5 755	5 124	(+) Financial investments	821	1 181	550
1.795.161	1.862.073	1.904.107	**(=) Total use of capital**	1.786.269	1.852.147	1.896.007
744 990	643 603	761 014	Equity	751 664	648 706	764 259
1 332 200	1 332 200	1 332 200	(+) Debt to shareholder	1 332 200	1 332 200	1 332 200
(282 029)	(113 730)	(189 107)	(+) Net debt to other entities[1]	(297 595)	(128 760)	(200 452)
1.795.161	1.862.073	1.904.107	**(=) Capital employed**	1.786.269	1.852.147	1.896.007

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

6.3. RISK MANAGEMENT

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

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

- strategic - dependent on external forces that can impact the group's strategy, performance, operations and organisation in the mid to long term;
- operational - arising from the engagement in the business activities and from the Group's internal processes;
- financial - associated with the Group's financial performance. The financial risk management policy for the ANA Group is detailed in the Notes to the Financial Statements, in points 2.20. Coverage Policy and 3. Management of Financial Risk;
- conformity - pertaining to compliance with the domestic and international legislation and regulations that govern the Group's business activity;
- fraud - associated with deliberate misconduct, whether originating inside or outside the Group.

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

The ANA Group's Risk Management model is currently under review. This is not only because the airport sector has undergone significant changes in recent years, and these have contributed decisively to increasing the Group's exposure to risk, but also because joining the VINCI Group has thrown up a substantial set of opportunities and challenges, due to the size and diversity of the assets owned by the Group of which the ANA Group is now part.

7. INVESTMENTS

In 2019, the ANA Group invested 47.1 million euros in the ten airports under its management.

Of this total, in the specific case of ANA, S.A., around 65% was invested to expand our installed capacity. The remainder was absorbed by maintenance, conservation and replacement projects for the existing infrastructures and equipment.

Geographically speaking, the investment programme focused on the mainland airports (Lisbon, Porto and Faro), which accounted for 35 million euros, 79% of the investment and 69% of the capacity development effort, as a result of the traffic growth seen in these airports in recent years.

The island airports (Madeira and the Azores) accounted for 3.9 million euros, or around 8.2%, of the total investment. Investments focused on conserving and replacing infrastructures and equipment.

The following investments are also worth mentioning, due to their size and materiality:

- at Lisbon airport, of note are the investments made in the roofs, façades and the thermal insulation and waterproofing of the NaveSul roof, in the operational improvement of airport capacity, in the self-service bag drop and in the rapid exit taxiways on runway 17/35;
- technical and environmental studies as part of the Lisbon airport capacity operational improvement project;
- at Porto airport, the investments made in the Fox taxiway - extension, light signalling and command control - and in the contingency plan for the baggage transport system.
- A total of 2.5 million euros was invested at Portway, S.A.. Most of this amount was accounted for by on airport support equipment (buses – 1.2M€, other equipment – 0.8M€), security and surveillance equipment, furniture and administrative and transportation equipment.

In 2020, and in addition to the investments that have already been announced for the development of Montijo airport and for the ongoing development of capacity at Lisbon airport, ANA, S.A. is also planning to make the following investments:

- Extension of the FOX service way at Porto airport;
- Expansion of the international area in Terminal 2 at Lisbon airport;
- Replacement of the roof sheeting, rainwater gutters and glazed fittings in the terminal at Faro airport; and
- The landside terminal roof at Ponta Delgada airport.

7.1. OPERATIONAL IMPROVEMENT OF LISBON AIRPORT

In recent years, traffic at Lisbon airport has increased significantly and there is now a need for a new solution to meet this extra demand. In January 2019, ANA and the Portuguese state signed a new agreement that establishes the economic framework for this operational improvement, in line with the Lisbon region airport investment plan. The plan provides for a two-track solution: the construction of an airport on Military Base No. 6 (BA6) in Montijo and the phased adaptation of Lisbon airport.

The new Montijo airport will primarily serve medium-haul point-to-point connections with short turnaround times. Lisbon airport will mostly operate in hub and spoke mode.

The development of these Lisbon airport infrastructures will be a key factor in attaining our business objectives. The main initiatives in the plan are as follows:

7.2. MONTIJO AIRPORT

7.2.1 DESCRIPTION

Once completed, Montijo airport will occupy a total area of around 200 hectares, or one fifth of BA6's current size. BA6 will continue to operate as a military base, alongside the new civil airport.

The main features of the planned airport are:

- A 2,400 m take-off runway;
- A system of taxiways and parking aprons for code C aircraft that can occasionally be used by code E aircraft;
- 24 parking positions (in the first phase), with 18 contact positions;
- Three-level passenger terminal with an area of about 94,000 m^2;
- Car parks with a capacity for around 5,100 vehicles;
- Support facilities (control tower, fire-fighting system, fuel tanks, maintenance buildings, waste treatment plants, etc.).

7.2.2 SCHEDULE AND PROCEDURES

The Environmental Impact Statement was obtained on 21 January 2020 and the project is now in the development phase. The following primary tasks are currently in hand:

- changes to the preliminary project, start of the execution project;
- preparation of the Execution Project Environmental Compliance Report (RECAPE, in Portuguese);
- preparation of the coordination with the relevant entities (local authorities, Portuguese Air Force, etc.).

Once the RECAPE has been approved, most likely towards the end of 2020, the thee-year construction period will begin.

Fig 1: **general layout of Montijo airport**

Fig 2: **3D representation of the future terminal for Montijo airport**

Fig 2: **3D night-time representation of the future terminal for Montijo airport**

7.3. OPERATIONAL IMPROVEMENT OF LISBON AIRPORT

7.3.1 DESCRIPTION

The Lisbon airport operational improvement plan provides for a phased development of the passenger terminal and airside infrastructures. The use of existing areas will be optimised, thus minimising the need to intervene in areas that lie outside the current airport boundaries.

The main developmental features of this plan, to be executed over a four-year period (once the necessary authorisations have been obtained), are as follows:

<u>Passenger terminal: Phase 1 – extensions</u>

- The terminal's main block is to be extended to the south (south pier with a total area of about 28,000 m^2);
- Partial rearrangement of the main block of the current terminal, adjacent to the new south pier, involving an area of some 8,000 m^2 (3 existing levels).

Passenger terminal: Phase 2 - extension

- Extension of the north pier, to increase the number of contact positions.

Aircraft parking aprons (Phases 1 and 2)

- New South apron: 10 additional code-C positions, in front of the new South pier;
- New central apron with 3 code-E positions, in front of the current North pier;
- Rehabilitation or creation of code C positions in the area currently occupied by Air Force Transit Aerodrome 1 (AT1), which will be relocated to the west of runway 03-21.

Aircraft taxiways (Phases 1 and 2)

- Extension of the HN taxiway (rapid exit from runway 03);
- Rearrangement and development of the taxiway / taxilane systems, at the same time as the work on the aircraft parking aprons;
- Extension of the parallel U taxiway to the north, with multiple entry points along runway 21;
- Phased construction of the 3 sections of a new outer taxiway parallel to the runway.

Curbside infrastructures and accessibility (Phases 1 and 2)

- Rearrangement and expansion of current arrivals and departures curbsides (access, car parks);
- Development of accessibility infrastructures, coordinated with Lisbon City Council plans (not shown on the plan below).

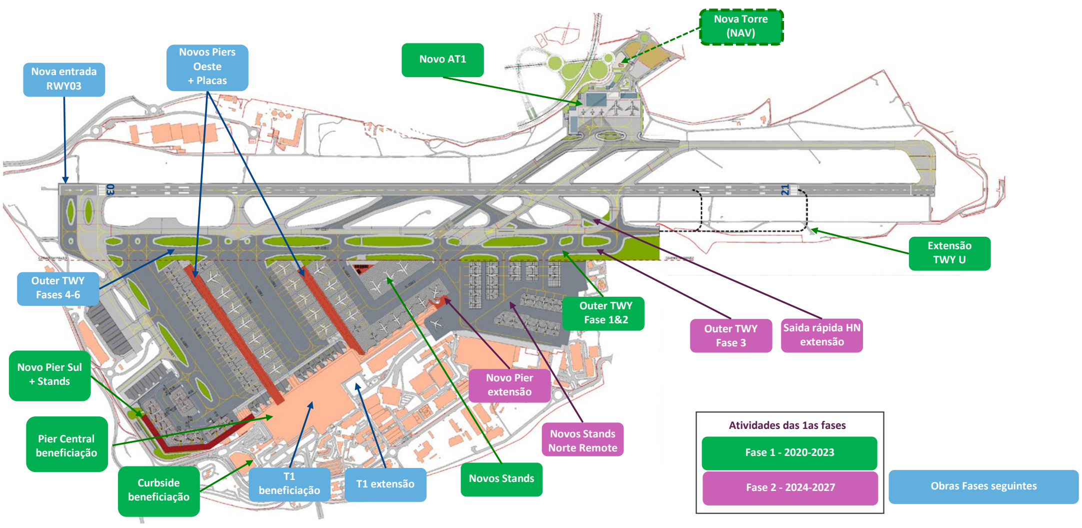


Fig 4: **general long-term development plan for Lisbon airport (early phases)**

8. SUBSEQUENT EVENTS

On 20 January 2020, Portway, S.A, and some of the labour unions with representation in the Subsidiary set the terms of a new collective labour agreement. This agreement was published in the Employment Bulletin and in the Official Journal of the Autonomous Region of Madeira on the 8th and 12th of February, accordingly, pending the publication of an Extension Ordinance. Nevertheless, said labour agreement, was not so far subscribed by two labour unions who have subscribed the previous labour agreement signed in 2016.

On 21 January 2020, the Portuguese Environment Agency (“APA”) confirmed the environmental viability of the new airport at Montijo. The project received a conditionally favourable decision regarding the Environmental Impact Statement (“EIS”). As a result of this decision, APA has instituted a set of minimisation and compensation measures for the Montijo project and the various road accesses.

The novel coronavirus (often called COVID-19) originated in China in late December 2019 turned into a pandemic in early 2020 with outbreaks of spread in Europe. Population containment measures and even states of emergency declared throughout the world are likely to have significant effect on the global economy with the air transport being one of the most affected sectors.

The disease’s time for containment, the measures decreed by Governments and by the aviation companies themselves, namely the suspension and cancellation of flights and or the increased credit risk of the Company’s clients, are likely to have highly negative impacts in 2020 on the financial results of the Company, whose quantification seems impossible at the date of issue of the Management Report and Accounts.

Additionally, it should be noted that the current pandemic could lead to changes in the investment plan, namely, through the postponement of some of the investments.

9. 2020 OUTLOOK

The economic context brought by the significant impact of COVID-19 introduces a challenging 2020. Even though it is not yet possible to estimate how the demand for the aviation business will behave throughout this year, ANA Group will undertake efforts along with operations and other stakeholders in order to overcome the pandemic in the first stage and, in a second moment, return to normality by promoting the opening of new routes and the increasing frequency of flights on existing routes as well as due to the tourism increasing demand.

Regarding the non-aviation business, the effort to consolidate the layout and supply in the commercial areas will be maintained in order to meet the interests of our passengers and promote the revenues of the non-aviation businesses.

In addition to demand promotion measures, ANA, S.A. remains focused on improving the conditions offered by its infrastructures and which goes far beyond the specific development obligations to which it is bound under the Concession Contract.

10. PROPOSED ALLOCATION OF NET PROFIT

ANA, S.A. closed out the 2019 financial year with net profits of 301.864.407,67 euros.

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

Retained earnings: 301.864.407,67 euros

Lisbon, 31st of March of 2020

Board of Directors

Chairman:

____
José Luís Fazenda Arnaut Duarte

Member of the Board and Chairman of the Executive Committee:

____
Thierry Franck Dominique Ligonnière

Members of the Board:

____________________ Nicolas Dominique Notebaert	____________________ Raphaël Alain Louis Pourny
____________________ Olivier Patrick Jacques Mathieu	____________________ Chloé Anne Cecile Tanguy Lapeyre
____________________ Remi Guy Ferdinand Maumon-Falcon de Longevialle	____________________ António dos Santos Morgado
____________________ Eric Marc Jacques Delobel	____________________ Francisco José Simões Crespo Vieira Pita
____________________ Carlos Filipe Pires de Gouveia Correia de Lacerda	____________________ Miguel Frutuoso Lopo Hipólito Pires Mateus
____________________ Luís Manuel dos Santos Silva Patrão	

II. FINANCIAL STATEMENTS

Annual Report 2019

STATEMENT OF FINANCIAL POSITION SEPARATE AND CONSOLIDATED

(thousand euros)

ANA, S.A. 2019	ANA, S.A. 2018	Description	Notes	ANA Group 2019	ANA Group 2018
		ASSETS			
		Non-Current			
		Tangible fixed assets			
77,577	88,454	State property acquired	6	77,577	88,454
124,633	145,824	Company assets	6	129,066	149,402
18,623	12,341	Fixed assets in progress	6	19,002	12,579
2,869	-	Right-of-use asset	7	3,072	-
-	-	*Goodwill*	9	1,430	1,430
1,715,308	1,735,936	Concession right	8	1,715,308	1,735,936
2,522	2,916	Other intangible assets	8	2,522	2,916
4,574	4,574	Investment in subsidiaries and associates	10	-	-
821	1,181	Financial investments	12	821	1,181
35	72	Derivatives financial assets	13	35	72
2,290	1,293	Receivables and others	14	2,290	1,293
53,273	46,425	Deferred tax assets	15	53,519	46,477
2,002,525	2,039,016			2,004,642	2,039,740
		Current			
401	365	Inventories	16	1,159	1,096
94,416	86,310	Receivables and others	17	100,267	90,532
475,327	326,252	Cash and cash equivalents	21	475,628	326,490
570,144	412,927			577,054	418,118
2,572,669	2,451,943	Total assets		2,581,696	2,457,858
		EQUITY			
200,000	200,000	Share capital	22	200,000	200,000
82,132	82,211	Reserves	23	83,093	83,171
160,994	79,137	Retained earnings	24	165,136	81,421
301,864	282,255	Net profit		303,435	284,114
744,990	643,603		25	751,664	648,706
744,990	643,603	Total equity		751,664	648,706
		LIABILITIES			
		Non-Current			
1,429,176	1,488,007	Loans	26	1,429,176	1,488,007
1,678	-	Lease liabilities	27	1,813	-
1,863	2,140	Derivatives financial liabilities	28	1,863	2,140
8,194	3,952	Provisions	29	9,892	4,394
1,879	1,445	Retirement benefits obligations	19	1,879	1,445
1,471	-	Deferred tax liabilities	15	1,471	-
102,675	94,473	Payables and other liabilities	30	103,044	94,709
1,546,936	1,590,017			1,549,138	1,590,695
		Current			
91,667	54,647	Loans	26	76,198	39,855
1,150	-	Lease liabilities	27	1,218	-
162,888	129,019	Payables and other liabilities	31	178,428	143,770
25,038	34,657	Current tax	20	25,050	34,832
280,743	218,323			280,894	218,457
1,827,679	1,808,340	Total liabilities		1,830,032	1,809,152
2,572,669	2,451,943	Total of equity and liabilities		2,581,696	2,457,858

The notes are part of the financial position at the end of 31 December 2019.

INCOME STATEMENT SEPARATE AND CONSOLIDATED

(thousand euros)

ANA, S.A. 2019	ANA, S.A. 2018	Description	Notes	ANA Group 2019	ANA Group 2018
871,230	798,621	Revenue	32	921,312	845,870
690	736	Work executed by the entity and capitalised	6	690	736
(2,522)	(2,385)	Goods sold and materials consumed	33	(3,937)	(3,688)
(199,481)	(176,071)	External supplies and services	34	(185,891)	(164,644)
(84,594)	(79,217)	Personnel expenses	35	(138,041)	(131,264)
(11,437)	12,757	Impairment in receivables and other assets	18	(11,367)	12,893
(4,142)	946	Provisions	29	(5,442)	1,144
346	469	Other income	36	342	387
(4,042)	(2,749)	Other expenses	37	(4,478)	(3,187)
2,552	2,596	Investment subsidies	31	2,552	2,596
(87,456)	(92,174)	Amortisation and depreciation	38	(89,006)	(93,281)
481,144	463,529	**Operating results**		486,734	467,562
(46,408)	(46,886)	Finance costs	39	(46,410)	(46,886)
2,786	927	Share in the results of associates and others	40	14	14
(120)	(1,507)	Other financial results	41	(113)	(1,520)
(43,742)	(47,466)	**Financial results**		(46,509)	(48,392)
437,402	416,063	Results before income tax		440,225	419,170
(135,538)	(133,808)	Corporate income tax expenditure	42	(136,790)	(135,056)
301,864	282,255	**Net profit**		303,435	284,114
		Earnings per share (euros)	43		
7.55	7.06	Basic earnings per share		7.59	7.10
7.55	7.06	Diluted earnings per share		7.59	7.10

The notes are part of the income statement at the end of 31 December 2019.

COMPREHENSIVE INCOME STATEMENT SEPARATE AND CONSOLIDATED

(thousand euros)

ANA, S.A. 2019	ANA, S.A. 2018	Description	Notes	ANA Group 2019	ANA Group 2018
301,864	282,255	Net profit		303,435	284,114
		Other income not qualified as results			
(581)	(446)	Remeasurements	19	(581)	(446)
182	140	Deferred tax	15	182	140
		Other income qualified as results			
276	420	Fair value variation of swaps coverage	28	276	420
(390)	613	Fair value variation of assets available-for-sale	12	(390)	613
-	(104)	IFRS 9 - Financial Instruments		-	(104)
35	(289)	Deferred tax	15	35	(289)
301,387	282,589	**Total comprehensive income**		302,957	284,448
		Net profit			
301,864	282,255	Allocated to shareholders		303,435	284,114
301,864	282,255			303,435	284,114
		Total comprehensive income			
301,387	282,589	Allocated to shareholders		302,957	284,448
301,387	282,589			302,957	284,448

The notes are part of the comprehensive income statement at the end of 31 December 2019.

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY

(thousand euros)

Description	Notes	Allocated to shareholders: Capital	Reserves	Retained earnings	Net profit	Total Group
Balance as of 1 January 2018		200,000	75,273	240,535	248,451	764,259
Application of the result of the previous year	23/24	-	7,186	241,265	(248,451)	-
Dividends	44	-	-	(400,000)	-	(400,000)
Total income in the period		-	712	(379)	284,114	284,447
Balance as of 31 December 2018	25	200,000	83,171	81,421	284,114	648,706
Balance as of 1 January 2019		200,000	83,171	81,421	284,114	648,706
Application of the result of the previous year	24	-	-	284,114	(284,114)	-
Dividends	44	-	-	(200,000)	-	(200,000)
Total income in the period		-	(78)	(399)	303,435	302,958
Balance as of 31 December 2019	25	200,000	83,093	165,136	303,435	751,664

The notes are part of the statement of consolidated changes in equity at the end of 31 December 2019.

STATEMENT OF SEPARATE CHANGES IN EQUITY

(thousand euros)

Description	Notes	Allocated to shareholders				Total ANA
		Capital	Reserves	Retained earnings	Net profit	
Balance as of 1 January 2018		200,000	74,312	237,548	249,154	761,014
Application of the result of the previous year	23/24	-	7,187	241,967	(249,154)	-
Dividends	44	-	-	(400,000)	-	(400,000)
Total income in the period		-	712	(378)	282,255	282,589
Balance as of 31 December 2018		200,000	82,211	79,137	282,255	643,603
Balance as of 1 January 2019		200,000	82,211	79,137	282,255	643,603
Application of the result of the previous year	24	-	-	282,255	(282,255)	-
Dividends	44	-	-	(200,000)	-	(200,000)
Total income in the period		-	(79)	(398)	301,864	301,387
Balance as of 31 December 2019		200,000	82,132	160,994	301,864	744,990

The notes are part of the statement of separate changes in equity at the end of 31 December 2019.

CASH FLOW STATEMENT SEPARATE AND CONSOLIDATED

(thousand euros)

ANA, S.A. 2019	ANA, S.A. 2018		Notes	ANA Group 2019	ANA Group 2018
		Operating activities			
924,614	875,553	Receipts from customers		970,387	923,744
(207,295)	(197,567)	Payments to suppliers		(199,023)	(192,738)
(83,858)	(78,895)	Payments to personnel		(126,926)	(121,123)
(150,768)	(137,229)	Payments and receipts of income tax		(152,328)	(137,757)
(30,736)	(46,855)	Other operating payments and receipts		(33,187)	(50,811)
451,957	415,007	**Operating cash flows**		458,923	421,315
		Investment activities			
		Receipts from:			
10	50	Tangible fixed assets		10	50
109	96	Investment subsidies		109	96
2,786	927	Dividends		14	14
		Payments regarding:			
(38,388)	(44,665)	Tangible fixed assets and intangible assets		(41,749)	(46,376)
(35,483)	(43,592)	**Investments cash flows**		(41,616)	(46,216)
		Financing activities			
		Receipts from:			
53	61	Interest and similar income	26	53	61
679	4,107	Other financing operations (Cash Pooling)	26	-	-
-	-	Other financing operations		-	1
		Payments regarding:			
(20,265)	(25,159)	Loans	26	(20,265)	(25,159)
(1,105)	-	Lease liabilities	26/27	(1,198)	-
(46,761)	(46,831)	Interest and similar costs	26	(46,762)	(46,831)
(200,000)	(400,000)	Dividends	44	(200,000)	(400,000)
(267,399)	(467,822)	**Financing cash flows**		(268,172)	(471,928)
149,075	(96,407)	Variation of cash and equivalents		149,135	(96,829)
326,252	422,659	Cash and equivalents at the beginning of the period	21	326,490	423,319
475,327	326,252	Cash and equivalents at the end of the period	21	475,625	326,490

The notes are part of the cash flow statement at the end of 31 December 2019.

III. NOTES TO THE FINANCIAL STATEMENTS

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PRELIMINARY NOTE

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

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

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

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

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

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

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

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

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

1. ACTIVITY

1.1. GROUP STRUCTURE AND FRAMEWORK OF ACTIVITY

SHAREHOLDER:

On December 31, 2019, ANA, S.A. was 100% owned by VINCI Airports, SAS.

GROUP COMPANIES:

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

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

1.2. CONCESSION OF PUBLIC AIRPORT SERVICES CONTRACTS

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

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

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

SERVICES PROVIDED BY THE CONCESSIONAIRE

The aim of public airport services contracts is the management, the operation and provision of airport activities and services, as well as obligations related with the maintenance of assets and the development of airports.

The main activities are:

a) Airport activities and services – directly provided by the Concessionaire and for which it provides airport infrastructures detailed in Annexe 1 of the concession contracts, being the most significant associated with:

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

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

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

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

CONCESSION ASSETS AND ASSOCIATED OBLIGATIONS

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

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

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

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

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

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

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

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

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

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

NEW AIRPORT FOR LISBON

The Concession Contract grants the exclusive right to the Concessionaire to present a proposal for the design, construction, financing and/or operation and management of the New Airport for Lisbon ("NAL").

Under Clause 42.3 of the Concession Contract, the Concessionaire is also entitled to present alternatives that it believes are more efficient and less costly for the Concession Grantor than the development of the NAL. In this context, the Concessionaire submitted to the Concession Grantor a set of technical studies on a solution to expand airport capacity in the Lisbon region, based on the operational improvement of the Lisbon airport and the development of supplementary airport capacity at Air Base no. 6 in Montijo.

On 21 January 2020, the Portuguese Environment Agency ("APA") confirmed the environmental viability of the new airport at Montijo. The project received a conditionally favourable decision regarding the Environmental Impact Statement ("EIS"). As a result of this decision, APA has instituted a set of minimisation and compensation measures for the Montijo project and the various road accesses.

FINANCING

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

INCOME AND REBALANCING OF THE CONCESSION

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

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

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

a) Change in the charges subject to economic regulation;

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

c) Extension of the concession period; or

d) Any other form agreed upon between parties.

1.3. ECONOMIC REGULATION LEGAL FRAMEWORK

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

1.3.1. ECONOMIC REGULATION ESTABLISHED IN THE CONCESSION CONTRACTS

The economic regulation, detailed in Annexe 12 of the Concession Contracts, defines the principles and rules applicable to the charges paid by airport customers for the use of available facilities and for services provided by the airport operator related to the landing, take-off, lighting and parking of aircraft and for the processing of passengers, cargo and mail.

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

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

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

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

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

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

ii) Porto and

iii) Faro,

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

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

1.3.2. GROUND HANDLING SERVICES

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

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

2. ACCOUNTING POLICIES

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

2.1. BASIS FOR THE PRESENTATION

These financial statements sheets were prepared according to the International Financial Reporting Standards ("IFRS") adopted by the European Union, issued and in force at 31 December 2019.

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

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

The Board of Directors assessed the capacity of the Company regarding its going concern, based on all relevant information, facts and circumstances of financial, commercial or other nature, including events occurred after the reference date of the financial statements, available on the future, namely the impact of COVID-19 (which is not yet possible to estimate). As a result of the assessment made, the Board of Directors concluded that the Company has appropriate resources to keep its business and has no intention to cease it in the short term.

2.2. IFRS DISCLOSURES – NEW RULES AS OF 31 DECEMBER 2019

2.2.1. STANDARDS AND INTERPRETATIONS THAT CAME INTO FORCE ON JANUARY 1, 2019, AND THAT THE GROUP APPLIED IN PREPARING ITS FINANCIAL STATEMENTS

As at the date of approval of these financial statements, the following accounting standards, interpretations, amendments and revisions have been endorsed by the European Union. Application of these was mandatory as of the fiscal year beginning 1 January 2019:

- **IFRS 16 – Leasing.** This standard introduces the recognition and measurement principles for leases. It replaces IAS 17 – Leasing. The standard sets out a single model for the accounting of leasing contracts. Under this model, the lessee must recognise the assets and liabilities for all leasing contracts, except for contracts of less than 12 months or for low-value assets. Lessors will continue to classify leases as being either operating or financial. For lessors, IFRS 16 does not imply any substantial changes, when compared to IAS 17. The changes ensuing from IFRS 16 are presented in point 2.2.4.
- **IFRS 9 (Amendment) – Prepayment features with negative compensation.** For those financial assets whose contractual conditions stipulate that, in the case of prepayment, the creditor must pay a considerable sum, this amendment now allows such assets to be measured at amortised cost or at fair value through reserves (depending on the business model), provided that: (i) on the date on which the asset is initially recognised, the fair value of the prepayment component is insignificant; and (ii) the possibility of negative compensation in the prepayment is the only

reason why the asset in question is not considered to be an instrument that solely involves the payment of capital and interest.

- **IFRIC 23 – Uncertainty over income tax treatments.** This interpretation offers guidelines on calculating taxable profit/loss, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments.
- **Improvements to the international financial reporting standards (2015-2017 cycle).** These improvements are concerned with the clarification of certain aspects of:
  - ✓ IFRS 3 – Business combinations: mandatory remeasurement of previously held interests when an entity gains control of a holding over which it previously had joint control;
  - ✓ IFRS 11 – Joint ventures: clarification that there should be no remeasurement of previously held interests when an entity gains joint control over a joint operation;
  - ✓ IAS 12 – Income taxes: clarification that all the fiscal consequences of dividends should be accounted for in the income statement, irrespective of how the tax was levied;
  - ✓ IAS 23 - Costs of loans obtained: clarification that the part of a loan that is directly associated with the purchase/construction of an asset and that remains outstanding once the corresponding asset has been readied for the intended use is, for the purposes of calculating the capitalisation rate, considered an integral part of the entity's generic funding.
- **IAS 19 (Amendment) – Plan amendment, curtailment or settlement.** If there is an amendment, curtailment or settlement of a plan, the current cost of the service and the net interest for the period after remeasurement are calculated using the assumptions applied to remeasurement. Modifications were also included to clarify the effect of an amendment, curtailment or settlement of a plan on the requirements regarding the maximum limit for the asset.
- **IAS 28 (Amendment) – Long-term investments in associates and joint ventures.** This amendment clarifies that IFRS 9 (including the respective impairment requirements) should be applied to investments in associates and joint ventures when the equity method is not used in measuring such investments.

The adoption of the standards, interpretations, amendments and clarifications referred to above: IFRS 9 (amendment); IFRIC 23; Improvements to the international financial reporting standards (2015-2017 cycle); IAS 19 (amendment)) and IAS 28 (amendment)) had not significant effects on the Group's financial statements for the year ended December 31, 2019.

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

- **Amendments to references to the Conceptual Structure in the IFRS Standards** (applicable to reporting periods beginning on or after 1 January 2020). This pertains to the amendments made to various standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32) regarding references to the Structural Concept revised in March 2018. This revision includes the updated definitions of an asset and a liability and new guidelines on the measurement, derecognition, presentation and disclosure of the same. These amendments will have no significant impact on the Group's financial statements.
- **IAS 1 and IAS 8 (Amendment) – Definition of material** (applicable to reporting periods beginning on or after 1 January 2020). These amendments clarify the definition of materiality in IAS 1. The definition of materiality in IAS 8 now references that in IAS 1. The amendment changes the definition in other standards, so as to ensure consistency. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary

users of general-purpose financial statements make on the basis of those financial statements. This amendment will have no significant impact on the Group's financial statements.

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

As at 31 December 2019, the International Accounting Standards Board ("IASB") had issued the following standards and interpretations that have not yet been endorsed by the European Union:

- **IFRS 17 – Insurance contracts.** This standard establishes the principles underpinning the recognition, measurement, presentation and disclosure of insurance contracts that fall within its scope. This standard replaces IFRS 4 – Insurance contracts. The future adoption of this standard will have no impact on the Group's financial statements.
- **IFRS 9, IAS 39 and IFRS 7 (Amendment) – Interest rate benchmark reform (IBOR Reform).** The amendments to the IFRS 9, IAS 39 and IFRS 7 standards relate to the interest rate benchmark reform (or "IBOR reform") project. They will reduce the potential impact of any changes to benchmark interest rates in the financial report, particularly as regards hedge accounting. This amendment will have no significant impact on the Group's financial statements.
- **IFRS 3 (Amendment) – Definition of a business.** This amendment revises the definition of a business and aims to clarify the distinction between the acquisition of a business and the acquisition of a group of assets. The revised definition also clarifies the definition of the output of a business as being the supply of goods or services to customers. The amendments include examples that illustrate the acquisition of a business. This amendment will have no significant impact on the Group's financial statements.

2.2.4. IMPACT OF THE APPLICATION OF IFRS 16 THAT CAME INTO EFFECT ON 1 JANUARY 2019

IFRS 16 - Leases entered into force as of 1 January 2019. This standard establishes the principles used in recognising, measuring and presenting leases. It replaces IAS 17 - Leases and the accompanying interpretative guidelines.

IFRS 16 eliminates the IAS 17 concepts of financial lease and operating lease. It replaces these with a single concept, according to which lessees must recognise all leases on the balance sheet as right-of-use assets and lease liabilities. There is an option to not apply IFRS 16 requirements to leasing contracts in which the underlying asset is of low value or to short-term (less than one year) leasing contracts.

The Group adopted this standard on the mandatory effective date, using the simplified retrospective model, without restatement of the comparative information, as is allowed by the standard.

The Group carries the right-of-use asset and the lease liability in separate items on the statement of financial position.

For all contracts that had been classified as operating leases under IAS 17, the Group calculated the lease liability and right-of-use asset values as at 1 January 2019. For those contracts in which the underlying asset was of low value, the Group decided to apply the exemption allowed in the standard.

The lease liability equates to the present value, as at 1 January 2019, of the remaining lease payments.

The initial measurement of the right-of-use asset is the same as the lease liability value, as there are no direct initial costs or early repayments on the lease, no incentives were obtained and there is no need to estimate decommissioning and removal costs for the underlying asset.

On 1 January 2019, the values for those contracts that had been classified as financial leases under IAS 17, as at 31 December 2018, were reclassified to the right-of-use asset and lease liability items.

The table below details the impacts of adopting IFRS 16, as of the initial application date (1 January 2019):

Description	ANA Group			
	Balance as of 31/12/2018	Reclassifications[1]	Remeasurement[2]	Balances as of 01/01/2019
ASSETS				
Non-Current				
Tangible fixed assets				
State property acquired	88,454	-	-	88,454
Company assets	149,402	(1,517)	-	147,885
Fixed assets in progress	12,579	(200)	-	12,379
Right of-use - IFRS 16	-	1,717	825	2,542
Goodwill	1,430	-	-	1,430
Concession right	1,735,936	-	-	1,735,936
Other intangible assets	2,916	-	-	2,916
Financial investments	1,181	-	-	1,181
Derivatives financial assets	72	-	-	72
Receivables and others	1,293	-	-	1,293
Deferred tax assets	46,477	-	-	46,477
	2,039,740	-	825	2,040,565
Current				
Inventories	1,096	-	-	1,096
Receivables and others	90,532	-	-	90,532
Cash and cash equivalents	326,490	-	-	326,490
	418,118	-	-	418,118
Total assets	2,457,858	-	825	2,458,683
EQUITY				
Share capital	200,000	-	-	200,000
Reserves	83,171	-	-	83,171
Retained earnings	81,421	-	-	81,421
Net profit	284,114	-	-	284,114
	648,706	-	-	648,706
Total equity	648,706	-	-	648,706
LIABILITIES				
Non-Current				
Loans	1,488,007	(1,069)	-	1,486,938
Lease liabilities	-	1,069	466	1,535
Derivatives financial liabilities	2,140	-	-	2,140
Provisions	4,394	-	-	4,394
Retirement benefits obligations	1,445	-	-	1,445
Payables and other liabilities	94,709	-	-	94,709
	1,590,695	-	466	1,591,161
Current				
Loans	39,855	(610)	-	39,245
Lease liabilities	-	610	359	969
Payables and other liabilities	143,770	-	-	143,770
Current tax	34,832	-	-	34,832
	218,457	-	359	218,816
Total liabilities	1,809,152	-	825	1,809,977
Total of equty and liabilities	2,457,858	-	825	2,458,683

[1] Corresponds to the assets and liabilities related to finance lease contracts in force on December 31, 2018.

[2] Corresponds to the measurement of the right-of-use assets relative to contracts previously classified as an operating lease contracts.

A right-of-use asset and a lease liability were recognised for each new lease contract signed in 2019, as of each contract's start date.

The right-of-use asset is depreciated using the straight-line depreciation method, over the lease period.

2.3. CONSOLIDATION

SUBSIDIARIES

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

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

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

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

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

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

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

2.4. REPORT PER SEGMENT

An operating segment is a component of an entity:

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

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

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

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

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

- Airports – includes all activities related to the provision of public service support to civil aviation as well includes all activities relating to the areas of retail, real estate, parking, rent-a-car, publicity and other services;
- Handling – includes all the activities provided by Portway, S.A. in support of aircraft, passenger, baggage and air freight in the airports of ANA, S.A.

2.5. FOREIGN EXCHANGE CONVERSIONS

A. Operating currency

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

B. Transactions and balances

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

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

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

Currency	2019	2018
USD	1.1234	1.1450
GBP	0.8508	0.8945

2.6. CONCESSIONS ASSETS

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

2.6.1. FIXED TANGIBLE ASSETS

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

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

b) Patrimony:

✓ Property assigned to the concession – includes all the assets used in providing the public service and, thus, assigned to the operation of the concession but which are, in substance, controlled by the concessionaire;

- ✓ Others – remaining assets not used in providing the public service, but which have been acquired by Group companies.

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

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

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

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

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

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

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

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

Amortisation for the period is calculated using the linear method.

2.6.2. INTANGIBLE ASSETS – CONCESSION RIGHT

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

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

i) the grantor controls or regulates:

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

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

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

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

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

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

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

2.7. OTHER INTANGIBLE ASSETS

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

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

Other intangible assets refer to goodwill, research expenses and software.

GOODWILL

Goodwill represents the surplus of the cost of acquisition as compared to the fair value of the identifiable assets and liabilities of the subsidiary/associate at the date of acquisition. In the individual accounts, goodwill is included in investments in associates and is measured at the initial value less any accumulated impairment losses. Gains or losses arising from the sale of an entity include the goodwill value of this entity.

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

RESEARCH AND DEVELOPMENT EXPENDITURE

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

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

SOFTWARE

The costs incurred with the acquisition of software are capitalised whenever it is expected that they will be used by the Group, with an estimated 3-year lifetime.

2.8. IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

2.9. FINANCIAL ASSETS

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

Financial assets can be classified as:

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

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

2.10. INVENTORIES

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

2.11. CASH AND CASH EQUIVALENTS

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

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

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

2.12. DIVIDENDS

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

2.13. FINANCIAL LIABILITIES

The IFRS 9 classifies financial liabilities into two categories:

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

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

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

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

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

2.14. LOANS OBTAINED

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

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

2.15. PAYABLES AND OTHER LIABILITIES

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

2.16. RETIREMENT BENEFITS

The parent company has responsibilities with complementary retirement benefits.

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

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

2.17. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Provisions are shown when:

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

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

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

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

Those situations in which there is a present obligation resulting from a past event but for which there is unlikely to be an outflow of resources or any situations that cannot be reliably estimated are classified as contingent liabilities. Such liabilities are disclosed in the financial statements, unless the possibility of any outflow is remote (note 47.2).

Contingent assets are not recognised in the financial statements but are only disclosed whenever it is likely that there will be a future economic inflow of resources (note 47.1).

2.18. SUBSIDIES

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

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

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

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

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

2.19. LEASING

The Group classifies leases in accordance with IFRS 16.

IFRS 16 establishes the principles that apply to the recognition, measurement, presentation and disclosure of leasing contracts. Its main objective is to ensure that the information provided by lessees and lessors accurately reflects their lease-related transactions.

The Group carries the right-of-use asset and the lease liability in separate items on the statement of financial position.

A lease is defined as a contract that confers the right to control the use of an identifiable asset over a fixed period of time, in exchange for a specified payment.

The Group assesses whether or not each contract equates to a leasing contract, or if it contains a lease, as at its start date. If it does, a right-of-use asset and a lease liability are recognised.

The right-of-use asset is measured at the initial value of the lease liability, adjusted for any payments made at or before the start date, initial direct costs incurred, estimated decommissioning and restoration costs (if applicable) and deducted of any incentives obtained.

The lease liability is valued at the current value of the lease payments that have not been made to date, discounted using the interest rate implicit in the lease or, if this cannot be easily identified, the Group's incremental borrowing rate.

The lease term is also a factor in calculating the value of the lease asset and liability. It is defined as the non-cancellable part of the contract term plus any extension options and less any lease rescission, where these are reasonably certain.

The Group subsequently measures right-of-use assets at cost less amortisations and impairment losses. The lease liability is subsequently measured on the basis of its amortised cost.

The value of the lease liability increases to account for the interest on the liability and decreases as a function of lease payments made during the period.

The lease liability may also be remeasured if there are any changes to future payments. The Group will recognise such amounts as adjustments to the right-of-use asset. If the book value of the right-of-use asset is reduced to zero, the remaining remeasurement amount must be recognised in the income statement.

2.20. HEDGING POLICY

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

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

COVERAGE ACCOUNTING

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

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

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

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

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

INTEREST RATE RISK (COVERAGE OF FAIR VALUE)

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

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

INTEREST RATE RISK (CASH FLOW COVERAGE)

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

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

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

2.21. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

2.22. INCOME TAX AND DEFERRED TAX

In 2017, VINCI, S.A. opted to apply the Special Tax Scheme for Groups of Companies (RETGS) to an extended number of companies that have their registered offices in Portugal and meet the conditions set out in article 69-A of the Income Tax Code (CIRC).

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

In 2019, the RETGS covered 10 companies, including ANA, S.A. (see note 20).

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

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

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

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

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

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

2.23. INCOME

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

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

a. Identify the contract with the customer;
b. Identify the performance obligations;
c. Determine the transaction price;
d. Allocate the transaction price;
e. Recognition of the revenue.

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

SALES

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

SERVICES

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

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

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

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

CONSTRUCTION CONTRACTS

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

OTHER EARNINGS

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

3. MANAGEMENT OF FINANCIAL RISK

3.1. FACTORS FOR FINANCIAL RISK

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

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

A. CREDIT RISK

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

The ANA Group is exposed to the risk inherent in the credit extended to its portfolio of customers. The Group assesses the credit risk of its customers by evaluating the impact any potential default could have on the group's financial situation.

The assessment of this risk, which underpins the decision to extend the credit, involves combining in-house information on the customer with information provided by a specialist risk management company.

Credit risk is monitored systematically and the Group has adopted a set of credit risk mitigation measures. These include the provision of guarantees, as a function of the loan amount, and a review of the credit limits allowed to each customer.

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

Rating	Balances 2019	Balances 2018
Cash equivalents		
Aa3	474,467	324,601
A3	2	2
Baa1	354	-
Baa2	46	17
Baa3	-	77
Ba1	-	188
Ba3	41	46
B1	672	-
B3	-	31
Caa2	-	1,471
	475,582	326,433

Rating assigned by Moody's at 31.12.2019.

B. LIQUIDITY RISK

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

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

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

2019	0 - 6 Months	6 - 12 Months	1 - 5 Years	> 5 Years
Accounts payable - current	15,935	-	-	-
Accounts payable - investments	14,561	-	-	-
Lease liabilities [(1)]	675	600	1,857	-
Other creditors	16,648	-	-	-
Guarantees by third parties	74	111	4,798	330
Bank loans [(1)]	64,951	37,593	1,481,048	42,323
Bank overdrafts	3	-	-	-
Derivatives	263	244	1,222	163
Contractual liabilities [(2)]	943	3,366	54,867	421,216
Accrual of costs, except banking interest and contractual liabilities	102,418	-	-	-
	216,471	41,914	1,543,792	464,032

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

The bank loans (1 to 5-year terms) item includes loans in the amount of 1,332,200 thousand euros. This funding, which matures in 2022, will be refinanced.

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

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

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

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

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

The prevailing interest rates at 31 December 2019, plus a stress factor of +0.20% to -0.20%, were used in analysing sensitivity to changes in interest rates, as a way of estimating the impact on results for the 12-month period ending on 31 December 2020.

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

2019	Scenario at present rate *	Scenario +0.20%	Scenario -0.20%
Loans at variable rate	(43,514)	(4,302)	4,302
Loans at fixed	(1,123)	-	-
Financial leasing interest	(58)	-	-
Approximate impact on results/ present rate scenario		(4,302)	4,302

* Estimated cost of interest in 2020

3.2. CAPITAL RISK MANAGEMENT

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

- To safeguard the Group's capacity to continue its activities and carry out the necessary investments to pursue the object of the concession;
- Maintain the debt ratio within the limits established in the Concession Contract (see note 26);
- To create value in the long term for the shareholder.

The gearing ratios as of 31 December 2019 and 2018 were as follows:

	ANA Group	
	2019	2018
Total loans	1,505,373	1,527,862
Lease liabilities	3,031	-
Cash pooling	(5,469)	(19,602)
Cash and cash equivalents	(470,159)	(306,888)
Net debt	1,032,776	1,201,372
Equity	751,664	648,706
Total capital	**1,784,440**	**1,850,078**
Gearing (%)	*57.9*	*64.9*

The change in the ratio is largely the result of the excess liquidity generated over the year, in line with the increase in equity.

3.3. DERIVATIVE FINANCIAL INSTRUMENTS ACCOUNTING

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

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

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

4. IMPORTANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

4.1. ASSET IMPAIRMENT

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

4.2. ESTIMATE OF THE FAIR VALUE OF FINANCIAL ASSETS

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

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

4.3. ESTIMATE OF THE FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

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

4.4. RENOVATION/REPLACEMENT RESPONSIBILITIES

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

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

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

4.5. IMPAIRMENT OF ACCOUNTS RECEIVABLE

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

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

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

The Group applies the expected losses impairment model to contracts covered by IFRS 9. Expected losses through to maturity are carried on the basis of actual loss experience and the specific characteristics of the underlying credit risk.

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

1. The identification of commercial debts, stratified into current debt and non-current debt, net of guarantees given (sureties and bank guarantees);
2. Estimate of the customer default risk, based on the information provided by a specialist risk management company, and the customer’s transaction record with ANA, S.A..

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

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

5. INFORMATION BY SEGMENTS

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

	2019			
	Airports	Handling	Non-allocated	ANA Group
Services				
Aviation	551,576	63,206	-	614,782
Security	56,335	-	2	56,338
Passengers with reduced mobility	11,893	-	-	11,893
Non-aviation	241,182	-	-	241,182
Construction contracts	19,170	-	457	19,627
Traffic incentives	(25,729)	-	-	(25,729)
Other revenue and operating earnings	3,580	115	556	4,251
Operating costs	(229,293)	(63,054)	(56,809)	(349,156)
Investment subsidies	2,552	-	-	2,552
Depreciations/ Amortisations	(83,358)	(1,550)	(4,098)	(89,006)
Operating result	547,907	(1,283)	(59,891)	486,734
Finance costs				(46,410)
Share in the results of associates and others				14
Other financial results				(113)
Corporate income tax expenditure				(136,790)
Activities result				303,435
Net profit				303,435
Tangible fixed assets	214,584	4,812	6,248	225,644
Right-of-use assets	788	203	2,081	3,072
Concession right	1,621,132	-	94,176	1,715,308
Intangible assets	2,127	-	395	2,522
Investments	40,554	2,631	2,263	45,448

	2018			
	Airports	Handling	Non-allocated	ANA Group
Services				
Aviation	505,758	60,150	-	565,908
Security	52,633	-	1,474	54,107
Passengers with reduced mobility	10,847	-	-	10,847
Non-aviation	218,702	-	-	218,702
Construction contracts	12,313	-	990	13,304
Traffic incentives	(19,345)	-	-	(19,345)
Other revenue and operating earnings	15,966	556	983	17,505
Operating costs	(188,937)	(60,896)	(52,950)	(302,783)
Investment subsidies	2,596	-	-	2,596
Depreciations/ Amortisations	(88,333)	(1,107)	(3,841)	(93,281)
Operating result	522,202	(1,296)	(53,344)	467,562
Finance costs				(46,886)
Share in the results of associates and others				14
Other financial results				(1,520)
Corporate income tax expenditure				(135,056)
Activities result				284,114
Net profit				284,114
Assets and investment				
Tangible fixed assets	239,071	3,816	7,548	250,435
Concession right	1,635,750	-	100,186	1,735,936
Intangible assets	2,153	-	763	2,916
Investments	50,816	1,642	3,335	55,794

6. FIXED TANGIBLE ASSETS

ANA, S.A.						ANA Group				
State	Patrimony	In progress	Advances	Total		State	Patrimony	In progress	Advances	Total
					Gross value					
351,002	804,975	12,341	-	1,168,318	Balance 01-January-2019	351,002	832,529	12,579	-	1,196,110
-	(2,551)	(200)	-	(2,751)	Transfers -IFRS 16	-	(2,551)	(200)	-	(2,751)
39	2,152	16,859	221	19,271	Increases	39	4,362	17,138	221	21,760
-	-	690	-	690	Capitalised work	-	-	690	-	690
717	13,479	(11,071)	(216)	2,908	Transfers	718	13,617	(11,210)	(216)	2,909
(32)	(4,558)	-	-	(4,590)	Write-offs	(32)	(5,171)	-	-	(5,203)
-	(533)	-	-	(533)	Sales	-	(649)	-	-	(649)
351,727	812,963	18,618	5	1,183,313	Balance 31-December-2019	351,727	842,137	18,997	5	1,212,866
					Accumulated depreciations					
262,549	659,151	-	-	921,700	Balance 01-January-2019	262,548	683,127	-	-	945,675
-	(1,034)	-	-	(1,034)	Transfers -IFRS 16	-	(1,034)	-	-	(1,034)
11,634	34,979	-	-	46,613	Reinforcements	11,634	36,471	-	-	48,105
-	302	-	-	302	Transfers	-	302	-	-	302
(32)	(4,536)	-	-	(4,568)	Write-offs	(32)	(5,147)	-	-	(5,179)
-	(532)	-	-	(532)	Sales	-	(648)	-	-	(648)
274,150	688,330	-	-	962,481	Balance 31-December-2019	274,150	713,071	-	-	987,221
					Net value					
88,454	145,824	12,341	-	246,618	Balance 01-January-2019	88,454	149,402	12,579	-	250,435
77,576	124,633	18,618	5	220,832	Balance 31-December-2019	77,577	129,066	18,997	5	225,645

In what regards investments made in 2019, mention should be made to the acquisition of equipment related to (i) the baggage transport system and (ii) the Fox Taxyway – extension, lit signage and command control - both at Porto Airport.

ANA, S.A.						ANA Group				
State	Patrimony	In progress	Advances	Total		State	Patrimony	In progress	Advances	Total
					Gross value					
345,860	772,554	19,097	14	1,137,525	Balance 01-January-2018	345,860	798,814	19,182	14	1,163,870
552	2,253	21,825	48	24,678	Increases	552	3,742	21,979	48	26,321
-	-	736	-	736	Capitalised work	-	-	736	-	736
4,591	31,685	(29,317)	(62)	6,898	Transfers	4,590	31,685	(29,318)	(62)	6,895
-	(979)	-	-	(979)	Write-offs	-	(980)	-	-	(980)
-	(538)	-	-	(538)	Sales	-	(732)	-	-	(732)
351,002	804,975	12,341	-	1,168,319	Balance 31-December-2018	351,002	832,529	12,579	-	1,196,110
					Accumulated depreciations					
247,690	621,008	-	-	868,698	Balance 01-January-2018	247,690	644,070	-	-	891,760
12,974	39,602	-	-	52,576	Reinforcements	12,974	40,708	-	-	53,682
1,884	56	-	-	1,940	Transfers	1,884	56	-	-	1,940
-	(976)	-	-	(976)	Write-offs	-	(976)	-	-	(976)
-	(538)	-	-	(538)	Sales	-	(731)	-	-	(731)
262,549	659,151	-	-	921,700	Balance 31-December-2018	262,548	683,127	-	-	945,675
					Net value					
98,170	151,546	19,097	14	268,827	Balance 01-January-2018	98,170	154,744	19,182	14	272,110
88,454	145,824	12,341	-	246,619	Balance 31-December-2018	88,454	149,402	12,579	-	250,435

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

In accordance with the policy outlined in point 2.6, the direct costs pertaining to technical areas involved in constructing Group assets have been capitalised under tangible assets in the 2019 period.

The capitalised amounts are as follows:

	2019	2018
Goods sold and consumable materials	1	2
Supplies and external services	69	57
Personnel costs	620	676
Others costs	-	1
	690	736

7. RIGHT OF USE ASSET

The right-of-use asset item was created as part of the adoption of IFRS 16. As at 31 December 2019, this item had the following breakdown:

ANA, S.A.					ANA Group			
Vehicles	Administrative equipment	Other equipments	Total		Vehicles	Administrative equipment	Other equipments	Total
				Gross value				
-	2,751	-	2,751	Balance 01-January-2019	-	2,751	-	2,751
591	88	23	702	Initial recognition - IFRS 16	714	88	23	825
232	1,268	-	1,501	Increases	373	1,268	-	1,642
-	(267)	-	(267)	Transfers	-	(267)	-	(267)
-	(217)	-	(217)	Write-offs	(5)	(217)	-	(222)
823	3,623	23	4,469	Balance 31-December-2019	1,082	3,623	23	4,728
				Accumulated depreciations				
-	1,034	-	1,034	Balance 01-January-2019	-	1,034	-	1,034
278	765	7	1,050	Reinforcements	335	765	7	1,108
-	(267)	-	(267)	Transfers	-	(267)	-	(267)
-	(217)	-	(217)	Write-offs	(1)	(217)	-	(218)
278	1,315	7	1,600	Balance 31-December-2019	334	1,315	7	1,656
				Net value				
-	1,717	-	1,717	Balance 01-January-2019	-	1,717	-	1,717
545	2,308	16	2,869	Balance 31-December-2019	748	2,308	16	3,072

The increases are essentially due to new server leasing contracts, carried under IFRS 16.

8. CONCESSION RIGHT AND OTHER INTANGIBLE ASSETS

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

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

ANA, S.A.			ANA Group					
Concession right	Other intangible assets		Concession right: Assets	Subsidies	Advances	In progress	Total	Other intangible assets
		Gross value						
2,369,260	33,629	Balance 01-January-2019	2,613,457	(272,999)	113	28,689	2,369,260	33,629
21,602	75	Increases	-	-	-	21,602	21,602	75
(3,238)	274	Transfers	6,189	(12)	(95)	(9,320)	(3,238)	274
-	(27)	Write-offs	-	-	-	-	-	(27)
2,387,624	33,951	Balance 31-December-2019	2,619,646	(273,011)	18	40,971	2,387,624	33,951
		Accumulated depreciations						
633,324	30,713	Balance 01-January-2019	751,221	(117,897)	-	-	633,324	30,713
38,992	778	Reinforcements	42,524	(3,532)	-	-	38,992	778
-	(35)	Transfers	-	-	-	-	-	(35)
-	(27)	Write-offs	-	-	-	-	-	(27)
672,316	31,429	Balance 31-December-2019	793,745	(121,429)	-	-	672,316	31,429
		Net value						
1,735,936	2,916	Balance 01-January-2019	1,862,236	(155,102)	113	28,689	1,735,936	2,916
1,715,308	2,522	Balance 31-December-2019	1,825,901	(151,582)	18	40,971	1,715,308	2,522

The main expansion investments in 2019 were: (i) extension of the FOX taxiway at Porto airport; and (ii) extension of the NaveSul roof at Lisbon airport.

Initial investments for the development of Montijo airport were also made in 2019.

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

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

With regard to 2018, as per the concession agreement, it should be highlighted the responsibility of 11,500 thousand euros to be paid in return of the airport assets at the Beja Civil Terminal.

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

9. GOODWILL

The goodwill can be summarised in the following manner:

	2019	2018
Acquisition of 40% of Portway, S.A. in 2006	1,430	1,430

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

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

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

CALCULATION OF THE RECOVERABLE VALUE

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

The assumptions applied were underpinned by the Portway, S.A. budget for 2020. Cash flows have been projected through to the end of the concession, by using the discounted cash flows method.

The discount rate used was 9.52%.

No impairment loss was identified.

SENSITIVITY ANALYSIS OF THESE ASSUMPTIONS

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

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

10. INVESTMENTS IN SUBSIDIARIES

The following investments were made in ANA subsidiaries and associates:

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

	ANA, S.A.	
	2019	2018
Portway- Handling de Portugal, S.A.	4,574	4,574

There were no entries in the investments in subsidiaries item for 2018 or for 2019.

11. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

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

2019	Financial assets at amortized cost	Assets at fair value via other comprehensive income	Assets at fair value via results	Cover liabilities at fair value	Financial liabilities at amortized cost	Non financial assets/ liabilities	Total
Assets							
Financial investments	-	725	96	-	-	-	821
Derivative instruments	-	-	35	-	-	-	35
Customers and other receivables	92,324	-	-	-	-	-	92,324
Other assets	-	-	-	-	-	10,234	10,234
Cash and cash equivalents	475,628	-	-	-	-	-	475,628
	567,952	725	131	-	-	10,234	579,041
Liabilities							
Loans obtained	-	-	-	-	1,505,373	-	1,505,373
Lease liabilities	-	-	-	-	3,031	-	3,031
Derivative instruments	-	-	-	1,863	-	-	1,863
Suppliers and other payables	-	-	-	-	60,887	-	60,887
Other liabilities	-	-	-	-	-	220,586	220,586
	-	-	-	1,863	1,569,291	220,586	1,791,740

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

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

2019	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value via results	96	-	-	96
Assets at fair value via other comprehensive income [1]	-	-	725	725
Covering financial assets	-	35	-	35
	96	35	725	855
Financial liabilities				
Covering financial liabilities	-	(1,863)	-	(1,863)
	-	(1,863)	-	(1,863)

[1] The disclosures demanded on measurable assets at level 3 fair value are included in note 12 - Financial Investments

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

[1] The disclosures demanded on measurable assets at level 3 fair value are included in note 12 - Financial Investments

12. FINANCIAL INVESTMENTS

	2019	2018
Assets at fair value via other comprehensive income		
Capital shares - Futuro	725	1,115
Financial assets at fair value via results		
Others - Reserve fund	96	66
	821	1,181

FUTURO

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

The fair value of the stake in Futuro is estimated considering perpetuity for the evolution of the cash flow released, adjusted to the opportunity cost of the capital (7,49%).

	Futuro
Balance as of 1 January 2018	502
Variation in fair value	613
Balance as of 31 December 2018	1,115
Variation in fair value	(390)
Balance as of 31 December 2019	725

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

	Futuro	Growth rate	
		0.40%	0.60%
Cost of capital	6.49%	38	39
	8.49%	33	33

RESERVE FUND

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

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

	Reserve fund
Balance as of 1 January 2018	48
Variation in fair value	18
Balance as of 31 December 2018	66
Variation in fair value	30
Balance as of 31 December 2019	96

13. DERIVATIVE FINANCIAL ASSETS

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

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

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

HEDGED INSTRUMENT

Cash flows for the loans taken out with the EIB:

Notional	14 million euros (see note 26)
Issue date	15 September 2015
Maturity date	15 September 2020
Interest rate	0.357%
Payment dates	Yearly

HEDGE INSTRUMENT

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

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

EFFICACY TESTS

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

The test is carried out on each reporting date.

The change over the past year was as follows:

	2019		2018	
	Notional	Fair Value	Notional	Fair Value
Designated as cash flow coverage				
Interest rate swap	7,813	35	9,375	72
Total derivatives	7,813	35	9,375	72

14. RECEIVABLES AND OTHERS – NON-CURRENT

Non-current commercial and other debts receivable breakdown as follows:

ANA, S.A.			ANA Group	
2019	2018		2019	2018
37	34	Guarantees to third parties	37	34
1,074	-	Subsidies receivable	1,074	-
1,179	1,258	Accrual and deferred	1,179	1,258
2,290	1,293		2,290	1,293

15. ASSETS AND LIABILITIES FOR DEFERRED TAXES

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

	2019	2018
ANA, S.A.	31,13%	31,09%
Portway, S.A.	24,70%	22,50%

In 2019, the rates used for calculating deferred tax took into account the corporate income tax (IRC) rate estimated for 2020.

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

	ANA Group								
	2018			Movements 2019				2019	
				Impact on results		Impact on equity			
	Base	Deferred tax	Rate	Rate change	Results movement	Rate change	Equity movement	Base	Deferred tax
Assets due to deferred taxes									
Provisions not accepted for tax purposes	4,422	1,374	31.13%	2	3,126	-	-	14,464	4,502
Contributions not accepted for tax purposes	5,209	1,620	31.13%	2	-	-	-	5,209	1,622
Retirement benefits	2,161	671	31.13%	-	(135)	1	181	2,310	718
Derivative instruments	2,138	665	31.13%	1	(2)	-	(86)	1,856	578
Amortisation not accepted for tax purposes	14,973	4,655	31.13%	6	(503)	-	-	13,356	4,158
Contractual liabilities - Concession	125,642	39,063	31.13%	50	2,582	-	-	133,936	41,695
Total ANA	154,545	48,048		61	5,068	1	95	171,131	53,273
Provisions not accepted for tax purposes	230	51	24.70%	5	189	-	-	995	246
Total subsidiaries	230	51		5	189	-	-	995	246
ANA- Assets due to deferred taxes	154,545	48,048		61	5,068	1	95	171,131	53,273
Group ANA- Assets due to deferred taxes	154,775	48,099		66	5,257	1	95	172,126	53,519
Liabilities due to deferred taxes									
Re-evaluations of fixed assets	4,050	1,259	31.13%	2	(32)	-	-	3,947	1,229
Derivative instruments	73	23	31.13%	-	(9)	-	-	43	14
Financial assets	1,094	341	31.13%	-	9	(1)	(121)	734	228
Total ANA	5,217	1,623		2	(32)	(1)	(121)	4,724	1,471
ANA- Liabilities due to deferred taxes	5,217	1,623		2	(32)	(1)	(121)	4,724	1,471
Group ANA- Liabilities due to deferred taxes	5,217	1,623		2	(32)	(1)	(121)	4,724	1,471

	ANA Group								
	2017			Movements 2018				2018	
				Impact on results		Impact on equity			
	Base	Deferred tax	Rate	Rate change	Results movement	Rate change	Equity movement	Base	Deferred tax
Assets due to deferred taxes									
Provisions not accepted for tax purposes	7,852	2,438	31.09%	2	(1,098)	-	32	4,422	1,374
Contributions not accepted for tax purposes	5,209	1,618	31.09%	2	-	-	-	5,209	1,620
Retirement benefits	1,935	601	31.09%	(1)	(69)	1	139	2,161	671
Derivative instruments	2,559	795	31.09%	1	-	-	(131)	2,138	665
Amortisation not accepted for tax purposes	-	-	31.09%	-	4,655	-	-	14,973	4,655
Contractual liabilities - Concession	121,725	37,808	31.09%	37	1,218	-	-	125,642	39,063
Total ANA	139,280	43,260		41	4,706	1	40	154,545	48,048
Provisions not accepted for tax purposes	230	65	22.50%	-	(13)	-	-	230	51
Total subsidiaries	230	65		-	(13)	-	-	230	51
	139,510	43,325		41	4,693	1	40	154,775	48,099
Liabilities due to deferred taxes									
Re-evaluations of fixed assets	4,154	1,290	31.09%	1	(32)	-	-	4,050	1,259
Derivative instruments	103	32	31.09%	-	(9)	-	-	73	23
Financial assets	463	144	31.09%	-	6	-	191	1,094	341
Total ANA	4,720	1,466		1	(35)	-	191	5,217	1,623
ANA- Assets due to deferred taxes	134,560	41,794		40	4,741	1	(151)	149,328	46,425
Group ANA- Assets due to deferred taxes	134,790	41,859		40	4,728	1	(151)	149,558	46,477

16. INVENTORIES

Inventories have the following breakdown:

ANA, S.A. 2019	ANA, S.A. 2018		ANA Group 2019	ANA Group 2018
124	86	Goods	882	817
277	279	Raw, subsidiary and consumable materials	277	279
401	365		1,159	1,096

17. RECEIVABLES AND OTHERS – CURRENT

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

ANA, S.A. 2019	ANA, S.A. 2018		ANA Group 2019	ANA Group 2018
98,338	84,427	Customers	105,389	90,233
30	17	VAT receivable	560	475
9,852	7,142	Debtors and other receivables	9,657	7,027
2,436	663	Accrued income	2,752	882
493	977	Subsidies receivable	493	977
5,470	4,037	Advanced payments	6,303	4,642
116,619	97,262		125,154	104,237
(18,572)	(7,318)	Losses due to impairment of customers debts	(21,256)	(10,071)
(3,631)	(3,634)	Losses due to impairment of third party debts	(3,631)	(3,634)
(22,203)	(10,952)		(24,887)	(13,706)
94,416	86,310		100,267	90,532

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

The change in the customers item is largely accounted for by invoicing of customers for amounts that were not paid in 2019.

The accrued income item basically corresponds to the estimated amounts for which customers will be invoiced next year.

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

The losses due to the impairment of customer debts is largely attributable to one customer's non-compliance with a payment plan.

The antiquity of receivables in the Group is as follows:

	Debt not due	Arrears			Total
		0 - 6 months	6 - 12 months	> 12 months	
Accounts Receivable	59,878	30,377	381	14,753	105,389
Other debtors	1,939	2,018	796	4,904	9,657

Credit risk is managed as described in note 3.1.

18. LOSSES DUE TO ASSET IMPAIRMENT

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

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

	2019				
	Opening Balance	Impact on results		Derecognition on balance sheet	Closing Balance
		Increase	Reversal		
Losses due to impairment of customers' debts					
ANA, S.A.	7,318	11,739	(299)	(186)	18,572
Portway, S.A.	2,754	31	(101)	-	2,684
	10,071	11,770	(400)	(186)	21,256
Losses due to impairment of other third party debts					
ANA, S.A.	3,634	-	(3)	-	3,631
	3,634	-	(3)	-	3,631
	13,706	11,770	(403)	(186)	24,887

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

The increase in impairment losses in 2019 is essentially accounted for by the credit extended to a customer that is not complying with its payment plan.

In 2019, ANA derecognised 186 thousand euros in non-performing loans from the balance sheet, in accordance with the tax file on this matter issued by the Tax Office.

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

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

In 2018, ANA derecognised 824 thousand euros in non-performing loans from the balance sheet, in accordance with the tax file issued by the Tax Office.

19. OBLIGATIONS ON ACCOUNT OF RETIREMENT BENEFITS

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

DEFINED BENEFITS PLAN

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

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

	2019	2018
Mortality table	TV 88/90	TV (88/90)
Technical rate	0.60%	1.70%
Pension growth rate (CGA)	1.50%	1.50%
Pension growth rate (SS)	1.50%	1.50%

Based on actuarial studies, the following values were ascertained:

	2019	2018	2017	2016	2015
Fund patrimony	3,618	3,751	4,024	3,938	3,913
Responsibilities undertaken	5,497	5,196	5,249	5,487	4,995
(Insufficiency)/Surplus	(1,879)	(1,445)	(1,225)	(1,549)	(1,082)

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

After carrying out a sensitivity analysis for the amounts as of 31 December 2019, varying the technical rate by plus 50 bp and minus 50 bp, the actuarial results are as follows:

Technical rate	0.10%	1.10%
Fund patrimony	3,618	3,618
Responsibilities undertaken	5,744	5,268
(Insufficiency)/Surplus	(2,126)	(1,650)

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

	2019	2018
Shares	20.00%	18.90%
Bonds	58.60%	58.20%
Real estate	3.10%	8.20%
Other funds	15.30%	11.10%
Liquidity	3.00%	3.60%
	100%	100%

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

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

	2019	2018
Initial balance	3,751	4,024
Pensions paid	(513)	(477)
Contributions	176	247
Fund revenue	204	(43)
Final balance	3,618	3,751

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

	2019	2018
Opening balance	5,196	5,249
Current services expenses	20	(10)
Net interest [1]	84	87
Remeasurements - financial assumptions	482	21
Remeasurements - adjusting experience	228	326
Paid benefits	(513)	(477)
Final balance	5,497	5,196

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

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

	Income Statement	Comprehensive Income Statement	Statement of Financial Position
Balance as of 1 January 2018			(1,225)
Cost of the year 2018			
Net interest	(21)		
	(21)		
Contributions			247
Remeasurements			
Return on assets		(110)	
Gains/ (losses) financial assumption variation		(21)	
Gains/ (losses) experience adjustments		(326)	
Gains/ (losses) of benfits		11	
		(446)	
Balance as of 31 December 2018			(1,445)
Cost of the year 2019			
Net interest	(29)		
	(29)		
Contributions			176
Remeasurements			
Return on assets		148	
Gains/ (losses) financial assumption variation		(482)	
Gains/ (losses) experience adjustments		(228)	
Gains/ (losses) of benfits		(19)	
		(581)	
Balance as of 31 December 2019			(1,879)

DEFINED CONTRIBUTION PLAN

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

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

The value of the contributions made by ANA, S.A. to this fund during the year 2019 rose to 2,249 thousand euros (2,223 thousand euros in 2018).

20. CURRENT TAX

The current tax item breaks down as follows:

ANA, S.A. 2019	ANA, S.A. 2018		ANA Group 2019	ANA Group 2018
		Liabilities		
141,767	129,778	Tax provision	141,779	129,954
(9,008)	(8,766)	Withholding taxes by third parties	(9,008)	(8,767)
(107,721)	(86,355)	Payments on account	(107,721)	(86,355)
25,038	34,657	Payable income tax	25,050	34,832

Like all the 10 Portuguese companies that fall within the perimeter of the VINCI Group for 2019, the ANA Group is taxed under the RETGS scheme (see note 2.22). The calculated taxable income for each of these companies is carried on the books of ANA, S.A.. In the year ending 31 December 2019, the amounts payable to and receivable from these companies was 88 thousand euros and 1,160 thousand euros, respectively (of which 521 thousand euros related to Portway, S.A.), as detailed in note 48.

The following companies fall within this RETGS perimeter:

Company	Year of integration in the RETGS
ANA, S.A.	2017
Portway, S.A.	2017
Vinci Energies Portugal, S.A.	2017
Sotécnica, S.A.	2017
Sotécnica Açores, Lda.	2017
Cegelec, Lda.	2017
Rodio Portugal, S.A.	2017
Sixense Portugal, Lda.	2017
Freyssinet, Lda.	2018
Axianseu, S.A.	2019

In 2019, ANA, S.A. received tax incentives for its research and development work that resulted in a tax deduction in the amount of 268 thousand euros. The eligible R&D costs that underpinned this deduction amounted to 379 thousand euros.

In 2018, ANA, S.A. benefited from tax incentives for the company's research and development work, in the amount of 53 thousand euros.

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were as follows, at 31 December 2019 and 2018:

ANA, S.A.			ANA Group	
2019	2018		2019	2018
		Cash		
28	35	Cash	46	57
		Cash equivalents		
469,830	306,616	Bank deposits - account	470,113	306,832
5,469	19,602	Cash pooling	5,469	19,602
475,327	326,252	**Cash and cash equivalents in the statement of financial position**	475,628	326,490
-	-	Bank overdrafts - Portway (note 26)	(3)	-
475,327	326,252	**Cash and cash equivalents in the cash flow statement**	475,625	326,490

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

22. SHARE CAPITAL

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

On December 31, 2019, ANA, S.A. was 100% owned by the VINCI Airports, SAS (see note 1.1).

23. RESERVES

Reserves showed the following movements:

ANA, S.A.	Not distributable			Distributable			Total
	Legal	Others	Total	Free	Others	Total	
Balance as of 1 January 2018	32,813	1,022	33,835	40,703	(226)	40,477	74,312
Application of results	7,187	-	7,187	-	-	-	7,187
Others movements	-	-	-	-	290	290	290
Change in fair value of financial assets and liabilities	-	422	422	-	-	-	422
Balance as of 31 December 2018	40,000	1,444	41,444	40,703	64	40,767	82,211
Balance as of 1 January 2019	40,000	1,444	41,444	40,703	64	40,767	82,211
Others movements	-	-	-	-	190	190	190
Change in fair value of financial assets and liabilities	-	(269)	(269)	-	-	-	(269)
Balance as of 31 December 2019	40,000	1,175	41,175	40,703	254	40,957	82,132

ANA Group	Not distributable			Distributable			Total
	Legal	Others	Total	Free	Others	Total	
Balance as of 1 January 2018	33,757	1,023	34,780	40,720	(227)	40,493	75,273
Application of results	7,187	-	7,187	-	-	-	7,187
Others movements	-	-	-	-	289	289	289
Change in fair value of financial assets and liabilities	-	422	422	-	-	-	422
Balance as of 31 December 2018	40,944	1,445	42,389	40,720	62	40,782	83,171
Balance as of 1 January 2019	40,944	1,445	42,389	40,720	62	40,782	83,171
Others movements	-	-	-	-	191	191	191
Change in fair value of financial assets and liabilities	-	(269)	(269)	-	-	-	(269)
Balance as of 31 December 2019	40,944	1,176	42,120	40,720	253	40,973	83,093

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

24. RETAINED EARNINGS

Retained earnings breakdown as follows:

ANA, S.A.				ANA Group		
Not distributable	Distributable	Total		Not distributable	Distributable	Total
20,003	217,545	237,548	Balance as of 1 January 2018	20,003	220,532	240,535
-	241,967	241,967	Application of results	-	241,265	241,265
-	(400,000)	(400,000)	Distribution of dividends	-	(400,000)	(400,000)
-	(72)	(72)	Others movements	-	(72)	(72)
-	(306)	(306)	Retirement benefits	-	(307)	(307)
20,003	59,134	79,137	Balance as of 31 December 2018	20,003	61,418	81,421
20,003	59,134	79,137	Balance as of 1 January 2019	20,003	61,418	81,421
-	282,255	282,255	Application of results	-	284,114	284,114
-	(200,000)	(200,000)	Distribution of dividends	-	(200,000)	(200,000)
-	-	-	Others movements	-	-	-
-	(398)	(398)	Retirement benefits	-	(399)	(399)
20,003	140,991	160,994	Balance as of 31 December 2019	20,003	145,133	165,136

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

25. CONCILIATION BETWEEN INDIVIDUAL EQUITY AND CONSOLIDATED EQUITY

The changes to individual and consolidated equity were as follows:

2019		Equity before net profit for the year	Net profit	Equity after net profit for the year
ANA, S.A.		443,126	301,864	744,990
Pre-consolidation adjustments	*a)*	2,772	(2,772)	-
Impact of Subsidiaries and Associates				
Equity		5,475	4,343	9,818
Elimination of financial investment		(4,574)	-	(4,574)
Goodwill		1,430	-	1,430
		448,229	303,435	751,664

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

2018		Equity before net profit for the year	Net profit	Equity after net profit for the year
ANA, S.A.		361,348	282,255	643,603
Pre-consolidation adjustments	*a)*	913	(913)	-
Impact of Subsidiaries and Associates				
Equity		5,475	2,772	8,247
Elimination of financial investment		(4,574)	-	(4,574)
Goodwill		1,430	-	1,430
		364,592	284,114	648,706

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

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

2019	Equity before net profit for the year	Net profit *	Dividends	Equity after net profit for the year
Portway, S.A.	5,103	4,343	(2,772)	6,675

* Before intra-group transactions and after consolidation adjustments

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

* Before intra-group transactions and after consolidation adjustments

26. LOANS

Loans have the following breakdown:

ANA, S.A.		Non-current loans	ANA Group	
2019	2018		2019	2018
1,429,141	1,486,866	Loans	1,429,141	1,486,866
35	72	Swap | Fair Value Hedge	35	72
-	1,069	Suppliers - leasing	-	1,069
1,429,176	1,488,007		1,429,176	1,488,007

ANA, S.A. 2019	ANA, S.A. 2018	Current loans	ANA Group 2019	ANA Group 2018
57,725	20,265	Loans	57,725	20,265
15,472	14,793	Portway, S.A. loans	3	-
18,470	18,980	Interest payable	18,470	18,980
-	610	Suppliers - leasing	-	610
91,667	54,647		76,198	39,855

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

	ANA, S.A.					
	Loans	Loan interest	Swap	Subtotal (note 26)	Lease liabilities (note 27)	Total
Balance 01-January-2019	1,521,924	18,980	72	1,540,976	1,679	1,542,655
Changes due to cash flows						
Financial activities	(19,586)	(46,141)	(518)	(66,245)	(1,154)	(67,399)
Changes in fair value		-	(36)	(36)	-	(36)
Other movements through balance sheet	-	-	-	-	2,242	2,242
Other movements through results	-	45,631	517	46,148	61	46,209
Balance 31-December-2019	1,502,338	18,469	35	1,520,843	2,828	1,523,670

	ANA Group					
	Loans	Loan interest	Swap	Subtotal (note 26)	Lease liabilities (note 27)	Total
Balance 01-January-2019	1,507,131	18,980	72	1,526,183	1,679	1,527,862
Changes due to cash flows						
Financial activities	(20,265)	(46,140)	(518)	(66,923)	(1,248)	(68,172)
Changes in fair value	-	-	(36)	(36)	-	(36)
Other movements through balance sheet	3	-	-	3	2,538	2,541
Other movements through results	-	45,631	517	46,148	62	46,210
Balance 31-December-2019	1,486,869	18,471	35	1,505,374	3,031	1,508,405

The loans have the following composition:

Contract	Interest Rate	Amount owed					
		Non-current		Current		Fair value	
		2019	2018	2019	2018	2019	2018
EIB 97/98							
C+D	Fixed	-	-	-	-	-	-
	Floating	-	-	-	-	-	-
E+F	Fixed	-	1,247	1,247	1,247	1,239	2,455
	Floating	-	1,247	1,247	1,247	1,247	2,494
EIB 02	Fixed	21,906	27,245	5,338	5,289	26,334	30,355
	Revisable fixed	6,250	7,813	1,563	1,563	7,722	9,049
EIB 02	Floating + fixed spread	11,250	13,125	1,875	1,875	13,125	15,000
	Fixed	11,250	13,125	1,875	1,875	12,093	13,124
EIB 09	Revisable fixed	25,714	27,619	1,905	1,905	24,457	24,141
	Floating + fixed revisable spread	20,571	22,095	1,524	1,524	22,095	23,619
EIB 98/2000 - 2.	Floating	-	41,151	41,151	3,741	41,151	44,892
Bonds 2013/2022	Floating [a)]	100,000	100,000	-	-	100,000	100,000
Bonds 2013/2022	Floating [a)]	732,200	732,200	-	-	732,200	732,200
Credit Line	Floating [a)]	500,000	500,000	-	-	500,000	500,000
		1,429,141	1,486,866	57,725	20,265	1,481,663	1,497,328

[a)] Financing with Vinci, S.A. (see note 48)

No new loans were taken out in 2019 nor were any extraordinary debt servicing repayments made beyond those already scheduled. Capital repayments for the loans taken out with the EIB totalled 20,265 million euros.

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

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

Throughout 2019, interest rates remained close to zero, in line with the reference rates. This allowed the company to reduce the financial cost of loans contracted at floating interest rates.

The lower financial charges are also due to the reduction in the debt capital, through the contracted repayment plan.

2019	First repayment	Last repayment	Interest rate	Interest payment period	Average interest rate (%)
ANA, S.A. Loans					
EIB 97/98					
E+F	15/12/2009	15/12/2020	Floating	Tranche E - Quarterly	0.27%
			Fixed	Tranche F - Annual	2.36%
EIB 02					
A+B	15/09/2009	15/09/2024	Revisable fixed	Tranche A1 - Annual [a]	0.85%
			Fixed	Tranches A2, A3, A4 and B1 - Annual	0.89%
			Fixed	Tranche B2 - Annual	4.25%
C	15/09/2011	15/09/2026	Floating + fixed spread	Tranche C1 - Quarterly [b]	0.56%
			Fixed	Tranche C2 - Annual	1.10%
EIB 09	15/12/2013	15/06/2034	Revisable fixed	Tranche D1 -Semiannual	1.41%
			Floating + fixed revisable spread	Tranche D2 - Semiannual	0.41%
EIB 98/2000 - 2.	15/03/2011	15/03/2020	Floating	Quarterly	0.27%
Bonds 2013/2022	Bullet	31/07/2022	Floating	Semiannual	3.26%
Bonds 2013/2022	Bullet	31/07/2022	Floating	Semiannual	3.26%
Credit Line	Bullet	31/07/2022	Floating	Semiannual	3.26%

[a] The company has a hedging instrument associated with this loan (see note 13)
[b] The company has a hedging instrument associated with this loan (see note 28)

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

[a] The company has a hedging instrument associated with this loan (see note 13)
[b] The company has a hedging instrument associated with this loan (see note 28)

GENERAL COVENANTS OF ANA GROUP LOANS

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

- **Financing contracts**

Company	Financing Contracts	Contractual debt	Current debt 31/12/2019	Covenant	Limit	Covenant 31/12/2019
ANA, S.A.	EIB Financing Contracts	329,784	154,666	**Borrower shareholder control (VINCI, S.A.)** (1)	> 50%	100%
				External indebtedness limit of Subsidiaries	< 20% Senior consolidated gross debt (2)	0%
				Financial Ratios (3):		
				Senior Net Debt / EBITDA	< 5x	-0.55
				EBITDA / Consolidated Net Financial Costs	> 5x	267.49
				Access to Liquidity (4)	minimum of double of the monthly average of the consolidated revenue	100% (cash pooling)

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

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

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

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

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

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

- **Concession contract**

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

On 31 December 2019, the Group was in compliance with all the covenants it was a party to.

27. LEASE LIABILITIES

ANA, S.A. 2019	ANA, S.A. 2018		ANA Group 2019	ANA Group 2018
1,678	-	Lease liabilities non current	1,813	-
1,150	-	Lease liabilities current	1,218	-
2,827	-		3,031	-

FINANCIAL LEASING CONTRACTS

The situations of the various ANA Group leasing contracts, as at 31 December 2019, are as follows:

	First Instalment	Last Instalment	Interest rate	Periodicity	Capital in debt at 31/12/2019
Leasing - ANA, S.A.					
	2016	2020	Fixed	Monthly	26
	2016	2020	Fixed	Quarterly	40
	2017	2020	Fixed	Quarterly	48
	2017	2021	Fixed	Monthy	171
	2017	2021	Fixed	Quarterly	246
	2018	2022	Fixed	Monthly	153
	2018	2022	Fixed	Quarterly	762
	2018	2023	Fixed	Monthly	22
	2019	2022	Fixed	Quarterly	189
	2019	2023	Fixed	Monthly	220
	2019	2023	Fixed	Quarterly	951
					2,827
Leasing - Remaining values of the Group					
	2016	2020	Fixed	Monthly	6
	2017	2021	Fixed	Monthly	33
	2018	2022	Fixed	Monthly	34
	2019	2023	Fixed	Monthly	77
	2019	2023	Floating	Monthly	54
					204

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

ANA, S.A. 2019	ANA, S.A. 2018		ANA Group 2019	ANA Group 2018
		Property acquired through leasing		
553	-	Transport equipment	757	-
2,274	1,679	Administrative equipment	2,274	1,679
		Future minimum payments		
1,205	644	Up 1 year	1,276	644
1,718	1,095	From 1 year to 5 years	1,857	1,095
		Interest		
55	34	Up 1 year	58	34
40	26	From 1 year to 5 years	44	26
		Present value of minimum payments		
1,150	610	Up 1 year	1,218	610
1,677	1,069	From 1 year to 5 years	1,813	1,069

The increase in the various items is largely due to the recognition of leasing contracts in line with IFRS 16.

28. DERIVATIVE FINANCIAL LIABILITIES

	2019		2018	
	Notional	Fair Value	Notional	Fair Value
Designated as cash flow coverage				
Interest rate swap	13,125	(1,863)	15,000	(2,140)
Total derivatives	13,125	(1,863)	15,000	(2,140)

At 31 December 2019 the ANA Group had contracted a derivative financial instrument with a current notional of 13,125 thousand euros (initially 30 million euros) on the interest rate (interest rate swap).

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

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

HEDGED INSTRUMENT

Cash flows of the finance contracted with the EIB:

Notional	30 million euros (see note 26)
Date of issue	15 June 2005
Maturity date	15 September 2026
Interest rate	Eur 3M + spread of 0.415%
Liquidation date	Quarterly

HEDGE INSTRUMENT

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

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

EFFECTIVENESS TESTS

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

The test is carried out on each reporting date.

The movements in the year were as follows:

	Fair Value 2018	Impact in net results		Impact in equity	Fair Value 2019
		Interest Paid	Interest costs		
Coverage	(2,140)	572	(572)	276	(1,863)

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

29. PROVISIONS

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

The provisions item changed in the following way:

	2019						
	Opening Balance	Impact on balance sheet	Impact on results				Closing Balance
			Increase	Reversal	Used	Total	
ANA, S.A.	3,952	100	5,910	(1,537)	(231)	4,142	8,194
ANA Group	4,394	57	7,512	(1,840)	(231)	5,442	9,892

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

The year-on-year increase in 2019 largely pertains to the constitution of provisions for a number of operations-related processes.

In 2019, and following an out-of-court settlement, the provision that had been set aside to cover a set of legal challenges to fees charged was reversed, in the total amount of 1,193 thousand euros.

Provisions pertaining to employment-related cases, in an amount of around 398 thousand euros, were also reversed, as were provisions in the amount of 212 thousand euros for compensation cases. Over the year, provisions of some 202 thousand euros were used.

In 2019, there were no significant developments in any of the legal proceedings that were carried over from 2018, except for those mentioned above.

30. PAYABLES AND OTHER LIABILITIES – NON-CURRENT

Non-current debts payable and other liabilities have the following breakdown:

ANA, S.A. 2019	ANA, S.A. 2018		ANA Group 2019	ANA Group 2018
2,940	1,879	Deferred income	2,940	1,879
11,906	13,220	Investment subsidies	11,906	13,220
82,886	74,801	Contractual liabilities	82,886	74,801
4,944	4,573	Guarantees provided by third parties	5,312	4,809
102,676	94,473		103,044	94,709

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

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

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

Guarantees extended by third parties include:

i) guarantees extended by clients as surety (around 4,131 thousand euros), required depending on the assessed level of risk; and

ii) guarantees provided by investment suppliers (around 1,182 thousand euros), realised by means of withholdings on the payments made, required where no guarantee is offered. These withholdings vary between 5% and 10%, depending on the type of contract/service involved.

31. PAYABLES AND OTHER LIABILITIES – CURRENT

Current debts payable and other liabilities have the following breakdown:

ANA, S.A.			ANA Group	
2019	2018		2019	2018
16,152	19,063	Suppliers	15,936	18,448
14,554	10,891	Investment suppliers	14,561	10,901
		State and other public entities		
1,097	1,186	Tax withheld from third parties	1,394	1,469
1,409	1,382	Social expenses	2,206	2,114
5,268	2,686	Other taxes	4,832	2,244
14,937	13,794	Other creditors	16,647	16,895
		Accrued costs		
12,005	11,365	Personnel costs	23,089	20,964
32,227	25,780	External supplies and services	32,400	25,636
5,405	4,327	Contractual liabilities	5,405	4,327
42,240	22,945	Other accrued costs	45,071	25,854
15,054	12,263	Deferred earnings (advanced receipts)	14,350	11,582
2,539	3,337	Investment subsidies	2,539	3,337
162,888	129,019		178,428	143,770

The other taxes item includes VAT for the months of November and December, to be paid in 2020.

The other creditors item includes the amount of 11,500 thousand euros to be paid to the grantor for the transfer of the assets at the Beja Civilian Terminal.

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

The other accrued costs item largely pertains to air traffic incentives.

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

	2019	2018
Opening balance		
Non-current [1]	13,220	15,593
Current	3,337	3,184
	16,557	18,777
Subsidies granted in the period	699	570
Transfers to earnings in the year	(2,552)	(2,596)
Other transfers	(259)	(194)
Final balance		
Non-current [1]	11,906	13,220
Current	2,539	3,337
	14,445	16,557

[1] See note 30

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

	2019	2018
Opening balance		
Non-current [1]	74,801	69,453
Current	4,327	7,472
	79,129	76,925
Year movement	10,619	5,370
Discounting effect	336	1,055
Use in the period	(1,793)	(5,251)
Reclassification	-	1,030
Final balance		
Non-current [1]	82,886	74,801
Current	5,405	4,327
	88,291	79,129

[1] See note 30

32. REVENUE

ANA, S.A. 2019	ANA, S.A. 2018		ANA Group 2019	ANA Group 2018
492,561	455,515	Traffic	492,561	455,515
154,884	136,729	Operation	154,884	136,729
68,230	64,954	Security charges and PRM	68,230	64,954
38,129	37,678	Occupancy	34,694	34,335
33,198	30,780	Handling	91,003	85,769
31,563	30,484	Parking facilities	30,897	29,821
12,871	11,262	Other commercial activities	12,628	10,927
8,690	8,115	Equipment	7,481	6,888
4,577	3,870	Advertising	4,577	3,870
2,375	2,241	Sales of goods	1,511	1,412
847,077	781,627	**Turnover**	898,465	830,220
21,501	14,337	Construction contracts (concession)	21,501	14,337
2,652	2,657	Other earnings	1,345	1,312
871,230	798,621		921,312	845,870

The construction contracts revenue recognised in the year ending 31 December 2019 was 21,501 thousand euros.

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

The growth in traffic revenue is closely linked to the recovery in the economy and also to the leveraging provided by other drivers. These include a notable surge in the tourism sector, which has continued to underpin much of this growth.

The amount carried in the traffic item is net of the traffic development incentives given to airlines to open up new routes and/or increase frequencies to optimise the capacity offered by the Group's airports. In 2019, the Group spent a total of 25,729 thousand euros on incentives.

33. GOODS SOLD AND MATERIALS CONSUMED

The cost of goods sold and materials consumed was as follows:

ANA, S.A.		ANA Group		
Total	Movements	Goods	Consumable materials	Total
	2019			
365	Inventories - opening balance	817	279	1,096
2,555	Purchases	3,729	242	3,971
3	Inventory adjustments	29	-	29
401	Inventories – closing balance	882	277	1,159
2,522	Costs in the financial year	3,694	243	3,937
	2018			
372	Inventories - opening balance	890	282	1,172
2,379	Purchases	3,371	234	3,605
(1)	Inventory adjustments	7	-	7
365	Inventories – closing balance	817	279	1,096
2,385	Costs in the financial year	3,451	237	3,688

34. EXTERNAL SUPPLIES AND SERVICES

The costs with external supplies and services were as follows:

ANA, S.A.			ANA Group	
2019	2018		2019	2018
41,427	38,504	Subcontracts	22,981	21,674
33,588	30,339	Surveillance and security	33,977	30,691
26,461	24,674	Repairs and maintenance	27,538	25,158
19,627	13,304	Construction contracts costs	19,627	13,304
18,773	18,893	Water, electricity and fuel	18,919	19,039
15,932	13,067	Specialised work	16,405	14,125
10,619	5,369	Contractual liabilities	10,619	5,369
10,438	10,359	Cleaning	10,744	10,622
2,141	1,610	Insurance	2,432	1,901
1,184	559	Communications	1,232	605
1,177	1,051	Advertising	1,055	1,165
959	886	Travel	1,144	1,060
715	1,575	Rental costs	1,119	2,319
16,438	15,880	Other external supplies and services	18,099	17,613
199,480	176,071		185,891	164,644

In 2019, the amounts carried in the construction contract costs item are largely accounted for by the investments made in extending the FOX taxiway and in the expansion of the NaveSul roof, at Porto and Lisbon airports, respectively. In 2019, initial investments were also made for the development of Montijo airport.

The drop in rents and rentals is mostly due to the application of IFRS 16. This item includes a leasing contract for office equipment (printers), in an amount of around 62 thousand euros. The exemption provided for in IFRS 16 was applied to this contract, given the low individual worth of the goods involved. One contract that no longer included equipment rental but still covered the communications network was reviewed. This also contributed to the reduction in rents and rentals.

The other external supplies and services item includes the technical and management services that the shareholder provides to the ANA Group (see note 48).

35. PERSONNEL EXPENSES

Staff-related costs breakdown as follows:

ANA, S.A.			ANA Group	
2019	2018		2019	2018
58,658	58,155	Salaries	94,735	93,972
13,242	13,444	Charges on remunerations	21,618	20,747
6,462	1,818	Incentives/ indemnities	6,462	1,818
1,706	1,642	Pensions	1,706	1,642
4,525	4,158	Other costs	13,520	13,085
84,594	79,217		138,041	131,264

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

On average, the Group had 3,405 and 3,443 employees in the years ending 31 December 2019 and 31 December 2018, respectively.

36. OTHER INCOME

ANA, S.A.			ANA Group	
2019	2018		2019	2018
9	50	Gains on tangible assets	13	77
337	419	Other unspecified income	329	310
346	469		342	387

37. OTHER EXPENSES

ANA, S.A. 2019	ANA, S.A. 2018		ANA Group 2019	ANA Group 2018
1,642	571	Incentives	1,642	571
503	356	Taxes	404	469
459	427	Bank service costs	541	495
430	298	Donations	431	298
202	164	Contributions to business/ Professional	217	177
50	298	Bad Debts	51	298
(3)	33	Fines and penalties	231	145
760	602	Other costs	963	736
4,043	2,749		4,479	3,187

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

38. AMORTISATIONS AND DEPRECIATIONS

ANA, S.A. 2019	ANA, S.A. 2018		ANA Group 2019	ANA Group 2018
87,433	92,172	Amortisations/ Depreciations in the financial year	88,983	93,278
23	3	Write-offs of fixed assets	23	3
87,456	92,174		89,006	93,281

39. COST OF GROSS FINANCIAL DEBT

Borrowing costs were as follows:

ANA, S.A. 2019	ANA, S.A. 2018		ANA Group 2019	ANA Group 2018
(45,630)	(46,061)	Interests on bank loans	(45,630)	(46,061)
(515)	(584)	Income from swaps	(515)	(584)
(201)	(201)	Stamp duty on bank loans	(201)	(201)
(62)	-	Financial effect of leasing	(64)	-
-	(41)	Interests on financial leasing	-	(41)
(46,408)	(46,886)		(46,410)	(46,886)

40. SHARE IN THE RESULTS OF ASSOCIATES AND OTHERS

ANA, S.A. 2019	ANA, S.A. 2018		ANA Group 2019	ANA Group 2018
2,772	913	Dividends received (Portway)	-	-
14	14	Dividends received (Futuro)	14	14
2,786	927		14	14

41. OTHER FINANCIAL RESULTS

ANA, S.A. 2019	ANA, S.A. 2018		ANA Group 2019	ANA Group 2018
		Expenses		
(336)	(1,055)	Financial effect of contractual liabilities	(336)	(1,055)
(135)	(1,142)	Interests paid	(135)	(1,145)
(9)	(10)	Foreign exchange losses	(15)	(22)
		Income		
330	681	Interest received	343	682
1	2	Foreign exchange gains	1	3
30	18	Other financial gains	30	18
(120)	(1,507)		(113)	(1,520)

42. CORPORATE INCOME TAX EXPENDITURE

ANA, S.A. 2019	ANA, S.A. 2018		ANA Group 2019	ANA Group 2018
140,695	129,158	Current tax	142,134	130,212
(5,159)	(4,781)	Deferred tax	(5,353)	(4,768)
2	9,431	(Over)/ Under estimation/ (Restitution)	9	9,612
135,538	133,808		136,790	135,056

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

2019	ANA	PORTWAY	Adjustment in consolidation	ANA Group
Current tax				
Tax for the year	140,695	1,439	-	142,134
(Over)/ Under estimation/ (Restitution)	2	7	-	9
Deferred tax	(5,159)	(194)	-	(5,353)
Tax expenditure	135,538	1,252	-	136,790
Results before income tax	437,402	5,595	(2,772)	440,225
Rate of taxation	31.12%	24.71%	31.12%	-
	136,123	1,383	(863)	136,643
Permanent differences	(768)	(3)	863	92
Temporary diferences	11	(163)	-	(152)
Tax benefits - SIFIDE	(268)	-	-	(268)
Autonomous rate	438	28	-	466
(Over)/ Under estimation/ (Restitution)	2	7	-	9
Income tax	135,538	1,252	-	136,790
Effective tax rate	30.99%	22.38%	-	31.07%

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

43. RESULT PER SHARE

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

ANA, S.A.			ANA Group	
2019	2018		2019	2018
301,864	282,255	Net profit of the period	303,435	284,114
40,000	40,000	Number of shares	40,000	40,000
		Net profit per share (in euros)		
7.55	7.06	Basic earnings	7.59	7.10
7.55	7.06	Diluted earnings	7.59	7.10

44. DIVIDENDS

In 2019 dividends were distributed in the amount of 200,000 thousand euros, as approved in the unanimous written decision of November 15, 2019.

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

45. COMMITMENTS UNDERTAKEN

ANA, S.A.			ANA Group	
2019	2018		2019	2018
255,130	101,447	Contracts signed and in progress	239,523	88,244

An amount of 15,953 thousand euros in 2019 and 13,481 thousand euros in 2018 is included in the above figures for ANA, S.A.. These amounts relate to service provision contracts signed with Portway, S.A..

The commitments undertaken item includes amounts for investments and for costs.

The increase in commitments is largely accounted for by the renegotiation of security and cleaning contracts that expired in 2019. The investments in the Lisbon airport expansion plan and the Montijo airport project also contributed to this item.

The commitments undertaken item no longer includes payments due on operating leases, as required under IFRS 16.

46. GUARANTEES PROVIDED

ANA, S.A.			ANA Group	
2019	2018		2019	2018
52,926	52,535	Bank guarantees	54,692	54,078
492	492	Surety insurance	492	492
53,418	53,027		55,184	54,570

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

ANA, S.A. 2019	ANA, S.A. 2018		ANA Group 2019	ANA Group 2018
52,466	52,075	Compliance guarantee - Concession contract	52,466	52,075
916	916	Expropriation lawsuits	916	916
-	-	Customs licensed warehouses management	1,759	1,536
36	36	Others	43	43
53,418	53,027		55,184	54,570

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

The year-on-year increase in 2019 is due, in the main, to the updating of the value of this guarantee.

47. CONTINGENCIES

47.1. CONTINGENT ASSETS

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

The preliminary calculation of regulated activity revenues for 2019, the seventh year of economic regulation, does not indicate that there will be any negative differences to be recovered in future years.

47.2. CONTINGENT LIABILITIES

Outstanding litigation under way as of 31 December 2019, which is not expected to result in responsibilities for the Group, can be summed up as follows:

ANA, S.A. 2019	ANA, S.A. 2018		ANA Group 2019	ANA Group 2018
161	1,723	Operational suits	175	2,195
152	152	Expropriation suits	152	152
5,895	5,811	Public procurement suits	5,895	5,811
311	311	Litigation against traffic duties application	311	311
580	455	Damage compensation lawsuits	1,188	455
59	59	Litigation on handling rates	59	59
233	234	Other liabilities	243	234

The lower figure for operational suits is largely attributable to changes in the level of perceived risk in some cases, for which the corresponding recognition in the accounts has been made.

The change in the damage compensation processes is due to the increased risk in one of the ongoing court cases.

48. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

	2019	2018
Assets balances		
Customers	1,091	2,161
Current Tax (RETGS)	521	472
Accrued income	93	87
	1,705	2,720
Liabilities balances		
Cash pooling	15,472	14,793
Accrued costs	1,559	1,534
Deferred earning	704	681
Suppliers	439	120
	18,174	17,127
Transactions		
External supplies and services	(20,115)	(18,535)
Income	13,229	13,081
Other income	15	125
	(6,871)	(5,329)

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

Are considered related parties:

Shareholder:

- VINCI Airports, SAS.

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

- VINCI, S.A.;
- VINCI Concessions, SAS;
- VINCI Assurances, SAS;
- VINCI Mobility, S.A.;
- VINCI Construction Grands Projects, SAS;
- VINCI Energies Portugal, S.A.;
- Axianseu, S.A.;
- Cegelec, Lda.;
- Freyssinet, Lda.;

- LFP – Lojas Francas de Portugal, S.A.;
- Rodio Portugal, S.A.;
- Sixense Portugal, Lda.;
- Sotécnica, S.A.;
- Sotécnica Açores, Unipessoal, Lda..

Board of Directors:

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

ANA, S.A. 2019	ANA, S.A. 2018		ANA Group 2019	ANA Group 2018
1,080	1,358	Remunerations	1,527	1,901

NATURE OF THE RELATIONSHIP BETWEEN THE RELATED PARTIES

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

Thus, for the ANA Group:

i) Assets balances with related parties are as follows:

2019	Total	Customers (Note 17)	Current Accrued income (Note 17)	Current tax (Note 20)	Cash pooling (Note 21)
LFP - Lojas Francas de Portugal, S.A.	14,467	12,191	2,276	-	-
Vinci Airports, SAS	5,573	104	-	-	5,469
Axianseu, S.A.	487	-	-	487	-
Sotécnica, S.A.	97	4	-	93	-
Rodio Portugal, S.A.	34	-	-	34	-
Sotécnica Açores, Lda.	14	1	-	13	-
Cegelec, Lda.	11	-	-	11	-
Vinci Concessions, SAS	1	1	-	-	-
Sixense Portugal, Lda.	1	-	-	1	-
Freyssinet, Lda.	1	-	-	1	-
	20,686	12,301	2,276	640	5,469

2018	Total	Non Current Customers (Note 17)	Accrued income (Note 17)	Current tax (Note 20)	Cash pooling (Note 21)
Vinci Airports, SAS	19,824	222	-	-	19,602
LFP - Lojas Francas de Portugal,S.A	5,865	5,748	117	-	-
Sotécnica, S.A.	313	4	-	309	-
Rodio Portugal, S.A.	15	-	-	15	-
Sotecnica Açores, Lda.	7	7	-	-	-
Vinci Mobility, S.A.	2	2	-	-	-
Vinci Concessions, SAS	1	1	-	-	-
	26,027	5,984	117	324	19,602

ii) Liabilities balances with related parties are as follows:

2019	Total	Non Current	Current			
		Loans (Note 26)	Suppliers (Note 31)	Assets suppliers (Note 31)	Accrued costs (Note 31)	Current tax (Note 20)
Vinci Airports, SAS	1,362,975	1,332,200	12,309	-	18,466	-
Sotécnica, S.A.	750	-	474	276	-	-
Vinci Concessions, SAS	93	-	93	-	-	-
Vinci Energies Portugal, S.A.	75	-	-	-	-	75
Cegelec, Lda.	35	-	-	-	35	-
Rodio Portugal, S.A.	12	-	-	-	-	12
Vinci, S.A.	5	-	-	-	5	-
Vinci Mobility, S.A.	4	-	4	-	-	-
Freyssinet, Lda.	1	-	-	-	-	1
	1,363,950	1,332,200	12,880	276	18,506	88

2018	Total	Non Current	Current			
		Loans (Note 26)	Suppliers (Note 31)	Assets suppliers (Note 31)	Accrued costs (Note 31)	Current tax (Note 20)
Vinci Airports, SAS	1,362,767	1,332,200	11,743	-	18,824	-
Sotécnica, S.A.	486	-	486	-	-	-
Axianseu, S.A.	139	-	47	92	-	-
Cegelec, Lda.	82	-	12	-	-	70
Freyssinet, Lda.	47	-	-	-	-	47
Vinci Energies Portugal, S.A.	42	-	-	-	-	42
Sotécnica Açores, Lda.	23	-	21	-	-	2
Rodio Portugal, S.A.	15	-	-	-	-	15
	1,363,602	1,332,200	12,309	92	18,824	177

iii) Transactions with related parties in the years ending 31 December 2019 and 2018 and carried on the separate income statement have the following breakdown:

2019	Income (Note 32)	External supplies and services (Note 34)	Personnel expenses (Note 35)	Other expenses (Note 37)	Costs of financing (Note 39)
LFP - Lojas Francas de Portugal, S.A.	74,353	-	-	-	-
Vinci Airports, SAS	188	12,545	521	-	44,064
Sotécnica, S.A.	43	5,251	-	-	-
Vinci Assurance, SAS	-	1,433	-	-	-
Vinci Concessions, SAS	-	-	-	427	-
Cegelec, Lda.	2	143	-	-	-
Vinci Mobility, S.A.	-	127	-	-	-
Axianseu, S.A.	-	364	-	-	-
Vinci, S.A.	-	10	-	-	-
Sotécnica Açores, Lda.	13	-	-	-	-
Freyssinet, Lda.	1	-	-	-	-
Vinci Energies Portugal, S.A.	1	-	-	-	-
Sixense Portugal, Lda.	1	-	-	-	-
Rodio Portugal, S.A.	2	-	-	-	-
	74,604	19,873	521	427	44,064

2018	Income (Note 32)	External supplies and services (Note 34)	Personnel expenses (Note 35)	Other expenses (Note 37)	Costs of financing (Note 39)
LFP - Lojas Francas de Portugal, S.A	65,896	-	-	-	-
Vinci Airports International, S.A.	-	98	-	-	40,489
Vinci Airports, SAS	244	12,130	438	-	3,764
Sotécnica, S.A.	45	4,470	-	-	-
Vinci Assurance, SAS	-	943	-	-	-
Vinci Concessions, SAS	-	-	33	360	-
Axianseu, S.A.	-	195	-	-	-
Cegelec, Lda.	1	138	-	-	-
Vinci Mobility, S.A.	-	71	-	-	-
Sotécnica Açores, Lda.	15	18	-	-	-
Vinci, S.A.	15	-	4	-	-
Rodio Portugal, S.A.	1	-	-	-	-
Vinci Energies Portugal, S.A.	1	-	-	-	-
Sixense Portugal, Lda.	1	-	-	-	-
	66,219	18,063	475	360	44,253

iv) Transactions related to investments are as follows:

	2019	2018
Vinci Construction Grands Projects, SAS	1,532	-
Sotécnica, S.A.	1,976	2,058
Axianseu, S.A.	530	265
Cegelec, Lda.	198	198
	4,236	2,521

49. SUBSEQUENT EVENTS

On 20 January 2020, Portway, S.A, and some of the labour unions with representation in the Subsidiary set the terms of a new collective labour agreement. This agreement was published in the Employment Bulletin and in the Official Journal of the Autonomous Region of Madeira on the 8th and 12th of February, accordingly, pending the publication of an Extension Ordinance. Nevertheless, said labour agreement, was not so far subscribed by two labour unions who have subscribed the previous labour agreement signed in 2016.

On 21 January 2020, the Portuguese Environment Agency ("APA") confirmed the environmental viability of the new airport at Montijo. The project received a conditionally favourable decision regarding the Environmental Impact Statement ("EIS"). As a result of this decision, APA has instituted a set of minimisation and compensation measures for the Montijo project and the various road accesses.

The novel coronavirus (often called COVID-19) originated in China in late December 2019 turned into a pandemic in early 2020 with outbreaks of spread in Europe. Population containment measures and even states of emergency declared throughout the world are likely to have significant effect on the global economy with the air transport being one of the most affected sectors.

The disease's time for containment, the measures decreed by Governments and by the aviation companies themselves, namely the suspension and cancellation of flights and or the increased credit risk of the Company's clients, are likely to have highly negative impacts in 2020 on the financial results of the Company, whose quantification seems impossible at the date of issue of the Management Report and Accounts.

Additionally, it should be noted that the current pandemic could lead to changes in the investment plan, namely, through the postponement of some of the investments.

50. FINANCIAL STATEMENTS APPROVAL

These consolidated and separate financial statements were approved by the Board of Directors in the meeting on 31st of March of 2020. The Board of Directors believes that these financial statements are a true and appropriate representation of the Group's operations, as well as of its financial position and performance and cash flows.

Certified Accountant

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Janete Hing Lee

Board of Directors
Chairman:

____
José Luís Fazenda Arnaut Duarte

Member and Chairman of the Executive Committee:

____
Thierry Franck Dominique Ligonnière

Members of the Board:

Nicolas Dominique Notebaert	Raphaël Alain Louis Pourny
Olivier Patrick Jacques Mathieu	Chloé Anne Cécile Tanguy Lapeyre
Rémi Guy Ferdinand Maumon-Falcon de Longevialle	António dos Santos Morgado
Éric Marc Jacques Delobel	Francisco José Simões Crespo Vieira Pita
Carlos Filipe Pires de Gouveia Correia de Lacerda	Miguel Frutuoso Lopo Hipólito Pires Mateus
Luís Manuel dos Santos Silva Patrão	

IV. AUDIT, REPORTS AND OPINIONS

Annual report 2019

REPORT AND OPINION OF THE SUPERVISORY BOARD ON THE MANAGEMENT REPORT AND THE 2019 ACCOUNTS
(Translated from the original in Portuguese)

Shareholders,

Under the terms of the mandate given to us and to comply with point g of paragraph 1 of article 420 of the Portuguese Companies Code we have prepared and issue our report on the management's report, the statement of the financial position, both on the separate and consolidated statements, the income statement and the comprehensive income statement, both separate and consolidated, the consolidated statement of changes in equity, the separate statement of changes in equity, the cash flow statement, separate and consolidated, and the respective annexes together with the notes to the financial statements, as well as the proposal for the application of the results presented by the Board of Directors of ANA – AEROPORTOS DE PORTUGAL, S.A. for the year ended 31st December 2019.

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

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

During the year the Supervisory Board met regularly with Deloitte both in their capacity as external auditors and also statutory auditors, acompanying their work and their independence. We became aware of their Statutory Audit Report (Certificação Legal das Contas), which includes an emphasis, which we approve, related with the consequences and operational and financial impacts of the pandemic of the new coronavirus on the company´s activity in 2020.

We also met the internal audit services with the main goal of taking knowledge of the main areas of audit, the compliance of the audit plans, the outcome of the audit tests performed and recommendations for the improvement of the systems and controls, having in mind to ensure the efficiency of the internal control systems and the matters related with risk management.

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

The management report emphasized the most relevant aspects of the activity of the ANA group in 2019, which showed a turnover of approximately € 898 465 thousand, excluding construction works (IFRIC 12) and incentive discounts in respect of air traffic, representing a growth of 8.2 % compared to 2017 corresponding to a total volume of 59 million passengers which compares to 55 million in 2018.

The group's EBITDA totaled € 573 835 thousand (being ANA € 566 565 thousand), which represents an increase of 2.7 % compared to 2018 (being ANA 2.4%) and a net profit of € 303 435 thousand (being ANA € 301 864 thousand) compared to a net profit of € 284 114 thousand (being ANA € 282 255 thousand) in 2018.

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

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

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

Based on the above we believe that the Shareholders may:

(a) Approve the management report, as well as the various documents making up both the individual and consolidated accounts of 2019 presented by the Board of Directors;

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

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

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

Lisbon, 21 April, 2020

THE SUPERVISORY BOARD

Dr. Jacques dos Santos - President

Dr. José Vitorino – Member

Dr. Gabriel Alves - Member

STATUTORY AUDITOR'S CERTIFICATION

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

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated and separate financial statements of ANA - Aeroportos de Portugal, S.A. ("Entity") and its subsidiary ("Group"), which comprise the consolidated and separate statement of financial position as at December 31, 2019 (showing a total of 2,581,696 thousand Euros and 2,572,669 thousand Euros, respectively, and consolidated equity of 751,664 thousand Euros and separate equity of 744,990 thousand Euros, including a consolidated net profit attributable to Group of 303,435 thousand Euros and separate net profit of 301,864 thousand Euros), the consolidated and separate statement of profit and loss by nature, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and the accompanying notes to the consolidated and separate financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view, in all material respects, of the consolidated and separate financial position of ANA - Aeroportos de Portugal, S.A. as at December 31, 2019 and of its consolidated and separate financial performance and its consolidated an separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for opinion

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

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

Emphasis of matter

In March 2020, the pandemic resulting from the spread of the new disease ("COVID-19") was declared by the World Health Organization. As a result, the competent local and international authorities have been establishing a set of exceptional and temporary measures in order to contain the spread of the disease. As mentioned in Notes 2 and 49, this situation and its evolution could have significant impacts on the global economic environment, and consequently on the Group's activity. The extent and severity of these impacts are not yet determinable. The Board of Directors considers that, given the information currently available, the liquidity situation and equity levels will be sufficient to continue the Group's activity.

Our opinion is not modified in relation to this matter.

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

Management is responsible for:

- the preparation of consolidated and separate financial statements that give a true and fair view of the Entity and Group’s financial position, consolidated and separate financial performance and consolidated and separate cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union;
- the preparation of the management report in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Entity and Group’s ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Entity and Group’s ability to continue as a going concern.

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

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

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

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

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity and Group’s internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity and Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our report. However, future events or conditions may cause the Entity or the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

About the Management report

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

Lisbon, April 16, 2020

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

Management Report & Accounts
2019