MAZARS
Tour Méditerranée
65, avenue Jules Cantini
13006 Marseille

DELOITTE & ASSOCIES
Les Docks – Atrium 10.4
10, place de la Joliette
13002 Marseille

AEROPORTS DE LA COTE D'AZUR

Société Anonyme

Rue Costes et Bellonte
06206 Nice

Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2018

MAZARS
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Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2018

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the annual general meeting of AEROPORTS DE LA COTE D'AZUR,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of AEROPORTS DE LA COTE D'AZUR for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "*Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the following assessments that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

- *Accounting principles and methods* :

    Notes 3.4, 3.5 and 3.17 to the consolidated financial statements present the accounting policies and methods for goodwill, intangible assets, property, plant and equipment and deferred tax.
    As part of our assessment of the accounting policies and methods adopted by your Company, we assessed the appropriateness of the accounting policies listed above and the disclosures provided in the notes to the consolidated financial statements, and we ensured they were correctly applied.

- *Management's Estimates* :

    Your Company recognizes employment benefits provisions, notably for retirement termination payments and to cover specific commitments granted in the context of the provision of personnel, based on the methods and assumptions described in Notes 3.16 and 16 to the consolidated financial statements.
    Based on the information provided to us, our procedures consisted in assessing the reasonableness of the assumptions and data underlying these provisions, verifying the Company's calculations and examining the approval procedures for these Management estimates.

Verification of the Group management Report

We have also performed in accordance with professional standards applicable in France the specific verifications required by law and regulations of the information pertaining to the Group presented in the management report of the Board of Directors ("Directoire").
We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

In accordance with French law, we report to you that this report could not be made available to shareholders under the conditions and time limits provided by article R. 225-89 of the French commercial code, certain documents and information necessary for its preparation having been communicated to us lately, considering also the Supervisory Board meeting held less than 15 days before the Annual General Meeting in charged of approving the annual accounts.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards 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 specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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.

- Obtains 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 internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses 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 Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Marseille, March 20, 2019

The Statutory Auditors'

French original signed by

MAZARS	DELOITTE & ASSOCIES
Stéphane MARFISI	Hugues DESGRANGES

CONSOLIDATED FINANCIAL STATEMENTS

AEROPORTS DE LA COTE D'AZUR GROUP

Financial year ending 31 December 2018

CONTENTS

BALANCE SHEET

Stated in €k

Assets	Notes	31/12/2018	31/12/2017
Goodwill	7	14,337	14,337
Intangible assets	8	5,053	5,180
Property, plant and equipment	9	471,503	452,886
Long-term Investments	10	3,143	2,535
Fixed assets		**494,036**	**474,938**
Inventories	11	1,315	1,223
Trade and other receivables	12	31,995	27,513
Deferred tax asset	21	57	241
Other receivables and adjustment accounts	12	13,861	13,865
Cash and cash equivalents	13	31,722	50,801
Current assets		**78,950**	**93,643**
Total assets		**572,986**	**568,581**

Liabilities and equity	Notes	31/12/2018	31/12/2017
Share Capital	14	148	148
Share premiums		-	-
Consolidated reserves		147,254	184,942
Consolidated earnings		51,943	42,832
Investment grants		1,479	1,924
Equity		**200,824**	**229,846**
Non-controlling interests		**-**	**-**
Other equity	**15**	**85,656**	**77,311**
Provisions	**16**	**8,100**	**9,414**
Loans and various debt	17	179,399	164,446
Deferred tax liability	21	8,245	9,886
Trade and other payables	18	16,609	19,622
Other payables and accruals	18	74,153	58,056
Payables		**278,406**	**252,010**
Total liabilities		**572,986**	**568,581**

INCOME STATEMENT

Stated in €k

	Notes	31/12/2018	31/12/2017
Sales		298,299	276,697
Cost of purchasing goods sold		(7,765)	(6,050)
Cost of purchasing raw materials		(760)	(571)
Other external consumables		(92,450)	(88,125)
Employee expenses	22	(47,789)	(47,663)
Taxes and duties		(7,081)	(6,383)
Net depreciation and amortisation		(55,216)	(53,218)
Other operating income and expenditure		(9,083)	(7,991)
Operating profit		**78,155**	**66,696**
Financial profit/loss	**19**	**(3,820)**	**(3,821)**
Income from consolidated companies		**74,335**	**62,875**
Extraordinary profit	**20**	**4,082**	**(290)**
Income tax	21	(26,474)	(19,753)
Net income from consolidated companies		**51,943**	**42,832**
Provisions for amortisation of goodwill		-	-
Consolidated net income		**51,943**	**42,832**
Profit/loss from non-controlling interests		-	-
Net profit/loss (Group Share)		**51,943**	**42,832**
Number of shares before dilution		148,000	148,000
Net earnings per share (in euros)		350.96	289.40
Diluted net earnings per share (in euros)		350.96	289.40
EBITDA		**133,371**	**119,914**

EBITDA corresponds to operating profit adjusted for net depreciation and amortisation.

STATEMENT OF CHANGES IN EQUITY

Stated in €k

	Number of Shares	Capital	Consolidated reserves	Profit/loss for financial year	Investment grants	Total group share	Non-controlling interests	TOTAL EQUITY
Situation as of 31 December 2016	**148,000**	**148**	**194,297**	**44,670**	**1,886**	**241,001**	**-**	**241,001**
Allocation of dividends	-	-	(54,020)	-	-	**(54,020)**		**(54,020)**
Distribution of profit	-	-	44,670	(44,670)	-	**-**	-	**-**
Profit/loss for financial year	-	-	-	42,832	-	**42,832**	-	**42,832**
Other variations	-	-	(5)	-	38	**33**	-	**33**
Situation as of 31 December 2017	**148,000**	**148**	**184,942**	**42,832**	**1,924**	**229,846**	**-**	**229,846**
Allocation of dividends	-	-	(80,513)	-	-	**(80,513)**	-	**(80,513)**
Distribution of profit	-	-	42,832	(42,832)	-	**-**	-	**-**
Profit/loss for financial year	-	-	-	51,943	-	**51,943**	-	**51,943**
Other variations	-	-	(6)	-	(445)	**(451)**	-	**(451)**
Situation as of 31 December 2018	**148,000**	**148**	**147,254**	**51,943**	**1,479**	**200,824**	**-**	**200,824**

CASH FLOWS STATEMENT

Stated in €k

		31/12/2018	31/12/2017
Consolidated net income		51,943	42,832
Amortisation/depreciation		54,988	53,132
Variation in deferred taxes	21	(1,437)	(2,840)
Capital gains or losses from sale of assets		(630)	789
Self-financing gross margin for consolidated companies		**104,864**	**93,913**
Change in stock	11	(92)	(127)
Change in trade receivables	12	(4,482)	(5,555)
Change in other receivables	12	(9)	(4,784)
Change in trade payables	18	(2,923)	3,683
Change in other payables	18	11,777	(6,179)
Effect of change in working capital requirement linked to activity		**4,272**	**(12,962)**
Net cash flow generated by activity		**109,136**	**80,951**
Acquisition of intangible assets	8	(2,076)	(1,570)
Acquisition of property, plant and equipment	9	(66,010)	(51,731)
Acquisition of long-term investments (excluding consolidated securitie:	10	(703)	(234)
Debts on acquisition of property, plant and equipment	18	4,309	4,331
Disposal of fixed assets (excluding consolidated securities)	8, 9, 10	2,157	106
Net cash flows linked to investment transactions		**(62,323)**	**(49,098)**
Dividends paid to parent company shareholders		(80,513)	(54,020)
Bank loans	17	33,156	51,102
Investment grants received		(331)	188
Bank borrowing refunds	17	(17,669)	(17,792)
Net cash flows linked to financing transactions		**(65,357)**	**(20,522)**
Effect of changes in GAAP		-	-
Change in cash flow		**(18,544)**	**11,331**
Cash on opening	13	50,266	38,935
Cash on closing	13	31,722	50,266
Change in cash flow by balances		**(18,544)**	**11,331**

Capital gains or losses from the sale of assets include changes in lump-sum advance payments.

EXPLANATORY NOTES RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. General information

Aéroport Nice Côte d'Azur ("ACA") is a French public company (*société anonyme par actions*) created on 28 December 2006 with headquarters at rue Costes et Bellonte, BP 3331, 06206 NICE CEDEX 3 (France).

The main activity of the Company and its subsidiaries ("the Group") is airport infrastructure management.

ACA manages the Nice Côte d'Azur and Cannes airports after signing a concession contract with the State, which will end on 31 December 2044.

On 9 November 2016, the State and the Alpes Maritimes Departmental Council sold respectively 60% and 4% of their shares in the company ACA to the company Azzurra Aeroporti, owned by Atlantia S.p.A., Aeroporti Di Roma and EDF through its division EDF Invest. In 2017, the Principality of Monaco purchased 12.5% of the company Azzurra Aeroporti. Therefore the company's current shareholding structure is as follows: Atlantia S.p.A. 52.51%, Principality of Monaco 12.5%, Aeroporti di Roma 10% and EDF Invest 24.99%.

Since the 2016 financial year, the ACA group has been consolidated within the financial statements of the group Atlantia S.p.A. - 20 rue Antonio Nibby - 00161 Rome in accordance with international financial reporting standards (IFRS).

The ACA group voluntarily decided to produce consolidated financial statements in accordance with French GAAP for the 2018 financial year.
The Group's consolidated financial statements were approved by the Executive Board on 15 February 2019.

Note 2. Basis of preparation of financial statements

The Group establishes consolidated financial statements in accordance with French legal and regulatory provisions (CRC regulation no. 99-02 and no. 2005-10 of the Accounting Regulations Committee (CRC)).

Generally accepted accounting principles were applied in accordance with the precautionary principle and basic assumptions: going concern, consistency of accounting methods from one financial year to the next, and the independence of financial years in accordance with general rules for preparing and presenting financial statements.

The method chosen to assess the elements included in the financial statements is the historical cost method.

Unless otherwise indicated, figures are stated in thousands of euros.

The consolidating company's year-end is 31 December. The same applies to all other companies within the consolidation scope.

The financial statements of the consolidating company and consolidated entities correspond to the 2018 calendar year.

The consolidated financial statements are prepared in accordance with French GAAP, which is based on the assumptions and estimates determined by Management, affecting the total assets and liabilities on the balance sheet closing date and the financial year's income and expenditure.

Note 3. Accounting principles and methods

3.1. Consolidation methods

Companies are consolidated if they are controlled by the Group. Subsidiaries are fully consolidated from the date when effective control is transferred to the Group, regardless of the operation's legal arrangements. They are deconsolidated on the date when this control ends.

3.2. Internal operations

All significant reciprocal operations between consolidated companies are eliminated.

Allowances and write-off of provisions for the impairment of securities and receivables for consolidated companies are eliminated from the profit or loss, as they duplicate the profit or loss of the companies in question.

The profit or loss from the sale of assets between Group companies is eliminated from the profit or loss. Depreciation on depreciable assets subject to intra-group sale is removed.

3.3. Foreign currency translation

All Group entities establish their financial statements in euros, which is also their operating currency.

3.4. Goodwill

Goodwill is the difference between the cost of purchasing securities and the total value of assets and liabilities identified on the acquisition date. The cost of acquisition of securities is equivalent to the payment made to the seller, plus costs directly attributable to the acquisition (net of tax) and potential price adjustments measured reliably and which are likely to be paid.

Goodwill can result in a restatement within one year following the acquisition date.

From 1 January 2016, goodwill was defined as having an undefined duration of use. Therefore it is no longer amortised.

The determined net value can result in additional impairment when recoverable values fall below the net carrying amount.

3.5. Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are valued at their cost of acquisition (purchase price and incidentals, excluding acquisition fees) or at their production cost. Borrowing costs linked to investment are recorded under expenditure.

- **Specific information relating to concession assets**

This asset category covers companies subject to a concession scheme.
It includes:

- fixed assets granted as a concession by the licensor:

Fixed assets include land and airports and various existing buildings when granting the concession or granted as a concession by the licensor during the concession period.
The granting of a concession for these fixed assets creates a “licensor’s right” (with a total equivalent to the fixed assets in question) recorded under the balance sheet’s liabilities.

These fixed assets and the licensor’s right are subject to impairment each year with no effect on the income statement, calculated on a straight-line basis for all “depreciable” assets depending on the planned period of use (ignoring the concession end date). Currently all depreciable assets granted as a concession by the licensor are fully depreciated.

- fixed assets granted as a concession by the concession holder:

These fixed assets, excluding assets financed by the airport tax, receive different accounting treatment depending on whether they are renewable and whether their renewal takes place before the end of the concession:

➢ Non-renewable assets before the end of the concession

These are non-renewable assets due to their nature (e.g. land) or whose period of use exceeds the remaining concession period.

These assets are subject to:

- Financial depreciation in the income statement which allows the concession holder to recover the finance granted. This depreciation is calculated for the concession's remaining period;
- Impairment corresponding to technical depreciation with no effect on the income statement, but used to determine the net value of the asset in the balance sheet's assets and whose consideration is the licensor's right.

➢ Renewable assets before the end of the concession

These are non-renewable assets by nature (land for example) or whose duration of use exceeds the residual duration of the concession.

These assets are subject to:

- Technical depreciation based on the period of use of these assets;
- Financial depreciation "on the first asset" with an effect on the income statement, calculated for the remaining concession period and intended to anticipate the obsolescence expense during the last asset renewal before the end of the concession.

This financial depreciation for renewable assets with a commissioning date on or after 01/01/2007 applies to:

- buildings, networks, infrastructure;
- special equipment, complex facilities with a duration exceeding 10 years;

Assets financed by the airport tax are only subject to technical depreciation for the asset's period of use.

- **Amortisation/depreciation period for group assets (under concession or not under concession)**

Type of assets	Duration
Intangible assets : IT software/studies	1 to 3 years
Buildings and construction	
- Structural work	40 to 50 years
- Roofing	20 to 30 years
- Sub-trades	10 to 20 years
- Technical work	7 to 15 years
Runways, paths and aircraft parking areas	
- Foundation	40 to 50 years
- Top layer, surfacing, signs	10 to 15 years
Roads and Car parks	
- Multi-storey and underground car parks	40 to 50 years
- Covered, open-air car parks and roads and utilities	15 to 20 years
- Organisation	10 years
Technical facilities, equipment and industrial tools	5 to 10 years
Other property, plant and equipment	5 to 10 years

3.6. Loss of value of property, plant and equipment and intangible assets

An impairment test is performed if there are indications of a loss of value. This involves comparing the carrying amount of an asset or group of assets to their recoverable value.

An asset's carrying amount is impaired if it exceeds its recoverable value. The recoverable value is the higher of the asset (or group of assets)'s fair value net of disposal costs or its value in use.

The value in use is determined by adding the updated cash flow values expected from using the asset (or group of assets) and the terminal value. The provisional cash flows used are consistent with the provisional business plans established by Group management.

Where applicable, impairment is recorded under extraordinary expenses.

3.7. Non-consolidated holdings, other fixed investments

The gross value of non-consolidated holdings is recordered on the balance sheet at the cost of acquisition.

If their value in use, notably assessed based on future profit/loss perspectives or the reference value at year-end, is lower than the net carrying amount, a provision for impairment is created.

3.8. Financial leasing contracts

Significant leasing and financial leasing contracts are restated. Assets financed through these contracts are recorded under assets, with borrowing corresponding to the liability.

Capitalised assets subject to financial leasing contracts are amortised over the period of use of the corresponding asset.

The Group does not have any contracts which require this type of restatement.

3.9. Inventories

Stocks of goods and supplies are valued at the average weighted cost including purchase incidental expenses.

A provision for impairment is created depending on item age and turnover.

3.10. Receivables and payables

Receivables and payables are recorded at their nominal value. Where appropriate, they are impaired to acknowledge the risk of non-recovery.

The "Other receivables" item mainly consists of social security and tax liabilities.

3.11. Cash and cash equivalents

The company considers securities maturing within 3 months and no significant interest rate risk as cash equivalents.

Transferable securities are entered into the balance sheet at their cost of acquisition.

Where applicable, they are subject to impairment calculated for each line of securities of the same type, in order to reduce their value to the average stock market price in the previous month, or their probable negotiation value for unlisted securities.

3.12. Investment grants

Investment grants are recorded under equity. They are reported as income for the period of use of the financed asset. The share of investment grants financing operating costs is directly entered into operating profit.

3.13. Other equity

Other equity includes the licensor's right. This right includes consideration:

- For assets donated by the licensor at no cost;
- For financial depreciation on non-renewable assets (see note 3.5);
- For provisions for financial depreciation on renewable assets (see note 3.5).

3.14. Financial liabilities

Borrowing costs are recorded under expenditure.

3.15. Derivatives

Hedging instruments were put in place to reduce the effect of interest rate variations.
These instruments are not recorded on closing.

As of 31 December 2018, the fair value of these derivatives totalled -€2,376 K (vs. -€2,647 K at the end of 2017).

3.16. Provisions for liabilities and charges

Provisions for liabilities and charges are recorded when there is a current obligation due to a past event, probably through an outflow of resources representing economic benefits and whose total can be estimated reliably.

- **Pension liabilities and other employee benefits**

The total liabilities in terms of pensions, retirement supplements, allowances and allocations due to employee retirement are subject to an actuarial calculation. These liabilities mainly cover retirement allowances.

The resulting provision is recorded in provisions.

These liabilities are calculated based on the retrospective method applied to all employees, considering the provisions outlined by collective agreements, valuation assumptions, turnover, inflation and updates.

The hedging assets were deducted from the provision amount, where applicable.

Actuarial gains and losses are directly recorded to profit/loss.

- **Other provisions for liabilities and charges**

The Group records a provision for litigation with third parties if damage caused before the year-end is identified, particularly in the event of an assignment. If a favourable judgement is issued, the provisions are retained until the initial appeal or final appeal period ends.

3.17. Taxes

- **Deferred taxation**

The "Income tax" heading in the income statement includes tax due and the deferred tax expense or income.

Deferred taxes are recorded using the variable carry-forward method for temporary differences at year-end between the tax base of the assets and liabilities and their carrying amount. No deferred tax liability is recorded in goodwill for business combinations.

A deferred tax asset is recorded for tax losses and unused tax credits if it is probable that the Group will have future taxable profits against which these tax losses and tax credits could be offset.

Deferred tax assets and liabilities are valued at the tax rate which is expected to be applied in the financial year during which the asset is realised or the liability settled, based on the tax rates which were adopted or essentially adopted on the closing date. The group's average rate in France is that of the company ACA (34.43%).

Following the adoption of the 2018 finance law no. 2017-1837 on 30 December 2017, including a measure to underline the reduction of corporation tax, tax debt is calculated by applying the rates of 32.02% (for 2019), 28.92% (for 2020), 27.37% (for 2021) and 25.83% (from 2022). These tax rates include the impact of the additional 3.3% contribution which the Group must pay.

Deferred taxes are calculated on an entity by entity basis. They are offset when taxes are levied by the same tax authority and they relate to the same tax entity.

- **Tax consolidation**

Since 1 January 2016, the company ACA has opted for a tax consolidation scheme as outlined in article 233A of the general taxation code, including its subsidiaries ACA Holding, ACA C1 and Sky Valet France.

3.18. Extraordinary items

Extraordinary income and expenditure include significant elements which, due to their nature, unusual character and non-recurrence, cannot be considered inherent to the Group's operational activity.

This notably includes capital gains or losses from disposals, restructuring expenses, extraordinary amortisation/depreciation, asset impairment and debt write-offs.

3.19. Earnings per share

The net earnings per share before dilution is calculated by dividing net earnings by the average weighted number of shares in circulation.

The net earnings per share after dilution is calculated by dividing the net earnings by the average weighted number of shares in circulation, considering the number of shares which would result from exercising warrants.

On closing, the group had not issued any warrants.

3.20. Industry information

The Group mainly operates in two industries: managing airport infrastructure and general aviation ground handling services. As the latter is not significant to date, it is not relevant to present industry information.
Moreover, there is no monitoring by geographic location as nearly all clients and assets and liabilities are located in France.

Note 4. Scope of consolidation

The list of consolidated companies as of 31 December 2018 is as follows:

Companies	Headquarters	SIRET	% holding		Consolidation Method	
			2018	2017	2018	2017
Aéroports de la Côte d'Azur (ACA)	Rue Costes et Bellonte BP 3331 06206 NICE CEDEX 3 France	49347948900020	arent Compa	nrent Compa	FC	FC
Aéroport Golfe de Saint-Tropez (AGST)	31 route du Canadel 83310 La Mole France	59718047000010	99.94%	99.94%	FC	FC
SCI La Ratonnière	BP 3331 06206 NICE CEDEX 3 France	47903280700030	100%	100%	FC	FC
ACA C1	BP 3331 06206 NICE CEDEX 3 France	79933134300019	100%	100%	FC	FC
ACA Holding	BP 3331 06206 NICE CEDEX 3 France	81030098800013	100%	100%	FC	FC
Sky Valet France	3 rue de Londres 93440 Dugny France	80972293700012	100%	100%	FC	FC
Sky Valet Spain	C/Alfonso XII, 8 – bajo dcha ., 28014 Madrid SPAIN	N/A	100%	100%	FC	FC
Sky Valet Portugal	Aerodromo Municipal de Cascais, 2785-632 Sao Domingos de Rans	N/A	100%	100%	FC	FC
Airport One	69 boulevard Malesherbes 75008 Paris	83960659700012	49%	N/A	EM	N/A
Airport Hotel	69 boulevard Malesherbes 75008 Paris	83960643100014	49%	N/A	EM	N/A

FC: Full consolidation
N/A: Not applicable
EM: Equity method

AGST was considered owned 100%.

Note 5. Significant events

None.

Note 6. Subsequent events

On 30 January 2019, ACA decided to dissolve the company SAS ACA C1 early, for which it is the sole shareholder. This decision resulted in the transfer of assets from SAS to the sole shareholder. For tax purposes, the dissolution will take effect on 01/01/2019.

On 1 March 2019, ACA signed an amendment to extend the deadline, allowing it to use the remaining €18 million out of a budget of €100 million from the EIB.
ACA now has until 30 March 2021 to raise these funds.

Note 7. Goodwill

	31/12/2018	31/12/2017
Gross values on opening	**15,114**	**15,130**
Acquisitions	-	-
Disposals	-	-
Changes in scope	-	(16)
Gross values on closing	**15,114**	**15,114**
Total amortizations & depreciations on opening	**(777)**	**(777)**
Amortizations & depreciations	-	
Disposals	-	-
Total amortizations & depreciations on closing	**(777)**	**(777)**
Net values on opening	**14,337**	**14,353**
Net values on closing	**14,337**	**14,337**

Goodwill corresponds to the acquisition of the following companies in 2013, 2015 and 2016:

Entities	Gross	Amortisation/depreciation and impairment	Net 31/12/2018	Net 31/12/2017
SA Aéroport Golfe de Saint-Tropez (AGST)	2,854	357	2,497	2,497
SCI La Ratonnière	356	45	311	311
Sky Valet France	2,035	76	1,959	1,959
Sky Valet Spain	8,979	299	8,680	8,680
Sky Valet Portugal	890	-	890	890
TOTAL	**15,114**	**777**	**14,337**	**14,337**

Goodwill is no longer amortised from 1 January 2016.

Note 8. Intangible assets

The change in intangible assets is analysed as follows:

	Development costs	Concessions, patents and similar rights	Total
Gross values on opening	**6,372**	**36,054**	**42,426**
Acquisitions	-	2,076	**2,076**
Disposals	(1)	(24)	**(25)**
Changes in scope	-	-	**-**
Other variations	-	1,071	**1,071**
Gross values on closing	**6,370**	**39,177**	**45,547**
Total amortizations & depreciations on opening	**(5,541)**	**(31,705)**	**(37,246)**
Amortizations & depreciations	(461)	(2,813)	**(3,274)**
Disposals	-	25	**25**
Changes in scope	-	-	**-**
Other variations	-	-	**-**
Total Total amortizations & depreciations on closing	**(6,002)**	**(34,493)**	**(40,495)**
Net values on opening	**830**	**4,350**	**5,180**
Net values on closing	**368**	**4,684**	**5,053**

Development expenses correspond to general studies conducted as part of the development of infrastructure or the development of platform zones.

Concessions, patents and similar rights mainly corresponds to software, particularly airport operation software.

Note 9. Property, plant and equipment

Property, plant and equipment are as follows:

	Land	Buildings	Technical facilities and industrial tools	Current property, plant and equipment	Other property, plant and equipment	Total
Gross values on opening	**78,265**	**926,197**	**77,550**	**28,296**	**35,255**	**1,145,563**
Acquisitions	3,835	18,363	2,286	39,105	2,421	**66,010**
Disposals	(79)	(7,814)	(3,718)	-	(2,309)	**(13,920)**
Other variations	66	19,572	1,953	(23,133)	471	**(1,071)**
Gross values on closing	**82,087**	**956,318**	**78,071**	**44,268**	**35,838**	**1,196,582**
Total amortizations & depreciations on opening	**-**	**(608,668)**	**(54,028)**	**-**	**(29,982)**	**(692,678)**
Amortizations & depreciations	-	(38,454)	(4,056)	-	(2,280)	**(44,790)**
Disposals	-	6,413	3,686	-	2,290	**12,389**
Total amortizations & depreciations on closing	**-**	**(640,709)**	**(54,398)**	**-**	**(29,971)**	**(725,079)**
Net values on opening	**78,265**	**317,529**	**23,522**	**28,296**	**5,273**	**452,886**
Net values on closing	**82,087**	**315,609**	**23,674**	**44,268**	**5,867**	**471,503**

The acquisitions during the year mainly correspond to the purchase of land and buildings in the North zone, replacement and improvement works in the terminals and work linked to the tram.

Other changes corresponds to commissioning mainly linked to tanker parking areas, aircraft stations and airport access, particularly tram arrivals.

The main decreases are former developments of Terminal 2 following shop refurbishment, and demolition to allow the tram to pass between the two terminals.

Note 10. Investments

All investments are payable after more than one year.

	Non-consolidated holdings	Loans, deposits and guarantees	Total
Gross values on opening	**251**	**2,284**	**2,535**
Acquisitions	-	703	**703**
Disposals	-	(1)	**(1)**
Changes in scope	-	-	**-**
Other variations	(94)	-	**(94)**
Gross values on closing	**157**	**2,986**	**3,143**
Total amortizations & depreciations on opening	**-**	**-**	**-**
Amortizations & depreciations	-	-	**-**
Disposals	-	-	**-**
Changes in scope	-	-	**-**
Other variations		-	**-**
Total amortizations & depreciations on closing	**-**	**-**	**-**
Net values on opening	**251**	**2,284**	**2,535**
Net values on closing	**157**	**2,986**	**3,143**

Note 11. Inventories

	31/12/2018			31/12/2017
	Gross value	Total impairment	Net value	Net value
Stock of raw materials, supplies and other procurement	987	-	987	941
Stock of goods	328	-	328	282
Total	**1,315**	**-**	**1,315**	**1,223**

Note 12. Trade and other receivables

	31/12/2018	31/12/2017	Total change	Change during the period	Reclass.	Changes in scope
Trade and other receivables -	33,620	29,017	4,603	4,603	-	-
Impairment of trade receivables	(1,625)	(1,504)	(121)	(121)		
Trade and other receivables - Net	**31,995**	**27,513**	**4,482**	**4,482**	**-**	**-**
Other operating receivables	600	266	334	334	-	-
Tax and employment-related liabilit	8,624	11,359	(2,735)	(2,735)	-	-
Current accounts	2,275	22	2,253	2,253	-	-
Other miscellaneous receivables	1,352	1,395	(43)	(29)	(13)	-
Prepaid expenses	1,010	823	187	187	-	-
Total other receivables	**13,861**	**13,865**	**(4)**	**9**	**(13)**	**-**
Total	**45,856**	**41,378**	**4,478**	**4,491**	**(13)**	**-**

The change in the Trade and other receivables - Gross heading is mainly linked to the increase in traffic.

Prepaid expenses mainly correspond to commercial lease contracts, IT maintenance and other operating expenses.

Group receivables mature within one year.

Note 13. Cash and cash equivalents

Cash components	31/12/2018	31/12/2017
Short-term investments	450	450
Cash and cash equivalents	31,272	50,351
Cash in balance sheet assets	**31,722**	**50,801**
Bank overdrafts and equivalent	(0)	(535)
Net cash	**31,722**	**50,266**

The short-term investments correspond to treasury bills.

Note 14. Share capital

As of 31 December 2018, the share capital totalled €148,000. It is comprised of 148,000 ordinary shares with a par value of €1 each.

Note 15. Other equity

The company ACA manages airport activity granted as a concession by the French state. The concession contract notably includes the return of assets at the end of the concession for €0. This provision results in the recording of financial depreciation (see note 3.5 on concession assets) in the income statement, and whose consideration is recorded in the balance sheet liabilities under "licensor's right". Moreover, assets donated for free by the licensor at the start or during the concession are recorded under assets as consideration for the "licensor's right".

As of 31 December 2018, the "licensor's right" heading is detailed as follows:

	Total as of 31/12/2017	Increase in 2018	Decrease in 2018	Total as of 31/12/2018
Licensor's right excl. VAT	19,992	-	-	19,992
Amort. Licensor's right	(7,226)	-	-	(7,226)
Licensor right VAT	1,185	-	-	1,185
Share of amort. Financial dep. assets technique	(6,071)	(1,516)	-	(7,587)
Financial depreciation of non-renewable assets	32,367	2,763	-	35,130
Financial depreciation of renewable assets	37,063	7,139	40	44,162
TOTAL	**77,311**	**8,385**	**40**	**85,656**

Financial depreciation on non-renewable assets corresponds to the obsolescence, on the one hand, of the land provided by the concession holder and on the other hand, the structural work and earthmoving for infrastructure in recent years, whose period of technical depreciation for exceeds the concession period.

Note 16. Provisions for liabilities and charges

- **Change**

	Provisions for liabilities and charges	Pension provisions and similar liabilities	Total
Values as of 31/12/2017	**2,124**	**7,290**	**9,414**
Allowances	6	349	**355**
Write-off used	(924)	-	**(924)**
Write-off not used	(745)	-	**(745)**
Values as of 31/12/2018	**461**	**7,639**	**8,100**

- **Valuation assumptions of the provision for pension liabilities**

Pension liabilities are subject to a provision in each of the group entities when they have an obligation covered by the accounting criteria of this liability (see note 3.16). Only the assumptions for the company ACA are presented below, as the provision represents nearly all the group's liabilities.

	31/12/2018	31/12/2017
Update rate (Iboxx rate)	1.57%	1.30%
Retirement age EXECUTIVES and CLERICAL, TECHNICAL AND SUPERVISORY STAFF	64 years	64 years
Retirement age EMPLOYEES	62 years	62 years
Wage progression rate	2.40%	2.40%
Mortality table	INSEE F 2011-2013	INSEE F 2008-2010

The annual update rate corresponds to the IBOXX AA+ 10 year rate.
Turnover is assessed by age group and socioprofessional category based on statistics from the past five years.

- **Provision for liabilities and charges**

The provisions for disputes and liabilities specifically comprise the provisions for liabilities to the CCINCA linked to the provision of staff.

Through a staff provision agreement signed with the CCINCA, Aéroports de la Côte d'Azur agreed to recover all company liabilities relating to the staff made available, and to ultimately assume the risk. For this purpose, it notably agreed to cover the financial consequences until full settlement in the conditions outlined in the CCI staff regulations, for any dismissal of staff not wanting to opt-in to a private law employment contract after 10 years (30/06/2018) and who cannot be reallocated in CCINCA services.

As of 31/12/2018, as the option period had expired, the reallocation procedures were all completed and all sums relating to the final settlements of employees opting-out were recorded in the financial statements. As consideration for this event, the provision for liabilities with regards to the CCINCA was fully reversed.

Note 17. Financial liabilities

	Bank loans	Bank overdrafts and equivalent	Other financial liabilities	Total
Values as of 31/12/2017	**159,967**	**535**	**3,944**	**164,446**
Increase	32,000	-	1,156	**33,156**
Decrease	(16,823)	-	(846)	**(17,669)**
Net change	-	(535)	1	**(534)**
Values as of 31/12/2018	**175,144**	**-**	**4,255**	**179,399**

The increase in outstanding debt as of 31/12/2018 is due to new borrowing totalling €32 million from the EIB.
As of 31 December 2018, there is a total of €18 million available from the EIB until March 2019.

Other financial liabilities mainly include collateral deposits received and interest accrued but not paid on borrowings.

- **Schedule**

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Bank loans	17,313	64,423	93,408	**175,144**
Other financial liabilities	573	3,682	-	**4,255**
Total	**17,886**	**68,105**	**93,408**	**179,399**

The borrowing below is hedged mainly as a swap to limit interest rate risk:

	Notional < 1 year	1 year < Not < 5 years	Notional > 5 years	Total
Fixed payer/Variable payee	3,441	13,843	15,804	33,088
Other	736	2,945	2,441	6,122
Total	**4,177**	**16,788**	**18,245**	**39,210**

Note 18. Non-financial liabilities

	31/12/2018	31/12/2017	Total change	Change during the period	Reclass.	Debt on fixed assets
Trade and other payables	**16,609**	**19,622**	**(3,013)**	**(2,923)**	**(90)**	**-**
Tax and employment-related liabilities	33,155	27,823	5,332	5,320	12	-
Debts on acquisition of fixed assets	27,658	23,349	4,309	-	-	4,309
Other liabilities	12,790	6,479	6,311	6,311	-	-
Deferred income	550	404	146	146	-	-
Total other liabilities and accruals	**74,153**	**58,056**	**16,097**	**11,777**	**12**	**4,309**
Total non-financial liabilities	**90,762**	**77,678**	**13,084**	**8,854**	**(78)**	**4,309**

Note 19. Financial profit/loss

The group's financial profit/loss is analysed as follows:

	31/12/2018	31/12/2017
Income from holdings and transferable securities	53	61
Interest received and similar income	123	56
Interest paid and similar expenses	(3,993)	(3,999)
Net exchange rate profit/loss	(2)	-
Net provisions	(1)	61
Financial profit/loss	**(3,820)**	**(3,821)**

Note 20. Extraordinary profit

	31/12/2018	31/12/2017
Extraordinary income from management transactions	3,498	953
Extraordinary expenditure from management transactions	(36)	(407)
Extraordinary income and expenses from capital transactions	625	(777)
Net provisions	(5)	(59)
Extraordinary profit	**4,082**	**(290)**

Note 21. Income tax

Income tax rates used to calculate tax due are as follows:

Tax rate	2018	2017
France	34.43%	34.43%
Portugal	21.00%	21.00%
Spain	25.00%	25.00%

- **Tax expenditure for the financial year**

	31/12/2018	31/12/2017
Tax payable	(27,911)	(22,593)
Deferred taxes	1,437	2,840
Total	**(26,474)**	**(19,753)**

- **Deferred taxes**

The deferred tax assets and liabilities are offset when they cover the same tax entity, which is notably the case for tax consolidation at ACA level.

	31/12/2018	31/12/2017
On securities acquisition costs	41	223
On tax loss carry-forwards	-	5
On temporary differences	16	13
Deferred tax asset	**57**	**241**
On securities acquisition costs	27	(108)
On tax loss carry-forwards	197	196
On obsolescence	(11,667)	(14,021)
On temporary differences	1,080	1,415
On social security liabilities and other provisions	2,119	2,632
Deferred tax liability	**(8,245)**	**(9,886)**

The deferred tax liability on obsolescence relates to financial depreciation as of 1 January 2008 recorded as equity and reintegrated for tax purposes in line with the technical depreciation of related assets (article 19 of the law of April 2005).

- **Rationalisation of tax expenditure**

	31/12/2018	31/12/2017
Net income from consolidated companies	51,943	42,832
Tax expenditure	(26,474)	(19,753)
Consolidated profit/loss before tax	**78,417**	**62,585**
Common law rate	34.43%	34.43%
Theoretical tax expenditure	**(26,999)**	**(21,548)**
Effect on permanent differences	(333)	(508)
CICE (tax credit for competitiveness and employment)	800	903
Tax on dividends	-	698
Rate difference	(14)	611
Tax credits	92	54
Other	(22)	-
Actual tax expenditure	**(26,474)**	**(19,753)**
Effective tax rate	**33.76%**	**34.87%**

Following the adoption of the 2018 finance law no. 2017-1837 on 30 December 2017, including a measure to underline the reduction of corporation tax, tax debt is calculated by applying the rates of 32.02% (for 2019), 28.92% (for 2020), 27.37% (for 2021) and 25.83% (from 2022). These tax rates include the impact of the additional 3.3% contribution which the Group must pay.

- **Deferred tax assets from tax losses**

	Net total on opening	Capitalised tax losses	Tax losses used	Tax losses not used	Net total on closing
Sky Valet France	676	3	-	-	679
Sky Valet Portugal	25		-	(25)	-
TOTAL	**701**	**3**	**0**	**(25)**	**679**
Corresponding deferred tax asset (current rate)	**239**	**1**	**0**	**(5)**	**235**
Corresponding deferred tax asset (future corporation ta	**201**	**1**	**0**	**(5)**	**197**

Note 22. Employees

As of 31 December 2018, the total average workforce (TAW) was 667 people (vs. 676 at the end of 2017).

	31/12/2018	31/12/2017
Salaries and incentive schemes	(30,451)	(29,937)
Profit-sharing	(3,040)	(3,812)
Social security contributions	(15,098)	(14,840)
CICE (tax credit for competitiveness and employment)	800	926
Total	**(47,789)**	**(47,663)**

Note 23. Off-balance sheet commitments

- **Commitments received**

Bank guarantees

Guarantees Received from Clients	**€14,313k**
Construction Guarantees Received	**€7,345k**
Guarantees Received from Fixed Asset Suppliers on Holdbacks	**€5,744k**

Liability guarantees

As part of the acquisition of AGST securities, the company Aéroports de la Côte d'Azur receives a guarantee from the seller covering specific risks identified during acquisition. This guarantee is not time-limited.

- **Commitments given**

Bank guarantees

Crédit Coopératif security	**€965k**
Bank guarantee in favour of Atout France	**€30k**
Bank guarantee in favour of the Direction générale des Douanes (ACM)	**€150k**
Bank guarantee in favour of C.P.S.S.P.	**€58k**

- **Reciprocal commitments**

The company Aéroports de la Côte d’Azur has a budget of €100 million from the EIB which can be used until March 2019.
As of 31/12/2018, €82 million has been used.

Note 24. Information about related parties

- **<u>Payments made to members of the administrative and supervisory board</u>**

The Chairman of the Supervisory Board receives a payment of €12,000 per year. Regarding the Executive Board, only the Chair received payment for performing this role.

- **<u>Relations with related parties</u>**

There were no transactions completed with related parties which were not completed in market conditions.

Note 25. Statutory auditor fees

The fees for Statutory Auditors responsible for verifying the consolidated financial statements of the ACA Group and its subsidiaries totalled €172.2k for the 2018 financial year (vs. €163k in 2017).