

5. Economic performance

STOCK PERFORMANCE

MAINTAINING LEADERSHIP

EFFICIENCY AND
COMPETITIVENESS

→ Income

→ Costs

INVESTMENT GENERATING
CAPACITY AND VALUE





Profitability

CHALLENGES

The main challenges are linked to the evolution of traffic, cost efficiency and the sustainable growth of the company's two main businesses: regulated business and unregulated business.

TRAFFIC

In 2018, traffic at the airports managed by Aena reached a new record with an annual growth of 5.8%, a very positive result despite the decrease in passengers from / to the United Kingdom caused by the recovery of tourist destinations different from Spain and the impact of Brexit on the evolution of exchange rates.

REGULATED BUSINESS

The regulation of the maximum revenue per passenger in the DORA 2017-2021, requires maintaining cost efficiency, ensuring top quality levels of the service provided to passengers and airlines.

COST EFFICIENCY

In 2018, the rise in the costs of services provided by third parties was made clear, reflecting the significant increase in traffic experienced by Aena airports in Spain during the last few years, the conditions agreed in the industry's collective agreements and the service requirements linked to compliance with DORA quality levels.

UNREGULATED BUSINESS

Regarding commercial activity, the greatest challenges are the renewal of the supply with the addition of new brands and products adapted to different user profiles in order to improve the contractual conditions of the new tenders.

The goal of starting the development of real estate business has been achieved.

Regarding international business, works in the terminal and on land side have been completed in London-Luton Airport.

AIMS 2018

- ✓ Growth of passenger volume in the Spanish airport network in line with the forecast communicated to the market.
- ✓ Approval of the 2018-2021 Strategic Plan
- ✓ Launch of the development process of the real estate plan.

As for long-term strategy, Aena has continued to meet its objectives of:

- ✓ Compliance with the service quality standards aims set forth in the DORA.
- ✓ Maintenance of cost efficiency.
- ✓ Adaptation of the commercial supply.

PROGRESS IN SDG



- ✓ Efficient and sustainable business model: EBITDA of 2,656.6 million euros in 2018.
- ✓ Investment in the improvement of infrastructures, safety and preservation of the environment: 524.6 million euros in investments in 2018.
- ✓ Transparency in decision-making and accountability.

Results 2018*

+5.5%
EBITDA vs. 2017

+7.8%
Net profit

* Consolidated data

MAIN MILESTONES 2018



PERSPECTIVES AND FUTURE OUTLOOK

- ✓ Moderation of traffic growth levels.
- ✓ Compliance with the service quality standards and investment commitment aims set forth in the DORA.
- ✓ Continue to be leaders in efficiency and committed to competitive tariffs.
- ✓ Developing Aena's real estate business.
- ✓ Promoting international expansion conditioned to the emergence of good opportunities.
- ✓ Maintaining a solid cash flow.

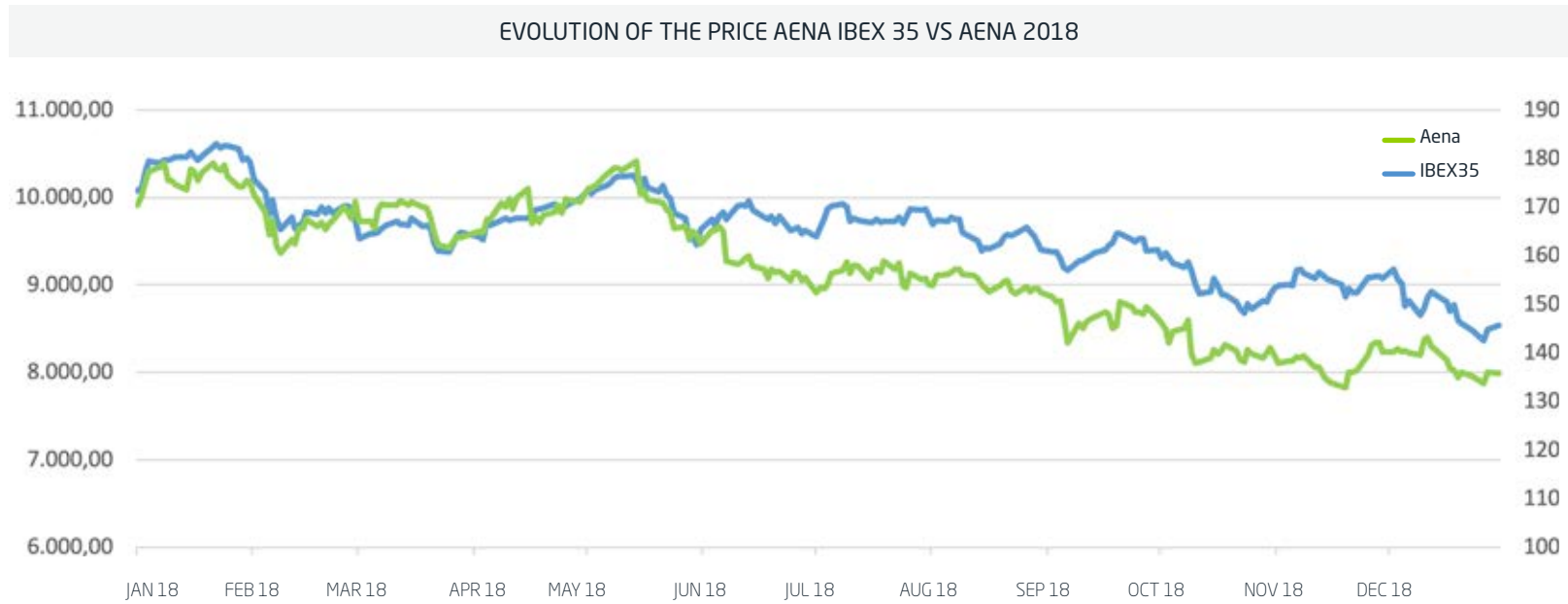


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STOCK PERFORMANCE



Stock exchange price

The company's stock price has fluctuated during this period. The highest value this year was 179.5 euros and the minimum 133.0 euros, ending the period at 135.8 euros, a drop of 19.7%, which reflects to a large extent the overall evolution of the Spanish market during this period, as the IBEX35 lost 15.0% during the year. Since its flotation in February 2015, Aena's stock had appreciated at the end of 2018, 134%.

EVOLUTION OF SHARE PRICE 2018

€179.5
MAXIMUM VALUE

-19.7%

€133.0
MINIMUM VALUE

of stock drop compared to 2017.



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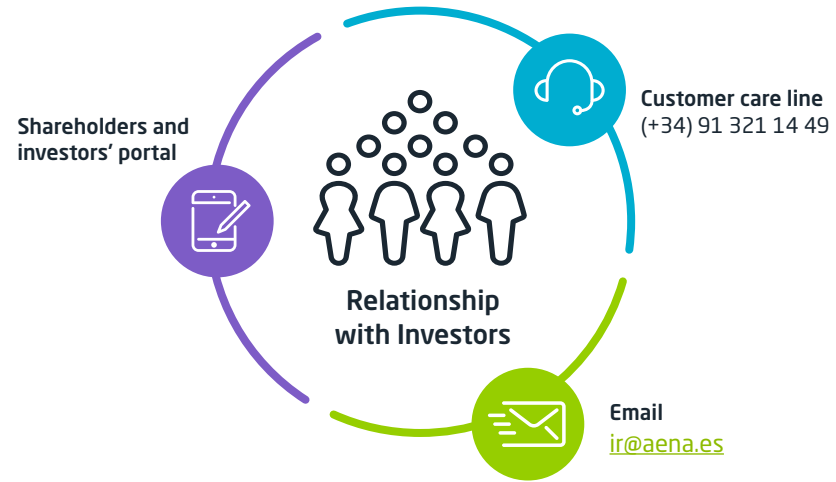
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Dividends

The General Shareholders' Meeting held on April 10, 2018 approved, upon proposal of the Board of Directors, the distribution of a dividend charged to the profits of 2017, for a gross amount of 6.50 euros to each of the existing and outstanding shares of the company with the right to receive said dividend.

Within the framework of the 2018-2021 Strategic, the Board of Directors of Aena approved a shareholder remuneration policy of a dividend that amounts to 80% of the annual net profit of AENA SME for 2018, 2019 and 2020.



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MAINTAINING LEADERSHIP

Aena is currently the leading airport operator by number of passengers, with the most competitive airport tariffs in its surroundings, the lowest operating costs for passengers in the industry and a solid cash flow.

Income increase

As a result of the positive evolution of all business lines, Aena's total consolidated revenue increased to €4,320.3 million in 2018, representing a 7.3% increase from 2017. Of this total, 66% correspond to aeronautical activity.

TRAFFIC IN THE AENA NETWORK AIRPORTS

Combined traffic in the airports managed by Aena reached 280.8 million passengers (+ 5.8%), including London-Luton Airport, in 2018. In the Spanish airport network, traffic grew by 5.8%, reaching a new record of 263.8 million passengers, driven by the continuation of favourable tourism indicators and the excellent performance of national traffic, with a rise (+10.0%) caused by both the positive evolution of the Spanish economy and the increase in the state bonus to inter-island traffic, from 50% to 75%, applied since July 28, 2018 to flights to the Peninsula by residents of the islands, as well as Ceuta and Melilla since July 16, 2018.

INTERNATIONAL TRAFFIC

As regards international traffic, it has increased by 4.1%. Despite this growth, we saw a decrease in the number of passengers to and from the UK (-3.0%), due, among other reasons, to the progressive recovery of alternative tourist destinations and to the impact of Brexit being reflected in the trends in exchange rates.

COMMERCIAL ACTIVITY

Revenue from this activity, accounting for 27.2% of the company's total revenue, reached €1,144.2 million, representing an increase of 9%. This growth is mainly due to the improvement in the contractual conditions of the new tenders that include the minimum guaranteed income (RMGA), the increase in guaranteed minimum income included in the current contracts and the increase in sales by first-party businesses, parking and VIP services, which continue to show a remarkable income evolution. The increase in the traffic mix of low-cost passengers prone to lower spending and Brexit and the devaluation of the pound sterling, continue to affect the income of this activity.



7.3%

increase in Aena's total consolidated revenue, up to 4,320.3 million euros, as a result of the positive evolution of all the lines of business.



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FOOD & BEVERAGE

The increase in food and beverage revenue (14.3%) to 200.7 million euros stands out, driven by the renewed commercial supply and the start of the activity of new leaseholders at the airports of Barcelona, Malaga and Gran Canaria, in which the food, beverage and shopping area has increased and the supply has been complemented with new local iconic brands, with which Aena wants to provide a true gastronomic experience to passengers and airport users.

CAR RENTAL

Revenue from car rentals continues to grow and there is an upturn of company customers in the

airports with a larger business segment. Overall, they have increased by 2.3% in 2018, up to 152.7 million euros.

CAR PARKS

The increase of 8.9% in revenue from parking during this period was mainly due to the improvement of the reservation-free segment and the increase in on-line reservations at the main airports, driven by marketing actions, the pricing policy and the structuring of the various parking services, in order to meet the needs of a wide variety of passengers. In the third quarter, express parking projects in the exit roads of Madrid T2 and Barcelona T1 and T2

were commissioned and have improved flows in the access roads of both airports.

VIP SERVICES

Revenue from the VIP service activity grew by 56.5% compared to the same period of the previous year and reached 64.2 million euros. This increase is mainly due to the addition of the VIP lounges of the Barcelona airport to the self-management model, the 17.8% increase in the number of users and the positive effect of the marketing actions and the pricing policy implemented for the management of this activity.



+8.9%

in parking revenue.



+14.3%

in food and beverage revenue.



+2.3%

in car rental revenue.



+56.5%

in VIP services revenue.



+12.6%

in real estate revenue.



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REAL ESTATE SERVICES

In the field of real estate services, ordinary revenue rose to 67.2 million euros in 2018, 12.6% higher than the income in 2017. Moreover, the real estate development plans for the Adolfo Suárez Madrid-Barajas and Barcelona-El Prat Airports, both have been publicly presented.

The real estate plan of the Adolfo Suárez Madrid-Barajas Airport proposes the development, over the next 40 years, of 396 hectares for different uses, including logistics, e-commerce, offices and hotels, as well as a commercial leisure centre, which will be complemented by aeronautical areas for air cargo and hangars.

The objective is to position Adolfo Suárez Madrid-Barajas Airport as a global connectivity gate, a major logistics centre, a global business hub and a zone of services for passengers and zones of influence.

The Barcelona-El Prat real estate plan involves developing and maintaining 226 hectares, while preserving 215 hectares of land due to its high environmental value.

The aim of this development is to position the Barcelona-El Prat Airport as a centre of economy and digital services within the metropolitan area by providing a space for various uses, including logistics, e-commerce, offices and hotels, and industry 4.0, which will be complemented with spaces for air cargo and hangars.

INTERNATIONAL ACTIVITY

On the other hand, the income of the international segment includes mainly the consolidation of London-Luton Airport (5th airport in the United Kingdom by number of passengers), as well as advisory services to international airports. The total



12.6%

increase in the real estate business compared to 2017.



10.5%

increase in total international business revenue compared to 2017.

revenue from international business reached 237.9 million euros in 2018 (+10.5% compared to 2017). Regarding the activity of the London-Luton Airport, the good performance of commercial revenue must be highlighted, especially for food, beverage and stores, due to the opening of the new premises in the expansion project of the terminal that create a more varied supply and to the change in the flow of passengers.

On the other hand, parking revenue has also evolved very positively due to the management strategies and the prices implemented along with improvements in their design and access.

These activities have contributed to placing EBITDA for the year 2018 at 2,656.6 million euros, 5.5% higher than 2017.



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Profit before taxes stood at 1,737.4 millions, surpassing the revenue of 2017 -1,596.7-, and net profit increased to 1,327.9 million euros, 7.8% more than the figure recorded in 2017. In accordance with the dividend distribution policy approved within the framework of the 2018-2021 Strategic Plan, the Board of Directors has agreed to propose distribution of 80% of Aena's net profit to the General Shareholders' Meeting.

Regarding cash flow from operating activities, the year closed with 1,947.7 million, compared to 2,014.6 million in the previous year.

€2,656.6M



5.5%

EBITDA vs. 2017



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2018 ORDINARY REVENUE PER BUSINESS LINE (€M)

	2018	2017	Of the total (**)	Variation
● COMMERCIAL TOTAL	1,144.2	1,049.3	27.2%	9.0%
Duty Free shops	318.0	309.0	7.6%	2.9%
VIP services	106.4	91.7	2.5%	16.1%
Food & Beverage	200.7	175.6	4.8%	14.3%
Speciality shops	152.7	149.4	3.6%	2.3%
Parking facilities	143.8	132.0	3.4%	8.9%
Car Rental	64.2	41.1	1.5%	56.5%
Advertising	33.2	31.6	0.8%	5.1%
Leases	33.6	32.1	0.8%	4.6%
Other commercial services*	91.5	86.8	2.2%	5.4%
● TOTAL AERONAUTICAL ACTIVITY	2,754.2	2,638.5	65.6%	4.4%
● TOTAL REAL ESTATE SERVICES	67.2	59.7	1.6%	12.6%
● TOTAL INTERNATIONAL	237.9	215.3	5.7%	10.5%
London-Luton Airport	227.5	204.9	5.4%	11.1%
TOTAL	4,201.4	3,960.6	100.0%	6.1%

(*) Includes: commercial activities, commercial supplies, filming and recording and aircraft housing.

(**) Total amount net of inter-segment adjustments (-2.1 million euros).

TOTAL ORDINARY REVENUES 2018 BROKEN DOWN BY SEGMENTS**





+5.5%
EBITDA vs. 2017

+7.8%
Net profit vs. 2017

-3.3%
of operating cash flow versus 2017

EBITDA 2018 BY BUSINESS LINES (MILLION EUROS)

	2018	2017	Of the total	Variation
● Commercial total	942.9	873.4	35.5%	8.0%
● Total Aeronautical Activity	1,594.8	1,549.0	60.0%	3.0%
● Total Real Estate Services	36.7	30.6	1.4%	20.3%
● Total International	82.2	64.6	3.1%	27.3%
London-Luton Airport	78.7	58.9	3.0%	34.1%
TOTAL	2,656.6	2,517.5	100.0%	5.5%

DISTRIBUTION OF EBITDA 2018 BY SEGMENTS



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EFFICIENCY AND COMPETITIVENESS

The 2018-2021 Strategic Plan strengthens Aena's commitment to its shareholders. The high degree of efficiency, competitive rates, the growth of commercial income and cash flow reflect Aena's capacity for generating value.

Operational efficiency

The EBITDA for the period reached 2,656.6 million euros (including 78.7 million euros as a result of the consolidation of Luton), which represents an increase of 5.5%. In 2018, the rise in the costs of services provided by third parties in the tenders launched since the end of 2016, which have come into force with higher associated costs, was made clear, reflecting the significant increase in traffic experienced by Aena airports in Spain during the last few years, the conditions agreed in the industry's collective agreements and the service requirements linked to compliance with DORA quality levels.

From February to April, the new service contracted entered into operation to assist persons with reduced mobility at the 20 main airports in the Spanish network. New contracts for private security services awarded in 2018 came into force between June and July and on 1 October at the Canary Island airports of

Tenerife Norte, Tenerife Sur and La Palma. It must be mentioned that the cleaning service and luggage rack contracts awarded between the second and the third quarter for 19 airports have come into force in 2018.

Consolidation of London Luton Airport entailed allocating 78.7 million to EBITDA in 2018, compared with 58.7 million euros in 2017, affected by the recognition in January 2017 of €8.0 million for expenses associated with one of the agreements reached with Luton Airport employees to close the defined pension plan as well as due to the accrual, on 30 June 2018, of an extraordinary bonus of €3.4 million for employees corresponding to the 2013-2018 period. Excluding the impact of these exceptional expenses, EBITDA in GBP would have increased by 15.4 million, which would have meant growth of 23.1% compared to 2017.



91.3%

operating cost per passenger, compared to the average of European competitors*.

(* According to 2017 Airport Performance Indicators from AdP, Fraport, AdR, Heathrow and Zurich.

From February to April, the new service contracted entered into operation to assist persons with reduced mobility at the 20 main airports in the Spanish network.

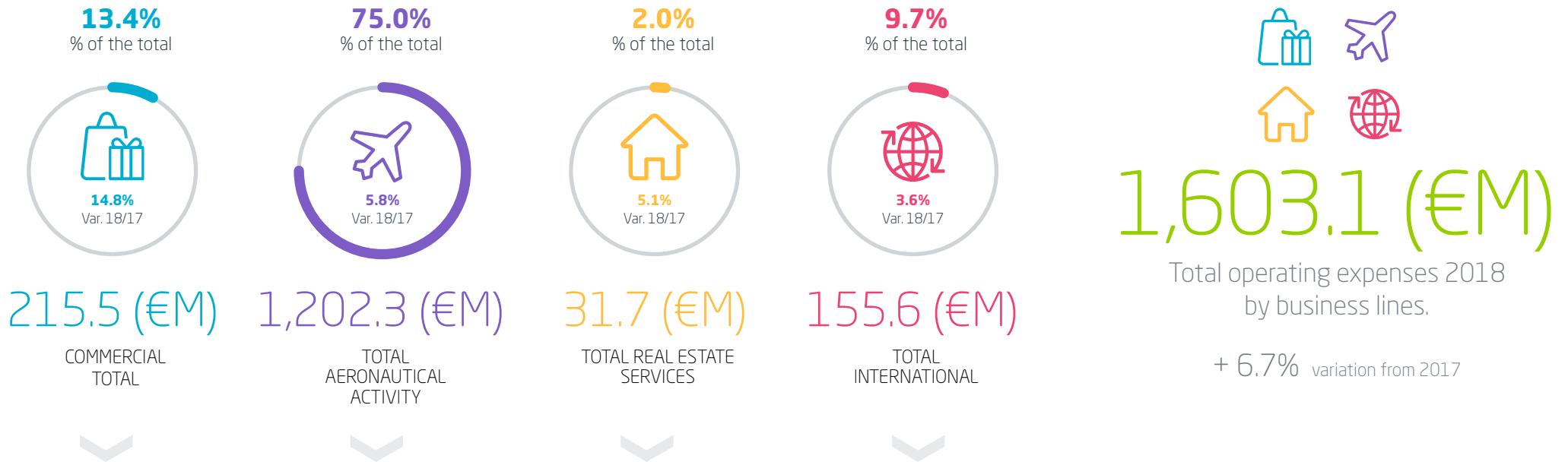


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OPERATING EXPENSES BY BUSINESS LINES (2018)



DISTRIBUTION OF OPERATING EXPENSES BY SEGMENTS (2018)



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INVESTMENT GENERATING CAPACITY AND VALUE

Aena structures its investments based on efficiency. Beyond regulatory commitments, they boost the company's competitiveness within a framework of sustainable growth from an economic and environmental perspective.

INVESTMENT VOLUME 2018* (MILLION EUROS)

	INVESTMENT	VAR. 18/17
● Capacity	24.3	5%
● Expropriations	0.2	0%
● Maintenance	172.5	37%
● Environment	18.5	4%
● Other investments	123.0	26%
● Security	131.8	28%
TOTAL	470.3	100%

(* Aena, SME, SA data (according to payment criteria).

DISTRIBUTION OF INVESTMENTS



The main investments in the airport network in Spain are regulated investments that meet the demand for capacity, quality and safety, from the perspective of economic efficiency and respect for the environment.



524.6 (€M)

invested in 2018 (by payment criterion) (89.9% in Spain and 10.1% in London-Luton Airport).

41.3%

investment volume compared to 2017* (includes London-Luton Airport)

(* According to payment criteria)



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The investment policy of the company takes as a reference point the parameters of the investment programme included in the Airport Regulation Document (DORA) for the period 2017-2021, as well as the investment plan established for London-Luton Airport in the tender agreement for the increase in airport capacity. Its purpose is to ensure the maintenance of the broad base of existing assets to provide airports with adequate sustainable capacity in order to meet the demand.

In 2018, investments amounted to 524.6 million euros (including 53.2 million euros at the London-Luton Airport).

The total investment in the Spanish airport network, mainly focused on infrastructure maintenance, rise to 470.3 million euros, an increase of 165.2 million euros (+54.2%) compared to the same period in 2017.

At the London-Luton Airport, investments in maintenance and renovation of equipment continued, as well as the Curium Project, which aims to increase the airport's capacity to 18 million passengers. All areas of this project are progressing significantly and the works in the terminal and on the land side, which are the most important part of the expansion, have been completed in 2018. During this period,



the extension and remodelling of the terminal has been completed and the new B bay has been put into operation along with new boarding gates and additional security lines. On the air side, 6 new aircraft parking positions have been commissioned.

Regarding the investments that have not seen an accounting consolidation, it is worth mentioning the investments made in the GAP airports, 1,800 million Mexican pesos (approximately 80 million euros), including the extensions and remodelling in the terminals of the Guadalajara, Tijuana, Guanajuato and La Paz airports.



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Financial debt and credit quality

The net financial debt has decreased to the level of 6,654.1 million euros (including London-Luton Airport's net financial debt in the amount of 435.7 million euros) compared to 7,156.0 million euros at the end of 2017, reducing the ratio of net financial debt to EBITDA from 2.8x in 2016 to 2.5x in 2018.

Of this net financial debt, 6,626.2 million euros correspond to the bank debt of Aena SME, SA

It must be noted that on 18 July 2018 Aena made a full early repayment of the outstanding loan it had acquired from Depfa Bank amounting to €166.1 million.

It must also be noted that on December 12, 2018, Aena formalised a sustainable syndicated credit line ("ESG-linked RCF") for 800 million euros reinforcing its commitment to the environment, social responsibility and good corporate governance. The most outstanding characteristic of this operation is that the interest rate is set based not only on the credit rating, but also on the evolution of Aena's sustainability parameters in environmental, social and good governance issues (ESG rating "Environmental, Social and Governance"). The company will cancel the existing bilateral credit lines for 1,000 million euros due in 2019.

The financial solidity of the company was reflected in Moody's upgrade of Aena's credit rating in April 2018, from "Baa1" to "A3", with the outlook held at stable, confirmed in November after the publication of the 2018-2021 Strategic Plan. For its part, Fitch Ratings has confirmed the "A" credit rating with stable outlook this May.

6,654 (€M)

of accounting financial debt.

2.5x

Financial debt to EBITDA ratio vs. 2.8x in 2017*.



(*) Individual Aena Ratio for the purposes of the "covenants" included in the financing agreements novated on 29 July 2014. (Does not include London-Luton Airport).

BANK DEBT 31 DECEMBER 2018 (MILLION €)*

	FINANCIAL DEBT	% OF THE TOTAL	VARIATION 18/17
● Fixed rate	5,780.0	87.2%	-11.0%
● Variable rate	818.8	12.4%	0.0%
● Revisable rate	27.4	0.4%	-9.1%
TOTAL	6,626.2	100.0%	-10.7%

(*) Aena S.M.E., S.A.

DISTRIBUTION OF DEBT 2018



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