Results Presentation

2016 full year results

22 February 2017

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I. Key highlights

Passenger Traffic

- Passenger traffic[1] grew to 244.8 million (+11.4%).
- New traffic record in the history of Aena with cumulative growth of +11.0% and 230.2 million passengers at airports in the Spanish network. The proportion of international traffic goes slightly up to 70.5%. Growth in international passengers stands at +12.0% and in national traffic at +8.8%.
- Traffic at Luton airport reached a historic high at 14.6 million passengers (+18.5%).

Results

- Total consolidated revenue increased to 3,772.5 million euros (+7.2% compared to 2015), of which 25.1% correspond to commercial revenue[2] (24.5% in 2015). Commercial revenue grew +10.2% (up to 948.8 million euros).
- EBITDA for the period stood at 2,293.6 million euros, representing an increase of +9.3% over 2015, and reaching a margin of 60.8% due to the efficiency level achieved despite operational stress posed by the traffic growth.
- Consolidated net profit increased up to 1,164.1 million euros (+39.7% increase over 2015), reflecting positive business development, the reversal of provisions for legal proceedings related to land expropriations at Adolfo Suárez Madrid-Barajas Airport and higher corporate tax expense. Excluding the extraordinary reversal of provisions for expropriations, net profit amounted to 1,010.4 million euros and growth to +21.2%.
- The Board of Directors of Aena, S.A. proposes to the Ordinary General Shareholders Meeting the distribution of a 3.83 euro dividend per share[3].

Cash flow

- Significant increase in operating cash flow by 12.6% to 1,834.7 million euros against 1,629.0 million euros in 2015.
- Accounting net financial debt[4] has fallen to 8,228.0 million euros (including the consolidation of Luton's net financial debt amounting to 337.9 million euros) compared with 9,401.7 million euros at the end of 2015, reducing the ratio of financial debt to EBITDA[5] from 4.5x in 2015 to 3.6x on 31 December 2016.
- Investment paid in 2016 amounted to 305.4 million euros (including 61.1 million euros at Luton).

Regulatory framework

- The 1.9% reduction in airport tariffs which came into force on 1 March 2016 has a cumulative effect on EBITDA at the end of 2016 of 41.6 million euros.
- On 27 January 2017 the Council of Ministers approved the Airport Regulation Document (DORA) which regulates obligations under the current legal framework for the provision of aeronautical services for the period 2017-2021. As a result of this DORA, regulated airport tariffs will be reduced by 2.22% per annum in the period, beginning on 1 March 2017.
- Aena, S.A. has implemented a new commercial incentive scheme for the DORA period 2017-2021, focusing on new routes, long haul passenger growth and short and medium passenger growth in airports with special need to foster demand.

Macro

- Rising inflation in Eurozone countries.
- Looming uncertainty associated with Brexit, especially in the commercial activity.

(1) Total passengers in the airport network in Spain and in Luton Airport. Does not include traffic at airports that are not fully consolidated.
(2) The Car park business which in previous years was included in Off-Terminal Services is presented under Commercial Revenue.
(3) Calculated as 50% of the issuer's net profit (Aena, S.A.) in 2016.
(4) Accounting net financial debt calculated as: Financial Debt (current and non-current) minus Cash and cash equivalents.
(5) Net Financial Debt / EBITDA ratio calculated according to the criteria set in debt novation agreements reached with banks on 29 July 2014.

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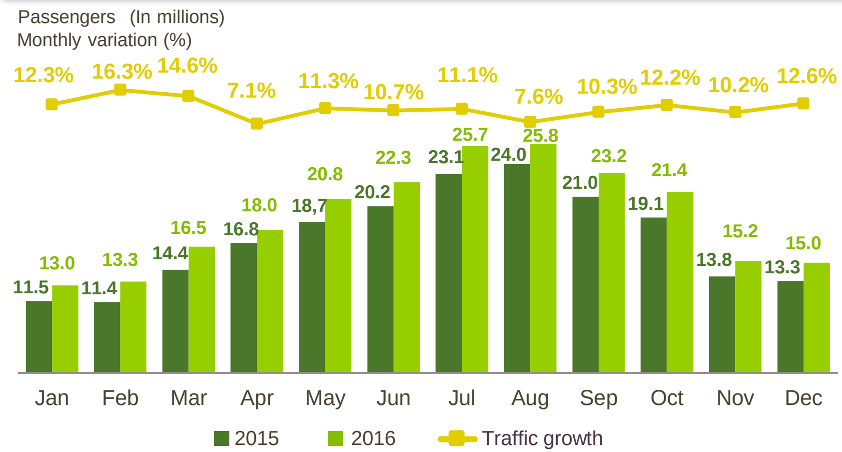
II. Traffic data

- Solid growth in both the Spanish network and at Luton Airport.
- Traffic in the network in Spain grew by +11.0% (to 230.2 million passengers), a historical record for Aena.
- Traffic at Luton airport grew by +18.5% (to 14.5 million passengers).

Network in Spain	2016	2015	Variation
Passengers	230,229,523	207,414,141	+11.0%
Operations	2,045,034	1,902,694	+7.5%
Cargo (kg)	795,575,212	715,011,286	+11.2%

Luton	2016	2015	Variation
Passengers	14,551,837	12,279,176	+18.5%
Operations	131,536	116,412	+13.0%
Cargo (kg)	25,787,630	28,041,173	-8.0%

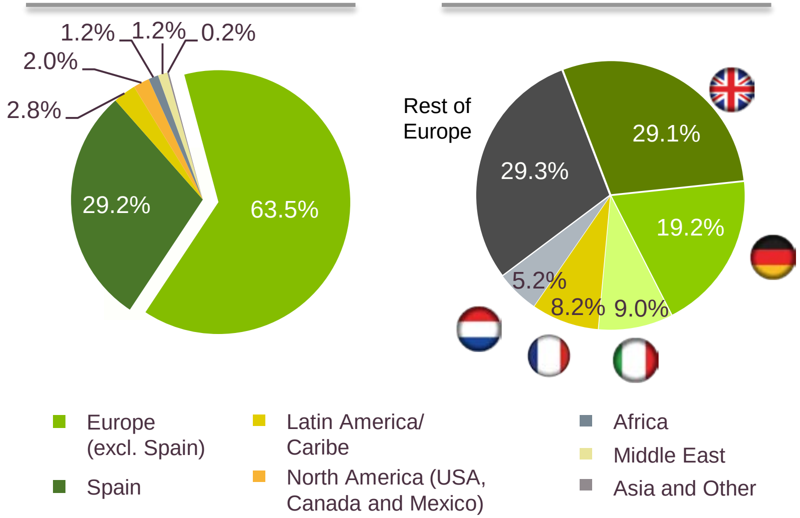
Monthly evolution of passenger traffic(1)



Breakdown of passenger traffic(1) by market

Total 2016

Europe (excl. Spain) 2016

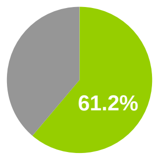
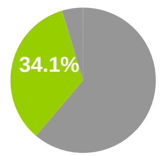
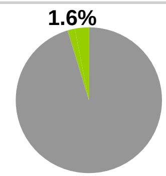
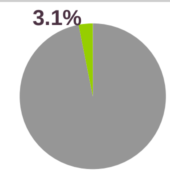


Airports/Groups(2)	Passengers (Millions)(1)	Variation (%) 2016/2015	Share
Adolfo Suárez Madrid-Barajas	50.4	7.7%	21.9%
Barcelona-El Prat	44.2	11.2%	19.2%
Palma de Mallorca	26.3	10.6%	11.4%
Canary Islands Group	40.5	12.8%	17.6%
Group I	56.3	13.2%	24.4%
Group II	11.5	10.2%	5.0%
Group III	1.1	6.0%	0.5%
TOTAL	**230.2**	**11.0%**	**100.0%**

See the Appendix for the breakdown between domestic and international traffic.

Source: Aena
(1) Total passengers in the Spanish network.
(2) Group I: Alicante-Elche, Bilbao, Girona, Ibiza, Málaga-Costa del Sol, Menorca, Seville and Valencia.
Group II: A Coruña, Almería, Asturias, FGL Granada-Jaén, Jerez de la Frontera, Murcia-San Javier, Reus, Santiago, SB-Santander, Vigo and Zaragoza.
Group III: Albacete, Algeciras-Heliport, Badajoz, Burgos, Ceuta-Heliport, Córdoba, Huesca-Pirineos, Logroño, Madrid-Cuatro Vientos, Melilla, Pamplona, Sabadell, Salamanca, San Sebastián, Son Bonet, Valladolid and Vitoria.

II. Performance by business line

2016	Airports: Aeronautical	Airports: Commercial	Real estate services	International
Total revenue **TOTAL Aena €3,772.5 M**	**€2,553.0 M** **(+6.9%)**	**€948.8 M** **(+10.2%)**	**€64.6 M** **(+10.2%)**	**€208.0 M** **(-2.1%)**
EBITDA **TOTAL Aena €2,293.6 M** **EBITDA margin 60.8%**	 €1,402.9 M (+8.5%)	 €782.6 M (+11.8%)	 €36.8 M (13.9%)	 €71.3 M (-1.7%)

Highlights

Aeronautical

- Traffic growth [1] : +11.0% in passengers and +7.5% in operations.
- 1.9% reduction in airport tariffs from 1 March 2016 representing an impact of -€41.6 M.
- Ordinary aeronautical revenues Increased by +7.2% (+€169.1 M).
- Incentives for passengers and new routes: €67.7 M in 2016, net of the €4.5 M adjustment for provisions from previous years (compared with €44.3 M in 2015, net of the adjustment of €5.5 M).
- Rebates for connecting passengers: €70.4 M in 2016 (compared to €59.0 M in 2015).

Commercial

- +10.5% growth in ordinary revenue (up to €939.8 M) compared to 2015 due to:
  - Duty Free: +13.6% (€285.2 M)
  - Food and beverages: +17.0% (€154.5 M)
  - Specialty shops: +8.9% (€89.7 M)
  - Car Rental: +9.5% (€114.5 M) Positively affected by:
    - Impact of improved terms of contracts.
    - Growth in passenger traffic.
    - Favourable performance of concessionaire sales.
    - Effect of the evolution of MAG[2] recognised in commercial contracts.
  - Car parks[3]: +9.7% (€121.6 M) linked to the increase in domestic traffic (+8.8% in passengers), pricing strategies and marketing and loyalty actions implemented.

Real estate services

- +8.7% growth in ordinary revenue (up to €62.2 M) mainly due to the recognition of the reversal of rights to use properties built on land subject to transfer agreements (€3.3 M). Excluding this impact, revenue went up €1.7 M (+ 2.9%) driven by new leases of hangars.

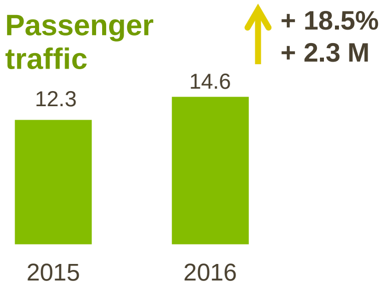
International

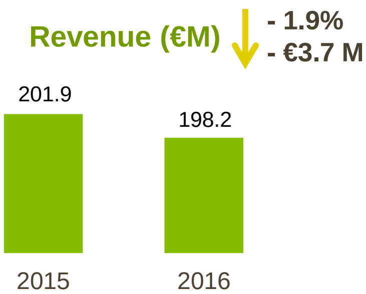
- Includes Luton's consolidation which comes to €198.2 M in Revenue and €65.4 M in EBITDA in 2016.
- Luton traffic rose by +18.5% compared to 2015.

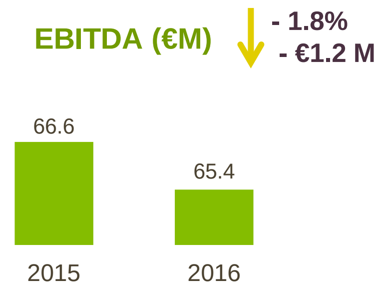
(1) Total passengers in the Spanish network.
(2) Minimum Annual Guaranteed rents.
(3) The Car park business which in previous years was included in Off-Terminal Services is presented under Commercial Revenue.

II. International shareholdings

Luton







- Revenue from Luton in GBP increased by +10.7% (£15.6 M) in 2016 compared to 2015.
  - In GBP, aeronautical revenue was up +10.7% and commercial revenue +10.6%. The latter, reflects the good performance of car parking revenue (+16.0%) with all the multi-storey car park's levels in operation since December 2016, the traffic growth and the management and pricing strategies implemented, as well as food and beverages and specialty shops (+12.5% together) driven by the increased passenger traffic, the opening of the new walkthrough shop in June 2016 and the improved terms of commercial contracts.
- Reported EBITDA in GBP has gone up +11.6% (£5.6 M) compared to 2015 and the EBITDA margin rises slightly to 33.0% (32.7% in 2015) in spite of higher costs linked to increased activity.
- The Curium Project, which aims to increase the airport's capacity from 12 million passengers annually to 18 million by 2018, is making significant progress in all its areas. Investment in 2016 amounted to £40.9 M.

Other shareholdings

- Solid growth in traffic.
- Significant increase in activity not reflected in the evolution of revenue and EBITDA due to the devaluation of currencies.

	Main aggregated figures[1]	2016	2015	Variation (%)	Exchange rate[2]	2016	2015	Currency devaluation(%)
GAP	Traffic[3]	36.5	31.4	*16.5%*	EUR / MNX	20.41	17.82	*-14.57%*
	Revenue[4]	408.7	356.6	*14.6%*				
	EBITDA[4]	236.2	229.1	*3.1%*				
AEROCALI	Traffic	5.7	5.3	*9.3%*	EUR / COP	3,378.32	3,051.42	*-10.71%*
	Revenue	37.7	34.6	*9.1%*				
	EBITDA	13.7	12.5	*8.9%*				
SACSA	Traffic	4.4	4.0	*12.1%*	EUR / COP	3,378.32	3,057.78	*-10.48%*
	Revenue	31.1	26.5	*17.3%*				
	EBITDA	19.1	15.6	*22.2%*				

Source: Company Information.
(1) Aggregate figures for illustrative purposes. Traffic in millions of passengers and economic data in millions of euros.
(2) Average exchange rate weighted by sales revenue for the period in 2015.
(3) GAP includes traffic at Sangster International Airport in Montego Bay (Jamaica).
(4) Comparative data for nine months. The company has not published the closing data for 2016 on 22 February 2017.

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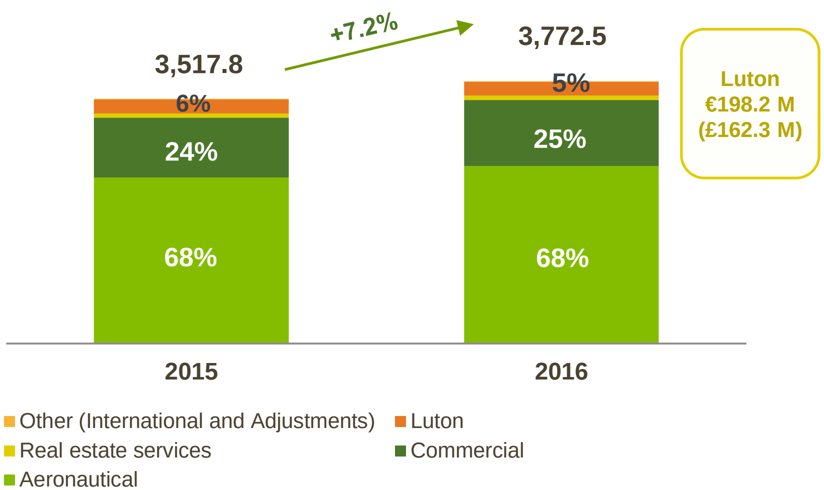
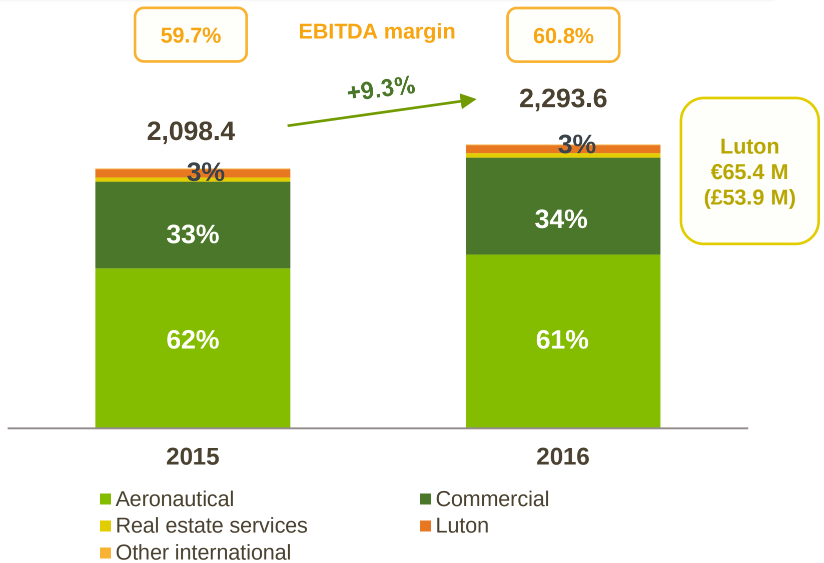
III. Financial results

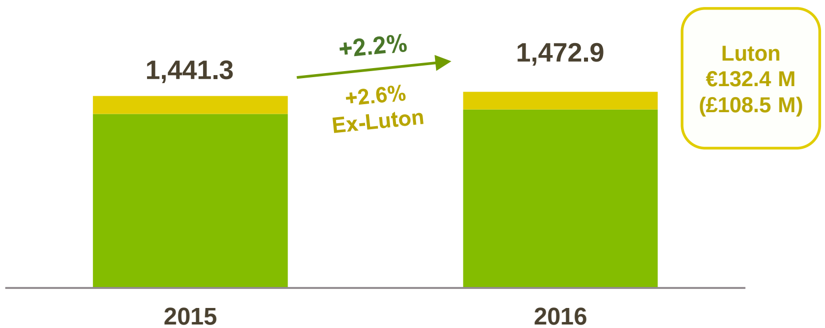
Total Revenue (€M)



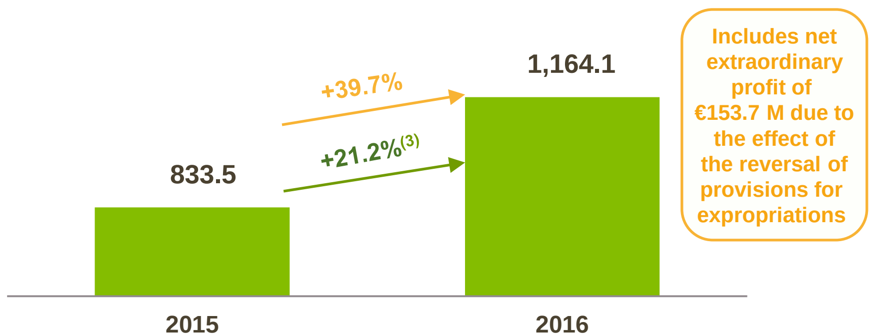
EBITDA(1) (€M)



OPEX(2) (€M)



Net profit (€M)



(1) Reported EBITDA. Taking into account the adjusted EBITDA in 2015 due to the release of the Voluntary Redundancy Plan provision excess (€24.2 M) the increase in 2016 comes to +8.1%.
(2) OPEX includes: Supplies, Personnel expenses and Other operating expenses; in 2015 it excludes the release of the Voluntary Redundancy Plan provision (€24.2 M).
(3) Excluding the reversal of provisions for expropriations.

III. Income statement

€M	2016	2015	Variation €M	Variation %
Ordinary revenue	**3,709.6**	**3,450.7**	**258.9**	**7.5%**
Airports: Aeronautics	2,502.1	2,333.0	169.1	7.2%
Airports: Commercial	939.8	850.7	89.1	10.5%
Real estate services	62.2	57.2	5.0	8.7%
International	207.7	211.8	-4.0	-1.9%
Adjustments(1)	-2.2	-1.9	0.3	16.2%
Other operating revenue	62.9	67.1	-4.2	-6.2%
Total revenue	**3,772.5**	**3,517.8**	**254.7**	**7.2%**
Supplies	-180.4	-181.0	-0.6	-0.3%
Personnel expenses	-390.7	-363.9	26.8	7.4%
Other operating expenses	-901.8	-872.2	29.6	3.4%
Impairment and profit/(loss) on fixed assets disposals	-6.4	-7.8	-1.4	-17.9%
Other results	0.4	5.5	-5.1	-92.7%
Fixed asset depreciation	-825.8	-846.2	-20.4	-2.4%
Total operating expenses	**-2,304.7**	**-2,265.6**	**39.1**	**1.7%**
Reported EBITDA	**2,293.6**	**2,098.4**	**195.2**	**9.3%**
% Margin (of Total Revenue)	*60.8%*	*59.7%*	-	-
EBIT	**1,467.8**	**1,252.2**	**215.6**	**17.2%**
% Margin (of Total Revenue)	*38.9%*	*35.6%*	-	-
Financial expenses and Other financial results	-169.2	-215.7	-46.5	-21.5%
Interest expenses/income on expropriations	201.4	-9.9	-211.3	-2,143.4%
Share in profits obtained by associates	16.1	14.0	2.1	15.2%
Profit/loss before tax	**1,516.1**	**1,040.6**	**475.5**	**45.7%**
Income tax	-351.7	-209.8	141.9	67.7%
Consolidated profit/loss for period	**1,164.4**	**830.8**	**333.6**	**40.2%**
Profit/loss for period attributable to minority interests	0.2	-2.8	3.0	108.5%
Profit/loss for year attributable to the shareholders of the Parent Company	**1,164.1**	**833.5**	**330.6**	**39.7%**

- **Consolidated passenger traffic**(2) in 2016: **+11.4%** up to 244.8 M passengers.
- **Total revenue:** grows **+7.2%** (+€254.7 M). See details on slide 7.
  - The **consolidation of Luton** contributes €198.2 M in revenue.
- **Total operating expenses** rise by +1.7% (+€39.1 M). Excluding Luton they are up by +2.6% (+€53.6 M):
  - **Personnel expenses**(3)**:** excluding the effect of the release of the Voluntary Redundancy Plan provision (€24.2 M) in 2015 they rise by +1.1% (+€4.0 M) due to the salary increase and benefits associated with years of service and occupation, as well as the provision for Social Security contributions (+€2.5 M).
  - **Other operating expenses**(3)**:** up by +3.9% (+€30.6 M) mainly due to maintenance costs (+€9.6 M), security expenses (+€7.2 M), the provision associated with claims over the tariff rise in 2012 (+€4.1 M), the change in provisions for bad debts (+€4.5 M) and marketing actions on behalf of commercial concessionaires (+€4.0 M).
  - **Fixed asset depreciation**(3)**:** decreases by -1.1% (-€8.5 M) due to the effect of full depreciation of assets (-€26.4 M) partially offset by the technical review of the useful life of runway and taxiway assets (+18.5 M€).
- **Financial expenses and Other financial results:** decrease -€46.5 M (-21.5%) mainly as a result of the fall in interest rates (-€45.6 M), reduction of debt principal (-€18.1 M), and non-recurring provisions in 2015 for several appeals (-€8.0 M) partially offset by the evolution of the €/pound exchange rate on the shareholder loan to Luton (+€12.7 M) and the provision to cover the possible cost increase associated with the change in the risk weighting of Enaire in application of Bank of Spain Circular 2/2016 (+€11.8 M)(4).
- **Net interest expense on expropriations:** decreases €211.3 M mainly due to the reversal of late payment interest in land expropriation disputes at Adolfo Suárez Madrid-Barajas Airport amounting to €204.9 M.
- **Income tax**: rises +€141.9 M due to increased results arising from the reversal of the provision for late payment interest in expropriations and the declining investment tax credits on the Canary Islands and partially offset by the accrual of the capitalisation reserve under Act 27/2014, which makes it mandatory to maintain this reserve and equity level recorded at the end of 2016 until 2021 (impact on tax due coming to €7.8 M). The effective tax rate for the period grows from 20.2% in 2015 to 23.2%.
- **Net profit coming** to €1,164.1 M; increases +€330.6 M due to the positive development of business resulting from traffic growth, the reversal of the provision for expropriations and reduced financial expenses. Excluding the extraordinary reversal of provisions for expropriations, net growth amounted to 21.2%.

(1) Inter-segment adjustments.
(2) Total passengers in the airport network in Spain and Luton Airport.
(3) Excluding Luton
(4) See Note 20 to the Consolidated Financial Statements for the year ended 31 December 2016.

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IV. Appendix | Commercial information
Ordinary revenue

Business line (Thousands of euros)	Revenue		Variation		MAG[2]	
	2016	2015	€ Thousand	%	2016	2015
Duty-Free shops	285,153	250,968	34,185	13.6%		
Food & Beverage	154,493	132,086	22,407	17.0%		
Specialty shops	89,660	82,353	7,307	8.9%		
Car parking	121,554	110,767	10,787	9.7%		
Car rental	114,466	104,526	9,940	9.5%		
Advertising	30,290	28,564	1,726	6.0%		
Leases	25,005	26,490	-1,485	-5.6%		
Other commercial revenue[1]	119,166	114,922	4,244	3.7%		
Commercial activity[3]	**939,787**	**850,676**	**89,111**	**10.5%**	**69,092**	**61,590**
Average revenue/ passenger[3]	**4.1**	**4.1**	**-0.0**	**-0.5%**		

- Total ordinary commercial revenue includes the minimum annual guaranteed rents (MAG) recognised under contract in the following business lines: Duty Free, Food & Beverage, Specialty shops, Advertising and Other commercial activities.

  In 2016, the amount booked for minimum guaranteed rents (MAG) stays at 11.5% of revenue from lines with contracts that include these clauses.

(1) Includes: Other commercial activities, commercial supplies, use of conference rooms and filming and recording.
(2) Minimum Annual Guaranteed rents.
(3) Does not include the Real estate service segment.

IV. Appendix | Other financial information

Main figures. Quarterly evolution

€M	First Quarter			Second Quarter			Third Quarter			Fourth Quarter			Total		
	2016	2015	Var.	2016	2015	Var.	2016	2015	Var.	2016	2015	Var.	2016	2015	Var.
Condolidated traffic [(1)] (thousands of passengers)	**45,488.2**	**39,546.0**	**15.0%**	**65,064.7**	**59,017.0**	**10.2%**	**79,183.1**	**72,033.1**	**9.9%**	**55,045.4**	**49,097.2**	**9.9%**	**244,781.4**	**219,693.3**	**11.4%**
Spanish network traffic (thousands of passengers)	**42,742.2**	**37,360.0**	**14.4%**	**61,157.7**	**55,688.0**	**9.8%**	**74,683.6**	**68,131.7**	**9.6%**	**51,646.0**	**46,234.4**	**9.6%**	**230,229.5**	**207,414.1**	**11.0%**
Total revenue	**744.3**	**675.2**	**10.2%**	**988.2**	**922.6**	**7.1%**	**1,156.6**	**1,092.0**	**5.9%**	**883.3**	**828.1**	6.7%	**3,772.5**	**3,517.8**	**7.2%**
Aeronautical revenue	489.8	443.9	10.3%	652.6	622.0	4.9%	780.9	731.1	6.8%	578.7	535.9	8.0%	2,502.1	2,333.0	7.2%
Commercial revenue	182.1	162.4	12.1%	244.0	217.9	12.0%	288.3	264.9	8.8%	225.4	205.5	9.7%	939.8	850.7	10.5%
Real estate services	14.4	14.6	-1.4%	17.9	13.6	31.5%	15.6	14.5	7.6%	14.4	14.5	-1.2%	62.2	57.2	8.7%
International[(2)]	43.2	39.1	10.7%	58.4	53.9	8.3%	57.8	60.8	-4.9%	46.1	56.1	-17.8%	205.5	209.9	-2.1%
Other operating revenue	14.8	15.3	-3.1%	15.3	15.3	0.4%	14.0	20.6	-32.0%	18.8	16.0	17.7%	62.9	67.1	-6.2%
Total operating expenses	**-674.6**	**-661.8**	**1.9%**	**-537.0**	**-534.3**	**0.5%**	**-529.3**	**-533.6**	**-0.8%**	**-563.9**	**-535.9**	**5.2%**	**-2,304.7**	**-2,265.6**	**1.7%**
Supplies	-46.3	-45.0	2.8%	-44.7	-45.1	-0.8%	-45.3	-45.1	0.4%	-44.0	-45.7	-3.7%	-180.4	-181.0	-0.3%
Personnel expenses[(3)]	-99.2	-95.8	3.5%	-98.7	-96.4	2.4%	-92.5	-87.5	5.8%	-100.3	-108.3	-7.5%	-390.7	-388.1	0.7%
Other operating expenses	-322.1	-307.9	4.6%	-187.7	-179.9	4.3%	-190.0	-193.9	-2.0%	-202.0	-190.5	6.0%	-901.8	-872.2	3.4%
Fixed asset depreciation	-205.6	-213.1	-3.5%	-205.1	-211.7	-3.1%	-200.5	-207.6	-3.4%	-214.6	-213.8	0.4%	-825.8	-846.2	-2.4%
Impairment and profit/loss disposal, and Other results	-1.4	0.0	-	-0.6	-1.1	-42.9%	-0.9	0.6	-248.2%	-3.1	-1.8	70.7%	-6.0	-2.3	157.6%
Total operating expenses (without Luton)	**-631.5**	**-618.6**	**2.1%**	**-488.6**	**-487.2**	**0.3%**	**-484.2**	**-483.8**	**0.1%**	**-520.6**	**-481.7**	**8.1%**	**-2,124.8**	**-2,071.3**	**2.6%**
Supplies	-46.3	-45.0	2.8%	-44.7	-45.1	-0.8%	-45.3	-45.1	0.4%	-44.0	-45.7	-3.7%	-180.4	-181.0	-0.3%
Personnel expenses[(3)]	-89.4	-87.1	2.6%	-88.4	-87.5	1.1%	-82.9	-78.5	5.5%	-91.0	-94.6	-3.8%	-351.7	-347.7	1.1%
Other operating expenses	-301.7	-288.9	4.4%	-162.3	-155.4	4.5%	-165.3	-166.6	-0.8%	-179.2	-166.9	7.4%	-808.4	-777.8	3.9%
Fixed asset depreciation	-192.8	-197.6	-2.4%	-192.5	-197.6	-2.6%	-189.8	-194.2	-2.2%	-203.6	-197.8	2.9%	-778.7	-787.2	-1.1%
Impairment and profit/loss disposal, and Other results	-1.4	0.0	-	-0.6	-1.6	-60.6%	-0.9	0.6	-247.2%	-2.8	-0.8	231.1%	-5.6	-1.8	205.4%
Reported EBITDA	**275.3**	**226.4**	**21.6%**	**656.4**	**600.0**	**9.4%**	**827.9**	**766.0**	**8.1%**	**534.0**	**506.0**	**5.5%**	**2,293.6**	**2,098.4**	**9.3%**
Reported EBITDA (excluding Luton)	**264.1**	**217.6**	**21.4%**	**635.8**	**581.3**	**9.4%**	**806.3**	**742.9**	**8.5%**	**522.0**	**490.0**	**6.6%**	**2,228.2**	**2,031.8**	**9.7%**
Consolidated profit/loss for the year	**29.9**	**12.2**	**145.4%**	**462.3**	**263.4**	**75.5%**	**452.0**	**363.6**	**24.3%**	**220.0**	**194.3**	**13.2%**	**1,164.1**	**833.5**	**39.7%**

(1) Total passengers in the airport network in Spain and at Luton airport.
(2) Net of Inter-segment adjustments.
(3) in 2015 it excludes the release of the Voluntary Redundancy Plan provision (€24.2 M).

IV. Appendix | Other financial information

Cash flow statement

€M	2016	2015	Variation €M	Variation %
Profit/loss before tax	**1,516.1**	**1,040.6**	*475.5*	*45.7%*
Depreciation and amortisation	825.8	846.2		
Changes in working capital	-4.2	-66.3		
Financial result	-32.2	225.6		
Shareholding in associates	-16.1	-14.0		
Interest flow	-145.7	-236.9		
Tax flow	-309.0	-166.1		
Operating activities flow	**1,834.7**	**1,629.0**	*205.8*	*12.6%*
Acquisitions of property, plant and equipment	-305.4	-254.7		
Operations with associates	2.0	0.7		
Dividends received	15.6	10.2		
(Repayment) / Obtaining financing	-1,140.9	-1,067.9		
Other flows from investment / financing / Distributed dividends	-396.0	-52.3		
Cash flow from investment/Financing	**-1,824.7**	**-1,364.1**	*-460.6*	*33.8%*
Exchange rate impact	-2.1	1.6		
Cash and cash equivalents at start of the year	556.7	290.3		
Net (decrease)/increase in cash and cash equivalents	7.9	266.4	*-258.6*	*-97.0%*
Cash and cash equivalents at end of the year	**564.6**	**556.7**	*7.9*	*1.4%*

IV. Appendix | Other financial information

Balance sheet

€M	2016	2015
Property, plant and equipment[1]	13,563.9	14,869.9
Intangible assets	525.6	634.8
Property Investment	135.7	165.3
Investments in associates	71.7	77.4
Other non-current assets	205.6	188.2
Non-current assets	**14,502.6**	**15,935.6**
Inventories	9.0	8.5
Trade and other receivables	437.6	522.5
Cash and cash equivalents	564.6	556.7
Current assets	**1,011.2**	**1,087.8**
Total assets	**15,513.8**	**17,023.4**

€M	2016	2015
Share capital	1,500.0	1,500.0
Share premium	1,100.9	1,100.9
Retained profits/(losses)	2,521.9	1,763.4
Other reserves	-129.4	-60.4
Minority interests	32.4	56.4
Total net equity	**5,025.7**	**4,360.3**
Financial debt	7,912.2	8,760.5
Provisions for other liabilities and expenses[1]	133.6	1,145.7
Grants	544.4	566.4
Other long-term liabilities	372.0	347.6
Non-current liabilities	**8,962.2**	**10,820.2**
Financial debt	880.4	1,197.9
Grants	38.3	43.8
Provisions for other liabilities and expenses	128.5	119.1
Other current liabilities	478.7	482.0
Current liabilities	**1,525.9**	**1,842.9**
Total liabilities	**10,488.0**	**12,663.1**
Total net equity and liabilities	**15,513.8**	**17,023.4**

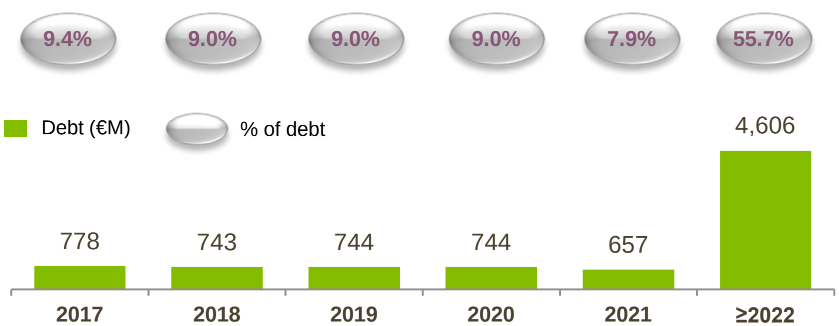
(1) It includes the reversal of provisions for expropriations: €758.6 M for the value assigned to the land in PP&E and €963.5 M recorded as liabilities in the balance sheet under “Provisions for other liabilities and expenses”.

IV. Appendix | Other financial information

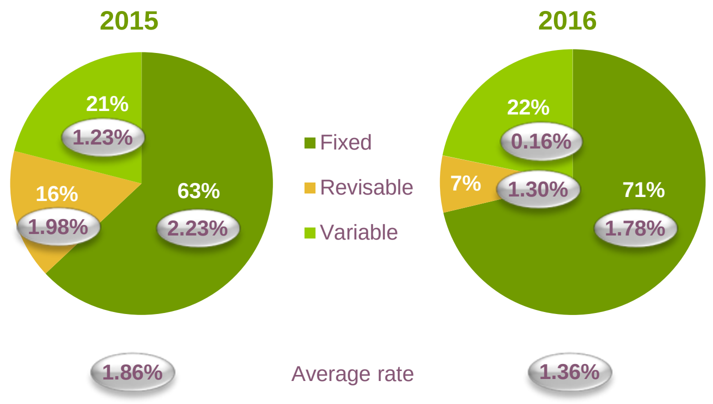
Aena debt ex-Luton

- 1,172.3 million euros of debt has been repaid in 2016, without issuing new debt. The cash balance at 31 December 2016 comes to 482.7 million euros for Aena S.A.
- The annual volume of future maturities is significantly lower than in previous years.
- 781.3 million euros has been converted from revisable to fixed rate in 2016. The average rate for the debt in these operations has gone down from 1.765% to 0.820%.
- In relation to the impact of Bank of Spain Circular 2/2016 of 2 February, which modifies the risk weighting of Enaire, a provision of 11.8 million euros has been recorded for the potential associated annual increase in costs. A further significant impact is not expected in the future (see Note 20 to the Consolidated Financial Statements).

Timetable of Aena debt maturity[1]
(Total: €8,271.6 M; Average life: 12.3 years)



Distribution of debt by interest rate regime and average interest rate in the period



Net financial debt (covenants)[2]

€M	2016	2015
Gross financial debt (covenants)	(8,524)	(9,614)
Cash and cash equivalents	483	511
Net financial debt (covenants)	(8,041)	(9,103)
Net financial debt (covenants) / EBITDA[3]	3.6x	4.5x

IV. Appendix | Passenger figures by airport/airport group

Traffic 2016

Significant growth in all the airports/groups of the network in Spain, which is reflected both in national traffic and in international traffic

IV. Appendix | Traffic information

Traffic by airline (Top 10)

Carrier	Passengers[1] 2016	Passengers[1] 2015	Variation %	Variation Passengers	Share (%) 2016	Share (%) 2015
Ryanair	39,855,897	35,159,572	13.4%	4,696,325	17.3	17.0
Vueling	32,236,952	29,574,360	9.0%	2,662,592	14.0	14.3
Iberia	16,591,832	15,035,922	10.3%	1,555,910	7.2	7.2
Air Europa	16,184,934	15,586,523	3.8%	598,411	7.0	7.5
Easyjet	12,113,790	11,023,760	9.9%	1,090,030	5.3	5.3
Norwegian	7,750,426	5,330,759	45.4%	2,419,667	3.4	2.6
Iberia Express	7,640,725	6,826,269	11.9%	814,456	3.3	3.3
Air Berlin	7,567,337	8,817,535	-14.2%	-1,250,198	3.3	4.3
Air Nostrum	7,539,913	7,167,546	5.2%	372,367	3.3	3.5
Thomson Airways	4,973,151	4,297,605	15.7%	675,546	2.2	2.1
TOTAL TOP 10	**152,454,957**	**138,819,851**	**9.8%**	**13,635,106**	**66.2%**	**66.9%**
Total Low Cost Passengers[2]	**118,791,517**	**104,585,708**	**13.6%**	**14,205,809**	**51.6%**	**50.4%**

- Low-cost airlines' share of passenger traffic has increased (51.6% in 2016 versus 50.4% in 2015) compared to legacy airlines. However, the degree of concentration is moderate.
- The major airlines are:
  - IAG Group (Iberia, Vueling, Iberia Express, British Airways and Aer Lingus) with 26.2% share out of total passenger traffic in 2016 (26.5% in 2015 on a comparable basis).
  - Ryanair 17.3% share (17.0% in 2015).

(1) Provisional data for 2016 and final for 2015. Total passengers in the airport network in Spain.
(2) Includes low-cost carriers' traffic in scheduled flights. Comparable data.
As of January 2016, the IBK code with which Norwegian operates and the EWG code with which Eurowings (formerly Germanwings) operates were included as low-cost.

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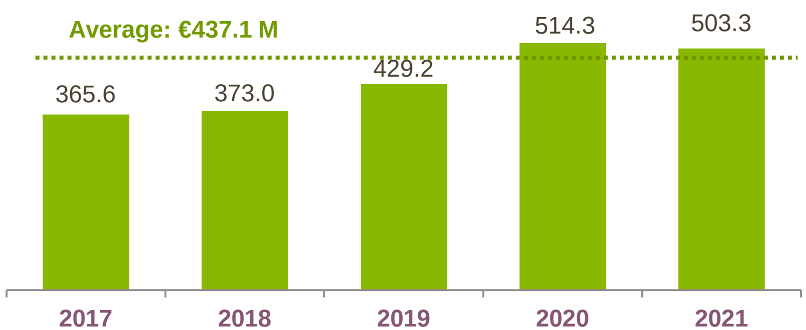
IV. Appendix | DORA 2017-2021

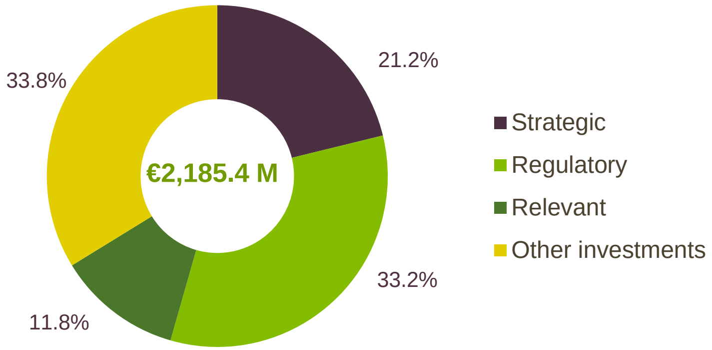
Main financial variables:

	2016	2017	2018	2019	2020	2021
Operating expenses (M€)		1,818.1	1,813.8	1,797.0	1,815.1	1,830.8
Commercial operating margin associated with regulated activity (€M)		(128.8)	0.0	0.0	0.0	0.0
Cost of capital (€M)		767.5	732.3	719.3	711.9	706.5
Average RAB(1) (M€)		10,996.1	10,491.6	10,305.4	10,199.3	10,122.1
Pre-tax WACC(2)				6.98%		
IRR(3)		2,456.7	2,546.1	2,516.3	2,527.0	2,537.2
Traffic forescast (million passengers)	230.2	241.6	244.4	246.7	248.6	250.0
Component "X"				**-2.22%**		

Regulated Investment Plan(4) : €2,185.4 M



Investment Plan by type of investment



- The penalty for delay in the execution of strategic investments will be triggered when the delay exceeds three months with respect to the completion date set, and it will lead to a corresponding adjustment in the maximum annual revenue per passenger (IMAP).
- The total penalty will not exceed 2% of the total amount of the annual schedule of all the investments of the network, although the maximum annual penalty limit for each strategic investment will be up to 5% of its annual schedule.
- Once the aforementioned three-month grace period is over, the penalty amounts will begin to be effectively recorded for a maximum period of four months. The monthly penalty amount to be applied to each investment is 25% of 5% of the amount of its annual schedule. Once the penalty period of four months has ended, the maximum penalty of 5% will have been reached and therefore longer delays would not increase the amount of the penalty.

(1) Regulated Asset Base.
(2) Weighted Average Cost of Capital before tax.
(3) Regulated Required Revenue.
(4) Total CAPEX for the period amounts to €2,646 M.

IV. Appendix | DORA 2017-2021

Service quality indicators subject to penalty:

	Indicators
Perceived satisfaction	- Passenger satisfaction with cleanliness at the airport - Passenger satisfaction with way finding at the airport - Passenger satisfaction with comfort in the boarding areas - Passenger satisfaction of with reduced mobility (PRM) with accessibility at the airport
Waiting time	- Passenger security control - Last suitcase delivery time
Availability of facilities in the terminal building	- Electromechanical equipment, baggage carousels and Baggage Handling Systems (BHS)
Availability of facilities in the air side	- Parking places - Departure air bridges - Availability and continuity of Communications, Navigation and Surveillance (CNS) services
Other key areas	- Response time to airport management complaints

- The indicators will be used to monitor Aena's performance in service quality. If this performance falls below certain minimum levels, a penalty will be imposed on the value of the Maximum Annual Revenue per Passenger (IMAP). By contrast, if the values of the indicators are exceeded, there will be a bonus in the IMAP.
- The maximum range of quality incentives or penalties is between +2% and -2% of the value of IMAP at the network level. In the calculation at the individual level of each airport, the 2% limit for bonuses is maintained and there is a limit of -5% for penalties.
- The value of the incentive or penalty for each airport will be the sum of the contributions of each of the indicators, bearing in mind that they all have the same specific weight.

Consolidated Management Report

for the year ended on 31 December 2016

1. Executive summary

The 2016 fiscal year has been characterised by the excellent performance of Aena, marked by the following highlights:

- The significant growth in passenger traffic at airports managed by Aena;
- The positive impact this traffic growth has had on total revenues, amounting to 3,772.5 million euros (7.2% compared to 2015) is broken down into more detail in the following sections of this report for each segment;
- Strident efforts aimed at cost containment resulting in an increase in total expenses (Luton) of 53.5 million euros (+2.6%), while the growth rate of passenger traffic was 11.0% in the Spanish airport network. However, in the heading on costs levels of efficiency in Spain have been reached that would make it difficult to obtain significant improvements in the future;
- These facts have been reflected in the profitability achieved by increasing the EBITDA to 2,293.6 million euros as of 31 December 2016, representing an increase of 9.3% compared to 2015 and meaning reaching an EBITDA margin of 60.8%.
- And, exceptionally, this year there has been the impact of the disappearance of the risks associated with certain litigations resulting from expropriations at Adolfo Suárez Madrid- Barajas Airport.

However, following the end of the year, there has been the most important milestone in the regulatory environment will mark the future of Aena.

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

In this sense, and in relation to airport tariffs, the aforesaid document provides for a reduction of 2.22% annually in the Maximum Annual Revenue per Passenger (IMAP) for that period, which willcome into force on 1 March 2017.

As mentioned above, 2016 has been a record year in Aena's history in terms of passenger volume, reaching 244.8 million in Luton and the Spanish network, with a growth rate of 11.4%.

This increase is reflected in Spain both in domestic traffic growing by 8.8% (67.6 million passengers) and international traffic, which totaled 161.8 million, an increase of 12.0%. This is widespread in the major airports in the network: Adolfo Suárez Madrid-Barajas (7.7%), Barcelona-El Prat (11.2%), Palma de Mallorca (10.6%), Málaga-Costa del Sol (15.7%), Gran Canaria (13.8%) and Alicante-Elche (16.7%).

These traffic growth figures in Spain, which have had continuity during the month of January 2017, with growth of 10.0% in the number of passengers, are the result of the excellent performance of the tourism sector, and have not been adversely affected by the Brexit. In 2016, the British passenger growth stood at 15.7% (+5.7 million additional passengers) and growth in each of the months of 2016 has continually been higher than 12.6%. Regarding Brexit, the only impact that has been noted so far has been in sales dealerships, where spending from passengers of British origin is experiencing a downward trend.

With regard to the ratio of commercial revenue per passenger, it remains stable at around 4.1 euros per passenger, in line with the new attribution methods for business revenue introduced in 2016, which includes commercial activities within the terminal's parking facilities, and does not account for revenue from real estate services that form a differentiated business segment.

During this year, worthy of special mention is the awarding of the tender for the driverless car rental service at 36 airports in the network to 16 companies. This contract began on 1 November 2016, and will last for six years with Aena offering 203 premises to local companies awarded with 15,000 parking spaces for car rental.

Likewise, in the month of September works were commenced relating to the analysis of free lands and the development of the Master Plans for merchantable lands in the airports of A.S. Madrid-Barajas and Barcelona-El Prat, which will be completed during 2017.The aim is to analyse and schedule the development of approximately 1,000 hectares of free land for use in these airports, in a coherent and proper manner, proposing possible commercial usage.

In connection with the execution of necessary investments, after a period of significant investments in new infrastructure completed in previous years, this leads to a new stage with priority for maintenance improvements and safety investments without reducing service quality. Investment paid in 2016 amounted to 305.4 million euros, including 61.1 million euros invested in Luton Airport, which is undergoing significant transformation to reach a capacity of 18 million passengers in 2018.

As the result of the events highlighted at the beginning of this Executive Summary, Aena recorded before-tax profits of 1,516.1 million euros compared to 1,040.6 million euros in 2015, while net profits amounted to 1,164.1 million euros, a 39.7% increase with regard to that registered in 2015 (833.5 million euros). This reflects positive business development, the reversal of provisions for legal proceedings related to land expropriations at Adolfo Suárez Madrid-Barajas Airport and higher corporate tax expense. Excluding the extraordinary reversal of provisions for expropriations, net profits amounted to 1,010.4 million euros and a growth of +21.2%.

This improvement in revenue is reflected in a significant increase in operating cash flow to 1,834.7 million euros compared to 1,629.0 million euros of 2015 (up 12.6%) and in the reduction of debt, which led to reducing the ratio of net financial debt to EBITDA, as established in debt renewal agreements for the calculation of covenants, from 4.5x in 2015 to 3.7x at the end of 2016.

This excellent operating and financial performance has been reflected in the share price performance of Aena during 2016, which has been very positive, with an increase of 23.0% to 129.65 euros per share compared to the evolution of the IBEX 35 which decreased by 2.0%. During this period Aena share peaked at 136.0 euros and registered a minimum of 94.07 euros per share.

Finally, in relation to the dividend policy and in accordance with what is reflected in the Prospectus for the IPO, in which the Company adopted a policy of distributing 50% of net profit for each year, the Board of Directors of Aena, SA resolved to propose the General Shareholders Meeting the distribution of a dividend of 3.83 euros per share, to be paid after the approval by the latter.

2. Macroeconomic environment and activity details

2.1. Macroeconomic situation and sector details

The Spanish economy continued with its gradual recovery reflected in the main economic figures.According to data published by the National Statistics Institute, Spanish GDP recorded a growth of 3.2% in 2016, representing confirmation of the recovery of the Spanish economy that began in 2014 (with a GDP growth of 1.4 %) and in 2015 (3.2%), after 3 consecutive years of economic downturn.

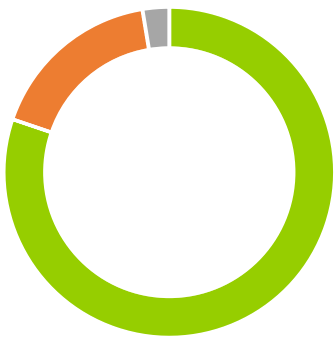
Air transport is a strategic sector for Spain due to its economic and social impact.Furthermore, it contributes in terms of connectivity, accessibility, cohesion and territorial connection.

Tourism-related indicators have continued the favourable trend witnessed in the last three years in which record numbers of foreign tourists have been achieved, an aspect of great significance given that tourism accounts for 10.9% of Spain's GDP in 2016.According to the data published by the Spanish National Institute of Statistics, in 2016, 75.6 million international tourists visited Spain, 10.3% more than in 2015.

The major issuance countries are the UK (almost 17.8 million tourists, an increase of 12.4% compared to 2015), France (with 11.4 million tourists and an increase of 7.1 %) and Germany (11.2 million tourists and an increase of 6.4%).With respect to the countries of origin and following the UK's referendum vote to leave the European Union (Brexit), it is worth pointing out that in 2016 passengers with origin/destination in the UK accounted for 18.1% of total passenger traffic in the Aena network in Spain.

By communities, Catalonia is the first tourist destination (over 18.0 million, +4.0% compared to 2015), followed by the Canary Islands (13.3 million, +13.2%) and the Balearic Islands (13.0 million, +11.9%).

By type of access, of the total foreign tourists that visited Spain during 2016, 60.6 million (80.2% of the total figure) travelled by air, 17.2% travelled by road and 2.6% used other means of transport (rail and sea).Having said this, it should not be forgotten that Spain is the gateway to Latin America by air.



- Airport 80,2%
- Roadway 17,2%
- Port and train 2,6%

Figure 1.Distribution of tourists broken down via means of access in 2016

2.2. Traffic in the Aena airport network in Spain

In 2016 passenger traffic grew by 11.0% to 230.2 million in Aena's Spanish airports.This growth has been favoured by instability in major tourist destinations in the Mediterranean and the context of low fuel prices.

The contribution of international and domestic traffic has remained stable during this period (70.5% and 29.5% respectively), and the growth of international passengers (12.0%) and domestic traffic (8.8%) reflects that the strong growth recorded is distributed in both markets.

As regards the number of aircraft, over 2,045,000 flights were registered, representing an increase of 7.5% over 2015.

Freight traffic has increased by 11.2% in 2016, exceeding 795,000 tonnes of cargo.

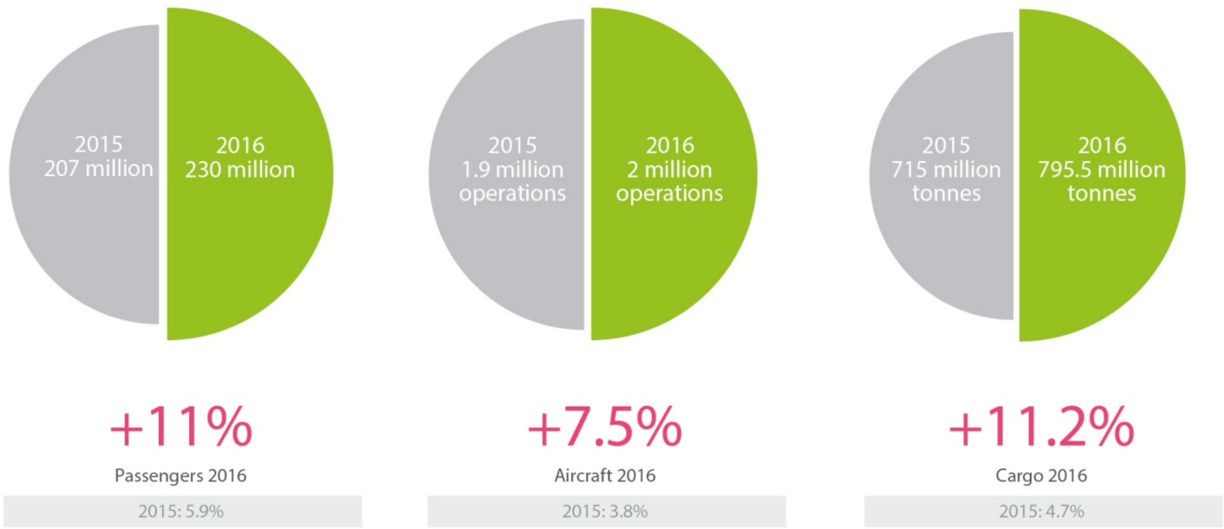


Figure 2.Traffic in the Aena airport network in Spain

2.3. Analysis of passenger traffic by airports and airlines

As has become the norm, in 2016 the percentage share of passengers is concentrated significantly in the major airports within the network, although virtually all airports in the network have experienced significant growth:

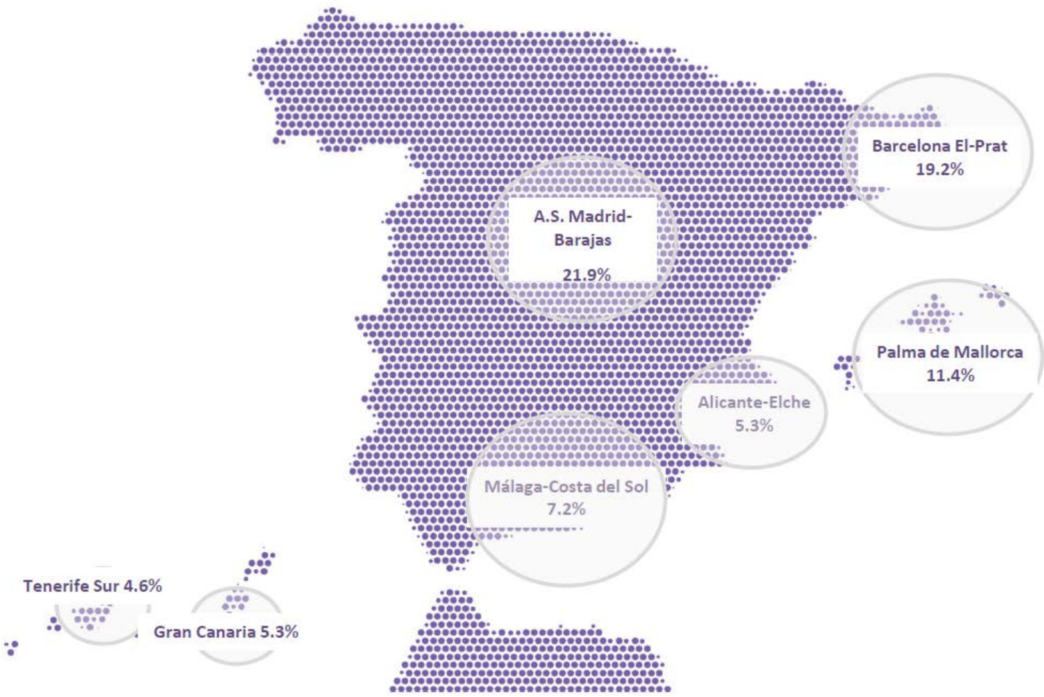


Figure 3.Share of passenger traffic at major airports in Spain

Airports and Airport Groups	Passengers			Aircraft			Freight		
	Millions	Variation 2016 / 2015	Share of total	Thousands	Variation 2016 / 2015	Share of total	Tonnes	Variation 2016 / 2015	Share of total
Adolfo Suárez Madrid-Barajas	50,4	7,7%	21,9%	378,2	3,1%	18,5%	415.774	9,0%	52,3%
Barcelona-El Prat	44,2	11,2%	19,2%	307,9	6,6%	15,1%	132.755	13,3%	16,7%
Palma de Mallorca	26,3	10,6%	11,4%	197,6	10,9%	9,7%	10.453	-8,1%	1,3%
Total Canary Islands Group	40,5	12,8%	17,6%	356,4	10,3%	17,4%	37.470	-1,0%	4,7%
Total Group I	56,3	13,2%	24,4%	487,1	9,5%	23,8%	33.197	3,4%	4,2%
Total Group II	11,5	10,2%	5,0%	172,6	7,6%	8,4%	113.614	27,9%	14,3%
Total Group III	1	5,9%	0,5%	145,2	3,1%	7,1%	52.312	12,3%	6,6%
TOTAL	**230,2**	**11,0%**	**100%**	**2.045,0**	**7,5%**	**100%**	**795.575**	**11,2%**	**100%**

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

Adolfo Suárez Madrid-Barajas is the main airport in the network in terms of passenger traffic, flights and freight, representing 21.9% of total passengers (50.4 million). In 2016, the number of passengers has increased by 7.7% over the same period last year (10.0% in domestic traffic and 6.8% in international traffic).

In 2016, a total of 378,150 aircraft have operated out of this airport, 3.1% more than in the same period of the previous year. In addition, freight, which accounts for more than half of the total volume passing through the network, registered an increase of 9.0% to 415,774 tonnes transported.

Figure 1. Terminal T4 – Adolfo Suarez Madrid-Barajas Airport

At Barcelona-El Prat Airport, passenger numbers increased by 11.2% with regard to 2015 (11.4% in domestic traffic and 11.1% in international traffic) standing at 44.2 million.

A total of 307,864 aircraft operations were registered, which accounts for an increase of 6.6% compared to 2015, and freight consolidated its growth trend with a 13.3% increase in the volume of goods to 132,755 tonnes.


Figure 2. Barcelona-El Prat Airport Terminal

Palma de Mallorca Airport registered 26.3 million passengers in traffic in 2016 (up 10.6%), with a significant 12.7% rise in international traffic to 20.4 million passengers, while domestic traffic came to 5.8 million, an increase of 3.8%.

Equally significant are the figures showing growth of aircraft flights during 2016, which totalled 197,639 (10.9%)

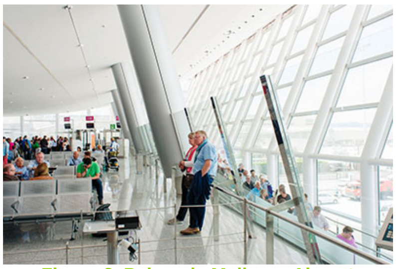


Figure 3. Palma de Mallorca Airport terminal

In the **Canary Islands Group,** the number of passengers who passed through the airports in the Canary Islands came to 40.5 million (up 12.8% compared to the same period of 2015), of which over 13 million were passengers on domestic flights (up 10.7%) and 26.8 million on international flights (13.8% more than in the same period in the previous year).


Figure 4. Fuerteventura Airport terminal

The eight airports in **Group I** grew by 13.2% in 2016 to reach 56.3 million passengers, with especially high growth in Alicante-Elche (16.7%), Málaga-Costa del Sol (15.7%), Valencia (14.7%), Ibiza (14.5%) and Menorca (10.8%). Both domestic traffic (5.9%) and international traffic (16.0%) have contributed to the growth of this group of airports.


Figure 5. Menorca Airport terminal

All 11 airports of **Group II** registered a global increase in passenger traffic of 10.2%, which dropped to a total of 11.5 million passengers. These figures confirm the recovery in traffic both domestically (+9.3%) and internationally (+11.9%).

Group III airports (those with lowest traffic) have recorded almost 1,143,000 passengers, an increase of 5.9% over the same period in the previous year.

Figure 6. Air freight at Vitoria Airport

As part of the result of the activity of airport marketing during 2016, we opened 450 new routes (considering those that recorded less than 1,000 total passengers in 2015 and exceeded in 2016 the figure of 5,000 total passengers) from the Aena airport network; 70 domestic destinations, 19 European destinations and 361 intercontinental destinations. Specifically the airports with the highest number of new routes are Palma de Mallorca (56 new routes), Adolfo Suárez Madrid-Barajas (52), Barcelona-El Prat (38), Alicante (39), Málaga-Costa del Sol (37) and Tenerife Sur (32).

The companies with the largest number of new routes are Vueling (49 new routes), Ryanair (47), Grupo Iberia (37), Air Europa (27), Jetairfly (26) and Norwegian (19).

It is worth highlighting the opening of 13 new long-haul routes, one from Barcelona to Washington (United States) and 12 from AS Madrid-Barajas Airport: San Juan (Iberia), Shanghai (Iberia and China Eastern), Johannesburg (Iberia), Hangzhou (Beijing Capital Airlines), Hong Kong (Cathay Pacific), Lima (Plus Ultra), Santo Domingo (Plus Ultra), Bogota (Air Europa), Mauritius (Evelop), Varadero (Air Europa) and Tokyo (Iberia).

In addition, in February 2016 the company easyJet has established an operational base at the Barcelona-El Prat Airport, where three A320 aircraft sleep permanently, and in June 2016 the company Norwegian opened its seventh based in Spain in Palma de Mallorca Airport; it is a permanent base which operates 12 months of the year.

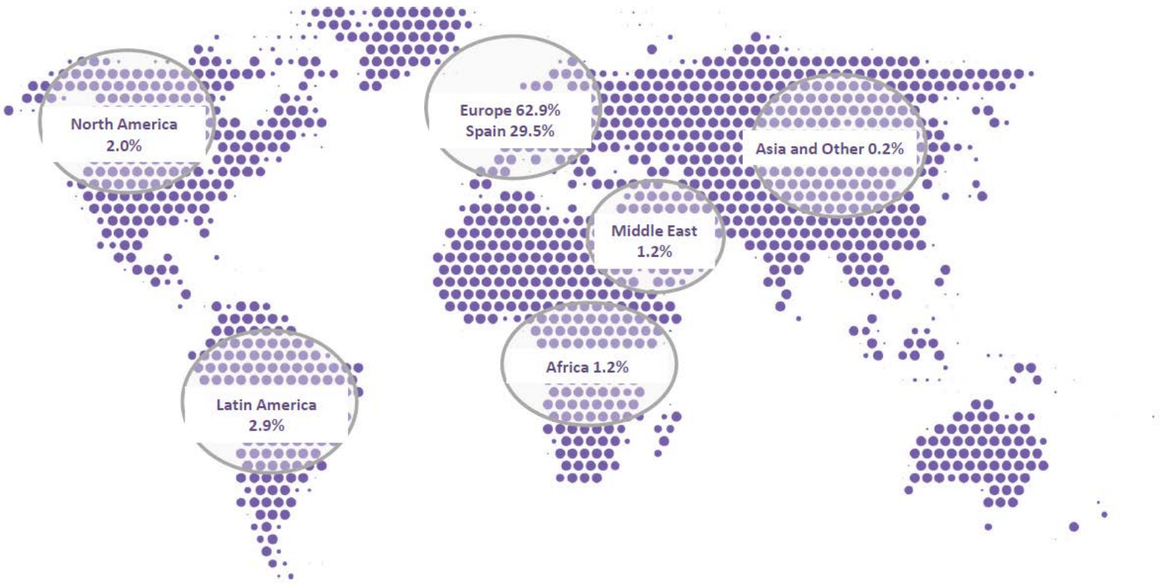
With respect to the distribution of traffic broken down into geographical regions, widespread increases are noted in all regions, although traffic quotas are maintained practically stable with respect to 2015.

Region	Passengers 2016	Variation %
Europe[1]	144.902.902	12,3%
Spain	67.976.343	8,8%
Latin America	6.721.460	9,5%
North America[2]	4.529.205	8,0%
Africa	2.862.839	5,4%
Middle East	2.735.733	13,2%
Asia and Other	501.041	35,9%
TOTAL	**230.229.523**	**11,0%**

[1] Excludes Spain

[2] Includes USA, Canada and Mexico

Table 2. Breakdown of traffic by geographical area



[1]Excluding Spain
[2]Including US, Canada and Mexico

Figure 7. Map of traffic distribution by geographic area

Passenger traffic levels by country were virtually stable, with five countries (Spain, UK, Germany, Italy and France) concentrating 70% of total traffic. It is worth mentioning the excellent performance of traffic with the United Kingdom, which has not been affected by the Brexit and which, in annual terms, recorded an accumulated growth of 15.7% (5.7 million more passengers) compared to 2015, almost 5 percentage points higher than the overall network growth (11.0%).

Country	Passengers 2016	Passengers 2015	Variation		Share of total (%)	
			%	Passengers	2016	2015
Spain	67.976.343	62.501.684	8,8%	5.474.659	29,5%	30,1%
United Kingdom	41.700.473	36.030.037	15,7%	5.670.436	18,1%	17,4%
Germany	27.728.750	25.195.312	10,1%	2.533.438	12,0%	12,1%
Italy	13.032.089	11.871.529	9,8%	1.160.560	5,7%	5,7%
France	11.802.321	11.088.353	6,4%	713.968	5,1%	5,3%
Holland	7.588.040	6.351.054	19,5%	1.236.986	3,3%	3,1%
Switzerland	6.127.255	5.508.689	11,2%	618.566	2,7%	2,7%
Belgium	5.672.226	5.477.091	3,6%	195.135	2,5%	2,6%
Ireland	3.947.665	3.442.969	14,7%	504.696	1,7%	1,7%
Portugal	3.612.145	3.231.641	11,8%	380.504	1,6%	1,6%
Sweden	3.452.868	3.085.441	11,9%	367.427	1,5%	1,5%
United States	3.296.634	3.044.580	8,3%	252.054	1,4%	1,5%
Denmark	3.114.005	2.526.380	23,3%	587.625	1,4%	1,2%
Norway	3.012.436	2.826.952	6,6%	185.484	1,3%	1,4%
Poland	2.125.081	1.692.005	25,6%	433.076	0,9%	0,8%
Total Top 15	**204.188.331**	**183.873.717**	**11,0%**	**20.314.614**	**88,7%**	**88,6%**
Rest of countries	**26.041.192**	**23.547.329**	**10,6%**	**2.493.863**	**11,3%**	**11,4%**
Total Passengers	**230.229.523**	**207.421.046**	**11,0%**	**22.808.477**	**100,0%**	**100,0%**

Table 3. Air traffic distribution by country

With regard to the distribution of passenger traffic by airline type, 51.6% are low-cost companies (50.4% in 2015) and the remaining 48.4% corresponds to traditional companies (49.6% in 2015), confirming the distribution shown at the end of 2015. Aena's major airline customers are, on one hand, the IAG Group (Iberia, Vueling, Iberia Express, British Airways and Air Lingus) with a share of 26.2% of total passenger traffic in 2016 (26.5% in 2015) and, secondly, Ryanair, with a share of 17.3% (17.0% in 2015).

Carrier	Passengers 2016	Passengers 2015	Variation		Share of total (%)	
			%	Passengers	2016	2015
Ryanair	39.855.897	35.159.572	13,4%	4.696.325	17,3%	17,0%
Vueling	32.236.952	29.574.360	9,0%	2.662.592	14,0%	14,3%
Iberia	16.591.832	15.035.922	10,3%	1.555.910	7,2%	7,2%
Air Europa	16.184.934	15.586.523	3,8%	598.411	7,0%	7,5%
Easyjet	12.113.790	11.023.760	9,9%	1.090.030	5,3%	5,3%
Norwegian Air	7.750.426	5.330.759	45,4%	2.419.667	3,4%	2,6%
Iberia Express	7.640.725	6.826.269	11,9%	814.456	3,3%	3,3%
Air Berlin	7.567.337	8.817.535	-14,2%	-1.250.198	3,3%	4,3%
Air Nostrum	7.539.913	7.167.546	5,2%	372.367	3,3%	3,5%
Thomson Airways	4.973.151	4.297.605	15,7%	675.546	2,2%	2,1%
Total Passengers	**230.229.523**	**207.421.046**	**11,0%**	**22.808.477**	**100%**	**100%**
Total Low Cost Passengers*	**118.791.517**	**104.585.708**	**13,6%**	**14.205.809**	**51,6%**	**50,4%**

*Includes low-cost carrier's traffic in scheduled flights.From January 2016 they incorporated the passengers of low cost IBK Norwegian codes with which it operates, and EWG with which Eurowings (formerly Germanwins) operates.

Table 4. Distribution of air traffic by airlines

International presence

Aena has a direct interest in 15 airports outside Spain (twelve in Mexico, two in Colombia and one in the United Kingdom), and indirectly through GAP in the Montego Bay Airport in Jamaica.

(Million passengers)	2016	2015	% Variation	% Aena share
Grupo Aeroportuario del Pacífico (GAP)1 (Mexico)	36,5	31,4	16,5%	5,8%
London Luton (United Kingdom)	14,6	12,3	18,5%	51,0%
Aerocali (Cali, Colombia)	5,7	5,3	9,3%	50,0%
SACSA (Cartagena de Indias, Colombia)	4,4	4,0	12,1%	37,9%
TOTAL	**61,3**	**52,9**	**15,9%**	**--**

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

Table 5. Passenger traffic in investee airports

Luton Airport registered in 2016 a significant increase in traffic (+18.5%) reaching almost 14.6 million passengers and nearly 132,000 aircraft operations (13.0%), which represents a historical record in the airport's activity. This growth is continuing during 2017, as passenger traffic figures published in January 2017 represent an increase of 20.1%.

Figure 8. Luton Airport

2.4. Commercial activity

Aena's commercial contracts vary according to the type of business activity, and are based, in general, on a variable revenue as a percentage of sales (percentages vary by product category and/or services) and with a minimum annual guaranteed rent

(MAG) which sets a minimum amount to be paid by the tenant regardless of the level of sales achieved.In this regard, the following chart shows the calculation of minimum annual guaranteed rent by business line:

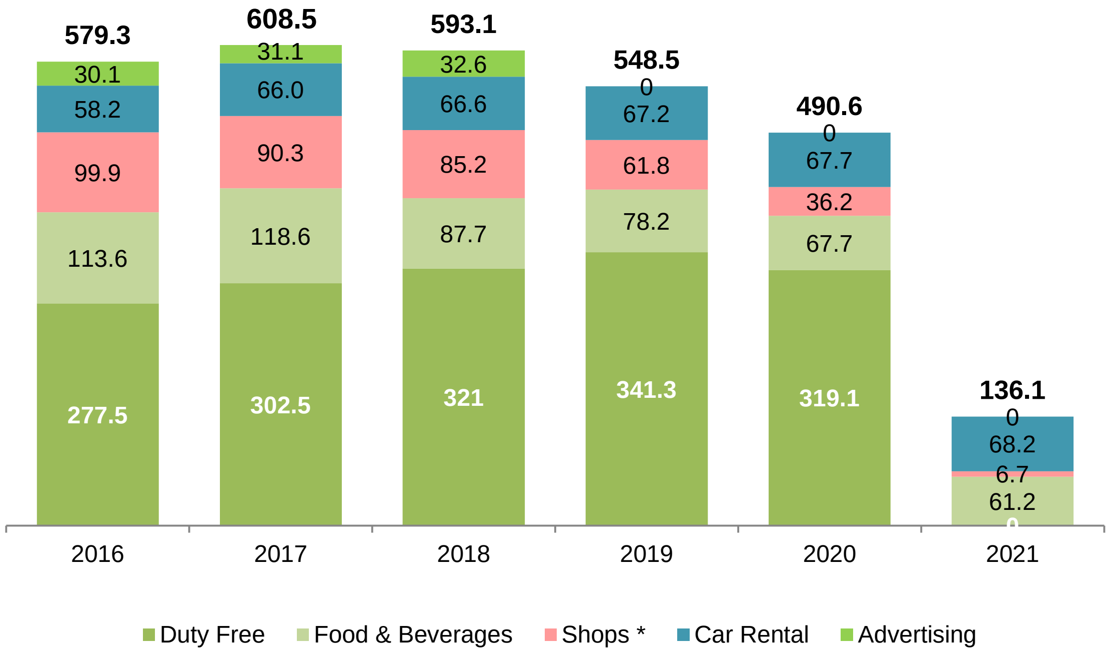


Figure 4. Minimum Annual Guaranteed Rent (MAG) by business line

(1) Figures in millions of euros of existing contracts.Potential new contracts are not considered. MGAR have been prorated to the actual days of the beginning and end of contract.Commercial services contracts include contracts from other commercial operations: financial and regulated services (exchange, pharmacy, tobacco, etc.).

Positive traffic performance has also helped to boost commercial revenue, although the rate of commercial revenue per passenger remains at €4.1, the same figure as last year. In section "3.1.2 Commercial Activity" of this report, a more detailed breakdown of each of the business lines is performed.

3. Business segments

Below, the main results for Aena are shown corresponding to 31 December 2016, itemised by segments: the airports segment represents 95.3% of total EBITDA (aeronautical activity represents 61.2% and commercial activity contributes 34.1%), real estate services segment contributes 1.6%, while international business accounts for 3.1%.

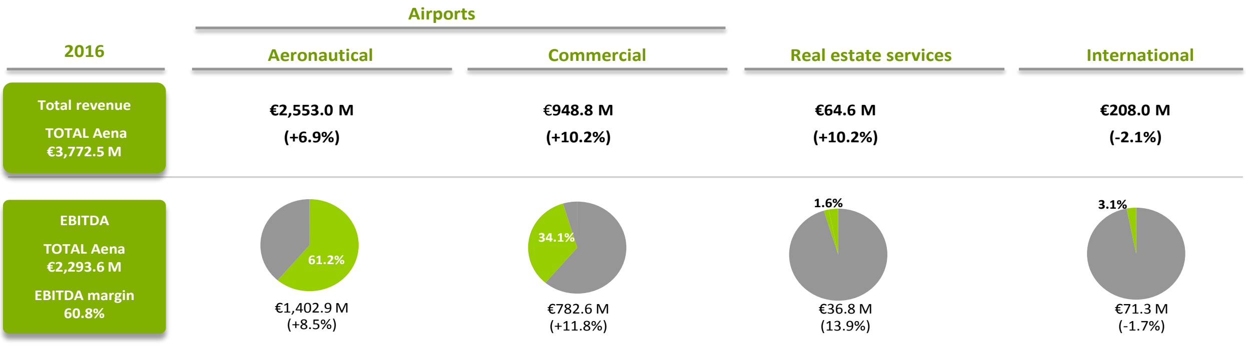


Figure 5.Aena main results by business area

3.1. Airport segment

3.1.1 Aeronautical Activity

Through the application of Act 48/2015, of 29 October, on the State General Budget for 2016, airport charges decreased by 1.9% since March 2016 onwards. The most significant figures for aeronautical activity are summarised below:

(Thousand euros)	2016	2015	Variation	% Variation
Ordinary revenue	2.502.081	2.332.976	169.105	7,2%
Monetary benefits[(1)]	2.426.613	2.264.966	161.647	7,1%
Passengers	1.079.620	1.017.609	62.011	6,1%
Landings	681.395	632.790	48.605	7,7%
Security	396.205	363.539	32.666	9,0%
Air bridges	109.054	104.228	4.826	4,6%
Handling	85.960	80.276	5.684	7,1%
Parking	32.821	28.617	4.204	14,7%
Fuel	31.885	29.092	2.793	9,6%
Catering	9.673	8.815	858	9,7%
Incentives (Landings, Passengers and Security)	-67.701	-44.270	-23.431	52,9%
Other Airport Services[(2)]	75.468	68.010	7.458	11,0%
Other operating revenue	50.937	54.602	-3.665	-6,7%
Total revenue	2.553.018	2.387.578	165.440	6,9%
Total expenditure (including amortisation)	-1.817.009	-1.767.928	-49.081	2,8%
EBITDA [(3)]	1.402.928	1.293.426	109.502	8,5%
Adjusted EBITDA [(4)]	1.407.776	1.277.251	130.525	10,2%

[(1)] *The total does not include incentives (Landings, Passengers and Security)*
[(2)] *Includes Airport Products, Use of 400 Hz, Fire Service, Counters, and Other Revenue.*
[(3)] *Earnings before interest, taxes, depreciation and amortisation*
[(4)]*Excludes fixed assets impairments.*

Table 6. The most significant figures in aeronautical activity

Total revenues in aeronautical activity increased to 2,553.0 million euros (6.9% compared to 2015) due to the positive evolution of traffic (11.0% increase in passenger traffic and 7.5% increase in the number of aircraft) that was partially offset by the reduction in airport charges from 1 March 2016 (41.6 million lower revenue), fee incentives for the opening of new routes and the increased in connection passenger bonus, which has raised from 35% in 2015 to 40% in 2016, and has made 70.4 million euros in 2016 against 59.0 million euros in 2015.

Aena continues to implement trade incentives for increased air traffic, both on existing routes and new ones, bringing the amount recorded in 2016 to 67.7 million euros (net from regularisation of 4.5 million euros in provisions for previous years), compared to 44.3 million in 2015 (net from the regularisation of 5.5 million of provisions from previous years).

Expenditures for aeronautical activity amounted to 1,817.0 million euros, 2.8% more than those registered for 2015.This increase is due to actions associated with maintenance and the increase in activity as well as the wage review conducted in 2016. For a discussion of operating expenses, see section 4.Revenue Statement.

The above effects have made it possible to improve EBITDA by 8.5% (1,402.9 million euros).

2016 was characterised by a significant increase in the number of passengers and aircraft that have used the network of national airports. This increase in traffic, especially during peak periods (summer, Easter and Christmas), has forced airport services to adapt to users' needs, reinforcing the main services as part of the Summer Plan.

A part of this increase in traffic, from an operational viewpoint, airports have continued to be immersed in the aerodrome certification process and have included new handling agents.In addition, it has complied with the main aim of Aena to maintain the quality of service provided to passengers and companies.

Below, the most significant actions that have been carried out at airports during 2016 related to the aeronautical activity are summarised:

Passengers

Revenue resulting from passengers' tariffs has grown in line with the increase of traffic noted in Aena's airport network in Spain. This significant increase of activity has been managed efficiently and with high levels of service quality.

The number of passengers with reduced mobility receiving assistance (PMR) has grown by 13.8% with respect to the same period of the previous year. In spite of this notable increase in activity, this service has maintained the high rating levels obtained on the part of users in previous years.

With the aim of improving passenger perception in their experience in the airport, ongoing actions have been undertaken in the terminal building and access points.

Flagship services:

Passenger information

Improved guidance within the terminal with actions in static signaling and the information service offered to the public:

- Installing new passenger information points (SIPA) that will guide passengers better, renovation of obsolete equipment, installation of illuminated maps at terminals, information service with traveling green jackets serving the passenger and training activities to improve telephone service at AS Madrid-Barajas Airport.

Figure 9. Adolfo Suarez Madrid-Barajas Airport terminal

- Improvements in signage in all terminals at the AS Madrid-Barajas Airport, renovation of signage in T2 of Barcelona Airport, new outdoors signalisation panels and in passenger decision-making points in the Palma de Mallorca Airport and renovation of signage in the security filter and the international arrivals hall in the Gran Canaria Airport.

Figure 10. Improvement in signage. Palma de Mallorca Airport

Cleanliness

Actions aimed at improving the sensation perceived by users: renovation of toilets, soil surface treatments, cleaning facades, perceived quality measuring devices at the exit of lavatory facilities, etc.

Renovation and modernisation of lavatory facilities in the airports of AS Madrid-Barajas (9 cores in T1 and 7 cores in T2), Barcelona, Palma de Mallorca, Gran Canaria, Tenerife Sur, Bilbao, Tenerife Norte and practically all airports in Group II.

Figure 11. Refurbishment and modernisation of lavatory facilities. Bilbao Airport

Comfort

Actions aimed at ensuring a good passenger comfort feeling throughout their stay at the airport, with a focus on waiting areas. Included herein are actions involving lighting, climate control, electromechanical installations and benches, playgrounds and workstations. Worthy of special mention are:

- Improvement of air-conditioning facilities in the terminals of the airports of Málaga, Gran Canaria, Girona and Zaragoza with the installation of HVLS fans, and miscellaneous actions involving air-conditioning facilities in the airports of Barcelona, Fuerteventura, Lanzarote, Tenerife Norte and Almería. New waterproofing of the terminal building and modules, renovation of suspended ceilings, replacement of several air conditioning units and heat pumps, sun protection films in exits and check-in and installation of temperature displays and temperature and humidity sensors, all of these in Palma de Mallorca Airport.

- New high-capacity elevator and installation of a moving walkway of more than 40 metres long which facilitates the transit of island residents and national passengers between the security filter and their respective boarding areas at Gran Canaria Airport. Modernisation of the most commonly used lifts in Palma de Mallorca Airport.

- Adequacy of pavements in public area of Terminal B at Barcelona. Replacement and polishing of marble slabs in passenger traffic areas and installation of LED lights in the check-in lobby at Fuerteventura Airport. Improved lighting in several areas of the airport terminal building in Palma de Mallorca.

- Deployment of flow control sensors for the airport terminals in Madrid-Barajas allowing for trigger actions when a certain number of steps is detected.

- Workstations with power sockets at airports in Bilbao and Santiago, improved decoration, benches and cargo area at the airport of Seville, and installation of an illuminated cube with plugs and sockets for charging USB devices at Girona Airport.

Figure 12. Improved bench seating. Seville Airport

- For passengers with reduced mobility (PRM): the launch of an electric vehicle for the service at AS Madrid-Barajas Airport, improved signage and decoration items in PMR waiting lounges with adapted benches in Ibiza Airport, incorporating reserved seating at PMR meeting points and frequently used spaces at the airport of Valencia, benches and PMR waiting signaling points in Lanzarote Airport, etc.

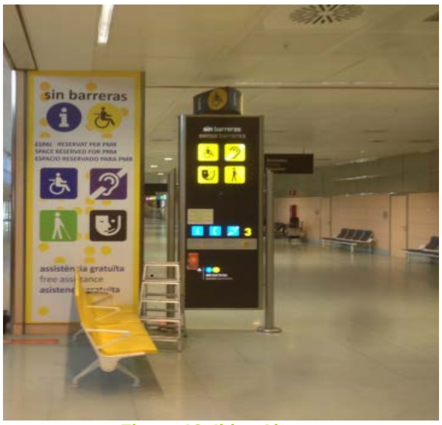


Figure 13. Ibiza Airport

- For passengers traveling with children and babies: luggage trolleys equipment with baby chairs and breast-feeding rooms at Bilbao Airport, improved baby changing facilities at Alicante Airport, new playgrounds in C module, check-in and arrivals at Palma de Mallorca Airport, near to the hostelry area at FGL Granada-Jaen Airport and in the pre-boarding hall of Seville Airport, equipped with interactive floor projector.

Figure 14. Child's play area. Alicante-Elche Airport

- Several action plans in the baggage claim areas, amongst which we can highlight:
  - Adaptation of the baggage room in Terminal 2C at Barcelona Airport.
  - New baggage claim concourses on floor 0 of Palma de Mallorca Airport.
  - Placement of benches between the collection belts in order to increase passenger comfort, increased number of trolley dispensers points and new children's areas at Alicante Airport.
  - Modification of the information provided on monitors to include the handling company dealing with the flight so that passengers know who to turn to in case of incidents, reinforcement of the information given to locate lost luggage and the location of other means of transport to connect to at the exit of the Valencia Airport.
  - Surveillance and monitoring services for the baggage delivery process, in order to optimise the allocation of resources (delivery belts) and minimise incidents related to them, coordinating between CGA and the trolley park any deviation produced both in belt allocation and the installation itself (mechanical impact) for rapid resolution of issues at Palma de Mallorca Airport.
- Regarding access points: remodelling the T2 arrivals roadways at Madrid -Barajas Airport, change to the layout of the taxi-rank for single-file parking to improve capacity, improved signaling of public parking, specific signalling for scheduled public bus services and implementation of transportation management service for passengers arrivals, all in Ibiza Airport. New pedestrian awning at Bilbao Airport. New parking for coaches belonging to private companies in the waiting zone at Palma de Mallorca Airport.

Figure 15. Road access. A.S. Madrid-Barajas Airport

Landings

Revenue per landing and air transit service has risen with the increase of aircraft operations. Aena is currently involved in the process of certification of aerodromes in compliance with European regulation, which demands strident efforts to adapt infrastructures. In the last twelve months, the certified airports have handled 81% of passengers.

With the aim of providing higher levels of service to the companies as part of their airport activities, actions are regularly performed in the platform and airfields. In 2016, worthy of special mention are:

- Adaptation of airfield paving: refurbishment of paving on taxiwaysat AS Madrid-Barajas, regeneration of the surface layer and the bearing layer on the southern runway at Palma de Mallorca Airport, base layer reinforcement on track 03L/21R and in associated taxiways at Gran Canaria, regeneration of paving in the rapid exit lane in Lanzarote, signalling repainted at the airfield in Bilbao, regeneration of the airport runway in Ibiza, raising of the runway and other actions undertaken at Cuatro Vientos airfield in Madrid, and track improvements in El Hierro.

Figure 16. Taxiway paving repair. A.S. Madrid-Barajas Airport

- Adapting runway margins and strips, along with the parallel taxiway in line with safety requirements at Ibiza Airport.
- Purchase of new deck vehicles for the airports of Gran Canaria and Fuerteventura and installation of awnings at access points for deck vehicles at Barcelona Airport.
- Actions on horizontal and vertical signage on airfields at Malaga Airport.
- Modernisation of pedestrian pathways for boarding by foot on the platform with repainting of said paths, placement of bollards and safety chains at the airports of Alicante and Reus and expansion of the deck awnings to fully cover the walkway at Granada-Jaen Airport.

Figure 17. Modernisation of pedestrian pathways. Alicante-Elche Airport

- NAVAIDs: ILS 03L modernisation at Gran Canaria, moving the 03 glideslope track at Lanzarote and installation of new ILS Cat I equipment at Santander Airport.
- Meteorological Service: installation of new weather stations next to headers 06 and 24 at Ibiza Airport.

Added to this, from a safety viewpoint, the following actions are:

- In order to reduce the average age of the fleet of self-extinguishing vehicles used in the Network, and framed within the Renewal Plan for the 6x6 10,000 l models, in 2016, the supply of 10 of these vehicles has been provided for the airports of Madrid-Barajas (7), Palma de Mallorca (1) and Santander (2). They stand out due to their engine power, acceleration power and fire-fighting ability. Response times and capabilities will be improved when faced with aeronautical emergencies.
- Provision of new decks for aircraft recovery in Palma de Mallorca.

Related to aircraft traffic control:

- Alicante Airport has been certified as an Advance ATC Tower, thus being integrated into the European Aerial Traffic Management Network, which should lead to an increase in flight punctuality.
- Selective implantation of CherryPicking procedure regulations to facilitate the management of ATC capacity at Madrid-Barajas Airport. Local regulations agreement between the ACC of Palma de Mallorca and Ibiza Airport, with the aim of reducing delays caused to airlines by air traffic regulations.
- Expansion of the operating hours of airports in Burgos (65%) and Logroño (75%) has been carried out with restricted use mode that increases the service to users.

Security

The security fee paid by passengers has grown thanks to the increase in passenger numbers.This increase in the airports' activity has been managed effectively without having a bearing on waiting times when passing through security controls.

With regard to security, with the aim of continuously improving the passenger experience in the airport, action plans are embarked upon that optimise security processes. Amongst these, in 2016 the deployment of measurement systems on waiting time at security checkpoints in airports with an annual passenger volume exceeding 2 million was undertaken at: Madrid-Barajas, Barcelona, Palma de Mallorca, Malaga, Alicante, Gran Canaria, Tenerife, Ibiza, Lanzarote, Fuerteventura, Valencia, Bilbao, Seville, Tenerife Norte, Menorca, Girona and Santiago. Said systems are based on image analysis through overhead coverage sensors that allow for accurate measurements (without estimations) of processing times by monitoring 100% of passengers without loss of traceability.

Figure 18. Security checkpoint. Alicante-Elche Airport

Other action plans worthy of special mention with regard to security in 2016 are:

- Remodelling of installations, new passport control point, new security checkpoint for non-Schengen connections and improvements to urgent connects in T4 security. New furnishings in checkpoints. Introduction of fairing in the roller lines to prevent children from being trapped. A pilot installation project has been carried out using piped music in the T2 security checkpoint to enliven the journey for passengers. Installation of televisions in passport control to enliven the journey for passengers. All these actions have been carried out in AS Madrid-Barajas Airport.

Figure 19. Control of T4 connections. A.S. Madrid-Barajas Airport

- Expansion and improvement of security filters in the airports of Palma de Mallorca, A Coruña and Asturias.
- Commissioning of works on the extension of security filters in T3 terminal with four double filters and modernisation of T2 security controls to suit demand with the aim of reducing passage time at Malaga Airport.
- Adaptation of queuing areas in security checkpoints in the airports of Fuerteventura and Tenerife Sur.

Figure 20. Adaptation of waiting queues. Fuerteventura Airport

- Opening of exclusive filter to improve the flow of families and PRM and new access control post for the controlled area in baggage claim, along with surveillance in the public arrivals area at Ibiza Airport.
- Virtual assistance in security filters at Melilla Airport.
- Remodelling of security filters to give greater amplitude at San Sebastian Airport.

Air bridges

Revenue from air bridges has grown largely due to the increase in the number of aircraft operations. Standout actions in 2016 involving air bridge services are given below:

- Remodeling boarding air bridges at Terminal 2 at Barcelona Airport.
- Installation of 7 boarding bridges and associated equipment services in Terminal 2 at Malaga Airport.

Figure 21. New air bridges. Málaga-Costa del Sol Airport

- Installation of laminate safety-glass paving on air bridges at terminals T4 and T4S in the AS Madrid-Barajas Airport.
- Refurbishment and renovation of structures and equipment for departure air bridges in the Tenerife Sur Airport and real-time adjustment of the set-point temperature for air-conditioning facilities on air bridges in Fuerteventura.
- Renovation of air-conditioning facilities for air bridges, sliding equipment for air bridges for hand luggage that must be moved to the cargo hold and renovation of all telephones in fingers, all of the foregoing in the Bilbao Airport.
- Installation of 6 slides in boarding air bridges at Lanzarote Airport.
- Installation of a system to improve coordinations between handling agents and service providers of air bridges for disconnections with the runway at Palma de Mallorca Airport.

Handling

Handling services have been performed by new agents following the progressive renewal of the licences expiring at the end of 2015. In spite of the complexity of this change in handling operators, it has been carried out satisfactorily due to the efforts of the employees and without leading to incidents in the operational readiness of the airports.

Figure 22. Aircraft assisted by handling agents. A.S. Madrid-Barajas Airport

With regard to actions involving handling in 2016, the following can be highlighted:

- The new courtyard for trolleys is currently under construction at international arrivals in the Gran Canaria Airport with three hippodromes which will reduce baggage handover times due to the renovation of the same, and elimination of unnecessary trips.

Figure 23. Belts on new trolley park. Gran Canaria Airport

- Equipping of 5 new offices for handling companies, one of these intended for use by the Civil Guard, between the check-in desks and passenger filters in the Tenerife Norte Airport.

- New touch-button screens in the claim belts located on the trolley concourse for the measuring of waiting times for luggage return in the Palma de Mallorca Airport.

- Improvement of the signalling of roadways for the service manoeuvring area, installing collection bins for foreign objects that might damage aircraft on many parts of the deck to minimise the risk of accidents / incidents at Malaga Airport. Furthermore, expansion of places for loading and parking for electrical equipment used by service companies and airport handlers, along with the construction of a new deck with recharging facilities for electric vehicles in Asturias Airport.

- Regarding the check-in process, installation of 28 check-in desks along with associated installations at Barcelona Airport and improving the counters at Bilbao Airport. Improvements to check-in lines at Terminal 1 (false ceiling and lighting) and deployment of new self-check-in booths for several companies at Madrid-Barajas Airport.

Figure 24. Self-check-in. A.S. Madrid-Barajas Airport

Parking

Aircraft parking has increased due to the increase in operations, being duly favoured by the widespread increase in average stay times.

The following actions can be highlighted for 2016:

- Redesign of parking spaces in T1 and T2 at ASMadrid-Barajas Airport with the creation of 3 new parking spaces for type E aircraft.

- Actions geared towards the improvement of the parking deck at the Gran Canaria Airport.

- Adaptation of the signage of the platform, new design and signage for ramp 7, works on horizontal signs on ramps 3, 4 and 9, new regulatory signs and lighting needs for platforms, all of them in Malaga Airport.

Figure 25. Deck signalling. Málaga-Costa del Sol Airport

- Actions on the parking deck and canalisations to put into service platform parking for the washing of aircraft in the Valencia Airport.

Fuel

In 2016, the supply of JET A1 fuel for commercial aviation has grown by almost 12%. However, AVGAS fuel for general aviation has been maintained in line with consumption levels from the previous year.

Outstanding performances worthy of special mention are the launc of the process of renewal of licenses for fuel handlers, Phase I, which includes 21 network airports with reduced traffic levels for a duration of seven years.The second phase will be tendered in 2017.The increase in competition, improved service quality and price caps are key points of the new tender.

Meanwhile, the refuelling deck for aircraft has been expanded in the Huesca Airport and the fuel installation has been put into service at the Heliport of Ceuta.

Other services

In a general sense, all services have noted the increase in traffic levels, while the increase of revenue from check-in desks due to greater use of these on the part of new handling agents is worthy of special mention.

It is also worth highlighting the construction of the new cargo terminal for two operators and the construction of a border inspection post at Tenerife Norte Airport.

3.1.2 Commercial Activity

The following table shows the most significant figures for commercial activity. In this regard, it is worthwhile noting that the parking activity is included in 2016 in this activity, so the 2015 figures have been adapted to this criterion to obtain a comparable grounding:

(Thousand euros)	2016	2015	Variation	% Variation
Ordinary revenue	939.787	850.676	89.111	10,5%
Other operating revenue	8.984	10.346	-1.362	-13,2%
Total revenue	948.771	861.022	87.749	10,2%
Total expenditure (including amortisation)	-261.164	-257.132	-4.032	1,6%
EBITDA [(1)]	782.648	700.100	82.548	11,8%
Adjusted EBITDA [(2)]	784.092	698.976	85.116	12,2%

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

[(2)]*Excludes fixed assets impairments.*

Table 7. Most significant figures with regard to commercial activities

Total revenue from commercial activity increased by 10.2% in 2016 compared with 2015, rising to 948.7 million euros. Ordinary revenue amounted to 939.8 million euros (25.3% of the total ordinary revenue) having increased by 10.5% compared with 2015 (89.1 million euros).

The largest contribution to this increase comes from increased passenger traffic, growth in sales of commercial operators, better contractual terms, and the effect of the evolution of the Minimum Annual Guaranteed Rents (MAG) acknowledged in commercial contracts. In the specific case of parking, growth of 9.7% (to 121.6 million euros) is linked to the increase in domestic traffic (+8.8% passengers) and pricing strategies, along with actions implemented in the spheres of marketing and loyalty.

Aena's commercial contracts vary according to the type of business activity, and are based, in general, on a variable revenue as a percentage of sales (percentages vary by product category and/or services) and with a guaranteed minimum annual revenue (GMAR) which sets a minimum amount to be paid by the tenant regardless of the level of sales achieved.

The detail and analysis of the commercial lines of business is set out below:

Commercial Services (Thousand euros)	2016	2015	Variation	% Variation	Minimum Guaranteed Rents 2016	Minimum Guaranteed Rents 2015
Duty-Free Shops	285.153	250.968	34.185	13,6%		
Food & Beverage	154.493	132.086	22.407	17,0%		
Parking	121.554	110.767	10.787	9,7%		
Car Rental	114.466	104.526	9.940	9,5%		
Shops	89.660	82.353	7.307	8,9%		
Advertising	30.290	28.564	1.726	6,0%		
Leasing agreements	25.005	26.490	-1.485	-5,6%		
Other commercial revenue (1)	**119.166**	**114.922**	**4.244**	**3,7%**		
Ordinary revenue from commercial services	**939.787**	**850.676**	**89.111**	**10,5%**	**69.092**	**61.590**

(1) Includes Other Commercial Operations, Banking Services, Travel Agencies, Vending Machines, Commercial Supplies, Use of Conference Rooms, and Filming and Recording

Table 8. Analysis of commercial business lines

In 2016, the amount recorded in minimum annual guaranteed rents remains at 11.5% of revenue, in line with contracts that incorporate said clauses (11.5% in 2015).

Total expenses (including depreciation) increased by 1.6%, resulting in an EBITDA of 782.6 million euros, 11.8 % higher than in 2015.

These figures have been made possible by continued momentum given to commercial revenues through different actions, emphasising, for each business line:

Duty-Free Shops

At present, Aena has signed three contracts with the Dufry company, divided into three lots, which operates under the trading name of WorldDuty Free, standard free shops in 26 Aena airports: A Coruña, Adolfo Suárez Madrid-Barajas, Alicante-Elche, Almería, Asturias, Barcelona-El Prat, Bilbao, FGL Granada-Jaén, Fuerteventura, Girona-Costa Brava, Gran Canaria, Ibiza, Jerez, La Palma, Lanzarote, Málaga-Costa del Sol, Menorca, Murcia-San Javier, Palma de Mallorca, Reus, Seve Ballesteros-Santander, Santiago, Seville, Tenerife Norte, Tenerife Sur and Valencia.

Revenues derived from this business line grew in 2016 by 13.6% compared to 2015 (28.4% of revenue of the business of Aena), generated through 86 outlets (76 business premises and 10 Buy-Byes), with a total area of approximately 45,000 m^2.

In 2016, standout actions were:

- Price repositioning in Madrid and Barcelona in the categories of 400 brand leaders in cosmetics and perfumery, 70 in alcoholic beverages with discounts up to 20% off compared to mirror establishments.

- Increased promotional activity: advertising campaigns offering price advantage and promotional campaigns: 20% discount on the second purchase, vouchers with direct discounts, seasonal campaigns (Summer drinks, whiskey festival).
- Exclusive releases (Travel Retail formats), Cristiano Ronaldo eau de perfume range in AS Madrid-Barajas.
- Animation at the sales point and tastings.
- Launch of the Reserve & Collect Service: book on-line and pick up in-store.
- Launch of the RED loyalty programme, with the sponsorship of the Madrid Open.

Within the progressive incorporation of the Canary Islands multi-shops into the contract, the addition of the new duty free shop at Fuerteventura Airport in August is worthy of mention.This has led to the redesign of the shop so that this has become WalkThrough and increased variable revenue due to said modernisation.

Figure 26. Fuerteventura Airport

Food & Beverages

Following intense renovation work in recent years, most of our airports already boast a variety of restaurants capable of satisfying different types of demand. We can cater for those passengers who have little time and want standard products with very fast services, through fast food in all ranges: burgers, sandwiches, sandwiches, ranging to those travellers who have more time and want to enjoy new experiences through "signature cuisine".

We have the best brands of national and international restaurants which are benchmarks for our customers. Among the brands that currently offer their wares are McDonald's and Burger King, Mas que Menos, Costa Coffee, Starbucks, Coffee Republic, Lavazza, Paul, Rodilla, and for passengers who have a little more time and want to enjoy the "cuisine", we have 4 restaurants with Michelin star chefs at: Adolfo Suarez Madrid-Barajas: “Kirei by Kabuki" with Ricardo Sanz (in T1 and T4) and "Gastrohub" (T4) with Paco Roncero; Barcelona-El Prat: "Porta Gaig" and "GastroBar" by Carles Gaig and in Malaga-Costa del Sol: "Delibar" with Dani Garcia.

In 2016, the restaurant business line, with more than 320 outlets, saw an excellent performance, with revenues amounting to 154.5 million euros, representing an increase of 17% compared to 2015.

Revenue growth in this business is due primarily to improved sales figures of our restaurant operators, owing to the growth of spending per passenger in tourist airports and the consolidation of the full range of hostelry adapting to the different passenger profiles, through the diverse brands offered.

In this financial year, the following actions are worth highlighting:

- The start of activity of the new food & beverage options at the airports of Bilbao and San Sebastian (5 points in Bilbao and 1 in San Sebastian), with openings of new brands such as Burger King, Santa Gloria or the Arrese premises, with an improvement to the quality and the presence of national, international brands and a local chef with the acknowledged presence such as Ricardo Perez.
- The new offer at Menorca Airport (7 premises) with the presence of new brands such as Ribs, Coffee Republic, Café Pans, Gambrinus, Paulaner, etc.

Figure 27. Food & Beverages at Menorca Airport

- The bidding on and awarding of most of the catering tenders at airports in Fuerteventura (6 outlets) and Ibiza (9 outlets), representing a total renewal options of these airports, gaining in terms of the presence of national and international brands and quality offered. The onset of activity of the new premises at these airports will start in 2017.

Also, this year Aena worked extensively with operators which manage establishments to improve the quality of their points and expand their offerings to suit different special needs foods, incorporate concepts such as healthier eating trends, creating more comfortable and relaxed surroundings, providing better customer service, and generally creating a fine dining experience.

Parkings

Airport car parks are managed by Aena itself, ensuring control of all the processes comprising the business unit. New infrastructures are planned, providing the "business case" for all new installations, as well as the applications of current ones, putting these into production and passing them on to their operative state.

The Aena parking network consists of more than 100 parking facilities with spaces for 113,000 vehicles in 32 airports.

To ensure proper operation of the facilities and customer services, an entire range of products are available for parking facilities users, including Low Cost / Extended Stay, General, Preferential, Express, VIP service with pickup and delivery with driver, as well as additional services such as car wash. With this range of services different parking products are structured according to duration, that aim to meet the needs of all types of Aena's customers, from the holiday passenger, including travellers at weekends, on bank-holidays or long-stay travellers, as well as business travellers, national next-day or same-day return, or even long-haul.

Figure 28. Parking. Barcelona-El Prat Airport

In addition to the operational part, Aena actively manages the pricing of parkings, applying frequent price changes to achieve increased market shares.

Aena has a web booking platform which allows for online reservations, and from the Aena APP, as well as from the various distribution channels that have been deployed in recent years, with up to 3 hours forewarning throughout the entire parking network, which in 2016 handled more than one million bookings in the whole airport network.

Through this booking platform, customers can pre-book their parking space at discounted prices, in some cases pay for them, and when they access, their licence plate is detected with which they have booked their ticket.

In recent years, there have been great efforts to improve the service provided to customers through the use of technology, investing in equipment, means of payment and new developments that improve the customer experience within the car parks.

The turnover for this activity amounted to 121.6 million in 2016, representing an improvement of 9.7% over 2015.

Figure 29. Parking pay stations. Girona-Costa Brava Airport

In the segment of reserves it is where greatest increase is observed by segments, with a 46% growth of operations, and 44% in revenue.This continued and sustained improvement in the bookings sector is based mainly on a dynamic price-fixing policy which allows it to remain competitive and always offering an economic option for vehicle parking for passengers.

Additionally, marketing and communications action plans have been carried out, held throughout the year via different channels and media, along with several radio campaigns, organic positioning SEO (Search Engine Optimisation) and SEM advertising (Search Engine Marketing), with the aim of improving the results and improving the price positioning of Aena parkings for our customers.

Car Rental

The driverless vehicle rental business in Aena airports is managed through a tender, being managed by major worldwide companies. Amongst Aena's customers in this business we can find AVIS, Europcar, Hertz, Enterprise, Sixt and Goldcar, all of them multinationals present in the main markets in the sector, both in Europe and in the rest of the world. In addition, Aena has powerful national companies, present in tourist markets such as as CICAR, TOP CAR, Autorreisen or Recordgo, as well as also boasting local business presence at some airports. With this stratification of customers, Aena can offer passengers all types of products and services in the business of driverless car rental.

At airports, a wide range of driverless car rental services can be hired: from low cost products to premium range, ranging to different brands and vehicles for each segment.

In order to provide this service, Aena offers companies 19,000 parking spaces, 256 customer service counters (checking counter) and 500,000 m^2 space for vehicle parking, as well as additional facilities such as storage facilities, maintenance areas, laundry rooms, etc.

Within the airports, more than 3 million vehicle rental agreements were signed with a turnover exceeding 800 million euros.

Revenue from this activity exceeds 114.5 million euros, representing an increase of 9.5% compared to the previous year.

The growth rate is mainly due to an increase in sales volume owing to the positive evolution of the international passengers' segment, although the strong competition within the sector has an impact on the unit value of the contracts.

The new tender for this activity, awarded to the 16 companies from the sector for 36 airports which makes more licences and installations available in network airports, came into force in November 2016. Associated with this contract will be the setting up of new control and management systems for the activity.

The challenges in implementing the new contract will be continuing to increase the number of companies operating within the airport, as well as increasing the facilities made available to companies (parking spaces, counters and vehicle parking areas).

Figure 30. Car Rental access. Girona-Costa Brava Airport

Shops

In 2016, more than 350 retail premises have been operational, of which 22 belong to the luxury category, thus allowing for a wide offer to suit the needs of all our passengers groups. Large retail brands are present in our terminals. In this sense, we have shops from the Inditex Group, Mango, Desigual, GAP, Superdry and, amongst the luxury brands, we boast Loewe, CH, Bvlgari, Coach, Weekend by Max Mara, Longchamp, Burberry, Ferragamo, Omega, MontBlanc, etc.

This offer turns our network airports into major shopping malls, at the same level as the city centre of the main Spanish cities.

Revenue from this line of business in 2016 amounted to 89.7 million euros, representing an increase of 8.9% compared to 2015.

In 2016 the following actions have been carried out, amongst others:

- The opening of the new renewed commercial offer at airports in Alicante-Elche and Gran Canaria. In the Alicante-Elche Airport, between April and June 2016, new shops that were offered for tender at the end of 2015 were opened (13 shops). Brands such as WH Smith, Victoria's Secret or Petra Mora have joined the sales force.

Figure 31. Shops. Alicante-Elche Airport

Likewise, in the Gran Canaria Airport the new commercial offer put for tender at the end of 2015 (8 premises) has opened its doors, meaning the entry of new brands and concepts such as Victoria's Secret, Bazar Sport or localised activities such as the sale of Aloe Vera and continuance of the sale of locally produced foodstuffs and delicatessen goods.

- The tender and awarding of the retail shops in module C in Palma de Mallorca (9 premises) which will provide a renovation and improvement in the range of offer available in said module.The new shops will open their doors before the peak season in 2017.
- The tender and award of the 1st stage of the renovation of shops in T123 in AS Madrid-Barajas (20 premises) and bidding of the 2nd stage (10 premises). The new brands will be opening their shops throughout 201,7 when contract terms are finalised.

Figure 32. Shopping area. A.S. Madrid-Barajas Airport

Also during 2016, in order to improve the customer experience at our airports, and following the trends established in international airports, a Personal Shopper service has been made available to passengers at T4S at AS Madrid-Barajas Airport, with a positive impact in terms of perception by passengers. 2017 is expected to see the expansion of this service to the T4, T4S and T1 terminals (non-Schengen) at AS Madrid-Barajas Airport and, in the medium term, in Barcelona-El Prat Airport.

Advertising

Advertising activity at airports is part of the outdoor publicity within the marketing industry, competing with other exterior media such as street furniture, metro stations and fences.

Advertising is run in the airports via the concession model, and it is the concessionaire who performs the marketing tasks on the advertising space, both for predefined media on digital hoardings as well as the more conventional media, with more than 900 units, as well as temporary supports for eye-catching marketing.

Airports in the Aena network, with more than 230 million passengers handled in 2016, represent an ideal support for international brands, which make themselves known, strengthen the brand positioning and especially undertake product launches, choosing spectacular media such as moving walkways, large glass areas, awnings in singular buildings such as car parks or facilities within the passenger terminal.

The main sectors present in airports in 2016 were: automotive, banking, distribution, transportation and telecommunications.

This line of business grew in 2016 by 6.0% compared to 2015.

In the last quarter, the company awarded the advertising contract (in lots 1, 2 and 3), JCDecaux, has conducted an improvement of advertising media, eliminating almost all conventional media in favour of digital large-format media, to improve the eye-catching nature of their campaigns.

As an example of this renovation, we can highlight the new LED videowalls in Adolfo Suarez Madrid-Barajas and Barcelona airports, as well as screens at several airports.


Figure 33. Advertising media. A.S. Madrid-Barajas Airport

Other commercial revenue

The analysis of the rest of commercial revenue can be broken down into two large blocks:

VIP lounges

There are currently 21 Vip lounges in 13 Aena airports, all operated by Aena itself, except 4 rooms in Barcelona, operated on a tender basis until 2018. Aena VIP lounges hosted more than 2 million passengers in 2016, first class passenger airlines and other passengers with privileges granted through loyalty programs, credit cards or having gained access directly.

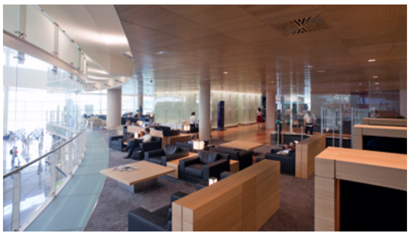


Figure 34. VIP lounges. Barcelona-El Prat Airport

The efforts in 2016 were aimed at improving the facilities and service offered in the Lounges through redefining the service-level agreement contracts for management and implementation of infrastructure projects. Likewise, the major contracts with partner companies and airlines have also been regularised.

The business line for VIP lounges displayed excellent performance in 2016 with 20.5% more compared to 2015.

Worthy of special mention is the remodeling of the 5 lounges at Adolfo Suarez Madrid-Barajas Airport and the opening of the VIP lounges in the airports in Seville (April) and Ibiza (June).

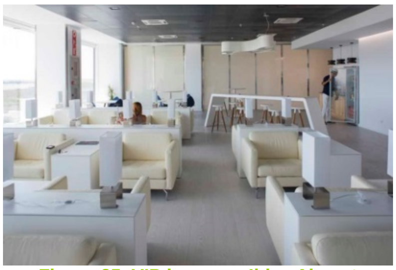


Figure 35. VIP lounges. Ibiza Airport

Likewise, remodelling projects are underway of Lounges at Palma de Mallorca, Valencia, Tenerife Norte and Tenerife Sur airports, as well as the future expansion of the Lounges in Málaga-Costa del Sol and Alicante-Elche to cope with growth rates in traffic. From this summer onwards, promotion has been given to our own sales channels for lounge access (Public Web and Aena App), as well as new channels such as GIS (commercialising company for airport services) and Vueling, amongst others.

Other commercial developments

Included herein are several business activities conducted at airports, such as banking services, laminated luggage wrappers, other vending machines, telecommunications services and regulated services (pharmacies, tobacco shopss, lottery) where a positive trend has also been seen in 2016, with an increase in revenue of 3.2% over the previous year.

Amongst those airports whose contractual terms had an impact this growth we find Alicante, in which, in this period, the activity of currency exchange was put up for tender, with an improvement in terms of revenue, or Málaga in which the currency exchange facilities were also renovated at the end of 2015 with a major improvement of economic conditions.

3.2. Real estate services segment

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

(Thousands of euros)	2016	2015	Variation	% Variation
Ordinary revenue	62.204	57.203	5.001	8,7%
Real estate services(1)	62.204	57.203	5.001	8,7%
Other operating revenue	2.421	1.418	1.003	70,7%
Total revenue	**64.625**	**58.621**	**6.004**	**10,2%**
Total expenditure (including amortisation)	**-44.061**	**-43.080**	**-981**	**2,3%**
EBITDA (2)	**36.762**	**32.265**	**4.497**	**13,9%**
Adjusted EBITDA (3)	**36.908**	**32.189**	**4.719**	**14,7%**

(1) Includes Warehouses, Hangars, Real Estate Operations, Off-Terminal Supplies and Others.

(2) Earnings before interest, taxes, depreciation and amortisation

(3) Excludes fixed assets impairments.

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

The real estate services segment corresponds to assets for the provision of leased or transferred land use services to third parties outside the airports' scope, such as land, warehouses, hangars and cargo warehouses. In 2016, revenue from these activities totaled 62.2 million euros, 8.7% above that obtained in 2015, mainly due to the recognition of the reversion of rights of use of buildings constructed on land affections to transfer contracts (3.3 million euros). Excluding this impact, growth stands at 1.7 million euros (+2.9%) boosted by new leases for hangars.

Real estate assets (land, warehouses and hangars, cargo logistic centres and real estate operations)

Aena has variety of real estate assets for the support of airport activity (operating airlines, operating air cargo, handling agents and other airport operators) and the development of complementary services.

Thus, to support the activity, airports have office buildings and warehouses, hangars, cargo ships, support surfaces (paved and unpaved) and land (developed and undeveloped) where various types of buildings and facilities may be built.

Amongst the additional services are 17 stations in 13 airports and FBOs terminals in 4 of the most important airports in the network, where business aviation is handled in a unique way.

Worthy of note this year was the signing of seven new leases for hangars (or construction) at AS Madrid-Barajas Airport (1), Sabadell (2), Son Bonet (1), Madrid-Cuatro Vientos (1), Palma de Mallorca (1) and Girona-Costa Brava (1), as well as the renovation of three dossiers on service stations at A.S.Madrid-Barajas (1), Barcelona-El Prat (1) and Tenerife Sur (1).

Likewise, in the month of September works were commenced relating to the analysis of free lands and the development of the Master Plans for merchantable lands in the airports of A.S. Madrid-Barajas and Barcelona-El Prat, which will be completed during 2017. The aim is to analyse and schedule the development of approximately 1,000 hectares of free land for use in these airports, in a coherent and proper manner, proposing possible commercial usage.

With regard to levels of freight transported, a notable 11.2% growth rate was experienced in comparison with 2015.

Figure 36. Airfreight. Zaragoza Airport

As proof of the development tasks in this activity, Aena has received an award from the Association of Couriers and Forwarding Agents, UNO Logística and acknowledgement on the part of IATA for its collaboration in the CEIV Pharma Certification Project.

With regard to marketing actions on spaces intended for air cargo, it is worth highlighting the awarding of 4 rights to areas for the construction of facilities for handling air cargo of approximately 7,000 m^2 in Vitoria, 10,000 m^2 in Zaragoza and 32,000 m^2 and 20,000 m^2 both at Adolfo Suarez Madrid-Barajas Airport.

Figure 37.Airfreight. A.S. Madrid-Barajas Airport

3.3. International segment

The main economic data for the segment regarding international activity reflected the consolidation of Luton Airport in London (5th airport in the UK in terms of passenger numbers) and advisory services to international airports. International business revenue worsened by 4.0 million euros, as a result of the devaluation of the GBP which has had a negative impact, offsetting the strong traffic growth experienced in Luton Airport.

(Thousand euros)	2016	2015	Variation	% Variation
Ordinary revenue	207.733	211.768	-4.035	-1,9%
Other operating revenue	272	713	-441	-61,9%
Total revenue	**208.005**	**212.481**	**-4.476**	**-2,1%**
Total expenditure (including amortisation)	**-184.330**	**-199.404**	**15.074**	**-7,6%**
EBITDA (1)	**71.322**	**72.582**	**-1.260**	**-1,7%**
Adjusted EBITDA (2)	**71.286**	**73.588**	**-2.302**	**-3,1%**

(2) Earnings before interest, taxes, depreciation and amortisation

(1)Excludes fixed assets impairments.

Table 10. Key data for the international activity segment

More detailed information on the performance of Luton Airport can be found below. Its consolidation made a 65.4 million euros contribution to EBITDA, 1.8% lower than in 2015 (66.6 million euros).

(Thousand euros)(1)	2016	2015	Variation	% Variation
Tariff revenue	94,944	96,691	-1747	-1.8%
Commercial revenue	103,210	105,249	2039	-1.9%
Total revenue	**198,154**	**201,940**	**-3786**	**-1.9%**
Staff	39,057	40,428	1371	-3.4%
Other operating expenses	93,349	94,442	-1,093	-1.2%
Depreciation and impairments	47,442	59,508	12,066	-20.3%
Total expenditure	**179,848**	**194,378**	**14,530**	**-7.5%**
EBITDA (2)	**65,394**	**66,590**	**1.196**	**-1.8%**
Operating profit/loss	**18,306**	**7,562**	**10,744**	**142.1%**
Financial result	23,405	25,891	2,486	-9.6%
Profit/loss before tax	**5099**	**18,329**	**13,230**	**-72.2%**

1Euro/GBP exchange rate 2016: 0.8192 and 2015: 0.7264

2Earnings before interest, taxes, depreciation and amortisation.

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

Luton Airport recorded a significant increase in traffic in 2016 compared to 2015 (18.5%), surpassing 14.6 million passengers and nearly 132,000 aircraft operations (13.0%). This growth continues during 2017, as passenger traffic figures published in January 2017 represent an increase of 20.1%.

Figure 38. Luton Airport

These traffic figures, combined with the effect of the exchange rate have resulted in a decline of 1.9% in revenues (198.2 million euros in 2016 compared to 201.9 million euros in 2015), decreasing aeronautical revenue by 1.8% and commercial revenue by 1.9%.

In GBP, Luton's revenues grew by 10.7% in 2016 (15.6 million GBP) compared to 2015:

- In GBP, aeronautical revenue rose by +10.7% and commercial revenue by +10.6%. In the latter, worthy of special mention is the good performance of car parks (+16.0%) reflecting traffic growth and management strategies and prices implemented; and the lines of food & beverages and retail (12.5% overall) boosted by increased passenger traffic, the opening of the walk-through shop in June 2016 and improving the conditions of commercial contracts.

- EBITDA in GBP has risen by +10.5% (6.3 million GBP) compared to 2015. Staff costs rose by 9.5% due to increased resources necessary to maintain service levels with increasing passenger levels.The entry on other operating costs increased by 4.1%, thus being able to contain costs with high activity levels.

Another factor to consider in terms of the profit/loss for the segment is the **equity method applied to the earnings of investee companies**, the details of which are set out below:

(Thousand euros)	2016	2015	Variation	% Variation	Exchange rate	2016	2015	Variation
SACSA (Colombia)	2.991	2.163	828	38,3%	€ / MXN	20,67	17,76	**-16,4%**
GAP (Mexico)	9.298	8.378	920	11,0%	€ / COP	3.378,32	3.051,42	**-10,7%**
AEROCALI (Colombia)	3.832	3.471	361	10,4%	€/ COP	3.378,32	3.057,78	**-10,5%**
Total share in profit/loss of associates	**16.121**	**14.012**	**2.109**	**15,1%**				

Table 12. Equity method for investee companies

In past investments two effects should be considered: on the one hand the companies' operating results and on the other the evolution of the exchange rates. In this sense, although the evolution of the activity has been positive, local currency results from investees have worsened in euros over the period due to the effect of the exchange rate.

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4. Income statement

(Thousand euros)	2016	2015	Variation	% Variation
Ordinary revenue	3.709.581	3.450.709	258.872	7,5%
Other operating revenue	62.906	67.079	-4.173	-6,2%
Total revenue	**3.772.487**	**3.517.788**	**254.699**	**7,2%**
Supplies	-180.366	-180.968	602	-0,3%
Personnel expenses	-390.724	-363.911	-26.813	7,4%
Other operating expenses	-901.775	-872.206	-29.569	3,4%
Fixed asset depreciation	-825.805	-846.215	20.410	-2,4%
Impairment and profit/loss on fixed asset disposals	-6.402	-7.843	1.441	-18,4%
Other net profit / (loss)	399	5.513	-5.114	-92,8%
Total expenses	-2.304.673	-2.265.630	-39.043	1,7%
EBITDA (1)	**2.293.619**	**2.098.373**	**195.246**	**9,3%**
Adjusted EBITDA (2)	2.300.021	2.106.216	193.805	9,2%
OPERATING PROFIT/LOSS	**1.467.814**	**1.252.158**	**215.656**	**17,2%**
Financial expenses and Other financial results	-169.222	-215.670	46.448	-21,5%
Expenses / Revenues from interest on net expropriations	201.406	-9.922	211.328	-2129,9%
FINANCIAL PROFIT/LOSS	**32.184**	**-225.592**	**257.776**	**-114,3%**
Share in profits obtained by associates	**16.121**	**14.012**	**2.109**	**15,1%**
PROFIT/LOSS BEFORE TAX	**1.516.119**	**1.040.578**	**475.541**	**45,7%**
Corporate Revenue Tax	**-351.733**	**-209.793**	**-141.940**	**67,7%**
NET PROFIT/LOSS FOR THE YEAR	**1.164.386**	**830.785**	**333.601**	**40,2%**
Profit/loss for period attributable to minority interests	**237**	**-2.752**	**2.989**	**-108,6%**
PROFIT/LOSS FOR THE PERIOD ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	**1.164.149**	**833.537**	**330.612**	**39,7%**

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

(2) *Excludes fixed assets impairments.*

Table 13. Revenue statement

As a result of the positive business performance shown in virtually all its lines, Aena's **total revenues** increased to 3,772.5 million euros in 2016, up 7.2% over the same period last year. Revenue from the commercial area accounts for 25.1% of the total, which is above its share for the same period in 2015 (24.5%).

Ordinary revenue increased to 3,709.6 million euros in the considered period, 7.5% compared to 2015.The increase of 258.9 million euros has been explained before in the analysis of the different business segments.

Operating expenses increased slightly (+39.0 million euros, +1.7%) as a result of cost-saving measures initiated in previous years, which have resulted in a containment of these expenses despite the strong growth in traffic. Next, the most important variations broken down into cost concepts are analysed:

- Supply costs have been reduced by 0.3%, which is 0.6 million less compared to 2015, mainly due to lower implementation of purchases and spare parts for air navigation services (ATM/CNS) (-0.5 million euros).

- Staff costs is the expenditure which has experienced the most significant increase, rising from 7.4%, 363.9 million euros in 2015, to 390.7 million euros in 2016 due to the reversal in December 2015 of the provision of Voluntary Social Disengagement Plan amounting to 24.2 million euros). Excluding this effect, the variation is explained by the 1% salary review in Spain, the effect of supplements linked to the age and occupation and the provision created for potential liabilities to Social Security resulting from occupational accidents and illnesses in certain occupations (+2.5 million euros) and the increase in staffing costs from Luton Airport.

- Other development costs rose by 3.4% (+29.6 million euros) to 901.8 million euros.The change in this item is mainly due to maintenance costs (+9.6 million euros), security, including new baggage inspection rules applied since March 2015 (+7.2 million euros), the provision for unfavourable rulings associated with rising rates of 2012 (+4.1 million euros) for the effect of changes in provisions for bad debts (+4.5 million euros) and recoverable marketing actions (4.0 million).

- Depreciation of fixex assets amounted to 825.8 million euros and is down compared to 2015 at 20.4 million euros (-2.4%), mainly due to the end of amortisation of assets, partially offset by the technical review of the working life of assets such as runways and taxiways.

- The deterioration and loss on disposal of fixed assets amounted to 6.4 million euros (1.4 million) showing a reduction compared to 2015.

- Other results include, for the most part, seizures of guarantees, pledges, late fees and emergency charges; the losses mainly reflected allowances and allocations for risk provisions.

The reported **EBITDA** (earnings before interest, taxes, depreciation and amortisation) increased from 2,098.4 million euros in 2015 to 2,293.6 million euros in 2016, representing an increase of 9.3% and a margin of 60. 8%.In 2016, it included 65.4 million euros for the consolidation of Luton (66.6 million euros in 2015).

Meanwhile the **net financial result** shows a year-on-year increase of 257.8 million euros mainly as a result of the reversal of 204.9 million euros due to Supreme Court decisions in favour of Aena in three proceedings for expropriations at A.S. Madrid-Barajas Airport. For the heading on Financial expenses and other financial results, a decrease of -46.5 million euros was entered (-21.5%) mainly as a result of decreased interest rate (-45.6 million euros), the reduction of the principal of the debt (-18.1 million euros), and non-recurring provisions in 2015 for several resources (-8.0 million euros) partially offset by the evolution of the euro/GBP exchange rate on the loan in GBP granted to Luton (+12.7 million) and provision to address the eventual cost increase associated with the change in Enaire risk weight as per the Circular issued on the 2/2016 by the Bank of Spain (+11.8 million euros). The profit from equity method accounting of **investee companies** has increased by 1.6 million euros due to increased traffic, although they have been negatively impacted by the exchange rate effect.

As for the **corporate revenue tax**, the resulting expenditure stood at 351.7 million euros, an increase in spending of 141.9 million euros compared to the previous period due to the increase in the result (impacted in turn by the reversal of the provision for late payment interest for the expropriations at A.S. Madrid-Barajas Airport) and declining investment tax credits in the Canary Islands.This increase is partially offset by the deduction associated to the provision of the capitalisation reserve amounting to 7.8 million euros, in accordance with Act 27/2014, conditioned by the maintenance until 2021 of own funds from 2016. The effective rate for the period stood at 23.2%.

The **net profit for the year (before minority shareholders)** was **1,164.4** million euros. Profit for the period attributable to minority interests comes to 0.2 million euros (49% of the net result for Luton), bringing the **profit for the year attributable to shareholders of the parent company to 1,164.1** million euros (330.6 million euros greater than that achieved in 2015), reflecting positive business development, the reversal of provisions for legal proceedings related to land expropriations at Adolfo Suárez Madrid-Barajas Airport, reduced financial expenses and higher corporate tax expense. Excluding the extraordinary reversal of provisions for expropriations, net profits amounted to 1,010.4 million euros and growth to +21.2%.

5. Investments

At the end of 2016, investment payments (property, plant and equipment, intangible assets and investment properties) had risen to 305.4 million euros (this figure includes 61.1 million euros invested in Luton Airport), representing a 50.5 million euros increase (+19.8%) compared to the previous year.

Total investment in the Spanish airport network (based on payments) came to 244.3 million euros, representing a 17.0 million euros (+7.5%) increase on the 227.2 million euros in the same period in 2015. This increase was mainly due to service maintenance investments.

The main works commissioned in 2016 are the "Start-up Actions in Category II / III (improved operability in low visibility conditions)" at Zaragoza Airport, the "New Power Plant" in Asturias and the "Remodelling and Adaptation of 5 VIP Lounges" at Adolfo Suarez Madrid-Barajas Airport. Also noteworthy is the "Regeneration of Pavement in Flight Track" at Ibiza Airport, the "Regeneration of Pavement of T Taxiway" at Tenerife Sur Airport, "New Waterproofing of Terminal Building and Modules at Palma De Mallorca, and the "Deck Pavement Actions" and "Strengthening of the Track in the 03L-21R Runways and Associated Taxiways" at Gran Canaria Airport.

Figure 39. Zaragoza Airport

Amongst the main actions undertaken in 2016 we include the "Regeneration of Pavement of the South Track" at Palma de Mallorca Airport, the "Fulfillment of Operating Safety requirements" in Ibiza, the "Refurbishment of the Cargo Terminal" at Gran Canaria, and, in Lanzarote, "Coastline Action Plans" and "Renewal of Air Conditioning System in Terminal T1".

Figure 40. Palma de Mallorca Airport

Amongst the main actions undertaken in 2016 we find the "Adaptation of the Air Field" at the La Palma Airport and, in Barcelona-El Prat Airport, "Regeneration of Pavement of 07L-25R Runway" and "Adaptation to Regulations For Deck Taxiways".

Figure 41. Barcelona-El Prat Airport

At Luton Airport investment continues both on maintaining and upgrading installations and in the Curium Project to expand the airport's capacity.This project aims to increase the current capacity from 12 million passengers per year to 18 million by 2018. These actions are making significant progress in all its areas and will see the construction of a car park, the remodelling and improvement of airport access routes, the expansion and refurbishment of the terminal building and the expansion of retail areas.

5.1. Analysis of investments by areas of action

Information on the breakdown of investment across the Spanish airport network in 2016 can be found below, along with a comparison with 2015:

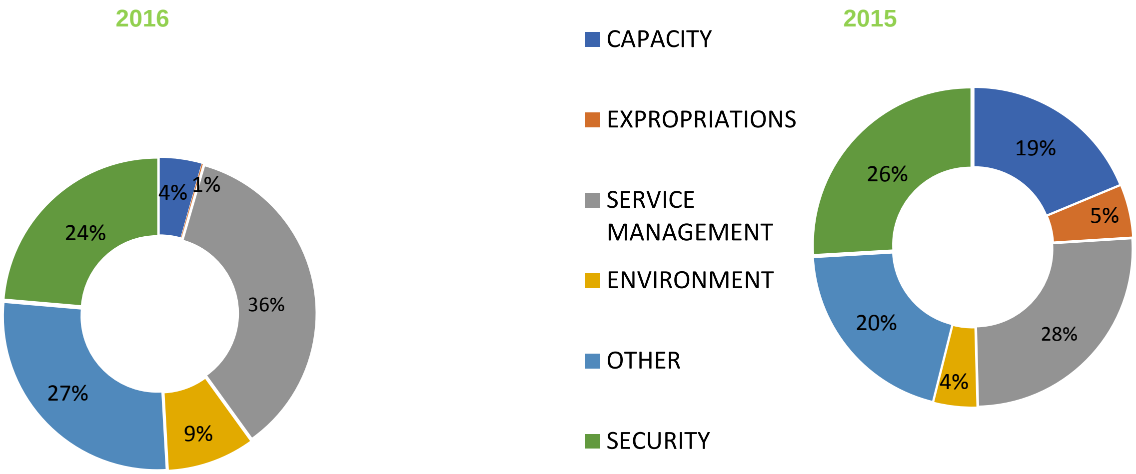

Figure 6. Analysis of investments by areas of application

- The investment percentage devoted to the improvement of installations to ensure **Service Maintenance** in 2016 has been increased with respect to the same period in 2015, shifting from 26% in 2015 to 36% in 2016. In absolute terms, the shift has gone from 58.1 million euros in 2015 to 86,7 million euors in 2016, which implies an increase of 49.2%.The main projects include minor works carried out by airports to maintain existing infrastructure, which totalled 22.6 million euros.

- Investments made in 2016 in **Security** amount to 24% of Aena's total investment (compared to 26% of 2015). These have decreased by 1.2 million euros between 2015 and 2016, shifting from 58.9 to 57.7 million euros. They emphasise the "Regeneration of the Pavement" at Ibiza Airport, "Regeneration of the Pavement on South Runway" at Palma de Mallorca, the "Regeneration of the Pavement at T Taxiway" at Tenerife Sur Airport and the "Reinforcement of 03L-21R Runway Surface and Associated Taxiways" at Gran Canaria Airport.With regard to action plans for several airports, the most important are the "Supply of self-extinguishing 6x6 vehicles with capacity for 10,000 litres of water" and "Provision of an Integrated Access Control System".

- In the area of the **Environment**, 22.3 million euros were invested in 2016, 12.4 million more than in 2015 (9% of Aena's total investment). This investment was primarily concentrated on the "Countervailing Measures Agreement" at Adolfo Suárez Madrid-Barajas Airport and the "Measures Deriving from the Environmental Impact Statements (Noise Insulation)" at various airports.

- Investments in **Capacity** totalled 10.7 million euros, 31.8 million euros lower than in 2015.The most significant stand out investment projects include "Improvements in HUB T123 - New Layout of STANDS T8, T10 and T12 for Use of Type E Aircraft" at Adolfo Suarez Madrid-Barajas Airport, the "Supply and Installation of Number 6 Check-in Area at Terminal T1" and "Renewal of Signalling in Terminal T2" both at Barcelona-El Prat Airport.

- Regarding **Expropriations**, we made payments amounting to 3.4 million euros, which have been virtually offset by diverse refunds amounting to 3.1 million euros for expropriations carried out primarily in Girona and Bilbao.

The investments classified under "**Other**" include investments in Information Technology, including the "Fitting out of communications networks and storage networks and servers". It is also important to highlight the investment to increase commercial revenue, such as the "Refurbishment and Upgrading of 5 VIP Lounges" at Adolfo Suárez Madrid-Barajas Airport.

6. Balance sheet

6.1. Net assets and capital structure

Thousand euros	2016	2015	Variation	% Variation
ASSETS				
Non-current assets	14.502.621	15.935.551	-1.432.930	-9,0%
Current assets	1.011.153	1.087.829	-76.676	-7,0%
Total assets	**15.513.774**	**17.023.380**	**-1.509.606**	**-8,9%**
NET EQUITY AND LIABILITIES				
Total net equity	5.025.749	4.360.281	665.468	15,3%
Non-current liabilities	8.962.156	10.820.205	-1.858.049	-17,2%
Current liabilities	1.525.869	1.842.894	-317.025	-17,2%
Total Net equity and liabilities	**15.513.774**	**17.023.380**	**-1.509.606**	**-8,9%**

Table 14. Summary of the consolidated balance sheets

Under non-current assets, the 1,433.0 million euros decline in the carrying amount during the period was mainly due to the 1,306.0 million euros decline in Property, Plant and Equipment in the Balance Sheet, mainly due, in turn, to the reversal of the provision (coming to 758.6 million euros) made for the value of the land in the expropriations at the A.S. Madrid-Barajas Airport, after obtaining, in the month of June 2016, favourable Supreme Court rulings. Moreover, due to the limitation applicable to the Spanish airport network, the amount of the new acquisitions of fixed assets has been much lower than the depreciation charged on regulated investment. Furthermore there have also been other derecognitions in the period, most of which are due to provision reversals, and the negative impact of the adverse movement of the GBP/euro exchange rate on the property, plant and equipment and intangible assets of the LLAHIII group.

In turn, the downfall in current assets of 76.7 million euros is due to decreased 85.0 million euros in the balance entry for "Trade and other receivables" (owing to an improvement in the average collection period from customers and the collection of a 51.5 million euros credit for the tax purposes charged to Enaire in its role as the parent company in the previous tax consolidation group contained in said heading at year-end 2015) and the decline of the "Cash and cash equivalents" heading by 7.9 million euros.

Net equity increased by 665.5 million euros due to the positive result for the period amounting to 1,164.1 million euros. In July 2016, Aena distributed for the first time a dividend of 406.5 million euros. Likewise, the heading “Other reserves” has decreased by 56.7 million euros, due to the effect on Hedging Reserves caused by the evolution of the interest rate curve and its negative impact on the valuation at 31 December 2016 of derivative financial instruments underwritten by the group. Since the main maturity date of derivatives will take place in 2026 and that interest rates are at historic lows, the expectation is that these reserves will be reversed before maturity of the primary obligations. The fair value of the negative derivative financial instruments at 31 December 2016 is 136.5 million euros.

The 1,857.9 million euros decline in non-current liabilities is mainly due to the abovementioned reversal of the provision for expropriations at A.S. Madrid-Barajas Airport and the decrease in the heading “Financial Debt” by 848.3 million euros is mainly caused by the repayment of the principal of the debt Aena holds with ENAIRE as the co-lending institution with various financial institutions totalling 1,172.3 million euros, according to the amortisation repayment schedule set forth. In the opposite sense, the heading for “Derivative financial instruments” grew by 65.3 million euros due to the reason mentioned in the section on “Net equity”.

The decrease of 317.0 million euros in current liabilities is mainly due to "Bank Debt" which has been reduced by 317.5 million euros.

The working capital (usually negative at the Company given its operations and financing) decreases from -755.1 million euros in 2015 to -514.7 million euros at the close of 2016.

6.2. Evolution of net financial debt

The Aena Group's consolidated net financial debt (calculated as Current Financial Debt plus Non-Current Financial Debt minus Cash and Cash Equivalents) was 8,228.0 million euros at 31 December 2016, including 337.9 million euros as a result of the LLAH III debt consolidation, compared to 9,401.7 million euros recorded in 2015.

Meanwhile, the Company's net financial debt, for the purpose of "covenants" included in financing contracts dated 29 July 2014, amounted to 8,041.0 million euros at 31 December 2016 against 9,103.4 million euros at 31 December 2015, with a substantial improvement in these ratios due to both the decrease in net financial debt as well as the evolution of EBITDA:

Thousand euros	2016	2015
Gross financial debt covenants	8.523.750	9.614.212
Cash and cash equivalents	482.758	510.784
Net Financial Debt covenants	**8.040.992**	**9.103.428**
Net Financial Debt covenants / EBITDA[(1)]	**3.6x**	**4.5x**

[(1)] Earnings before interest, taxes, depreciation and amortisation. Includes adjustment for update of the upfront fee WDF

Table 15. Net financial debt of the Company

The difference between the net financial debt in Aena’s accounts on 31 December 2016 (8,228.0 million euros) and the net financial debt calculated for the purposes of the covenants (8,041.0 million euros) is essentially due to the fact that the latter does not include the debt (without recourse) associated with Aena associates (mainly from LLAH III) or short-term guarantees, although it does include the fair value (liabilities) of derivative financial instruments.

As of 31 December 2016, debt amounting to 1,172.3 million euros has been repaid through cash generated during the year. Likewise, during 2016 a total of 781.3 million euros (loans from the European Investment Bank) of a revisable fixed rate regime have been converted to maturity type, from an average rate of 1.765% to an average rate of 0.820%.

On 9 February 2016, the Bank of Spain published Circular 2/2016 to credit institutions in the Official State Gazette, which included, information on the monitoring and solvency, which completes the adaptation to Spanish law of Directive 2013/36/EU and Regulation (EU) No. 575/2013. This Circular aims to complete the adaptation of the Spanish legal framework for banking supervision and solvency standards in line with Basel III.

After a series of consultations with the Bank of Spain with the aim of clarifying the interpretation and consequences of the provisions of the said Circular, it has been confirmed that the same introduces a change in the risk weighting that credit institutions had been applying thus far to ENAIRE's debt, of which Aena is co-accredited (mirror debt).

In particular, the entry into force of the Circular obliges lender financial institutions to assign their exposures with regard to ENAIRE with a different risk weighting to that assigned to their exposures for the State Administration, which is 0%.

Some of the financing agreements in which ENAIRE and AENA are co-accredited contractors, whose outstanding balance as of 31 December 2016 amounted to 2,940 million euros (of which 2,804.9 million euros correspond to debt assigned to Aena) set forth as a possible cause of early maturity, at the request of the lender, a change in the risk weight of the borrower by the Bank of Spain, or in accordance with the Spanish banking norms, for the purposes of capital adequacy ratio for credit institutions, unless borrowers can compensate credit institutions affected by costs, duly accredited, that may be incurred as a result of the foregoing, according to the interpretation of contracts drawn up by the company.

Faced with claims with regard to this, Aena recorded as a financial expense in the consolidated revenue statement for the year 2016, 11.8 million euros to cover the amount of claims received from credit institutions for costs incurred as a result of the change in the risk weighting. Although, in the future other similar claims by other bodies might occur, at present it is not possible to estimate the amount.

Likewise, as a result of the implementation of the new risk weighting, the interest rate applied in the future to those loans could be revised upwards. Whilst the effect of the revisions can not be estimated at present, taking into account the current situation of solvency and liquidity of the Company and its ability to access new funding, it is estimated that the resulting impact would not be significant.

In line with this statement, credit rating agencies have supported the financial soundness of Aena, confirming its solvency and creditworthiness. In June 2016, Moody's Investors Service maintained the credit rating assigned to Aena last year (Baa1 with stable outlook), which stands one notch above the rating currently being given by the agency to the Kingdom of Spain. In the same month Fitch Ratings improved its credit rating outlook for Aena from stable to positive (BBB+ with a positive outlook). This rating means Aena's credit risk is in a slightly better position than the one this agency currently gives to the Kingdom of Spain and confirms backing for the company's financial soundness. Fitch's positive outlook is based on strong traffic growth, improved company operations and reduced debt levels.

Information on the average supplier payment period of Aena and Aena Desarrollo Internacional, S.A. is as follows:

Thousand euros	2016 (days)
Average supplier payment period	52
Ratio of transactions paid	54
Ratio of transactions outstanding payment	18

Table 16. Average supplier payment period

These parameters have been calculated in accordance with what is set forth in Art. 5 of Ruling of 29 January 2016, of the Institute of Accounting and Accounts Auditing, on the information to include in the financial statements report in regard to the average supplier payment period in commercial transactions, as follows:

- Average supplier payment period = (Ratio of transactions paid * total amount of payments made + ratio of outstanding transactions * total amount of pending payments) / (total amount of payments made + total payments outstanding).
- Ratio of operations paid = ∑ (days payment outstanding * amount of transaction paid) / total amounts paid. Days Payment Outstanding is understood to mean the calendar days that have elapsed since the date the calculation begins until the actual payment of the transaction.
- Ratio of outstanding operations = Σ (number of days outstanding payment * amount of outstanding operation) / total amount of outstanding payments. Days Payment Outstanding is understood to mean the calendar days that have elapsed since the date the calculation begins until the last day referred to in the financial statements.
- For the calculation of both the number of days of payment as well as the days' payment outstanding, the company calculates the term as of the date of provision of the services. However, given the lack of reliable information on the time that this has taken place, the date of receipt of the invoice is used.

This balance refers to supplier who, given their nature, are suppliers of goods and services, so that it includes data regarding the items "Trade creditors and other payables" in the balance sheet.

(Thousand euros)	Amount
Total payments made	766.900
Total payments outstanding	95.076

Table 17. Balance concerning suppliers

As in 2015, in 2016, average payment terms have been reduced, fully adapted to the deadlines set forth by Act 15/2010. The cases in which a payment has been made outside of the legally stipulated period are due mainly to reasons not attributable to the Group: invoices not received on time, AEAT expired certificates, lack of certificates of proof of supplier bank accounts, etc.

7. Cash flow

Thousand euros	2016	2015	Variation	% Variation
Net cash generated from operating activities	1.834.725	1.628.981	205.744	12,6%
Net cash used in investment activities	-291.638	-254.416	-37.222	14,6%
Net cash generated from/(used in) financing activities	-1.533.082	-1.109.715	-423.367	38,2%
Cash and cash equivalents at the start of the fiscal year	556.741	290.305	266.436	91,8%
Effect of exchange rate fluctuations	-2.130	1.586	-3.716	-234,3%
Cash and cash equivalents at the end of the period	**564.616**	**556.741**	**7.875**	**1,4%**

Table 18. Summary of consolidated cash flow statement

During 2016, the Group's financing needs have been met with significant cash flows from operating activities (+1,834.7 million euros), which were used to fund the investment program of non-financial assets (305.3 million euros) and the planned debt repayment, generating a positive cash balance of 564.6 million euros.

Net cash flow from operating activities

The main cash inflows from transactions represent payments from customers, by airlines and lessees of commercial space, and the main outflows represent payments to suppliers for services rendered, personnel and local and state taxes.The cash generated by operating activities before changes in working capital increased significantly in the period (9.8%), to 2,345.7 million euros, from 2,136.0 million euros in 2015. This is mainly due to the Group's improved operations, as reflected in the EBITDA figure (earnings before interest, taxes, depreciation and amortisation) of 2,293.7 million euros at the end of 2016 compared to 2,098.4 million euros in 2015. With regard to changes in working capital, the change in the balance of "Trade and other receivables" is due to a significant improvement in the average collection period, owing to, amongst other reasons, the airline Vueling changing its payment terms from 60 days after date of invoicing to advance payment. The net cash provided by operating activities grew sharply to 1,834.7 million euros from 1,629.0 million in 2015, as a result of the above mentioned change, along with others, such as the reduced amount of interest paid (146.8 million euros in 2016 compared to 238.8 million euros in 2015).

Net cash flow from investment activities

The main payments for investment flows correspond to acquisitions and replacements of non-financial assets relating to airport infrastructures. Net cash used in investing activities in this period amounted to 305.3 million euros, compared with 254.7 million euros in the previous year. Investment in non-financial fixed assets mainly corresponded to investment in improving facilities and operational security, given that significant investment to increase capacity was not necessary except for that relating to investment projects already underway (see section 5. Investments) and the Luton Airport expansion project in the United Unido. Also, dividend charges on the investee companies were collected amounting to 15.6 million euros, along with other minor charges.

Cash flow from financing activities

The main financing flows correspond to positive charges from ERDF grants amounting to 10.7 million euros, revenue from financing by credit institutions (31.7 million euros) and other charges (19.4 million euros). On the other hand, the main financing outflows correspond to the repayment of the principal of the debt corresponding to the mirror debt with ENAIRE, as Aena is co-accredited with the said debt. Debt repayments in this first year amount to 1,172.3 million euros owing to compliance with the schedule of payments established in the contract.

Furthermore, in July 2016 the first dividend distributed by Aena was paid amounting to 406.5 million euros.

8. Operating and financial risks

8.1. Description of the main operating risks

Regulatory risks

Aena operates in a regulated sector, and any change or future developments to the applicable regulations can have negative impacts on revenues, operating results and Aena's financial position. Act 18/2014 sets forth the mechanisms governing the determination of airport charges for the first Airport Regulation Document ("DORA").

As mentioned above, on 27 January 2017, the Council of Ministers approved the Airport Regulation Document (DORA) for the period 2017-2021, in which the minimum service conditions that will be in force in airports in the Aena network are set for the next five years, providing a foreseeable regulatory framework in the medium-term that will enable improved levels of efficiency and competitiveness in terms of airport operations. In this sense, and in relation to airport tariffs, the aforesaid document provides for a reduction of 2.22% annually in the Maximum Annual Revenue per Passenger (IMAP) for that period, which will come into force on 1 March 2017.

Annual increases in passenger traffic in the whole of the network by more than 10 percentage points in comparison to the annual percentage of initially expected growth may lead to a modification of DORA.

Additionally, the DORA establishes standards of service quality, instrumented through 17 indicators, of which 11 are part of the system of incentives and penalties to encourage continuous quality improvement. These indicators have set a demanded standard minimum quality value, a neutral band without incentive or penalty and a maximum level of incentive and penalty. Failure to comply with the quality standards established minimum service associated will involve a sanction in the value of IMAP. Conversely, exceeding these levels will result in a bonus. The maximum annual penalty/bonus applicable to Aena would be ± 2% of IMAP.

Similarly, the DORA seeks to ensure that airports provide the necessary capacity and infrastructure to meet appropriate levels of capacity, in good quality, ensuring the adequacy and appropriateness of the network. Investments needed to meet the standards of capacity have consideration of strategic investments and are subject to a scheme of penalties in case of breach of the dates of commissioning planned. The maximum annual penalty applicable to Aena, could represent up to 2% of the annual volume of regulated investment.

Moreover, since maintaining the level of quality of infrastructure is the responsibility of Aena, irrespective of demand's evolution, the additional cost associated with the necessary actions to adapt capacity to the real demand will similarly be borne by Aena.

Finally, the activity of Aena is regulated by both domestic and international law in terms of operational safety regarding persons, property and the environment, which may limit activities or growth of Aena airports and/or those which require significant expenditure.

Operating risks

The Group's business is directly related to passenger traffic levels and aircraft operations at its airports, so it can be influenced by the following factors:

- Economic development both in Spain and in the main countries that are the source/destination of traffic (United Kingdom, Germany, France and Italy, among others).
- In this regard, following the outcome of the referendum in the UK for its departure from the European Union (Brexit), the following risks have been considered and their final completion is subject to the negotiation process that the British Government must start with the European Union to determine the final terms of its departure:
  - Currently, 18.1% of passengers of the airport network of Aena, SA in Spain, have their origin/destination in the UK.

    From an operational viewpoint, the risk is focused on airlines as it would involve agreements that will allow the movement of aircraft between the European Union and the United Kingdom.

With regard to passengers, the UK already had a specific treatment due to not belonging to the Schengen Treaty so an additional impact would be felt. That said, during 2016, the volume of British passengers was reduced (British passenger growth was 15.7%).

From a business revenue viewpoint, the depreciation of the GBP against the euro means a loss of purchasing power on the part of British passengers, which could affect sales of commercial dealers at airports and, therefore, the revenue of Aena, SA, although an important part of Aena S.A.'s business is ensured by the Minimum Annual Guaranteed Rent agreements.

- Activity at Luton Airport could be reduced as a result of restrictions on the free movement of persons or economic developments in the United Kingdom, given that a high percentage of its traffic is international.
- It operates in a competitive environment both with respect to other airports and compared to other means of transport that can affect its revenue.
- It faces risks arising from the concentration of airlines and depends on the revenue of its two main airports.
- Revenue from commercial activities is linked to sales in commercial areas by tenant companies, which can be affected both by the volume of passengers and by their degree of spending power.
- In the operation of its airports, the Group depends on the services provided by third parties, which may have an impact on its activity.
- Events such as terrorist attacks, wars or global epidemics could have a negative impact on international air traffic.
- Industrial disputes may have an impact on Aena's activities.
- Aena is dependent on information technology and communications, and systems and infrastructures face certain risks including the risks of cybersecurity.
- Aena is exposed to risks related to the operation at its airports (operational and physical security).
- Aena is exposed to the risk of a major plane accidents.
- Natural disasters and weather conditions could adversely affect business.
- Moreover, the Group's international activity is subject to risks associated with the development of operations in third party countries and to the fact that prospects for profitability may not be as expected.
- Aena's profitability could be affected if it is unable to maintain current levels of efficiency.
- Changes in tax legislation could result in additional taxes or other forms of curtailment to the tax situation of Aena.
- The Group is, and will continue to be in the future, exposed to the risk of losing in judicial or administrative proceedings in which it is involved, especially in relation to A.S. Madrid-Barajas Airport.

The management bodies of the Company have implemented mechanisms to identify, quantify and cover risk situations. Notwithstanding the foregoing, those situations that may pose a relevant and the measures taken thereof, will be closely monitored.

8.2. Description of the main financial risks

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

The Board of Directors provides policies for the management of global risk, as well as for specific areas such as currency risk, interest rate risk, liquidity risk, use of derivatives and investment of liquidity surpluses.

There is a financial debt recognition agreement between Aena, S.A. and its parent company ENAIRE, originating with the non-monetary contribution that gave rise to the creation of Aena Aeropuertos, S.A., under which 94.9% of the parent company’s bank borrowings was initially assumed. As of 29 July 2014, the contract was renewed.

The main risks of a financial nature are described below:

Market risk

Exchange rate risk

The Group is exposed to exchange-rate fluctuations that may affect its sales, results, equity and cash flows, stemming primarily from:

- Investments in foreign countries (mainly in the UK, Mexico and Colombia).
- Operations carried out by associates and other related parties which operate in countries whose currency is not the euro (mainly in the UK, Mexico and Colombia).

The exchange rate risk on the net assets of the Group's foreign operations is mainly managed through borrowings denominated in the relevant foreign currency. In particular, with respect to the operation of Luton Airport, its business is hedged as its operational collections and payments are in GBP.

In 2016, there was a loss of 12.7 million euros associated with a loan between group companies denominated in GBP.

Interest rate risk on cash flows and fair value

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

The Group's objective with respect to the management of interest rates is to optimise financial expenses within the established risk limits, where the risk variables are the 3- and 6-month Euribor, the main reference for long-term debt.

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

The financial expenses are mainly due to the financial debt recognised with the parent company. Likewise, the parent company has concluded interest rate hedging agreements for an extremely limited number of loans which are transferred to the Company. The cost of these derivatives is charged to the Company, given that Aena is responsible to the parent company in this proportion for some loans.

Additionally, Aena has contracted hedging interest rate operations that protect it against possible increases in the Euribor over 3 and 6 months, and on 10 June 2015 a hedging transaction with a variable rate was underwritten at a fixed rate, for the notional amount of 4.195 billion euros.The average differential over 3 and 6 month Euribor of these loans is of 1.0379%. The execution fixed rate was 1.9780%. The objectives pursued in this transaction were:

- Adaptation of the fixed rate / variable rate structure of debt to that of comparable entities: 79% fixed / 21% variable (previously 50% fixed / 50% variable).
- To have a stable framework of interest rates for the 2017-2021 DORA period.

On 31 December 2016, the total amount of liabilities for interest rate swaps amounted to 129 596 thousand euros. Upon the aforesaid date, if the interest rate of variable rate loans had increased or decreased by 20 basic points, with all other variables remaining constant, profit before tax for the year would have been 3,620 thousand euros less and 3,620 thousand euros higher, respectively (in 2015: 3,928 thousand euros lower and 3,928 thousand euros higher, respectively).

With respect to loans with revisable rates, the Group has modified the interest rate regime for loans likely to be revised in 2016. The revised total amounts to 781,304 thousand euros for EIB loans are linked to fixed rates with maturity at an average rate of 0.82%.

Notwithstanding the above, the Regulatory Framework established by Act 1/2011 of 4 March, establishing the State Programme for Operational Security for Civil Aviation and modifying Act 21/2003 of 7 July on Aviation Safety, establishes a system of fee updates that protects Aena, in the long term, in terms of the regulated part, against increases in financing costs, in the sense that it enables the recovery of its capital costs via the remuneration of its asset base, according to the legislation in force.

In this sense, the Company has carried out a sensitivity analysis in relation to possible interest rate fluctuations that could occur; on the basis of this analysis the directors of the Company considered that any potential changes in these would not have a significant effect on the "Equity" of the Company.

Credit Risk

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

Credit risk for trade receivables is low since the main customers are airlines and they are usually paid in cash or in advance, and guarantees and sureties are obtained for them. As for retail customers who have leased premises in the various airports, their risk is managed by obtaining sureties and guarantees.

The Official State Gazzete of 5 March 2011 published Act 1/2011 of 4 March, modifying Act 21/2003 of 7 July on Aviation Safety, allowing the use of legal proceedings for collection, managed by the collection agencies of the State Tax Administration Agency, in the management, settlement and collection of all amounts for public services owed to Aena Aeropuertos, S.A. or its subsidiaries.

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

Liquidity Risk

The main risk variables are: limitations in financial markets, increase in the projected investment and reduction of the generation of cash flows.

The credit risk policy described in the previous section results in short average collection periods. In addition, the Group has committed to substantially reducing costs and investment needs over the coming years, which has had a positive effect on its cash generation. Although on 31 December 2016 the Group has negative working capital (calculated as total current assets less total current liabilities) of 514,716 thousand euros (31 December 2015: 755,065 thousand euros), with an EBITDA in the period in 2016 of 2,293,619 thousand euros (2,098,373 thousand euros in 2015), and is not considered that there is a risk to meet its short-term commitments given the positive operating cash flows have allowed for a reduction of negative working capital in recent years and that the Group is expected to post positive figures in the short term.

In turn, on 29 July 2015 the Parent Company signed loan agreements with banking entities for 1 billion euros to meet timely cash needs.

Additionally, the investee LLAH II has 56 million GBP in unused credit lines (2015: 82 million GBP).

Under these circumstances, the directors of the Group do not believe that there will be any problems with respect to satisfying payment commitments.

The following table includes an analysis of the financial liabilities, grouped by maturity dates and taking into consideration the remaining term at the balance sheet date until final contractual maturity. Derivative financial liabilities are included in the analysis if their contractual maturity dates are essential for understanding the cash flow schedule.

As of 31 December 2016	2017	2018	2019	2020	2021	Following	Total
Loan from ENAIRE	777.629	742.701	744.461	744.335	657.066	4.605.379	**8.271.571**
Interest accrued on loans from ENAIRE	33.812	-	-	-	-	-	**33.812**
Bank borrowings	40.383	-	-	-	-	258.259	**298.642**
Finance lease liabilities	1.996	2.177	2.258	2.341	2.429	13.444	**24.645**
Loans with LLAH III shareholders	-	-	-	-	-	54.402	**54.402**
Interest accrued on loan with LLAH III shareholders	418	-	-	-	-	-	**418**
Other financial liabilities	27.240	8.606	6.577	33.475	5.908	35.126	**116.932**
Trade and other payables (excluding advances from customers)	320.756	-	-	-	-	-	**320.756**
Interest on Aena, S.A. debt (*)	108.428	97.856	87.715	77.568	67.612	284.551	**723.730**
Interest on LLAH III bank debt	9.914	10.107	9.078	9.680	11.918	2.265	**52.962**
Interest on LLAH III shareholder loan (Ardian)	4.352	4.352	4.352	4.364	4.352	8.251	**30.023**

(*) Annual average estimated calculation of interest on the ENAIRE debt for each period, calculated on the basis of the average interest rate over the period from January to December 2016.

As of 31 December 2015	2016	2017	2018	2019	2020	Following	Total
Loan from ENAIRE	1.125.488	826.393	747.995	749.755	731.835	5.262.444	9.443.910
Interest accrued on loans from ENAIRE	26.453	-	-	-	-	-	26.453
Bank borrowings	11.421	333	-	-	-	296.831	308.585
Finance lease liabilities	2.080	2.096	2.134	2.174	2.214	17.974	28.672
Loans with LLAH III shareholders	-	-	-	-	-	62.953	62.953
Interest accrued on loan with LLAH III shareholders	482	-	-	-	-	-	482
Other financial liabilities	33.721	209	1.963	3.972	30.618	27.412	97.895

Trade and other payables (excluding advances from customers)	323.265	-	-	-	-	-	323.265
Interest on Aena, S.A. debt (*)	199.047	174.764	156.165	138.833	123.682	568.421	1.360.912
Interest on LLAH III bank debt	11.143	11.473	11.695	10.505	11.201	13.791	69.808
Interest on LLAH III shareholder loan (Ardian)	5.050	5.036	5.036	5.036	5.050	14.585	39.793

(*) Annual average estimated calculation of interest on the ENAIRE debt for each period, calculated on the basis of the average interest rate over the period from January to December 2015.

Table 19. Analysis of the cash flows generated by financial liabilities related to the Group and by financial liabilities related to the ENAIRE loan

The details of loans by interest rate regime applicable and the average interest rate at 31 December 2016 and 31 December 2015 were as follows:

Thousand euros	2016		2015	
	Balance	Average rate	Balance	Average rate
Variable	1.810.244	0,16%	1.964.242	1,23%
Revisable	543.404	1,30%	1.473.656	1,98%
Fixed	5.917.923	1,78%	6.006.012	2,23%
TOTAL	8.271.571	1,36%	9.443.910	1,86%

Table 20. Details on related party loans

9. Litigation

As a result of overflying aircraft in the settlement named Ciudad Santo Domingo (Algete, Madrid), some inhabitants of this area consider that their fundamental rights have been violated due to excessive noise levels in their homes. These residents lodged appeal for judicial review against Aena, ENAIRE and the Ministry of Public Works, claiming a cessation of the violation of their rights, which for them would mean paralysing the use of runway 18R (one of the four at the Adolfo Suárez Madrid-Barajas Airport). Up to now, no Court has agreed to this measure. On 31 January 2006, the High Court of Justice of Madrid (TSJ) issued a judgement rejecting the aforementioned judicial appeal. The sentence was appealed against by five of the initial appellants and the Supreme Court partially upheld the judgment of 13 October 2008, on infringement of the right to domiciliary privacy. Subsequently, there have been various rulings and implementation incidents that have been challenged by all parties present in the proceedings.

Under the scope of a third motion for enforcement, the High Court of Justice of Madrid (TSJ) issued an Order of 2 December 2014, communicated to ENAIRE and Aena on 5 December 2014, in which (i) it declares that the judgement of the Supreme Court of 13 October 2008 has not been executed, as it concludes that the breach to the fundamental rights as a result of the distress caused by flyovers still remains; and (ii) it orders, via an enforcement writ, a 30% reduction in the number of flights flying over the area of Ciudad Santo Domingo, a percentage calculated on the basis of the number of flyovers in 2004, which amounted to 20,730 approaches to runway 18R.

With respect to this measure, the High Court of Justice of Madrid clarified the following:

- The 30% reduction in the number of overflights must begin within a period not exceeding two months following the notification of the Order, and imposing the obligation to inform the court of the start date. The deadline expired on 5 February 2015.
- Six months after the start of the reduction, ENAIRE, Aena and the Ministry of Public Works are required to inform the court within a period of one month of the impact of the measure on noise levels in the area. In this same one-month period the appellants are required to furnish their own corresponding arguments and measurements in this respect.

The Order of 2 December 2014 has also been the subject of an appeal for reversal before the same chamber of the High Court of Justice of Madrid. Along with the presentation of this resource, the suspension of the execution of the same has been requested with the Supreme Court agreeing to said suspension so that, at present, the Adolfo Suarez Madrid-Barajas Airport can continue operating with the same conditions under which it has done thus far, without the need to start reducing the number of flyovers needed over Ciudad Santo Domingo until they are 30% lower than those in place in 2004.

On 9 April 2015, the High Court of Justice of Madrid dismissed all the appeals for review against the ruling passed on 2 December 2014; on 27 April 2015 Aena and ENAIRE filed the preparation of their appeal to the Supreme Court and on 15 June a Measure of Organisation was received accepting the appeal as being duly prepared, setting thus a term for it to be lodged. Aena's appeal to the Supreme Court was lodged on 27 July 2015. All the appeals to the Supreme Court against the Order of 2 December 2014, both by Aena and of the rest of the parties involved, were admitted by a Resolution of the Supreme Court of 9 May 2016; at the present time, the parties were summonsed to formulate their opposition to these appeals. In addition, the residents appealed for reversal of the Order of 18 December 2014 which agreed to the suspension of the 30% reduction. This appeal to the Supreme Court was admitted by Order of the Supreme Court of 9 May 2016. Aena was summonsed to file its opposition to these appeals for reversal against the Order of 18 December 2014, having now filed its opposition.

The Company is analysing the measures to be taken to mitigate the possible economic impact of a potential unfavourable ruling.

10. Human resources

10.1. Workforce details

The average workforce total at 31 December 2016 remains practically stable at 7,964 employees (including 723 employees from the Luton Airport), compared with 7,940 employees (717 employees from Luton) at 30 June 2015, with an average temporary workforce of 829 employees in 2016 compared to 707 employees at the end of 2015.

Below is the most relevant information on the parent company in Spain, where it is noteworthy that in 2016, 99 contract workers were appointed to the staff on work experience contracts. Of these, 55% are men and 45% are women.

It is also important to highlight the good results obtained in terms of accumulated productivity of the parent Company, with a notable increase of the passengers/workforce ratio that increased 9.6% in 2016 in comparison with 2015.

10.2. Equality

Of the total number of professionals of the parent company in Spain, 65% are men and 35% are women. These percentages change if we take into account only executive and line-management posts within the organisation, 44% of which are held by women.

In compliance with the commitment established in the Equality Plan included in the Group's 1st Collective Agreement, as well as the previsions of Organic Law 3/2007, of 22 March, for the Effective Equality of Men and Women, the "Action Protocol in case of sexual harassment and by reason of gender" continues to be applicable.

10.3. Selection

In 2016, three selection processes have been conducted:

a) Constitution of candidates in reserve job boards. Levels D-F.

In July, the selection process of applicants for reserve pool candidates was concluded. The process lasted 10 months. Nearly 5,300 candidates were considered suitable for the carrying out of 13 different occupations (levels D to F) in all Aena centres.
This process has been the most wide-ranging in terms of attracting candidates after several years without creating public invitations for the selection of external staff.

b) Announcement for internship contracts for University Graduates.

Aena participates in the 2014-2016 Youth Emancipation Plan and the 2020 Youth Strategy.
As a result of our volition to impulse these two initiatives, both promoted by the Government of Spain, we offer work experience contracts for university graduates. The aim is to provide work experience that complements academic training and facilitate their integration into the employment market.

With this effort, in May 2016 a selection process was announced for up to 110 work experience contracts for a minimum period of one year and a maximum of two. The announcement received 2,685 applications and the process ended in November with the addition of 99 employees.

c) Scholarships.

Providing continuance to the Youth Emancipation Plan, 105 university students have received scholarships for academic training courses with us, offering them the opportunity to acquire a working knowledge of specialised business in-situ, whilst at the same time contributing to their comprehensive training and facilitating their integration into the working world.

10.4. Training, Professional Development and Talent Management

In general, actions have been supported that hope to contribute to the transformation of the organizational culture and the modernization of the management of human resources, increasing motivation, commitment and implication, the improvement of work conditions, development of professional capabilities, diversity and equality, but also maintaining high safety levels in the prevention of occupational hazards.

For this, during this term, there have been training actions in diverse area: Operating Safety, European Regulatory Framework for the certification of airports (RE 139/2014), Refresher actions for operating safety, Assistance to the victims of civil aviation accidents and family members, Improvement of the quality perceived by the passenger and boost in client excellence, etc.

In this period, a volume of 166,966 training hours were managed, for a total of 5,263 employees, more than 70% of the workforce. At the same time, more than €90,000 were billed for training services aimed at external personnel, for more than 1,600 people from more than 430 different companies.

The talent and commitment of the employees of Aena are the pillars that make up the success of its performance and are its best asset for the adaptation to the challenges that the company will face in the future.

In 2016, work was continued to consolidate various specific programmes as tools for individual or group professional development, including two specific programmes:

a) Mentoring

The mentoring programme entitled "Leaders develop leaders" continues to grow. In April 2016, the fifth edition was launched. The project has accumulated a total of 135 participants. The mentoring programme is not only a professional development tool, it is also a gear lever that promotes the involvement of different levels of the organisation in the cultural values that we wish to foster.

With this idea, Aena promotes the implementation of some key mechanisms for professional development:

- Transfer of knowledge and know-how.
- Development of key competencies for leadership.
- Promoting commitment and cultural transformation.
- Stimulate internal networking.

b) Coaching

25 workers (12 men and 13 women) participated in 2016 in our coaching programme: 15 with internal coaches and 9 with external coaches. Together, they have accumulated 240 hours of professional training.

11. Corporate responsibility

In 2016, with the approval of the Framework Policy on Corporate Responsibility (CR) by the Board of Directors, Aena strengthened its commitment to sustainability, transparency and good governance, posing a corporate responsibility strategy that puts the company at the forefront of the best practices in this field. Its aims include:

- Integrating the RC into the business strategy, aligning it to the new reality and responding to the recommendations of the CNMV on matters of Good Corporate Governance.
- Contribution to fulfilling the social interest as a fundamental part of the strategy of excellence and improving the company's competitiveness.

11.1. Main actions

- Publication of the 2015 Annual and Corporate Responsibility Report created in accordance to the guidelines of the G4 Guide, and following some indications of the International Integrated Reporting Council (IIRC).
- Merco, reference ranking in Spain and Latin America, ranks Aena as the second company in its sector with the best corporate reputation. Amongst the 100 companies with the best reputation, Aena was placed 48th. Moreover, the company achieved third place in its sector in the ranking of Merco Talento.
- Reinforcement of the positioning and corporate reputation of Aena through the promotion and development of actions related to the dissemination of corporate values and the establishment of strategic alliances. Aena chairs the Forética Cluster on Transparency, Good Governance and Integrity.
- The launch of the new company website realises the commitment of the company to offer its customers useful content and services, differentiated and constantly updated through the Internet.
- The Xavier Tourism 2016 Award, awarded for the company's commitment to responsible tourism by the Faculty of the University Ramon Llull of Barcelona, in acknowledgement of "Aena's work in improving the accessibility of travelers" with a special mention for its collaboration on awareness campaigns with the group of travelers affected by ASD (Autism Spectrum Disorder).
- In order to achieve excellence in terms of quality and infrastructure, safety of people and facilities, care for the environment, energy saving and efficiency, planning, optimisation of management processes and operations, the various management bodies in the company develop numerous projects.
  - Fostering innovation and innovative activities.
- One example is the launch of the INNOVA channel, a management system of ideas and good innovative practices between and for employees. In order to improve services, increase airport capacity and optimize the development of its activity in the field of environment, airport management, commercial services, facilitating and security, recruitment and joint projects in line with air navigation.
- The Integrated Management System for Quality and the Environment (SGI) allows for the monitoring and systematisation of mechanisms that lead to continuous improvement in all processes within the organisation, from an integrated perspective. Thus, a single certification and the improvement of information for making strategic decisions on the part of senior management is provided.
- Aena backs the dissemination of its activity and maintains an active and open dialogue with its stakeholders, using all possible communications channels, both internal and external.

11.2. Environmental protection

Aena's activity requires, by its nature, a model of sustainable performance with the surrounding environment. For the company, respect and care for the environment is one of its top priorities. This leads it to promote multitude of proposals and actions, to enable it to:

- Ensure compliance with current environmental regulations.
- Minimisation of noise pollution
- Promotion of energy efficiency and renewable energy at airports, allowing in turn to minimise the conumption of natural resources.
- Make advancements in the environmental management model.

- Protect biodiversity.
- Join the fight against climate change by reducing emissions. Along this line, special mention can be made to some of the outstanding performances:
- Encompassed in the implementation plan of the Acoustic Insulation Plans, in 2016 acoustic insulation were financed on 1,632 properties, 21,271 since 2000, thus aiming to mitigate the effects of noise and, in turn, respond to concerned stakeholders.
- The implementation of several measures at airports (installation of fans, selective switch-off in certain areas of the terminal, installation of presence detectors or energy saving systems in escalators), all of them completed with an environmental awareness task, have made it possible that, despite passenger growth of 11% over 2015 and the uniqueness of the climate, energy consumption has increased by only 0.9% compared to the previous year.
- Sound assessments: Meetings of the Combined Commissions of the airports of Málaga-Costa del Sol, Seville, Ibiza and Bilbao held to inform about the Noise Easements proposals. Currently, 18 acoustic insulation plans are underway.
- Atmospheric assessment: Renewal of the "Airport Carbon Accreditation" Certifications in the airports of Adolfo Suárez Madrid-Barajas and Barcelona-El Prat, on level 2, and Palma de Mallorca, Málaga-Costa del Sol, Menorca and Lanzarote on level 1. Another important aspect is the incorporation in the handling agent contracts of the obligation to reduce the emissions of their vehicles by 20% before 2020, which will positively result in the minimization of emissions of greenhouse gases at the airports.
- Management of the quality of the land and groundwater of the airports in the Aena network.
- In 2016, a sales contract on verified emission reductions of greenhouse gases for the years 2017-2020 was signed as part of the Climate Carbon Fund for a Sustainable Economy Project.
- Aware of the potential of renewable energy sources, several major projects have been fostered throughout 2016: including wind energy and PV projects.

11.3. Social performance

Aena assumes its shared responsibility to promote the welfare of the communities in which it operates. Likewise, it pays special attention to policies and practices related to work done by or on behalf of the company (conditions and working hours, pay, equality and reconciliation). In short, the social performance of the company is reflected in practices affecting the internal and external social dimension of our organisation.

Some of the most outstanding actions are summarised below:

- Internal social dimension

From the internal social dimension area, a new objective is to impulse a new balance and benefits program for the employees that facilitate improvement in their work, personal and family lives:

- Call for two tenders that hope to help employees in vital situations in a comprehensive and professional manner. In situations of birth, death, disability, etc., employees can use informational and specialized resources to adequately balance and face these situations.
- Along with the two previous programmes, the action protocols and coordination between the different areas of Human Resources involved in the Emotional Support Programme and Prevention and Treatment of Addictive Behaviours have also been consolidated.
- In some centres, actions to resolve issues involving industrial disputes have been implemented. These protocols identify areas for improvement in communication situations, decision making and conflict resolution in a dialogue-based and collaborative manner, with monitoring, evaluation and impact arrangements.
- With regard to the social aid programme, by the end of the fiscal year, the announcement will be published with an economic forecast of €1,250,000 for an estimate of approximately 11,000 aid actions.
- In 2016 Aena organized 253,383 hours of professional training for a total of 6,575 employees (more than 90% of the workforce).

- External social dimension

In the area of external social dimension, the following elements stand out:

- Advances in the projects related to interest groups, adapting to the needs of strategic planning in this area and to the compliance with the law in matters of disability and social integration. In 2016, its fist public tender was awarded which allocated 100,000 euros to employment action programmes from 8 different socially orientated organisations. The forecast includes the creation by these organisationsl of 10 jobs for people with disabilities in first year, 20 in 2017 and 30 in 2018.
- Creation of a new channel to request the care service for

People with Reduced Mobility through the Aena APP.

- CERMI-AENA Accessibility Seminar with the presentation of the "Care manual for people with disabilities or reduced mobility", whose objective is to offer all organisms and agents involved in passenger assistance and information processes, the care and action guidelines necessary for these users.

- Celebration of Charitable and Cultural Workshops in the Aena work centres. More than 10 social entities that foster special employment centres or professional integration companies or those that designate their objectives to the consolidation of the fair trade.

- Inclusion of the Lanzarote Airport in the network of charitable places. Within the Charitable Places Program, the average of employment was more than 70%, and more than 30 different entities participated.

- Selfless collaboration by workers, through donations or other initiatives.

- Participation of 235 professionals in activities included in training programmes for International Cooperation, with a total investment of 195,000 euros, and a level of satisfaction of 9.8 points out of 10.

- More than 20 different institutions come together in the Solidarity Event at Adolfo Suarez Madrid-Barajas Airport.

12. Stock performance

The price performance of Aena during 2016 has been very positive, with a revaluation of 23.0% to 129.65 euros per share compared to the evolution of the IBEX35, which fell by 2.0%. During this period Aena's stock peaked at 136.0 euros and registered a minimum of 94.07 euros.

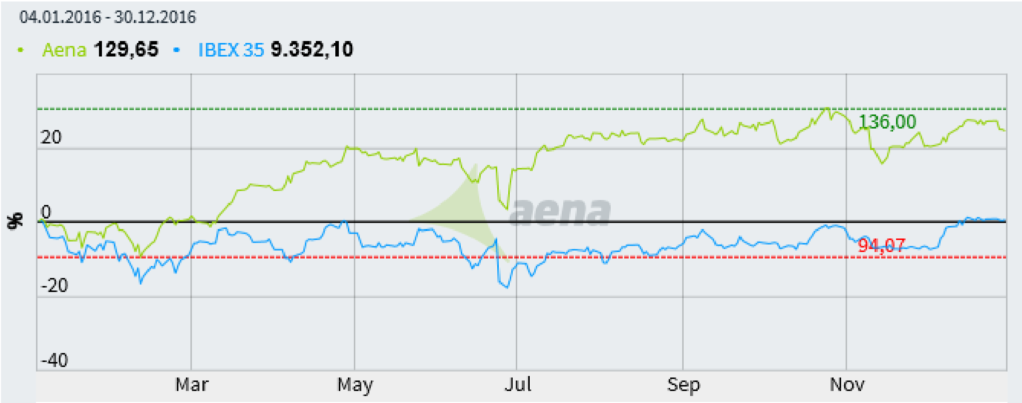

Figure 7. Stock performance of the company

The following table tracks the price performance of Aena's stock in a summarised fashion:

2016 (31/12/2016)	Aena, S.A.
Total volume traded (no. shares)	148.374.306
Daily average volume traded in the period (no. shares)	577.332
Market capitalisation €	19.447.500.000
Closing price €	129,65
Number of shares	150.000.000
Free Float (%)	49%
Free Float (shares)	73.500.000
Turnover	201,9%

Table 21. Main data on Aena's evolution

In connection with the acquisition and disposal of treasury shares at 31 December 2016, Aena, S.A. does not own shares, so there has been no impact for this reason on the yield obtained by the shareholders nor on the value of the shares.

13. Other events

The Council of Ministers of 27 January 2016 approved the Airport Regulation Document (DORA) for the five years from 2017 to 2021, which is the basic instrument that defines the minimum conditions necessary to ensure accessibility, adequacy and appropriateness of airport infrastructures and the adequate provision of basic airport services in Aena network airports.

DORA has been prepared by the Directorate General of Civil Aviation (DGAC), following the proposal submitted by Aena and approved by its Board of Directors on 8 March 2016, duly adjusted to the conditions and principles set forth in Act 18/2014, of 15 October, and collects Aena's obligations for a period of 5 years, establishing, amongst other aspects:

- Tariffs, with the establishment of a maximum annual revenue per passenger (IMAP) that allows for Aena to recover costs associated with the provision of basic airport services, costs that also respond to efficiency criteria set forth by the regulator. Aena's tariffs will undergo an annual decrease of 2.22% over the 2017-2021 period.

- Investments that Aena must carry out and that must meet the standards of capacity and service levels, whilst also remaining in line with traffic forecasts.

- The levels of service quality, as well as a system of incentives and sanctions to ensure compliance.

The DORA mechanism sets a double or dual cash-desk meaning that the costs of basic airport services, subject to public property contributions, can be covered solely with the revenues generated by these services.

DORA establishes the strategic guidelines for Aena in the 2017-2021 period, namely:

- Viable and efficient management of the airport network.

- The provision of airport services under the most appropriate conditions of quality and safety.

- Environmental sustainability ensuring citizens' mobility.

- Social and territorial cohesion.

The main elements and conditions applicable to the services provided by Aena during the five years from 2017 to 2021 are detailed below.

Traffic forecasts

In recent years, traffic at Aena airports has experienced a recovery that culminated in 2016 with an increase of 11% in passenger traffic figures.

The forecasts contained in the 2017-2021 DORA reflect growth expectations according to the macroeconomic environment and the data for the historical records, which are summarised below:

Traffic	2015	2016	2017	2018	2019	2021	2021
Passengers (in millions)	207.4	230.2	241.6	244.4	246.7	248.6	250.0
%	5.9%	11.0%	5.0%	1.1%	1.0%	0.8%	0.6%
Operations (thousands)	1,903.0	2,045.0	2,134.6	2,154.9	2,171.1	2,184.7	2,194.7
%	3.8%	7.5%	4.4%	0.9%	0.8%	0.6%	0.5%
Freight (millions of kg)	715.6	795.6	827.2	853.7	880.2	906.7	931.7
%	4.8%	11.2%	4.0%	3.2%	3.1%	3.0%	2.8%
ATU* (millions)	404.9	442.7	463.4	468.4	472.6	476.1	478.8
%	4.9%	9.3%	4.7%	1.1%	0.9%	0.7%	0.6%

*ATU: Passengers + (10 * tonnes of freight) + (100 * Operations)

Table 22. Traffic forecast. Source: DORA 2017-2021

As is duly established in Annex VIII of Act 18/2014, in its seventh paragraph, variations in the number of passengers in relation to the values planned and established for in DORA are at the risk and expense of Aena, unless exceptional situations occur under the terms defined by DORA.

In this sense, the 2017-2021 DORA establishes as exceptional situation an annual increase of passenger traffic in the whole network which exceeds by 10 percentage points the values initially provided during any of the any years contained within the period.

This could lead to a modification of DORA for the purposes of reversing the revenue system generated by the increase in traffic compared to forecast values.

Capacity standards

Aena has made strident efforts in recent years that have allowed it to build the capacity of Spanish airports to meet the future demands of airlines and passengers.

The current capacity is more than 335 million passengers a year, and it is estimated for this figure to increase after the implementation of investments planned for expansion projects over the five year period to reach 338 million passengers a year.

DORA reflects the value of the capacity indicators corresponding to the overall capacity of the network, the current maximum capacity by airport and infrastructure and the level of use provided for in each of the years of he five year period. Independently of the validity of current indicators, Aena will perform all actions necessary to ensure the capacity of the infrastructure under conditions of suitable quality.

Quality standards

In order to ensure that airport services are continually provided with the current high levels of quality, Aena will implement a comprehensive quality plan to ensure the highest standards that can be measured through a series of indicators.

The quality measurement system will be performed on five areas, across 17 indicators, 11 of which are subject to a system of incentives or penalties as detailed below:

- Satisfaction perceived by passengers, comprising the following indicators:
  - SPAX-01 Overall passenger satisfaction
  - **SPAX-02 Satisfaction with cleanliness at the airport**
  - **SPAX-03 Satisfaction with way finding at the airport**
  - SPAX-04 Passenger satisfaction with physical security
  - **SPAX-05 Satisfaction with comfort in boarding areas**
  - **SPAX-06 Passenger satisfaction with reduced mobility (PMR) with accessibility at the airport.**
- Waiting time in passenger processing points, which includes as indicators:
  - **TEPP-01 Passenger security control**
  - **TEPP-02 Last suitcase delivery time**
- Availability of equipment on the ground side, which includes:
  - **DEET-01 Availability of electro-mechanical equipment, baggage carousels and Baggage Handling Systems (SATE)**
  - DEET-02 Availability of Automatic Baggage Handling System (SATE)
  - DEET-03 Availability of the connection system between terminals (APM)
- Availability of equipment on the air side, with these indicators:
  - DELA-01 Parking places
  - **DELA-02 Departure air bridges**
  - **DELA-03 Availability and continuity of the communications, navigation and surveillance (CNS) services**
- Other key areas, including:
  - **OTAC-01 Response time to complaints on airport management**
  - OTAC-02 Delays due to airport infrastructure
  - OTAC-03 Additional time on runways

The indicators highlighted in bold are subject to incentive or penalty

The indicators will be used to monitor the performance of Aena in the area of quality of service. Should said performance be reduced below certain minimum levels, a penalty will be incurred in the value of the maximum annual revenue per passenger (IMAP). Conversely, if the values of the indicators are exceeded a bonus will be paid in line with the IMAP.

The maximum range of incentives or penalties for quality is between 2% and -2% of the value of the IMAP at a network level. For its calculation on an individual level of each airport the 2% limit for bonuses is maintained, establishing a limit of -5% for penalties.

The value of the incentive or penalty for each airport will be the sum of the contributions of each of the indicators, bearing in mind the fact that they all have the same specific weight.

Investments

Investments respond to the standards of capacity and service levels commensurate with traffic forecasts contained in DORA, respecting the limit established under which the maximum average annual investment in the period 2017-2021 will be 450 million euros.

Regulated investment, linked to basic airport services, amounts in the 5 year period to a total of 2,185 million euros, with the following annual breakdown:

Million euros	2017	2018	2019	2020	2021	Total for the period	Annual average
Regulated investment	365.6	373.0	429.2	514.3	503.3	2,185.4	437.1

Table 23. Regulated investment. Source: DORA 2017-2021

The investments to be made will be classified into the following groups:

- Strategic: necessary to meet the standards DORA sets for capacity, as well as those of the Ministry of Public Works deems necessary to ensure general interests. Their compliance is mandatory, not allowing for modifications on its scope or its date of application, and they have to be completed on the dates indicated in DORA. The delay in implementation will result in the corresponding adjustment to the IMAP.

  The penalty will be activated when more than 3 months' delay occurs with respect to the fixed date of completion. The maximum value of the penalty will not exceed 2% of the total amount of the annual programming of all investments in the network, while the annual ceiling for each strategic investment penalty will be up to 5% of its annual programme. Once the 3-month grace period mentioned has elapsed, penalty amounts for a maximum period of 4 months will begin to be effectively accounted. The monthly amount of penalty to be applied to each investment is a quarter of 5% of its annual programme. Once the 4 months of the penalty period have elapsed, the maximum penalty of 5% will have been reached, and thus longer delays would not increase the amount to be penalised.
- Regulations derived directly or indirectly from national or European regulatory obligations. They must strictly comply with the conditions that justify its necessity.
- Relevant: due to their functional necessity or volume representing for an airport, they require monitoring of a differentiated nature. They will require prior authorisation from the DGCA for total or partial annulment, or in relation to the modification of its scope or term.
- Other investments, mainly dedicated to ensuring the proper functioning of the airport and to undertaking actions that are difficult to predict.

Type of investment (million euros)	Total 2017-2021	
Strategic	462.88	21.2%
Regulatory	726.60	33.2%
Relevant	258.18	11.8%
Other investment	442.86	20.3%
Budget replenishment	294.89	13.5%
Total for the DORA period	**2,185.41**	**100%**

Table 24. Type of investment. Source: DORA 2017-2021

In the event that Aena were to conduct a lower investment volume relative to the total amount recognised for the period, the regulated asset base (BAR) will be adjusted downward over the next five years. By contrast, a greater volume of investment will not result in adjustments to the RAB for the next period. The RAB values provided for the five years from 2017 to 2021 will not be adjusted in any case during the regulatory period.

A deviation in the investment executed in relation to investment programmed to produce a capital gain will result in a corresponding adjustment in the next regulatory period.

Operating and capital costs

They determine the value of the X component that allows for the variation of IMAP, and thus, of airport charges.

These costs combine efficiency conditions established through Act 18/2014 and acknowledged by the regulator, by virtue of the dual till correspond to the basic airport services, except in 2017, in which a reduction equivalent to 20% of the profit margin of the services subject to private prices in the terminal area will be applied.

Operating costs

These costs include personnel and supply expenses, along with other operating expenses. The recognised annual amount ensures that the ratio of operating costs per ATU for each year of the five-year period is less than the value of 2014, as established in Transitional Provision six of Act 18/2014.

Operating expenses are the sum of operating costs, depreciation, provisions for credit losses and risks, impairments and disposals and costs arising from the implementation of safety regulations enacted after the year 2014.

Operating costs and expenses for the period are shown in the following table:

Million euros	2014	2017	2018	2019	2021	2021
Operating costs		**1,221.6**	**1,232.9**	**1,242.3**	**1,250.1**	**1,256.1**
ATU (millions)		*463.4*	*468.4*	*472.6*	*476.1*	*478.8*
OPEX/ATU ratio	*2.707*	*2.64*	*2.63*	*2.63*	*2.63*	*2.62*
Provisions for insolvency and risks		**6.7**	**6.7**	**6.7**	**6.6**	**6.6**
Impairment and disposals		**5.2**	**5.2**	**5.2**	**5.2**	**5.2**
New security regulations		**17.9**	**18.1**	**18.3**	**18.5**	**18.6**
Amortisation		**631.0**	**622.0**	**591.2**	**600.2**	**608.4**
Operating expenses		**1,882.4**	**1,884.8**	**1,863.6**	**1,880.6**	**1,894.9**

Table 25. Operating costs and operating expenses. Source: DORA 2017-2021

The operating expenses recognised have a prospective nature so that any unexceptional deviation is considered as a risk and hazard on the part of Aena, and do not produce changes in the allowed maximum revenue per passenger. Therefore, DORA introduces incentives to improve efficiency on the part of Aena.

Capital costs
These correspond to the result of applying the weighted average cost of capital before taxes ($WACC_{BT}$) with the average value of the RAB defined for each year of the five-year period.

The value of the RAB recognised in the period stated is contained in the following table:

Million euros	2017	2018	2019	2020	2021
Average Regulated Asset Base (RAB)	10,996.1	10,491.6	10,305.4	10,199.3	10,122.1

Table 26. Regulated Asset Base (BAR). Source: DORA 2017-2021

The value of $CMPC_{AI}$ used to calculate the cost of capital is 6.98% and remains constant for the entire five years, having been estimated using the methodology of the Capital Asset Pricing Model (CAPM).

The cost of capital recognised each year of the five-year period is shown in the following table:

Million euros	2017	2018	2019	2020	2021
Average (RAB)	10,996.1	10,491.6	10,305.4	10,199.3	10,122.1
$WACC_{BT}$	6.98%	6.98%	6.98%	6.98%	6.98%
Capital cost	**767.5**	**732.3**	**719.3**	**711.9**	**706.5**

Table 27. Capital cost. Source: DORA 2017-2021

Limit on annual revenue per passenger

The X component defines the maximum revenue growth corresponding to basic airport services during the five years. Its application sets the value of the maximum annual revenue per passenger (IMAP) and tariff guidelines for the next five years.
The estimation of the X component ensures that the present value of the revenue of Aena's basic airport services during the regulatory period allows for the recovery of the costs incurred in providing those services. These costs are called Required Regulated Revenues (IRR) and are the sum of operating costs and capital costs.

The estimate of the value of the X component is as follows:

Estimating IRR (million euros)	2016	2017	2018	2019	2021	2021
Operating expenses		**1,882.4**	**1,884.8**	**1,863.6**	**1,880.6**	**1,894.9**
Cost separation adjustment		-31.5	-38.8	-38.5	-38.4	-38.1
Operating expenses after adjustment		**1,850.9**	**1,846.1**	**1,825.2**	**1,842.2**	**1,856.9**
Expenses for private prices in terminals		51.8	0.0	0.0	0.0	0.0
Revenue for private prices in terminals		-180.6	0.0	0.0	0.0	0.0
Subsidies charged in terminal		-32.8	-32.3	-28.2	-27.1	-26.1
Capital cost (PPP)		**767.5**	**732.3**	**719.3**	**711.9**	**706.5**
$WACC_{BT}$		6.98%	6.98%	6.98%	6.98%	6.98%
BAR		10,996.1	10,491.6	10,305.4	10,199.3	10,122.1
Required Regulated Revenues (IRR)		**2,456.7**	**2,546.1**	**2,516.3**	**2,527.0**	**2,537.2**
Present value of IRR (2017-2021)	**10,316.2**					
Estimate of anticipated revenues and X	***2016***	***2017***	***2018***	***2019***	***2021***	***2021***
Expected revenue		**2,575.5**	**2,547.2**	**2,514.3**	**2,477.0**	**2,436.0**
Number of passengers (millions)		241.6	244.4	246.7	248.6	250.0
$IMAP_t$	10.90	10.66	10.42	10.19	9.96	9.74
X value		**-2.22%**	**-2.22%**	**-2.22%**	**-2.22%**	**-2.22%**
Present value of expected revenues (2017-2021)	**10,316.2**					

Table 28. Estimation of the value of X component. Source DORA 2017-2021

Note: the cost separation adjustment includes costs re-allocation of basic airport services to the services subject to private prices applied on the analytical accounts of Aena for the DORA 2017-2021 period for regulatory purposes.

- On 31 January 2017, London Luton Airport Operations Limited (LLAOL), with the agreement of the employees of the Company and the trustees of the plan (Trustees) has closed the accrual of future benefits from its defined-benefit pension plan (London Luton Airport pension scheme or LLAPS), which has been replaced, from 1 February 2017 by a defined-contribution pension plan.

  From the closing date of the LLAPS, active plan members become deferred members and stop accumulating benefits for services rendered to the employer (LLAOL). Likewise, as of that date, contributions for services rendered by both LLAOL as well as by plan members cease,but LLAOL only maintains the obligation to make whichever contributions that, according to periodic assessments of the plan, are deemed necessary to ensure payment of benefits for services rendering accrued prior to 31 January 2017, annually updated in accordance with the terms set forth in the LLAPS regulations.

  Since the plan closure has taken place after 31 December 2016, the foregoing has no effect on the consolidated financial statements for 2016. On the other hand, its impact on equity and the consolidated results for the year 2017 is not considered significant.

- On 21 February 2017, the Aena's Board of Director has approved the following commercial incentive scheme for the DORA period:

  - Incentive for opening a route to a new destination from all the airports in the Aena network consisting of a discount on the airport charges for passenger departures with an additional discount in the following equivalent season if the carrier maintains at least the number of passenger departures operated on that route.

  - Incentive for growth in the number of passengers on short and medium haul routes operated from the network's airports which have fewer than 2 million passengers per year and on long-haul routes operated from all network airports. Aena, S.A. may decide to apply this incentive as well to airports being above this threshold but showing a poorer performance than those with an equivalent traffic structure. The incentive shall be a discount on the average amount of the airport charges for passenger departures of the air carrier on the route and shall apply exclusively to the number of additional passenger departures on the route in question with respect to the equivalent previous season. The incentive will be proportional to the contribution of each airline to the growth generated on each route by all the airlines operating on it. An additional discount will be given in the following equivalent season if the carrier maintains at least the number of passenger departures operated on such route.

  - Incentive for passenger growth in the seasonal airports included in Act 21/2003 (Canary Islands, Balearic Islands, Ceuta and Melilla) during their low season consisting of a discount on the average amount of the airport charges for passenger departures of the carrier on the route and which shall apply to the number of additional passengers on the route with respect to the previous low season of the airport. The incentive to which each airline operating on the route in question will be entitled shall be proportional to its contribution to the growth generated on such route by all the airlines operating on it. An additional discount shall be given in the following equivalent season if the carrier maintains at least the number of passenger departures operated on such route.

  For the 2017 summer season, first season when the new incentive scheme will be applicable, which for the purpose of this scheme begins on 1 April and ends on 31 October 2017, as well as for the 2017 winter season that, for the purpose of this scheme, begins on 1 November 2017 and finishes on 31 March 2018, the applicable discount in case of the first two incentives (new routes and passenger growth on existing routes) will be 75% of the airport charges for passenger departures in the first season and 25% in the equivalent following season.

  During these first two seasons the passenger growth incentive in existing short and medium haul routes will be applicable to airports with annual passenger traffic lower than 3 million passengers.

  Regarding the discount applicable to passenger growth in seasonal airports during low season, the discount will amount to 5% on the first two low seasons of the application of the incentive.

  The most important features of the new commercial incentives compared with the ones applied in 2016 are the following:

  - The incentive consisting of a discount for new routes to destinations that are not served is maintained.

- The short and medium haul routes growth incentive will only be applicable for those airports and segments that require an additional stimulus to foster demand – which for 2017 is established for airports with fewer than 3 million passengers – while by contrast the previous incentive was applicable in general to all network airports.

- The percentage discount in the incentives for growth in the number of passengers increases. Previously it consisted of a discount on the airport charges for passenger departures of 50% in the first calendar year and 25% in the following calendar year if the carrier maintained at least the number of passengers, while the new scheme increases these percentages to 75% and 25% respectively recorded by seasons instead of calendar years.

- A new specific incentive for passenger growth in low season of seasonal airports is added.

APPENDICES:

I. Consolidated financial statements for the year ended on 31 December 2016
II. Summary of Price Sensitive Information issued in 2016
III. Corporate Governance Report

APPENDIX I: I.Consolidated financial statements for the year ended on 31 December 2016

State of the consolidated financial position for the year ended on 31 December 2016 and 2015

Thousand euros	2016	2015
ASSETS		
Non-current assets		
Fixed assets	13,563,922	14,869,922
Intangible assets	525,647	634,764
Property Investment	135,690	165,266
Investments in associates	71,741	77,379
Other receivables	2,599	-
Deferred tax assets	143,971	127,876
Financial assets available for sale	354	4,823
Other financial assets	58,697	54,241
Derivative financial instruments	-	1,280
	14,502,621	**15,935,551**
Current assets		
Inventories	8,958	8,545
Clients and other receivables	437,579	522,543
Cash and cash equivalents	564,616	556,741
	1,011,153	**1,087,829**
Total assets	**15,513,774**	**17,023,380**
NET EQUITY AND LIABILITIES		
Net equity attributable to the owners of the parent		
Share capital	1,500,000	1,500,000
Share premium	1,100,868	1,100,868
Retained profits/(losses)	2,521,852	1,763,434
Accumulated exchange differences	-16,261	-3,852
Other reserves	-113,110	-56,568
Minority interests	32,400	56,399
	5,025,749	**4,360,281**
Liabilities		
Non-current liabilities		
Financial debt	7,912,184	8,760,484
Derivative financial instruments	96,895	31,547
Deferred tax liabilities	89,990	118,761
Employee benefits	53,065	31,138
Provisions for other liabilities and expenses	133,639	1,145,737
Grants	544,382	566,430
Other long-term liabilities	132,001	166,108
	8,962,156	**10,820,205**
Current liabilities		
Providers and other payables	439,045	439,688
Financial debt	880,439	1,197,935
Derivative financial instruments	39,651	42,356
Grants	38,266	43,820
Provisions for other liabilities and expenses	128,468	119,095
	1,525,869	**1,842,894**
Total liabilities	**10,488,025**	**12,663,099**
Total net equity and liabilities	**15,513,774**	**17,023,380**

Table 29. State of the consolidated financial position for the year ended on 31 December 2016 and 2015

APPENDIX I: I.Consolidated financial statements for the year ended on 31 December 2016

Consolidated profit and loss statement for the year ended on 31 December 2016 and 2015

Thousand euros	2016	2015
Continuing operations		
Ordinary revenue	3,709,581	3,450,709
Other operating income	7,761	8,476
Own work capitalised	4,615	4,212
Supplies	-180,366	-180,968
Personnel expenses	-390,724	-363,911
Other operating expenses	-901,775	-872,206
Fixed asset depreciation	-825,805	-846,215
Release of non-financial fixed asset grants and other	41,590	45,928
Excess provisions	8,940	8,463
Impairment and loss on disposal of fixed assets	-6,402	-7,843
Other net profits / (losses)	399	5,513
Operating profit/loss	**1,467,814**	**1,252,158**
Financial revenue	208,484	4,092
Financial expenses	-117,552	-207,498
Other net financial revenue / (expenses)	-58,748	-22,186
Net financial expense	**32,184**	**-225,592**
Share in profits/losses from associates	16,121	14,012
Profit/loss before tax	**1,516,119**	**1,040,578**
Revenue tax	-351,733	-209,793
Consolidated profit/loss for period	**1,164,386**	**830,785**
Profit/loss for period attributable to minority interests	**237**	**-2,752**
Profit/loss for the year attributable to parent company shareholders	**1,164,149**	**833,537**
Earnings per share (Euros per share)		
Basic earnings per share based on profit for year (euros)	7.76	5.56
Diluted earnings per share based on profit for year (euros)	7.76	5.56

Table 30. Consolidated profit and loss statement for the year ended on 31 December 2016 and 2015

APPENDIX I: I.Consolidated financial statements for the year ended on 31 December 2016

Consolidated statement of cash flows for the year ended on 31 December 2016 and 2015

Thousand euros	2016	2015
Profit/loss before tax	**1,516,119**	**1,040,578**
Adjustments for:	**829,591**	**1,095,454**
- Depreciation and amortisation	825,805	846,215
- (Profit)/loss on fixed assets disposal	6,402	7,843
- (Profit)/loss on disposal of financial instruments	4,469	-97
- Losses/(gains) in the fair value of financial instruments	44,472	25,203
- Attribution of grants	-41,590	-45,928
- Trade receivable impairment adjustments	7,845	3,362
- Change in provisions	78,349	21,974
- Financial revenue	-208,484	-4,092
- Financial expenses	127,359	204,578
- Other revenue and expenses	1,045	50,408
- Share in losses /(gains) in associates	-16,121	-14,012
Changes in working capital:	**-55,319**	**-103,971**
- Inventories	-951	669
- Debtors and other receivables	26,155	-58,920
- Other current assets	-42	-122
- Creditors and other payables	-42,359	-2,227
- Other current liabilities	-36,909	-35,132
- Other non-current assets and liabilities	-1,213	-8,239
Cash generated from operations	**-455,666**	**-403,080**
Interest paid	-146,825	-238,797
Interest receivable	1,533	2,635
Taxes collected (paid)	-309,019	-166,141
Other collections (payments)	-1,355	-777
Net cash generated from operating activities	**1,834,725**	**1,628,981**
Cash flows from investment activities		
Acquisitions of property, plant and equipment	-287,919	-241,593
Acquisitions of intangible assets	-16,120	-13,066
Acquisitions of investment properties	-1,346	-87
Payments for acquisitions of other financial assets	-3,901	-11,088
Payments received from loans to Companies in the group and associates	2,027	697
Payments received from property, plant and equipment divestment	1	136
Payments received for other financial assets	11	421
Dividends received	15,609	10,164
Net cash used in investment activities	**-291,638**	**-254,416**
Cash flow from financing activities		
Revenue from external financing (ERDF grants)	10,665	22,287
Revenue from bank financing	31,739	13,078
Other payments received	19,392	13,207
Repayment of bank borrowings	-333	-878
Repayment of Group financing	-1,172,339	-1,080,128
Dividends paid	-409,716	-10,727
Other payments	-12,490	-66,554
Net cash generated from/(used in) financing activities	**-1,533,082**	**-1,109,715**
Effect of exchange rate fluctuations	**-2,130**	**1,586**
Net (decrease)/increase in cash and cash equivalents	7,875	266,436
Cash and cash equivalents at start of the year	**556,741**	**290,305**
Cash and cash equivalents at the end of the period	**564,616**	**556,741**

Table 31. Consolidated statement of cash flows for the year ended on 31 December 2016 and 2015

APPENDIX II: Summary of Price Sensitive Information issued in 2016

Register	Date	Type of Event	Description
234765	10/02/2016	Calls for meetings or informative events	The company sends notices informing of the scheduled date and time for publishing Aena S.A. results for the January-December 2015 period.
235174	23/02/2016	Interim financial information	The company sends information on results for the second half of 2015.
235176	23/02/2016	Information on results	Presentation of results for FY 2015.
235178	23/02/2016	Information on dividends	The Board of Directors of Aena, S.A. has agreed to propose to the General Shareholders' Meeting the approval of the distribution of a dividend charged to FY 2015 profit.
235364	25/02/2016	Annual Corporate Governance Report	The company submits the Annual Corporate Governance Report for FY 2015.
235497	26/02/2016	Annual report on Board member compensation	The Company submits the Annual Report on Board member compensation for FY 2015.
236058	08/03/2016	Other on business and financial situation	Notice of approval by the Board of Directors of Aena, S.A., in a meeting held today, of the final proposal for the Airport Regulatory Document.
237631	21/04/2016	Calls for meetings or informative events	The company sends notices informing of the scheduled date and time for holding the conference-call on presentation of the results of Aena, S.A. for the January-March 2016 period.
237778	26/04/2016	Calls for meetings or informative events	Due to a last minute change by our conference-call service provider, the phone number for access from the UK to the conference-call on first quarter results 2016 has been changed.
237849	27/04/2016	Interim financial information	The company sends information on results for the first quarter of 2016.
239041	24/05/2016	Calls and resolutions of Boards and General Shareholders' Meetings	The company announces a Board of Directors resolution approving the calling of the General Shareholders' Meeting.
239096	26/05/2016	Calls and resolutions of Boards and General Shareholders' Meetings	The company announces the calling of the General Shareholders' Meeting.
239139	27/05/2016	Credit ratings	Fitch Ratings has confirmed the credit rating of AENA, S.A. (BBB+), improving its outlook from stable to positive.
240219	28/06/2016	Resolution of court or administrative proceedings	Supreme Court ruling on revaluation of properties expropriated at Madrid-Barajas Airport.
240243	28/06/2016	Calls and resolutions of Boards and General Shareholders' Meetings	The company announces the approval of resolutions of the General Shareholders' Meeting.
240244	28/06/2016	Information on dividends	Approval of dividend payment.
240306	29/06/2016	Resolution of court or administrative proceedings	Supreme Court rulings on revaluation of properties expropriated at Madrid-Barajas Airport.
240950	19/07/2016	Calls for meetings or informative events	Aena, S.A. announces the holding of the presentation of earnings corresponding to the first quarter of 2016.
241242	26/07/2016	Interim financial information	The company sends information on results for the first half of 2016.
241253	26/07/2016	Information on results	Information on earnings 1H 2016
243137	27/09/2016	Composition of the Board of Directors	The company notifies a change to the composition of the Board of Directors
243776	19/10/2016	Calls for meetings or informative events	Aena, S.A., announces the holding of the presentation of earnings corresponding to the third quarter of 2016.
243995	25/10/2016	Interim financial information	The company sends information on results for the third quarter of 2016.
243997	25/10/2016	Information on results	Presentation of results corresponding to the first nine months of 2016
244002	25/10/2016	Composition of the Board of Directors	Communication of the appointment of a new proprietary director of the company

Table 32. Summary of Price Sensitive Information

APPENDIX III. Corporate Governance Report

Aena's Annual Corporate Governance Report for the year 2016 is part of the Management Report and from the date of publication of the financial statements, it is available on the website of the Comisión Nacional del Mercado de Valores (CNMV) and the Aena website.

PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONSOLIDATED DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2016

On 21 February 2017, in accordance with the requirements of article 253 of the Corporate Enterprises Act and article 37 of the Code Of Commerce, the Board of Directors of the company Aena, S.A. has prepared the consolidated Financial Statements and the Consolidated Directors' Report for the financial year to 31 December 2016, which comprise the attached documents that precede this statement.

Cargo	Nombre	Firma
Chairman:	Mr. José Manuel Vargas Gómez	
Director:	Mrs. Pilar Arranz Notario	
Director:	Mr. Juan Miguel Báscones Ramos	
Director:	Mrs. Tatiana Martínez Ramos e Iruela	
Director:	Mr. Rodrigo Madrazo García de Lomana	
Director:	Mr. José María Araúzo González	
Director:	Mrs. Pilar Fabregat Romero	
Director:	Mr. Francisco Javier Martín Ramiro	
Director:	TCI Advisory Services, LLP, representado por Mr. Christopher Anthony Hohn[1]	
Director:	Mr. Juan Ignacio Acha-Orbea Echeverría	
Director:	Mr. Eduardo Fernández-Cuesta Luca de Tena	
Director:	Mr. Simón Pedro Barceló Vadell	
Director:	Mr. Jaime Terceiro Lomba	
Director:	Mr. Amancio López Seijas	
Director:	Mr. José Luis Bonet Ferrer[2]	
Secretary (non Director):	Mrs. Matilde García Duarte	

[1] Mr Christopher Hohn's signature is not included, due to the fact that he has formulated these annual accounts, but he is not present at the time of signature of the accounts because he has attended the Board of Directors' meeting by conference call, .

[2] Due to the impossibility of attending the meeting of the Board of Directors, this Director delegates his vote to D. Juan Ignacio Acha Orbea Echeverría.