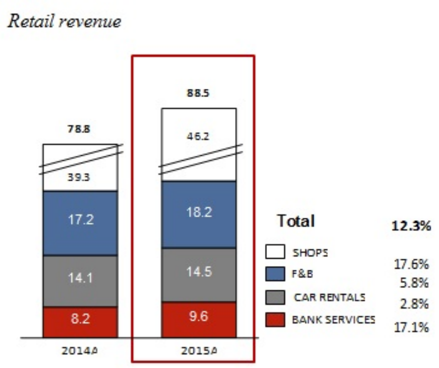
Milan MXP T1 drives retail surge for SEA

**New retail facilities, introduced last year at terminal one of Milan Malpensa Airport (MXP), have pushed up revenue from shops by +17.6% year-on-year at SEA Group, the operator of MXP and Milan Linate (LIN) airports.**

Total shop revenue reached €46.2m/$52.7m enabling the retail sector – which also includes car rentals, F&B and bank services – to grow by +12.3% in comparison with 2014 (*see chart below and click to enlarge*).

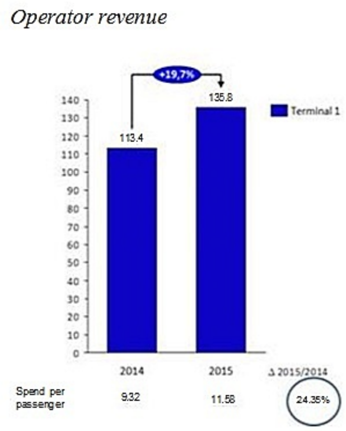
Over the course of 2015, SEA's non-aviation sector generated revenue of €214.9m/$245m, an increase of +5.7% and contributing 31% of the group's total revenue.




**Retail components at SEA.**

These positive figures are mostly the result of the new central duty free store run by Dufry and **the new luxury piazzas** as well as changes to passenger flows, introduced in T1 last year. A key element was the relocation – in April 2015 – of the security area to the check-in floor, from which all passengers then moved into a single commercial area on the floor below.

The effect of the changes on individual spending is that revenue-per-passenger surged by over +24%. Spend per passenger increased to €11.58 from €9.32 in 2014 (*see chart right and click to enlarge*).

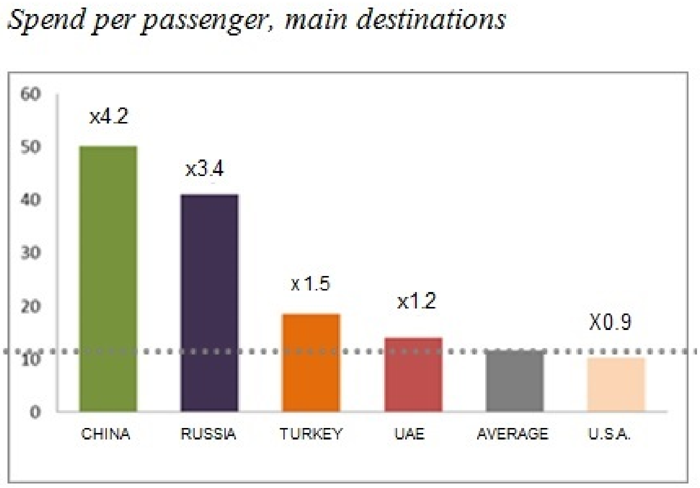



**Spend per head has risen sharply in MXP T1.**

## CHINESE UP, RUSSIANS DOWN

Making a significant contribution to these results were Chinese passengers, whose numbers increased by +25% in 2015 and whose spending increased by +8%. However, due to the devaluation of the rouble, spending by Russian passengers "remained in a critical state" says SEA, down -23.6% on last year, and in line with tax-free transactions in the same period.

According to SEA "spending by American passengers picked up impressively (+37%) and spending by UAE passengers also showed double-figure growth (+27%)". On average, the Chinese and Russians remained the high fliers in terms of individual spending at x4.2 and x3.4 the average at the airport (*see chart below and click to enlarge*).




**POSITIVE INTERCONTINENTAL MOMENTUM**

Referring to the passenger traffic situation, SEA Chairman, Pietro Modiano, is optimistic.

He notes that while overall growth was “satisfactory” at just +1.6% [*despite the EXPO 2015 event in the city*], the high-yield segment – key to duty free and travel retail sales – was very good.

Modiano says: “The increase in passenger traffic was significant above all in its higher-value component of intercontinental traffic which represents the heart and very reason for the activity of Malpensa airport.

“This surpassed 5.6m passengers, with a +4.8% increase compared to 2014 [*which was +11.8% up on 2013*]. The number of intercontinental passengers rose by 816,000 units during the two-year period.

“Milan Malpensa is now one of the most dynamic in Europe in terms of international traffic growth, and indicative of a marked recovery in the international context following the difficult years following Alitalia’s de-hubbing.”

Structural aid to MXP’s international recovery has come in the form of the completion of the North Satellite – used for intercontinental flights – and the restyling of T1 and the upgraded retail offering as described above.

SEA Group’s financial and operating highlights are shown below.

**Modiano: MXP is now one of the most dynamic in Europe in terms of international traffic growth.**