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9 Months 2018 Financial Results

November 13, 2018

9M 2018 Highlights

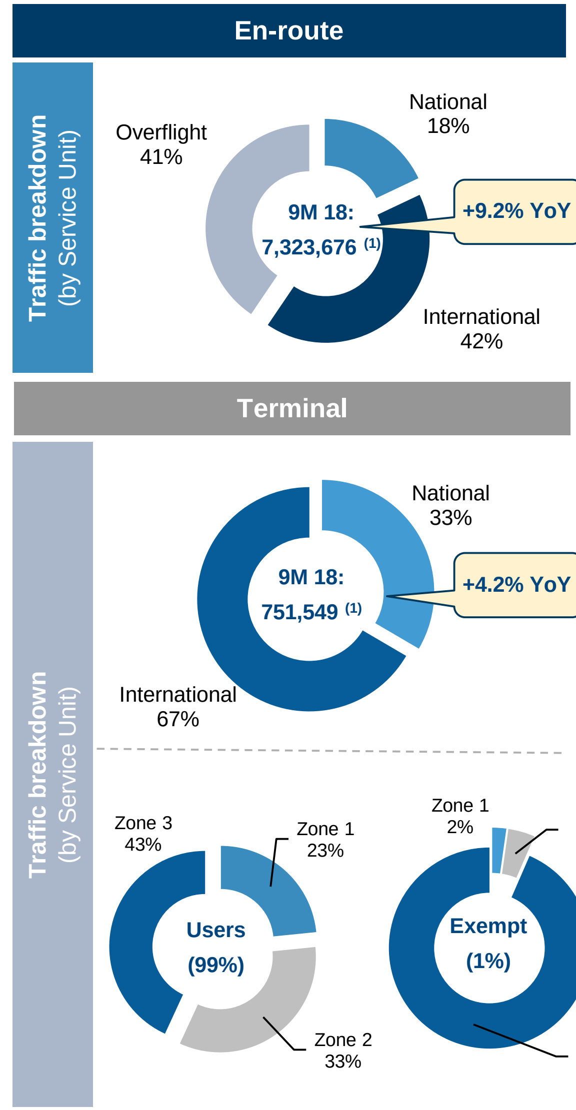
- **Strong traffic growth in 9M 18,** with **en-route traffic up 9.2% YoY**, best performance amongst "big 5" peer countries, driving **Revenue from Operations up 6.8%** to €715.1m
- **Net Revenue increases by 0.4%** YoY to **€675.6m**, with Revenue from Operations and Other Operating Income almost fully offset by negative Balance:
  - Significant growth in en-route revenue, up 9.7% to €524.7m
  - Marginal increase in terminal revenue, up 0.5% to €170.5m
  - Material negative impact from Balance of -€72.5m in 9M 18 vs -€21.8m in 9M 17, as a combination of higher balance reversal in 2018 tariff and no en-route traffic balance creation as a consequence of strong traffic
  - Non-regulated revenue at €10.0m
- **EBITDA increases by 1.9% YoY to €234.9m,** driven by top-line growth and external opex efficiency
- **EBIT grows 9.2% to €140.9m**, mostly as a result of lower D&A and positive impact of provisions and write-downs
- **Net Profit of €98.8m, up 10.2%** over previous year
- Net Debt / LTM EBITDA of 0.2x
- Capex of €69.2m in 9M 18
- 2018 FY Guidance confirmed, **2018 EBITDA margin guidance raised to 33%**

9M 2018 Main Traffic Trends

- **En-route** service units **increase 9.2%**[1] YoY driven by significant growth in Q3 18 (+9.8%) confirming the trend of 1H 18 (+8.7%):
  - Ongoing exceptional performance in Overflight service units growing by 15.1% YoY
  - Confirmed strong growth in International traffic, with service units up 7.4% YoY
  - Solid rebound in National traffic, with service units increasing 2.7% YoY

- Positive growth trends in **Terminal traffic** with service units up **4.2%[1]** YoY:
  - Growth in International traffic, up 5.3% YoY, mainly driven by TZ3 (+6.8%) and TZ1 (+6.1%)
  - Rebound in National traffic, up 2.1% YoY, with most of the service units growth in TZ2 (+8.4%), reinforced by an increase in TZ1 (+0.9%) as well as in TZ3 (+0.3%)

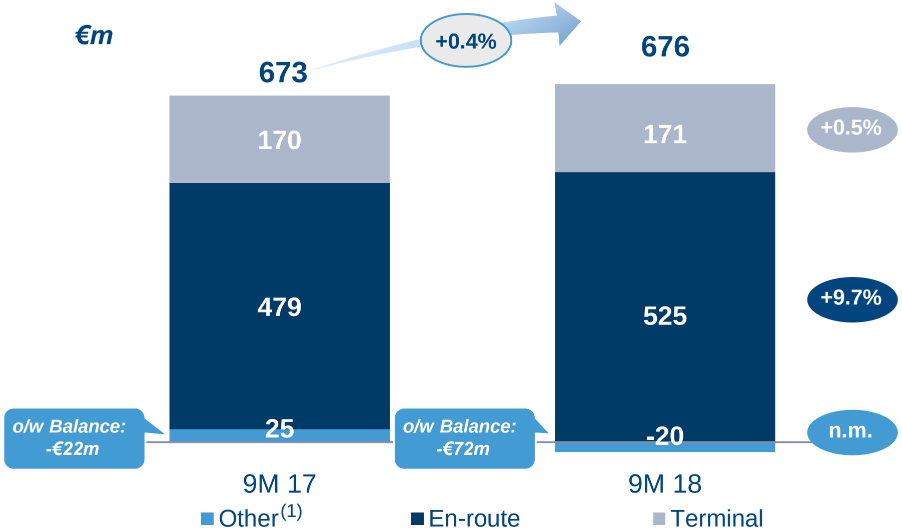
- **Best in class performance amongst "Big 5" countries** in terms of **delay per assisted flight** despite substantial growth in traffic, thanks to performance of our personnel and investments in innovative technologies



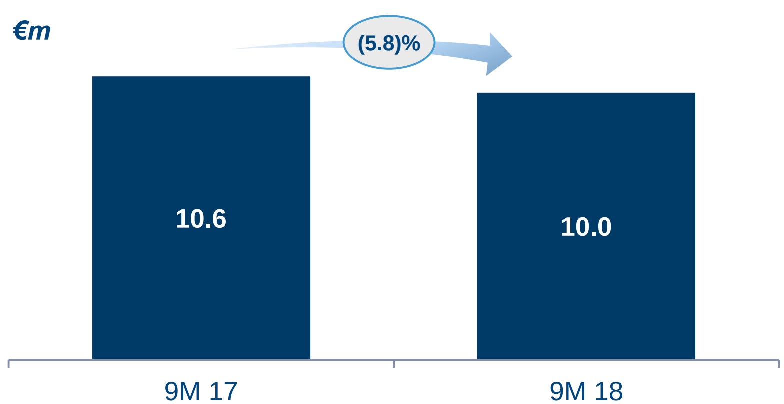
(1) Excluding exempt flights not communicated to Eurocontrol (for 9M 18 en-route 2,096 SUs, terminal 689 SUs)

Net Revenue Performance

Net Revenue breakdown



Non-regulated Revenue

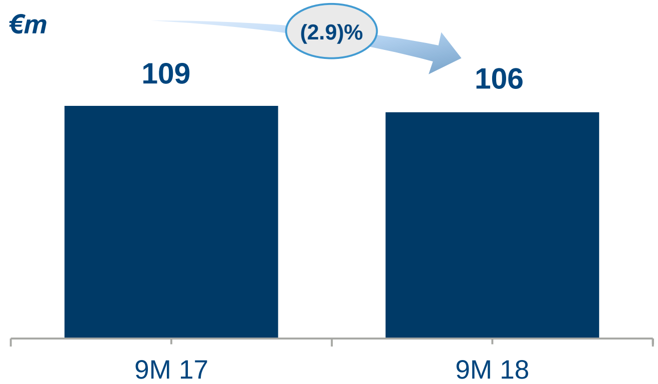


- Net Revenue growth driven by strong performance in Revenue from Operations and Other Operating Income, up respectively 6.8% and 30%, almost fully offset by negative Balance
- Significant en-route revenue growth of 9.7% YoY driven by exceptionally high Overflight and International traffic, as well as growth in National traffic
- Positive performance in terminal revenue, up 0.5% YoY, as a result of solid increase in terminal traffic (+4.2%) and lower tariffs applied in all zones
- Negative Balance of €(72.5)m, vs. smaller negative Balance of €(21.8)m in 9M 17, mainly as a combined effect of:
  - Higher balance reversal applied in 9M 18 tariff for a negative amount of €43.0m (vs -€18.1m in 9M 17)
  - No new balance created, since the delta between actual and planned SUs in 9M 18 within *dead-band* range of +/-2%
  - Negative balance of €4.6m related to Eurocontrol costs, as well as negative balance from inflation and from terminal zone 2 and zone 3
- Other Operating Income mainly includes opex contributions for Safety and Security (under law 248/05) of €22.5m, and European financing related to common projects, amounting to approx. €7m
- Revenue from non-regulated business at €10.0m with an increase from contracts in Libya and Malaysia, partially compensating the lower contribution of the contract in UAE and the termination of the contract in Morocco

(1) Other includes balance, non-regulated activities, opex contributions, exemptions and other income

Cost Efficiency on Track

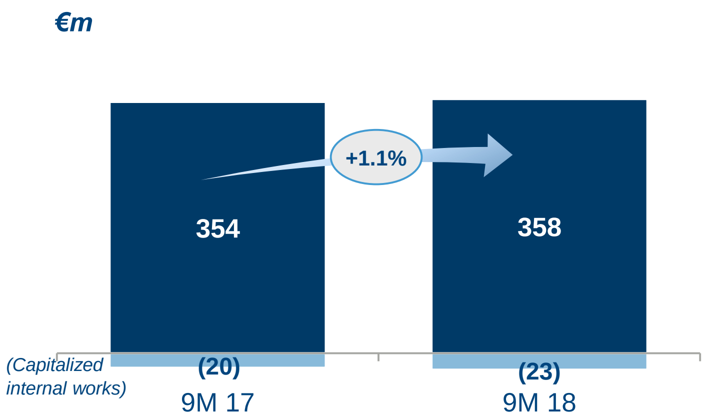
Ongoing external cost optimization



Strong cost discipline with **external Opex efficiency plan** leading to a further reduction of €3.2m YoY:

- Decrease in utilities and telecommunication costs of €3.2m, driven by contract renegotiation and adoption of new E-NET fiber network
- Increased insourcing of facilities services, such as reception services, and reduction by 18% of external consultancies
- Lower lease costs following closure of the office rental contract replaced by a more favourable contract and by the use of owned premises
- Partially offset by higher equipment purchases due to increased activity performed by TechnoSky on ENAV's assets

Personnel cost affected by traffic increase



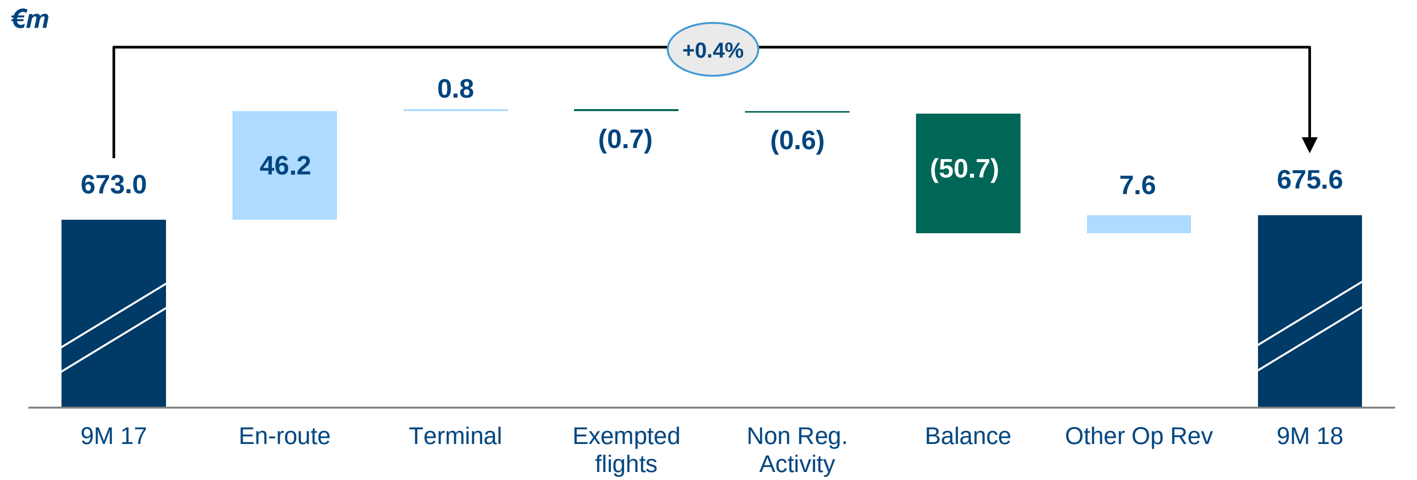
Marginal personnel costs increase as a combination of:

- **Higher expenditures** for **direct personnel costs** (+€3.8m, +1.1% YoY), as a consequence of the increase in variable remuneration and in overtime, as well as increase in voluntary redundancy incentives. Total Group headcount reduced by 59 units vs 9M 17
- **Increase in capitalized internal works** (+€2.5m, +12% YoY), mainly related to investment projects including 4-Flight data processor and transfer of Olbia and Alghero approaches to Ciampino ACC

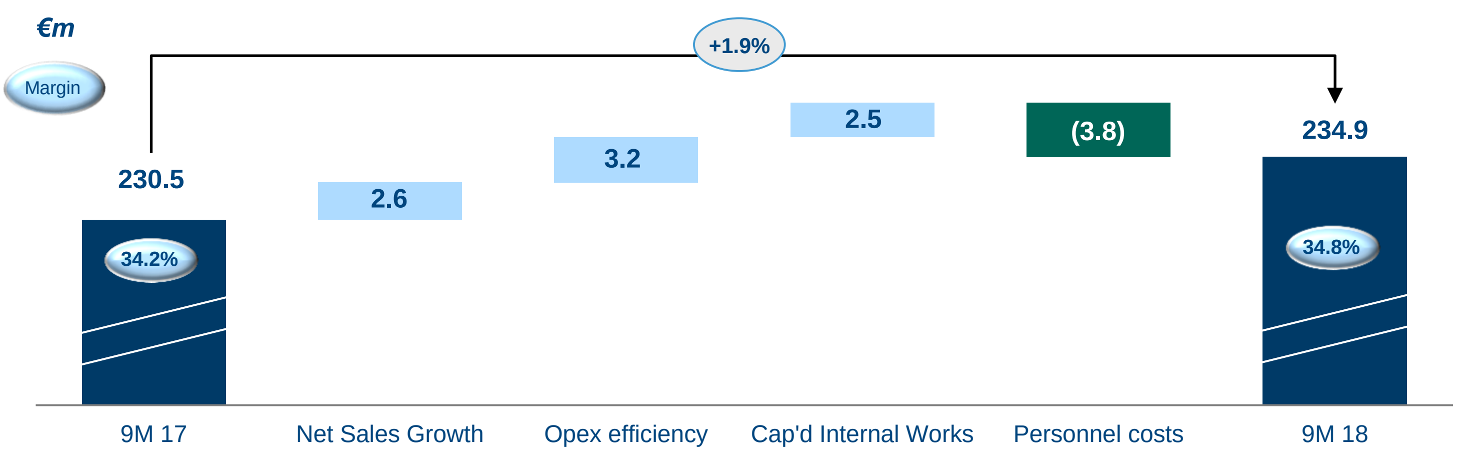
9M 2018 Financials Overview

Net Revenue and EBITDA Development

Net Revenue



EBITDA



- **Net Revenue increase of 0.4%** YoY driven by solid Operating revenue performance, mainly in en-route, and increase in Other Operating Income, offset by negative Balance
- €50.7m **higher negative Balance** vs 9M 17 by mainly due to higher balance reversal in tariff in 9M 18
- **EBITDA increases 1.9%** to **€234.9m** driven by top line dynamics and cost efficiency, slightly offset by higher personnel costs related to variable pay, overtime and voluntary redundancy costs; EBITDA margin increases to 34.8%

Consolidated P&L and Main Movements Below EBITDA

Euro '000	9M 18	9M 17	Amount	Change %
Revenue from operations	715,055	669,345	45,710	6.8%
Balance	(72,496)	(21,786)	(50,710)	232.8%
Other operating income	33,061	25,429	7,632	30.0%
Total Net Revenue	**675,620**	**672,988**	**2,632**	**0.4%**
Personnel costs	(358,005)	(354,188)	(3,817)	1.1%
Capitalized internal works	22,857	20,396	2,461	12.1%
Other net operating costs	(105,534)	(108,734)	3,200	-2.9%
Total operating costs	**(440,682)**	**(442,526)**	**1,844**	**-0.4%**
EBITDA	**234,938**	**230,462**	**4,476**	**1.9%**
EBITDA margin	***34.8%***	***34.2%***		
D&A (net of capex contributions)	(94,521)	(96,540)	2,019	-2.1%
Provisions and writedowns	455	(4,912)	5,367	-109.3%
EBIT	**140,872**	**129,010**	**11,862**	**9.2%**
EBIT margin	***20.9%***	***19.2%***		
Financial income / (expenses)	(1,786)	(1,559)	(227)	14.6%
Profit before income taxes	**139,086**	**127,451**	**11,635**	**9.1%**
Income taxes for the period	(40,316)	(37,812)	(2,504)	6.6%
Net Income for the period	**98,770**	**89,639**	**9,131**	**10.2%**

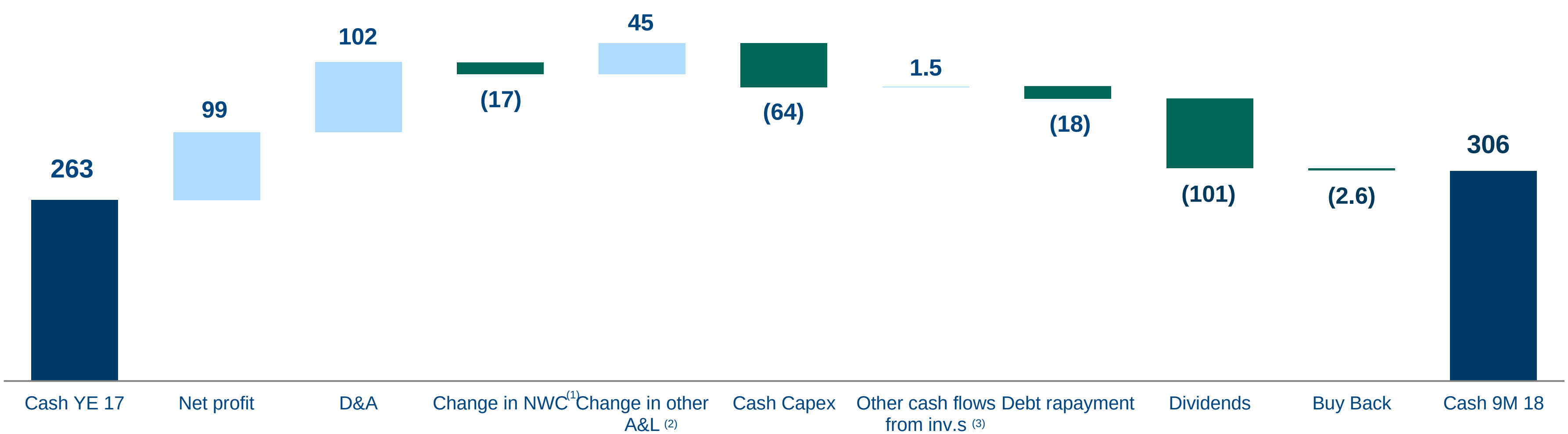
- D&A marginal decrease of €2.0m, due to normalization of Capex in recent years
- Positive provisions and write-downs, mainly due to certain positive settlements in 9M 18; 9M 17 impacted by impairment loss for Alitalia credit
- Modest increase in financial expenses in 9M 18 vs previous year as a combined effect of higher interest paid, due to EIB facility drawdown, and lower financial income from Balance receivables actualization in 9M 18 vs 9M 17
- Income taxes higher than previous year, mainly due to an increase in taxable income and the effect of deferred taxes
- Net Profit of €98.8m, up 10.2% YoY

Cash Flow and Capitalization

- Cash balance increases by €42m in 9M 18 vs YE 17, as a result of:
  - Capex of €69.2m (cash Capex of €64.2m), more than compensated by €101.7m D&A
  - Net Profit of €98.8m, offset by dividends paid and shares buy back, respectively €101m and €2.6m
  - Lower Net Working Capital[(1)] absorption, mainly due to the dynamics of Trade Receivables and Payables
- Net Debt of €55.3m as of September 30, 2018 providing significant financial and operating flexibility

	Maturity		Total debt outstanding/cash (€m)
	Current (<1 year)	Non-current	
Total Debt	19	344	363
Cash & Equivalents			306
Financial Receivables	2		2
Net Debt			55
Net Debt / 9M 18 LTM EBITDA			0.2x

€m



(1) Change in trade payables, trade receivables and Inventories
(2) Change in Other current and non-current assets and liabilities, change in income tax payables and social security payables
(3) Change in Other cash flows from investments is related to the disposal of a building in Forlì

EBITDA Margin Guidance Raised

Flat to low single-digit Net Revenue growth, with decrease in regulated tariff offset by expected growth in traffic

EBITDA margin increasing YoY to approx. 33%

Capex of ~ €125m

2019 DPS expected to grow by 4% over 2018

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