We look up to the sky.

1H 2019 Financial Results

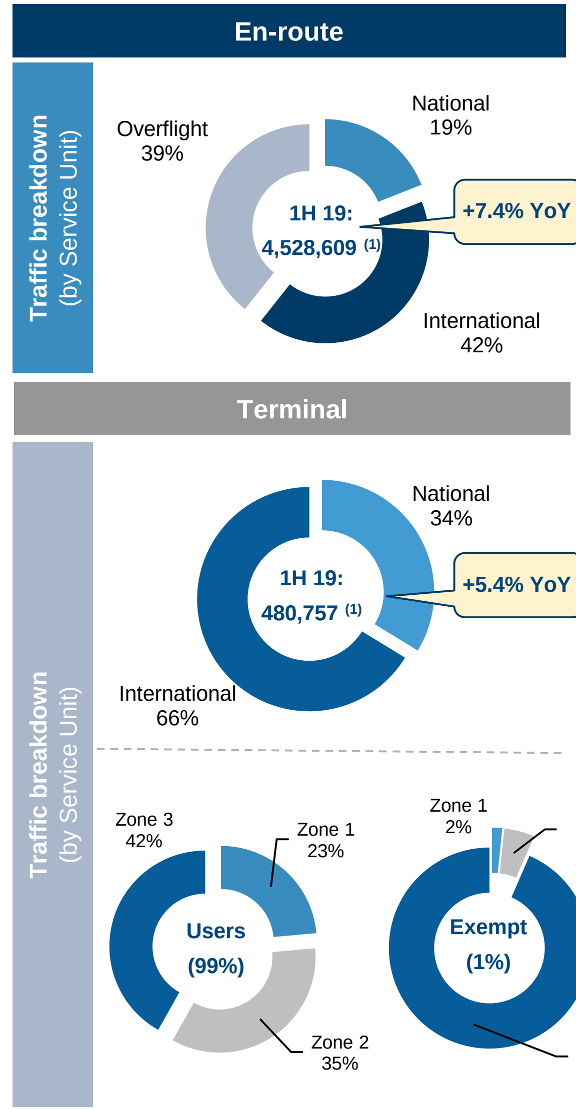
Aug 6, 2019

1H 2019 Highlights

- **Net Revenue increases by 1.5%** YoY to **€417.3m**
- **Solid growth in revenue from operations,** driven by an ongoing high traffic
  - Growth in en-route revenue, up 2.9% to €310.1m
  - Significant increase in terminal revenue, up 5.8% to €108.8m
  - Non-regulated revenue at €4.1m
  - Negative Balance at €29.8m, as a result of higher balance reversal in tariffs in 1H 2019 and negative en-route and terminal traffic balance creation as a consequence of strong traffic
- **EBITDA at €115.0m,** up 3.2% YoY
- **Net profit of €34.1m, up 3.4%** over previous year
- **Closing** of the **IDS Air Navigation Division acquisition**
- **Pro-forma Net debt / LTM EBITDA of 0.3x, including** the cash out for the **IDS acquisition**
- **2019 FY guidance confirmed,** capex guidance revised to €115-120m from €125m

1H 2019 Main Traffic Trends

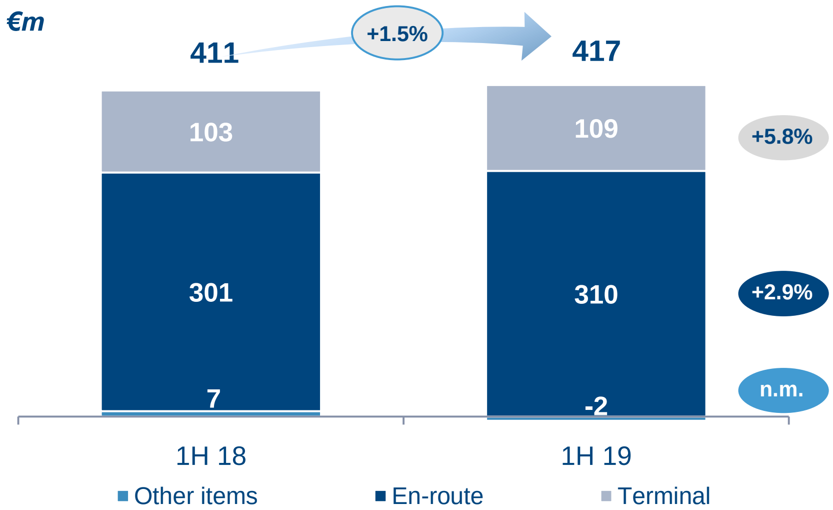
- **En-route** service units **increase 7.4%**[1] YoY driven by mid- to high-single-digit growth in all the first six months of 2019:
  - Very strong ongoing performance of Overflight traffic, with service units up 9.5% YoY
  - Further rebound in National traffic, with service units increasing by 7.1% YoY
  - Confirmed positive performance in International traffic, with service units up 5.9% YoY
- Resilient growth trends in **Terminal traffic** with service units up **5.4%[1]** YoY:
  - Growth in International traffic, up 5.8% YoY, with a positive performance in all three charging zones
  - Further recovery in National traffic, mainly driven by a significant growth in TZ2 (+9.5%), as well as by a robust trend in TZ3 (+4.4%) and TZ1 (+4.0%)
- Best in class performance amongst "Big 5" countries in terms of delay per assisted flight



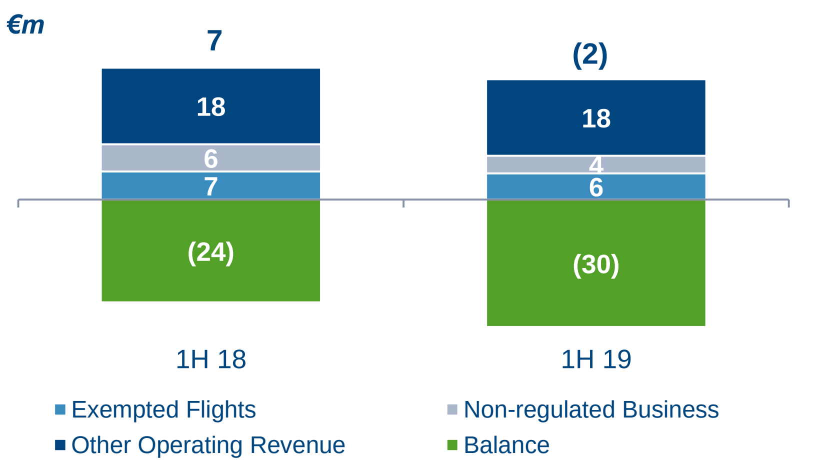
(1) Excluding exempt flights not communicated to Eurocontrol (for 1H 19 en-route 1,266 SUs, terminal 468 SUs)

Net Revenue Performance

Net Revenue breakdown



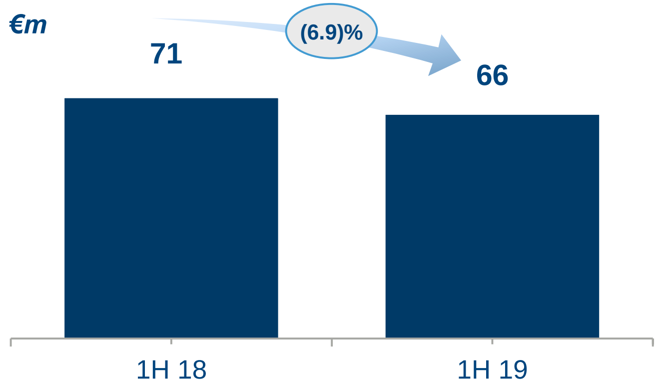
Details on Other items



- Net Revenue growth driven by solid performance in Revenue from Operations, up 2.9%, partially offset by negative balance
- Solid en-route revenue growth of 2.9% YoY, driven by strong traffic more than offsetting the decline in tariff
- Significant terminal revenue increase, up 5.8% YoY, as a result of growth in service units in all charging zones and reduction of tariffs applied in TZ2 and TZ3 vs previous year
- Negative balance of €(29.8)m, vs smaller negative balance of €(24.0)m in 1H 18, mainly as a result of:
  - Higher balance reversal applied in 1H 19 tariffs for a negative amount of €25.4m (vs -€24.7m in 1H 18)
  - Slightly negative en-route balance created for the period, as a consequence of actual SUs higher than planned SUs in 1H 19 (+2.4% vs forecast)
  - Terminal balance for the period of approximately €(2.5)m as combination of negative balance for TZ2 and marginal positive balance for TZ3
- Other Operating Revenue, stable YoY, mainly includes opex contributions for Safety and Security (under law 248/05) of €15m, and European financing related to common projects
- Revenue from Non-regulated Business at €4.1m, with new contracts in Croatia and Romania not compensating for the decline in revenues from contracts in Libya and for the conclusion of contracts in Middle East

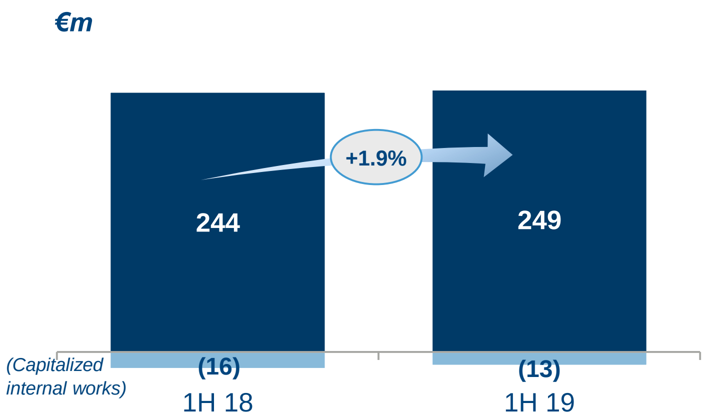
Cost Efficiency on Track

Ongoing external cost optimization



- **External opex efficiency plan** delivering **strong results** with a further reduction of €4.9m YoY, down 6.9%:
  - Reduction of telecommunication costs through full IP network and fee renegotiation with supplier
  - Lower ATM equipment purchases and lower maintenance costs due to different phasing of investment activities performed by TechnoSky on ENAV's assets
  - Reduction of external services and consultancies
  - Lower leases and rentals costs as a result of adoption of IFRS 16

Personnel Cost

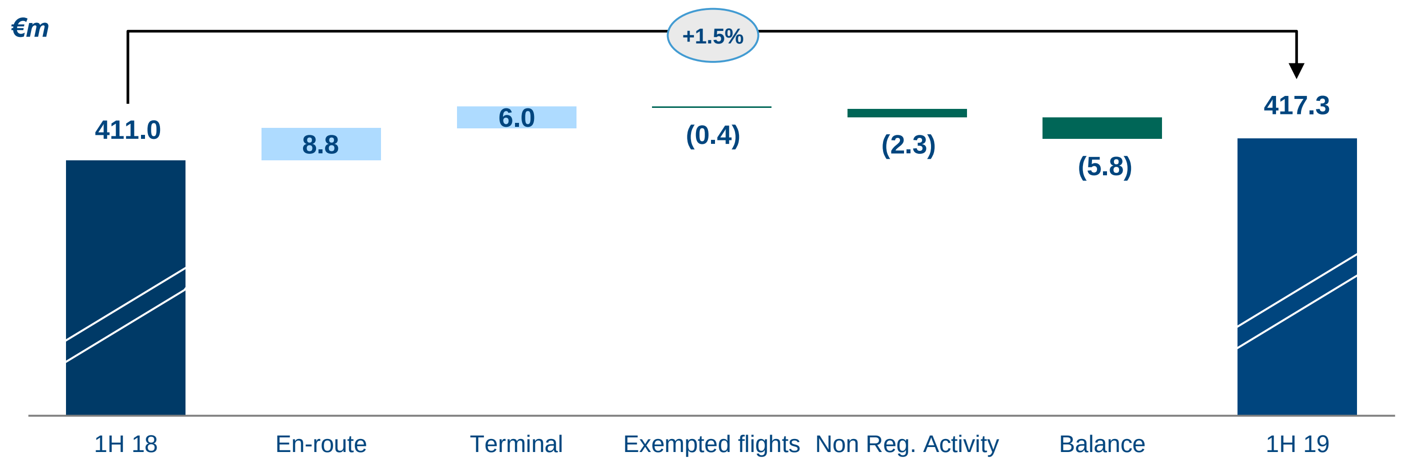


- **Personnel Costs increase** as a combination of:
  - Higher expenditures related to personnel costs (+€4.6m, +1.9% YoY), as a combined result of:
    - 2018 labour contract renewal and the recently-signed agreement for the 2019 Summer Season
    - Adoption by TechnoSky of the ENAV contract
    - Calendar effect on vacation balances
    - Reduction in headcount (-118 avg headcount YoY)
    - Reduction in voluntary redundancy costs
  - Decrease in capitalized internal works, mainly related to activities performed by TechnoSky (-€3.1m, -19.5% YoY)

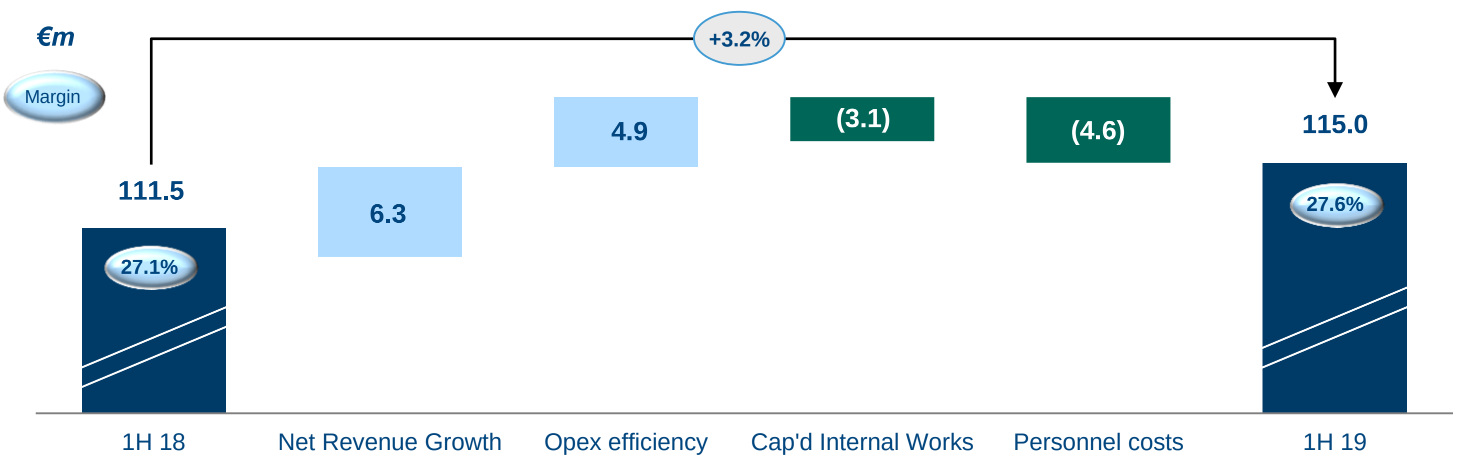
1H 2019 Financials Overview

Net Revenue and EBITDA Development

Net Revenue



EBITDA



- **Net Revenue increase of 1.5%** YoY driven by solid Operating revenue performance, both in en-route and terminal, only partly offset by negative Balance and decrease in non-regulated revenue
- **Negative Balance** higher by €5.8m mainly due to higher balance reversal in tariffs in 1H 19, and negative balance for the period for both en-route and terminal
- **EBITDA increases 3.2%** to **€115.0m** as a result of top line dynamics and Opex efficiency, offset by higher personnel cost and lower capitalized internal works; EBITDA margin grows to 27.6% from 27.1%

Consolidated P&L and Main Movements Below EBITDA

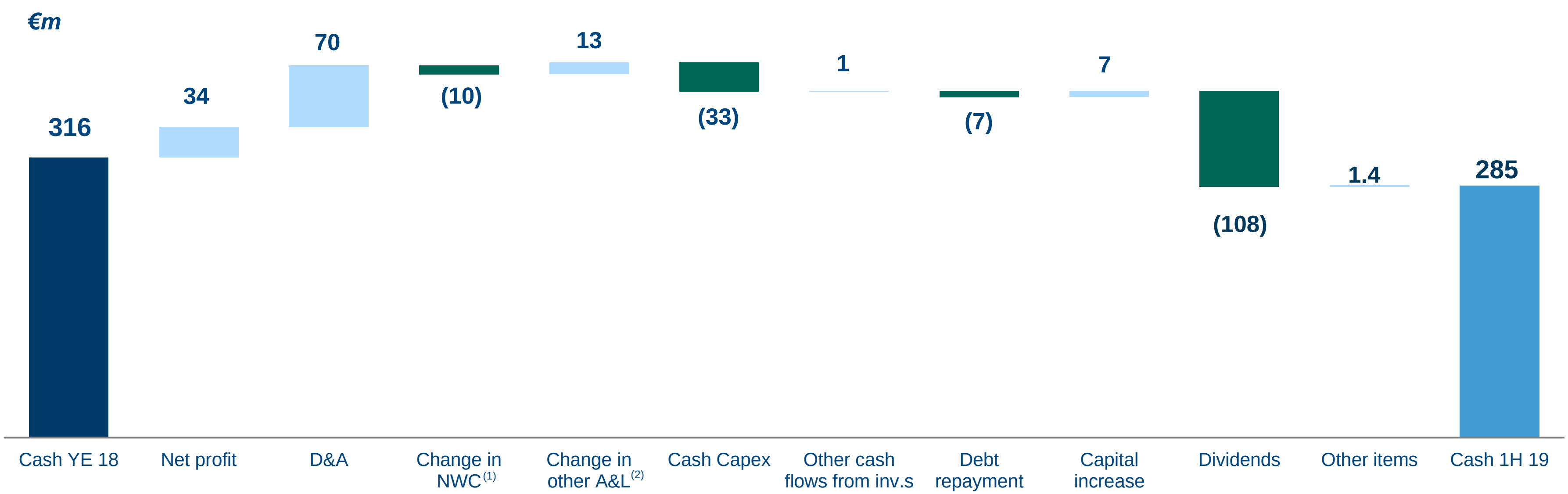
€ mln	1H 2019	1H 2018	Change Amount	Change %
Revenue from operations	429,244	417,147	12,097	2.9%
Balance	(29,814)	(24,026)	(5,788)	24.1%
Other operating income	17,868	17,870	(2)	0.0%
Total Net Revenue	**417,298**	**410,991**	**6,307**	**1.5%**
Personnel costs	(248,859)	(244,295)	(4,564)	1.9%
Capitalized internal works	12,979	16,116	(3,137)	-19.5%
Other net operating costs	(66,380)	(71,301)	4,921	-6.9%
Total operating costs	**(302,260)**	**(299,480)**	**(2,780)**	**0.9%**
EBITDA	**115,038**	**111,511**	**3,527**	**3.2%**
EBITDA margin	**27.6%**	**27.1%**		
D&A (net of capex contributions)	(64,872)	(64,536)	(336)	0.5%
Provisions and write-downs	(596)	1,315	(1,911)	n.a.
EBIT	**49,570**	**48,290**	**1,280**	**2.7%**
EBIT margin	**11.9%**	**11.7%**		
Financial income / (expenses)	(2,609)	(1,923)	(686)	35.7%
Profit/(Loss) before income taxes	**46,961**	**46,367**	**594**	**1.3%**
Income taxes for the period	(12,838)	(13,374)	536	-4.0%
Net Profit/(Loss) for the period	**34,123**	**32,993**	**1,130**	**3.4%**
Net Profit/(Loss) pertaining to the Parent	34,170	32,993	1,177	3.6%
Minority interests	(47)	0	(47)	n.a.

- D&A marginally increases by €0.3m, mainly due to IFRS 16 adjustments
- Slightly negative provisions and write-downs, mainly as a net effect of certain settlements and of the write-down of certain receivables
- Higher net financial expenses in 1H 19 vs 1H 18, as a result of balance receivables actualization posting a financial expense in 1H 19 vs a financial income in 1H 18
- Income taxes lower than previous semester, mainly explained by deferred taxes
- Net profit of €34.1m, up 3.4% YoY

Cash Flow and Capitalization

- Cash balance decreases by €32m in 1H 19 vs YE 18, as a result of:
  - Dividends paid for €108m, almost fully offset by net profit of €34m and D&A for €70m
  - Capex of €35m, cash Capex of €33m
  - Debt repayments of €7m, compensated by the €7m capital increase related to d-flight
  - Net Working Capital[(1)] absorption of €10m, mainly due to the dynamics of trade receivables and payables, counterbalanced by other A&L changes[(2)], including tax items, as well as CEF and PON projects
- Net debt of €39m as of June 30, 2019

	Maturity		Total debt outstanding/cash (€m)
	Current (<1 year)	Non-current	
Total Debt	**19**	**338**	**357**
Cash & Equivalents			**285**
Financial Receivables	9	25	**34**
Net Debt			**39**
Net Debt / 1H 19 LTM EBITDA			**0.1x[(3)]**



(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, as well as some other minor items
(3) By including the cash out for the acquisition of the IDS Air Navigation Division, the pro-forma Net debt/1H 19 LTM EBITDA becomes 0.3x

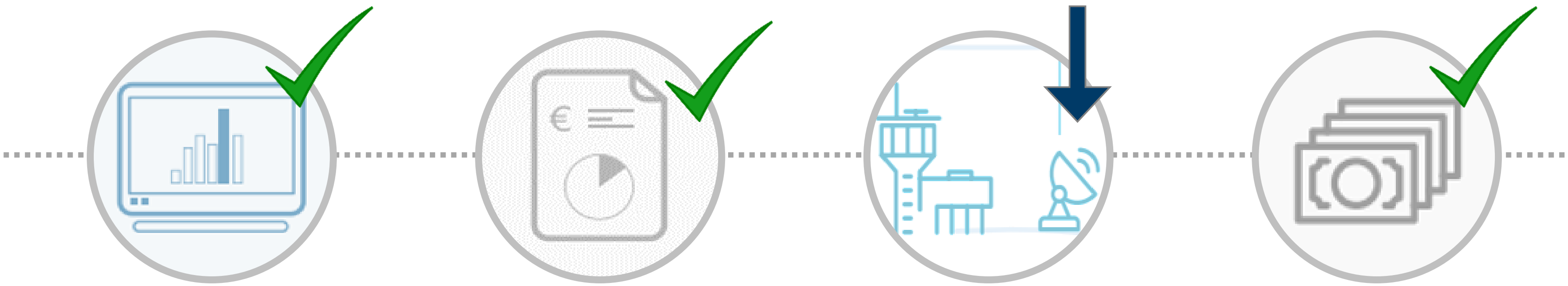
Guidance 2019 FY

Revenues

EBITDA

CapEx

DPS



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

EBITDA margin ~ 32%

Capex revised from €125m to €115-120m

2020 DPS expected to grow by 4% over 2019

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