enav

we look up

Q1 2018 Financial Results

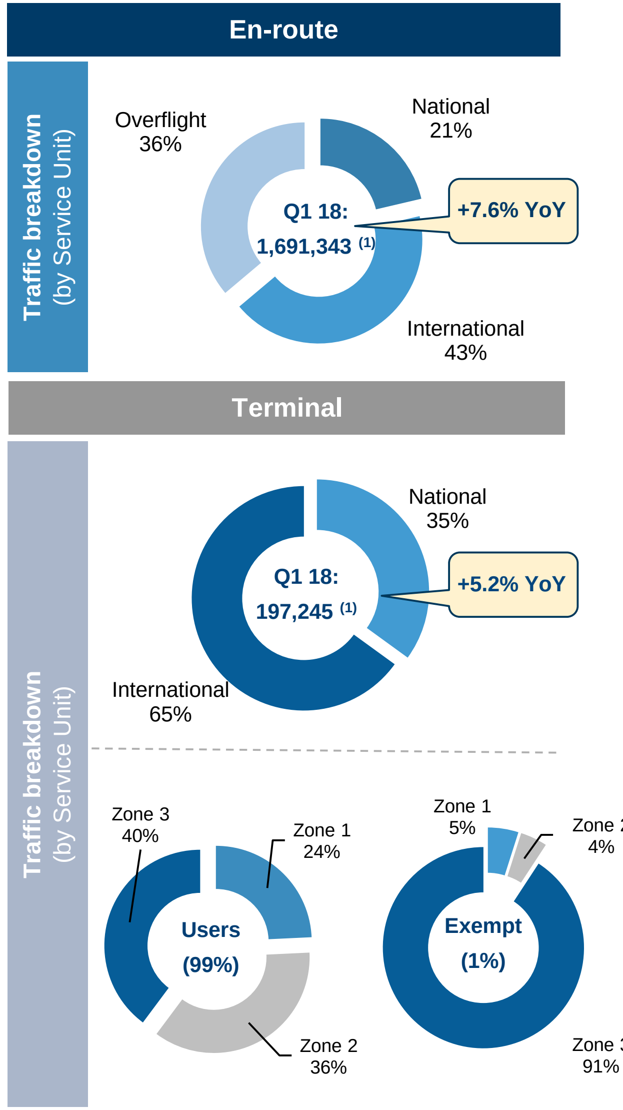
May 14, 2018

Q1 2018 Highlights

- **Stable Net Revenue** at **€175.5m** (-0.5% YoY) with strong increase in Revenue from operations offset by negative balance
  - **Revenue from operations up 5.9% YoY** to **€170.9m**
    - En-route revenue increases 8.1% to €120.5m
    - Terminal revenue grows 1.7% to €44.2m
    - Stable non-regulated revenue at €3.1m
  - **Balance** negative for €4.0m as a combined result of lower traffic balance and materially higher balance reversal in tariff in Q1 18
- Solid **EBITDA** performance, up 4.3% YoY to **€30.0m,** with **margin** improving 0.8 p.p. YoY to 17.1%
- **Net Loss of €4.4m,** compared to Net Loss of €4.2m recorded in previous year
- **Net debt / LTM EBITDA of 0.3x**
- AGM held on April 27, 2018 approved **payment of €101m dividend** for 2018, equal to €0.1864 per share

Q1 2018 Main Traffic Trends

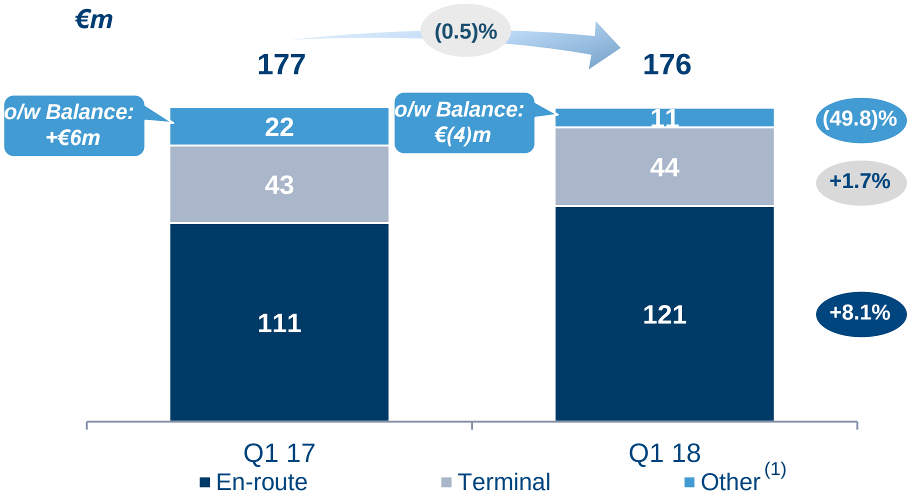
- Strong **en-route** traffic performance with service units growing **7.6%**[1] YoY:
  - Overflight service units growth accelerating to +11.7% YoY
  - Strong ongoing performance in International traffic, with service units up 7.5% YoY
  - Positive performance in National traffic, with service units increasing 3.3% YoY
- In Q1 2018 en-route service units growth in Italy is highest amongst ‘Big 5’ European countries
- Solid trends in **Terminal** traffic with service units up 5.2%[1] YoY:
  - Solid growth in International traffic, up 6.3% YoY, in particular in TZ1 (+6.9%) and TZ3 (+9.6%)
  - National traffic increases by 3.1%, despite negative performance in TZ1 traffic (-3.7%), driven by growth in TZ2 (+8.1%) and TZ3 (+4.0%)
  - Stable exempt flight SUs, mainly related to TZ3



(1) Excluding exempt flights not communicated to Eurocontrol (for Q1 18 en-route 206 SUs, terminal 142 SUs)

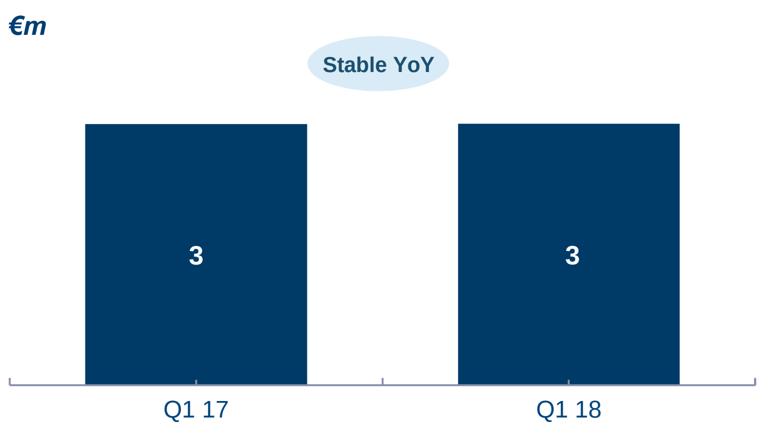
Net Sales Performance

Net sales breakdown



- Net sales substantially stable YoY with strong performance in Operating Revenue, up 5.9%, offset by negative balance
- Main growth contribution from En-route with revenue growth of 8.1% driven by acceleration of overflights with a stable tariff YoY
- Positive performance in terminal revenue, up 1.7% YoY, as combined effect of growth in service units in all tariff zones and reduction of tariffs applied in TZ1 and TZ2 vs previous year
- Negative Balance of €4m, vs positive Balance of €6.3m in Q1 17, mainly as a combination of:
  - Lower traffic Balance in en-route, resulting from strong traffic growth that reduces the gap between actual and planned traffic
  - Higher Balance reversal applied in Q1 18 tariff for a negative amount of -€10m (vs -€6m in Q1 17)
- Other Operating Revenue mainly related to opex contributions for Safety and Security (under law 248/05) of €7.5m, and European financing related to common projects
- Stable revenue from **non-regulated** business with solid increase from contracts in Libya and Malaysia compensating the final portions of the contracts in UAE and completion of contract in Morocco. Positive contribution also from training services

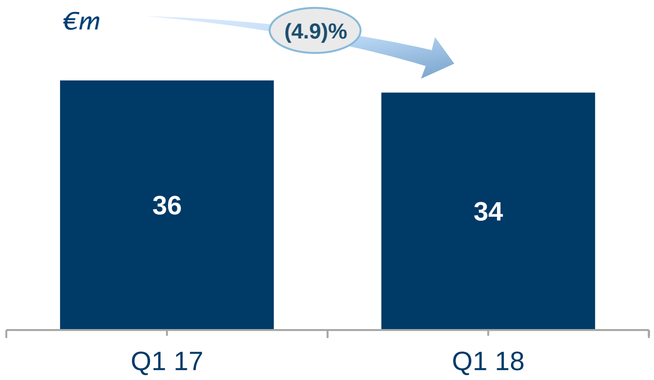
Non-regulated Revenue



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

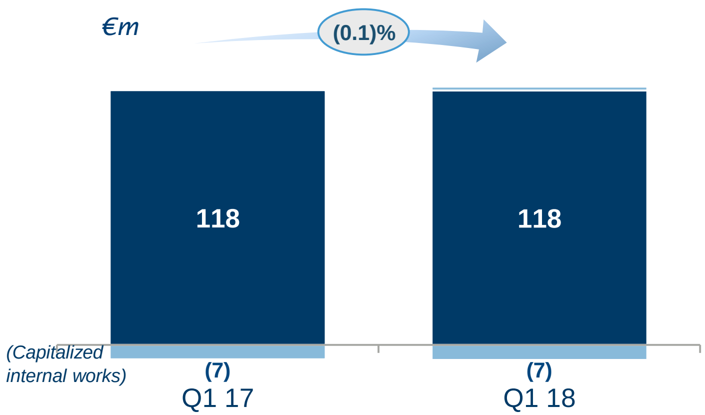
Solid execution on efficiency plan

External Opex Efficiency



- Opex efficiency plan continuing to deliver solid results with reduction of external costs of €1.8m YoY (-4.9%) :
  - Lower purchasing costs due to more effective spare parts management
  - Reduction of telecommunication costs through single full IP network, and lower unit costs for utilities through renegotiation with suppliers
  - Lower costs due to insourcing of security and reception services and lower recourse to external consultancies
  - Lower lease costs following closure of office building rental contract and relocation of personal to owned premises in Ciampino

Stable Personnel Costs

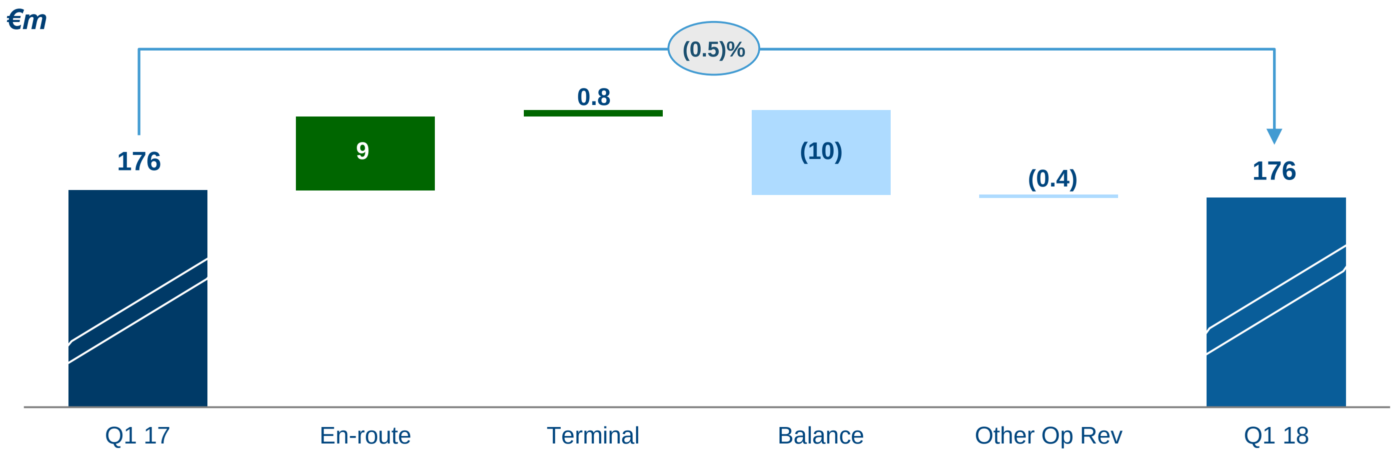


- Personnel Costs under control with stable performance YoY:
  - Marginal fixed salary increase of 0.3% includes assumption on potential effect of contract renewal, partially compensated by headcount reduction (-50 avg headcount YoY, headcount as of March 31, 2018 is 4,236)
  - Decrease in variable salary following reduction in overtime in Q1 18 versus previous year which was impacted by Free Route implementation, and reduction of vacation backlog
  - Decrease in social security contributions partly offset by higher voluntary redundancy costs

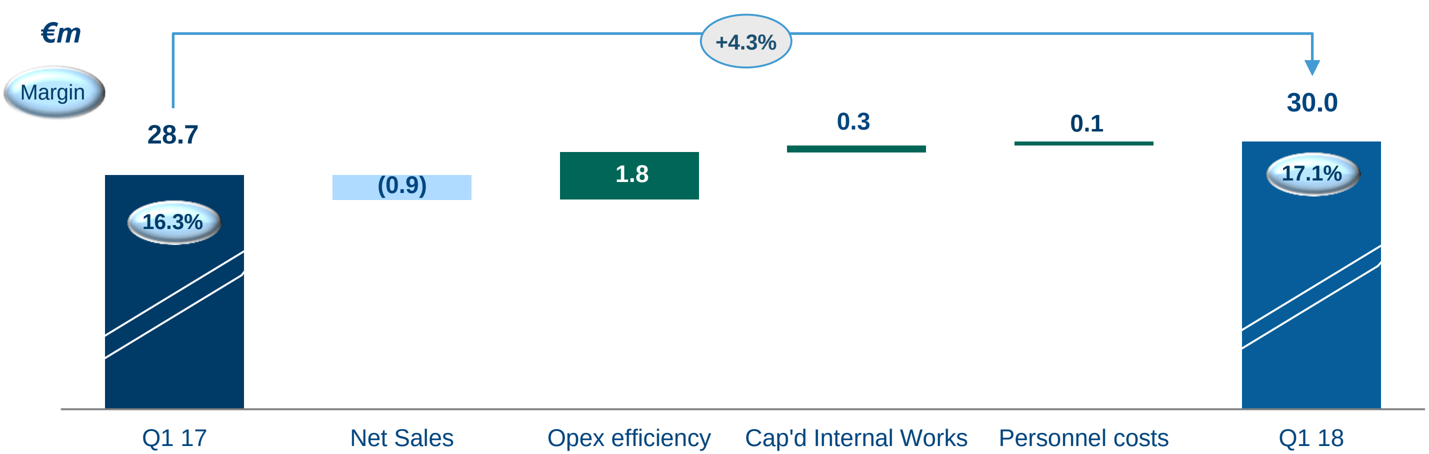
Q1 2018 Financials Overview

Net Revenue and EBITDA Bridge

Net Sales Bridge



EBITDA Bridge



- **Net sales marginal decline of 0.5%** YoY as a result of strong Operating revenue performance, in particular in en-route, offset by negative Balance
- **Balance** YoY declines by 10 million euro as a result of lower en-route traffic balance and materially higher balance reversal in tariff in Q1 18
- **EBITDA increases 4.3%** to **€30m** driven by cost efficiency, EBITDA margin increases 0.8 p.p. YoY to 17.1%

Consolidated P&L

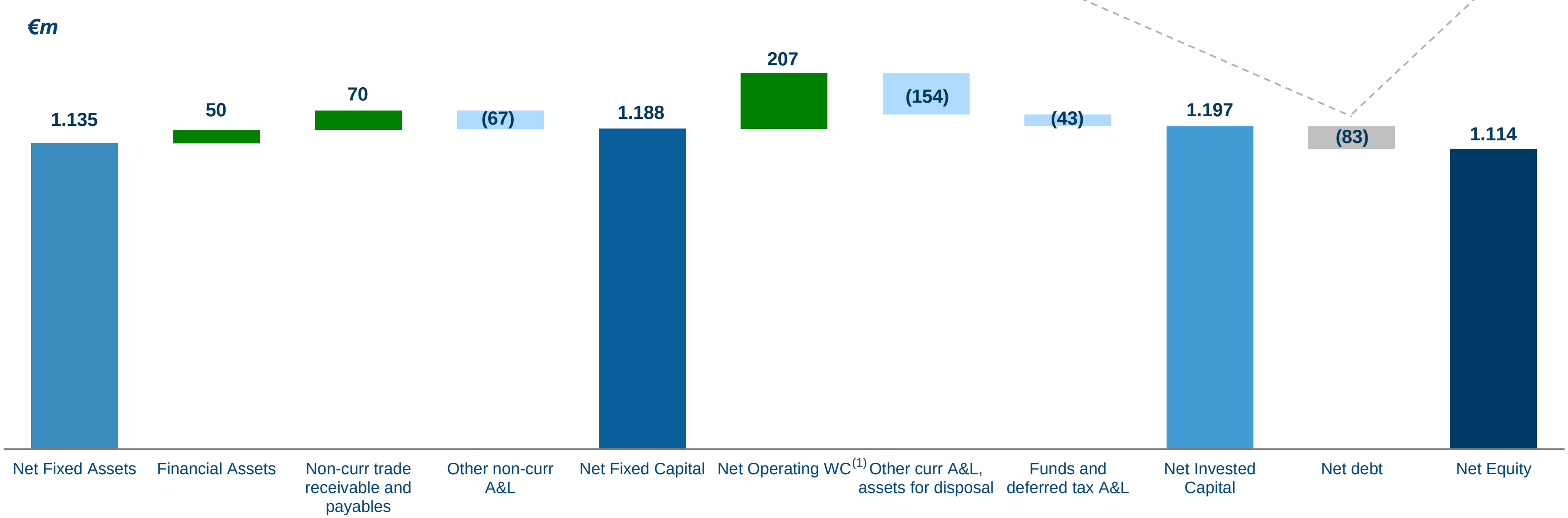
€ '000	Q1 2018	Q1 2017	Change Amount	Change %
Revenue from operations	170.918	161.452	9.466	5,9%
Balance	(3.971)	6.317	(10.288)	(162,9%)
Other operating income	8.561	8.652	(91)	(1,1%)
Total Net Revenue	**175.508**	**176.421**	**(913)**	**(0,5%)**
Personnel costs	(118.035)	(118.177)	142	(0,1%)
Capitalized internal works	6.877	6.626	251	3,8%
Other net operating costs	(34.374)	(36.135)	1.761	(4,9%)
Total operating costs	**(145.532)**	**(147.686)**	**2.154**	**(1,5%)**
EBITDA	**29.976**	**28.735**	**1.241**	**4,3%**
EBITDA margin	*17,1%*	*16,3%*	*0,8%*	*4,9%*
D&A (net of capex contributions)	(31.725)	(31.656)	(69)	0,2%
Provisions and writedowns	3	(4)	7	(175,0%)
EBIT	**(1.746)**	**(2.925)**	**1.179**	**(40,3%)**
EBIT margin	**-1,0%**	**-1,7%**	**0,7%**	**(40,0%)**
Financial income / (expenses)	(1.302)	(159)	(1.143)	n.m.
Profit before income taxes	**(3.048)**	**(3.084)**	**36**	**(1,2%)**
Income taxes	(1.342)	(1.103)	(239)	21,7%
Net Income	**(4.390)**	**(4.187)**	**(203)**	**4,8%**

- Stable D&A in Q1 18 versus previous year as result of capex normalization
- Financial income in Q1 18 significantly lower than Q1 17, due to lower balance receivables actualization on TZ3
- Financial expenses in Q1 18 marginally higher mainly due to drawdown of tranche of EIB loan
- Income taxes higher than previous year due to higher taxable income in subsidiaries

Capital structure and Balance Sheet

- **Cash balance** increases by €34m mainly as a result of:
  - Positive cash generation from the business
  - Cash-in of pre-financing on CEF projects
  - Net Working Capital [1] generation, mainly due to lower trade receivables from EC (traffic in Feb-Mar not yet due lower than traffic in last 2 months of 2017) and increase in trade payables
- **Net debt of €83m** as of March 31, 2018 providing significant financial and operating flexibility

	Maturity		Total debt outstanding/cash (€m)
	Current (<1 year)	Non-current	
Total Debt	32	351	383
Cash & Equivalents			297
Current financial credits			2
Net Debt			83
Net Debt / 1Q18 LTM EBITDA			0.3x



(1) Change in trade payables, trade receivables and Inventories

Guidance Confirmed

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

- EBITDA margin stable YoY at approx. 32%

- Capex of ~ €125m

- 2019 DPS expected to grow by 4% over 2018

Disclaimer

This presentation contains certain forward-looking statements that reflect the Company's management current views with respect to future events and financial and operational performance of the Company and its subsidiaries. These forward looking statements are based on Enav S.p.A.'s current expectations and projections about future events. Because these forward-looking statements are subject to risks and uncertainties, actual future results or performance may differ materially from those expressed in or implied by these statements due to any number of different factors, many of which are beyond the ability of Enav S.p.A. to control or estimate precisely, including changes in the regulatory environment, future market developments, and other risks. You are cautioned not to place undue reliance on the forward-looking statements contained herein, which are made only as of the date of this presentation. Enav S.p.A. does not undertake any obligation to publicly release any updates or revisions to any forward-looking statements to reflect events or circumstances after the date of this presentation. The information contained in this presentation does not purport to be comprehensive and has not been independently verified by any independent third party. This presentation does not constitute a recommendation regarding the securities of the Company. This presentation does not contain an offer to sell or a solicitation of any offer to buy any securities issued by Enav S.p.A..