Half-year Financial Report

at 30 June 2017

Main operating data

Financial data	First Half 2017	First Half 2016	Variations	%
Total revenues	409,999	408,949	1,050	0.3%
EBITDA	110,994	103,402	7,592	7.3%
EBITDA margin	27.1%	25.3%	1.8%	7.1%
EBIT	39,817	34,626	5,191	15.0%
EBIT margin	9.7%	8.5%	1.2%	14.7%
Net profit for the period attributable to the Group	27,008	22,195	4,813	21.7%

Equity and Financial data	30.06.2017	31.12.2016	Variations	%
Net invested capital	1,292,923	1,219,947	72,976	6.0%
Shareholders' Equity	1,048,506	1,119,826	(71,320)	-6.4%
Net Financial Indebtedness	244,417	100,121	144,296	144.1%

Other indicators	First Half 2017	First Half 2016	Variations	%
En route service units	3,878,262	3,786,393	91,869	2.4%
Terminal service unit 1st charging zone	103,399	107,320	(3,921)	-3.7%
Terminal service unit 2nd charging zone	149,360	143,596	5,764	4.0%
Terminal service unit 3rd charging zone	184,482	176,984	7,498	4.2%
Free cash flow	(48,110)	(461)	(47,649)	n.a.
Headcount at the end of the period	4,242	4,280	(38)	-0.9%

Interim Report on Operations

at 30 June 2017

Contents

Corporate and control Boards

Board of Directors (*)	
Chair	Roberto Scaramella
Chief Executive Officer	Roberta Neri
Board Members	Giuseppe Acierno
	Maria Teresa Di Matteo
	Nicola Maione
	Fabiola Mascardi
	Carlo Paris
	Antonio Santi
	Mario Vinzia

Committee for Risk Management and Related Parties (**)	
Chair	Nicola Maione
Members	Antonio Santi
	Mario Vinzia

Remuneration and Appointments Committee (**)	
Chair	Carlo Paris
Members	Giuseppe Acierno
	Maria Teresa Di Matteo
	Fabiola Mascardi

Board of Statutory Auditors (***)	
Chair	
Statutory Auditors	Franca Brusco
	Mattia Berti
	Donato Pellegrino
Alternate Auditors	Maria Teresa Cuomo
	Francesco Schiavone Panni

Judge of the Court of Accounts delegated to control of Enav S.p.A.	Angelo Buscema

Independent Auditors	EY S.p.A.

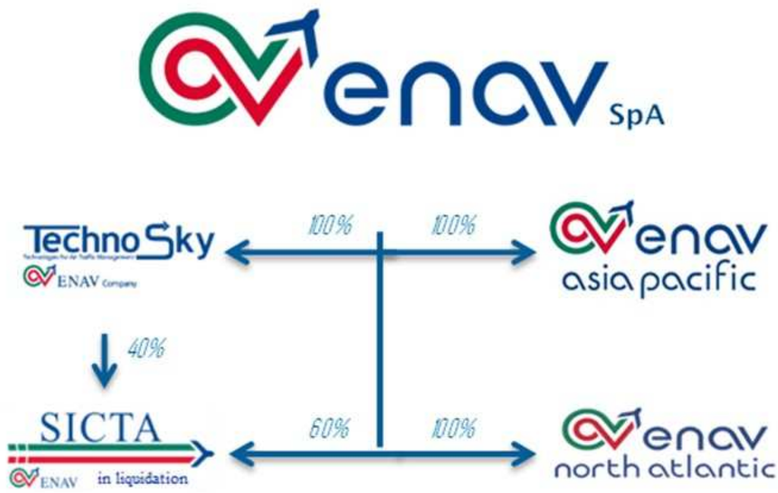
(*) The Shareholders' Meeting of 28 April 2017 appointed the Board of Directors for the three-year period 2017-2019 and defined the number of members as 9.

(**) On 4 May 2017 the Board of Directors reconstituted the Committees both composed of Non-executive directors, the majority of whom are independent.

(***) The Shareholders' Meeting of 28 April 2017 appointed Francesco Schiavone Panni as an alternate auditor to supplement the Board of Statutory Auditors. All the members of the Board of Statutory Auditors will remain in office until the Shareholders' Meeting called to approve the 2018 financial statements.

Group profile

A brief description of the companies within the scope of consolidation is provided below.



ENAV, active in the *flight assistance services* operating segment, provides air traffic control and management services and other essential air navigation services, in Italian airspace and in the national civil airports for which it is responsible, ensuring the highest technical and system standards in flight safety and the enhancement of the technology and infrastructure of flight assistance systems. These infrastructures require constant maintenance and continuous development to guarantee safety, punctuality and operational continuity. However, this is clearly stated in the European Union's Single European Sky regulations that on the one hand define the structure of the air traffic management system and on the other set the technological, qualitative, economic and environmental targets that all service providers must meet.

Techno Sky, active in the *maintenance services* operating segment, is wholly owned by ENAV and is engaged in managing, assisting and maintaining the systems and equipment used for national air traffic control, ensuring its full and constant availability and the full operational efficiency without interruption.

Enav Asia Pacific Sdn Bhd, active in the residual *other segment*, is a Malaysian company wholly owned by ENAV, engaged in developing the Group's sales and marketing activities in countries within Asia and Oceania.

Sicta Consortium in liquidation, belonging to the residual *other segment,* is 60% owned by Enav and 40% by Techno Sky. On 3 March 2017 the Shareholders' Meeting of the consortia placed the Consortium into voluntary liquidation, earlier than the date statutorily required by the Consortium By-Laws, established as 31 December 2017, and appointed the liquidator. The procedure officially opened with registration in the companies register on 28 March 2017.

Enav North Atlantic LLC, active in the residual *other segment*, is an US company based in Delaware that is wholly owned by ENAV. The company was incorporated in January 2014 as a *Limited Liability Company,* in order to participate in an investment through the acquisition of 12.5% of the share capital of Aireon LLC (as of today equal to 8.63%), a US company in the IRIDIUM Group, which is responsible for planning, financing and implementing a global satellite surveillance service using ADS-B technology.

Background scenario

The moderate recovery trend recorded in 2016 in the Italian economy continued in the first half of 2017. Based on available estimates (Istat, June 2017), cumulative inflation for 2017 was equal to +1.2% general index. The opinions and expectations of consumers with regard to the economic situation of the country are also improving. Industry production prices are affecting the domestic market, under the scope of manufacturing activities, trend growth rates are higher, with peaks in the sector manufacturing refined oil products (+7.7%). Also according to Banca d'Italia (Boleco, April 2017) the prospects of a global recovery are getting stronger, even if growth is continuing at a modest rate.

This general performance of the economy has had a positive effect on the air transport market which, it should be remembered, is influenced by the trends of the main macroeconomic indicators.

As far as air navigation services are concerned, in the first half of 2017 the growth rate recorded in Italy for route Service Units (SUs) was actually 2.4% with non-liner performance during the half-year with a negative result in February and March (-3% and -0.8% in terms of SUs) and a recovery in the second quarter of the current year with growth peaks in SUs of 5.3% in April, 4% in May and 5.3% in June, with increases in all types of domestic, international and overflight traffic.

Specifically, note how the figure recorded in Italy in June (+5.3%) enables our country to handle similar volumes to those of major service providers. In this scenario, note the positive performance of overflight traffic, especially for routes over Italian airspace on the north-south route (traditionally the most lucrative for the Company) which recorded a 3.4% increase for SUs and a 1.7% increase for assisted flights. This result takes on particular significance when one considers that the domestic market is suffering from the restrictions imposed by the continuation of the no-fly zone over Libyan airspace and the effects of the socio-political situation in North Africa. Also note how part of this positive result is also attributable to the implementation by Enav of the Free Route project on domestic airspace. Following the implementation of this programme, all overflight aircraft at an altitude of more than 11,000 metres, passing through Italian airspace on a direct route were allowed to do so without having to refer to the network transit points any longer.

This system is a considerable innovation for air transport, domestic and European, because in full compliance with the highest security levels, air transport companies in transit over domestic airspace can plan the shortest routes, without constraints, with savings in terms of fuel and running costs. The Free Route is available for all aircraft that fly in domestic air space above an altitude of 11,000 metres irrespective of whether or not they take off or land at Italian airports.

As a result of the Free Route, therefore, it is possible to guarantee routes that are shorter, on average, by around 17.5 km for every flight, giving a saving of approximately 1 minute 20 seconds, which as well as a time saving also translates into lower fuel consumption ranging from approximately 55 Kg for an Airbus 300 to approximately 300 Kg for an Airbus 380. The benefit to the environment is even greater, thanks to 3 kg less of CO_2 emissions into the atmosphere for every Kg less of fuel used by each aircraft.

As far as the main airline companies that have operated over domestic airspace are concerned, the first half of 2017 featured a positive performance by the low cost companies, especially Ryanair and Wizz Air.

The half-year in question featured, among other things, the situation of the leading Italian carrier, Alitalia, which went into extraordinary administration through a decree from the Ministry of Economic Development dated 2 May 2017. In the first half of 2017, the company recorded a fall in its operations, both in terms of assisted flights and service units (of -5.5% and -6.8%, respectively). This reduction in market share inevitably affected air traffic at Rome Fiumicino, as the carrier in question has a strong presence at this airport.

The first half of 2017 was also positively driven by the management actions taken by Enav, in line with the guidelines in the Business Plan, aimed at the optimisation of costs and the continuous improvement of processes between Group companies.

In effect, in the period in question the Enav Group recorded an increase in margins compared with the corresponding period of the previous year, with a result in terms of EBIDTA of €110.9 million, more than 7% higher than the figure in the same period of the previous year (€103.4 million). The positive performance of margins contributed to the application of the price cap mechanism resulting from the current EU performance schedule which, specifically as far as the Parent Company is concerned, ensures that if the Company is capable of optimising its costs in relation to the Performance Plan, always totally compliant with the highest capacity and safety levels of the service offered, positive effects on the operating result are generated. The optimisation of costs which were equal to €299 million in the period, down 2.1% compared with total operating costs recorded in the first half of 2016, together with the increase in revenues, affected by the increase in traffic and development of non-regulated market activities, generated a net profit for the period which stood at €27 million, a rise of 21.7% compared with the first half of 2016.

When applying the mechanisms in the EU performance schedule, other items lead to the creation of the result for the period whose principles (traffic risk balance) are determined by the trend of traffic which, although positive, is currently lower than the figures in the Performance Plan, as specified later on.

In a scenario structured in this way, the Enav Group has ensured it is fully compliant with its institutional mission, which is to guarantee the safe movement of aircraft en-route over the country and at its airports, and, at the same time, to guarantee full efficiency in terms of the quality of service offered.

Market and air traffic trends

In the first half of 2017, air traffic control activities in Eurocontrol area countries recorded sustained growth in en-route service units (*) compared with the same period of 2016, with a result for Eurocontrol area countries of +6% (3.6% at 30 June 2016 compared with 30 June 2015).

Among the major European providers, there were across the board increases in en-route service units, including, in particular, +9.4% for the Great Britain, +7.4% for Spain, +6.2% for France and +6% for Germany.

In this context of growing en-route air traffic, the result recorded in Italy was also positive, thanks to the good performance recorded in the second quarter of 2017, with an increase in service units (SUs) of +2.4% compared with the corresponding period of the previous year.

Total route traffic to service units (**)	First Half 2017	First Half 2016	Variations no.	Variations %
France	9,753,074	9,187,608	565,466	6.2%
Germany	6,867,699	6,480,821	386,878	6.0%
Great Britain	5,597,557	5,116,244	481,313	9.4%
Spain	4,863,899	4,528,573	335,326	7.4%
Italy (***)	3,876,837	3,784,665	92,172	2.4%
Eurocontrol	**66,215,660**	**62,449,053**	**3,766,607**	**6.0%**

(*) traffic flying over Italian air space, with or without stopover.
(**) "service unit" is the unit of measurement used by Eurocontrol to calculate the value of the service provided, obtained by combining two elements: aircraft weight at take-off and distance travelled.
(***) excluding exempt traffic not reported to Eurocontrol.

En-route traffic

En-route traffic in Italy, in the first half of 2017 compared with the first six months of 2016, recorded an increase in service units of +2.4% and an increase in assisted flights of +1.3% (-0.9% which also includes the residual category of flights *Exempt not reported to Eurocontrol*). This result was achieved through the good performance recorded in the second quarter of 2017 both in terms of service units and the number of assisted flights.

Traffic en-route (Number of flights)	First Half 2017	First Half 2016	Variations no.	%
Domestic	134,626	140,081	(5,455)	-3.9%
International	430,634	414,775	15,859	3.8%
Overflight	247,284	243,036	4,248	1.7%
Paying total	**812,544**	**797,892**	**14,652**	**1.8%**
Military	16,954	17,951	(997)	-5.6%
Other exempt	8,683	11,203	(2,520)	-22.5%
Total exempt	**25,637**	**29,154**	**(3,517)**	**-12.1%**
Total reported by Eurocontrol	**838,181**	**827,046**	**11,135**	**1.3%**
Exempt not reported to Eurocontrol	10,650	29,460	(18,810)	-63.8%
Total	**848,831**	**856,506**	**(7,675)**	**-0.9%**

Traffic en-route (service units)	First Half 2017	First Half 2016	Variations no.	%
Domestic	772,808	762,452	10,356	1.4%
International	1,629,214	1,594,900	34,314	2.2%
Overflight	1,398,246	1,352,677	45,569	3.4%
Paying total	**3,800,268**	**3,710,029**	**90,239**	**2.4%**
Military	69,706	68,850	856	1.2%
Other exempt	6,863	5,786	1,077	18.6%
Total exempt	**76,569**	**74,636**	**1,933**	**2.6%**
Total reported by Eurocontrol	**3,876,837**	**3,784,665**	**92,172**	**2.4%**
Exempt not reported to Eurocontrol	1,425	1,728	(303)	-17.5%
Total	**3,878,262**	**3,786,393**	**91,869**	**2.4%**

In particular, en-route traffic was marked by:

- *international commercial traffic*, a category of flights with departure or arrival for a stopover located in Italian territory, which, for the first half of 2017, recorded positive results both in terms of Service Units (SUs) up +2.2%, and in the number of assisted flights, up +3.8%. Growth in international traffic is mainly related to the substantial increase in the number of low mileage flights, namely flights within a range, on average, of 1-350 Km over domestic airspace. This range was up 4.8% in the first half-year in terms of SUs and up 5.3% in terms of assisted flights.

  The breakdown of departure/destination areas for this type of flights recorded a good performance in connections between Italy and the rest of Europe (+1.9% SUs; +3.3% number of flights), the most important in this traffic category because they are representative, respectively of around 80% of the total of service units and 87% of the total of assisted flights. The performance of connections between Italy and Africa was also positive in the first half of 2017, with a 10.3% increase in service units and a 9.8% increase in the number of flights;
- *commercial overflight traffic*, a category of movements overflying only over domestic airspace, which, in the first half of 2017, recorded an increase in both service units (+3.4%) and in the number of assisted flights (+1.7%). The average distance travelled by aircraft in the period also rose (+2.8%),

especially as a result of the significant development of longer distance flights over domestic air space. With regard to the analysis of departure/destination areas, note the good performance in connections between European countries (+6.8% SUs; +2.2% no. of flights). Although the no-fly zone over Libyan airspace persists, connections between Europe and Africa showed signs of improvement (+1.9% SUs; +1.8% no. of flights);

- *domestic commercial traffic,* recorded a positive performance in the period in question with service units up 1.4% in spite of the reduction in assisted flights which stood at -3.9%. This trend is partially due to competition with High Speed trains on certain connections and to the uncertainty which our main national carrier is currently experiencing. The positive result for SUs was helped by the increase in longer distance flights over domestic airspace, featuring connections between airports on the north-south route of the country (+4.1% SUs and +3.7% no. of flights). In the period in question there was also a substantial increase in the average distance travelled (+5.3%) and the average weight of the aircraft used (+3.8%);
- *exempt traffic* divided into: i) *exempt traffic reported by Eurocontrol* which recorded an increase of +2.6% in service units in spite of -12.1% in the number of assisted flights, the figure being caused mainly by a fall in the military flights of member states, government flights, circular flights and police flights; and (ii) *exempt traffic not reported to Eurocontrol*, with a slight effect on revenues, which decreased by -17.5% in service units and -63.8% in the number of assisted flights.

With regard to the traffic figure related to companies operating in domestic airspace, the low-cost airlines are the ones driving the domestic air traffic market the most, something which has also been observed in Europe according to the data coming from Eurocontrol. Among the largest companies flying in Italy, note the results of Ryanair (+10.1% SUs), EasyJet (+5.7% SUs) and Wizz Air (+22.3% SUs). The figures for Volotea (+6.9% service units) and Eurowings (+34.0% service units) were also higher. Figures were down for Middle Eastern companies like Turkish Airlines (-9.2% SUs), Emirates (-3.6% SUs) and Saudia (-0.6% SUs) following a fall in air traffic on routes from and to the south-east Mediterranean.

The activity of traditional carriers such as Lufthansa (-1.4% SUs) and British Airways (-5.8% SUs) and Alitalia (-5.5% SUs) fell.

Terminal traffic

Terminal traffic, which regards take-off and landing within 20 km of the runway, reported by Eurocontrol performed well in the first half of 2017 in terms of service units, which were up +2.4%, as well as in terms of assisted flights, which were up +1.1%.

Terminal traffic (Number of flights)		First Half 2017	First Half 2016	Variations no.	%
Domestic					
	Chg.Zone 1	24,801	26,727	(1,926)	-7.2%
	Chg.Zone 2	27,543	27,234	309	1.1%
	Chg.Zone 3	78,541	78,822	(281)	-0.4%
	Total domestic flights	**130,885**	**132,783**	**(1,898)**	**-1.4%**
International					
	Chg.Zone 1	46,649	48,504	(1,855)	-3.8%
	Chg.Zone 2	85,117	80,862	4,255	5.3%
	Chg.Zone 3	82,429	76,859	5,570	7.2%
	Total international flights	**214,195**	**206,225**	**7,970**	**3.9%**
Paying total		**345,080**	**339,008**	**6,072**	**1.8%**
Exempt					
	Chg.Zone 1	73	35	38	108.6%
	Chg.Zone 2	414	706	(292)	-41.4%
	Chg.Zone 3	10,240	12,221	(1,981)	-16.2%
	Total exempt flights	**10,727**	**12,962**	**(2,235)**	**-17.2%**
Total reported by Eurocontrol		**355,807**	**351,970**	**3,837**	**1.1%**
Exempt not reported to Eurocontrol					
	Chg.Zone 1	3	0	3	0.0%
	Chg.Zone 2	279	531	(252)	-47.5%
	Chg.Zone 3	5,425	21,084	(15,659)	-74.3%
Tot. exempt flights not reported to Eurocontrol		**5,707**	**21,615**	**(15,908)**	**-73.6%**
Total for chg Zone					
	Chg.Zone 1	71,526	75,266	(3,740)	-5.0%
	Chg.Zone 2	113,353	109,333	4,020	3.7%
	Chg.Zone 3	176,635	188,986	(12,351)	-6.5%
Total		**361,514**	**373,585**	**(12,071)**	**-3.2%**

Terminal traffic (service units)		First Half 2017	First Half 2016	Variations no.	%
Domestic					
	Chg.Zone 1	30,054	32,214	(2,160)	-6.7%
	Chg.Zone 2	31,603	31,017	586	1.9%
	Chg.Zone 3	87,574	85,802	1,772	2.1%
	Total domestic SUs	**149,231**	**149,033**	**198**	**0.1%**
International					
	Chg.Zone 1	73,156	75,042	(1,886)	-2.5%
	Chg.Zone 2	117,521	112,263	5,258	4.7%
	Chg.Zone 3	92,505	85,545	6,960	8.1%
	Total international SUs	**283,182**	**272,850**	**10,332**	**3.8%**
Paying total		**432,413**	**421,883**	**10,530**	**2.5%**
Exempt					
	Chg.Zone 1	189	64	125	195.3%
	Chg.Zone 2	212	271	(59)	-21.8%
	Chg.Zone 3	3,952	4,203	(251)	-6.0%
	Total SUs exempt	**4,353**	**4,538**	**(185)**	**-4.1%**
Total reported by Eurocontrol		**436,766**	**426,421**	**10,345**	**2.4%**
Exempt not reported to Eurocontrol					
	Chg.Zone 1	0	0	0	0.0%
	Chg.Zone 2	24	45	(21)	-46.7%
	Chg.Zone 3	451	1,434	(983)	-68.5%
Total exempt SUs not reported to Eurocontrol		**475**	**1,479**	**(1,004)**	**-67.9%**
Total for chg Zone					
	Chg.Zone 1	103,399	107,320	(3,921)	-3.7%
	Chg.Zone 2	149,360	143,596	5,764	4.0%
	Chg.Zone 3	184,482	176,984	7,498	4.2%
Total		**437,241**	**427,900**	**9,341**	**2.2%**

In overall terms, the results for the first half of 2017, compared with the corresponding period of 2016, suffered a negative performance in the first charging zone and recorded a positive performance for the second and third charging zones in terms of service units. In particular:

- charging zone 1, which refers exclusively to Rome Fiumicino, stood at -3.7% in terms of service units and -5% for assisted flights, suffering from the situation Alitalia which recorded a reduction in the first half of 2017 of 4.4% in service units and 7.2% in assisted flights. It should be borne in mind that Alitalia represents about 43% of the SUs developed during the period at the main Rome airport;
- charging Zone 2, referred to Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio, shows an increase both in SUs (+4%) and assisted flights (+3.7%) mainly due to the results performed by the airports of Milan Malpensa and Bergamo Orio al Serio. The impact associated with the situation of the Italian national carrier is lower in this zone, since it represents only 12.8% of the SUs. In the period in question Alitalia recorded a -9.6% fall in SUs in this zone. Note the good performance of Milan Malpensa in this charging zone (+6.6% SUs) and Bergamo Orio al Serio (+6.9% SUs);
- charging Zone 3 recorded positive figures in terms of SUs (+4.2%), compared to the reduction in the number of assisted flights (-6.5%). The result is mainly due to the negative performance of the smaller

airports included in this charging zone. With regard to Alitalia, note that there has been a -2.7% decrease in SUs compared with same period in 2016. As with the charging zone 2, the impact is in any case contained considering that Alitalia's share compared to all the SUs in Zone 3 was about 15.8%. Note the good performance of the Catania Fontanarossa airport in this charging zone (+13.8% SUs), Naples (+15.1% SUs), Cagliari (+10.8% SUs) and Palermo (2.2% SUs) in this charging zone.

Regarding the various traffic category, as already mentioned for the en-route traffic, *international traffic* is the main leading component, with an increase of 3.8% in SUs and 3.9% in the number of assisted flights. This increase is particularly attributable to the results achieved by the airports in charging zones 2 and 3.

The *domestic traffic* category recorded a slight increase in terms of service units of +0.1% and a reduction in assisted flights of -1.4% as a result of the negative performance of air traffic in charging zone 1.

Group economic and financial results

Definition of alternative performance indicators

In line with the guidelines issued on 5 October 2015 by the *European Securities and Markets Authority* (ESMA) n. 2015/1415 which, as notified by Consob in Communication no. 92543 of 3 December 2015 and starting from 3 July 2016, replace Recommendation CESR/05-178b issued by the *Committee of European Securities Regulators*, in addition to the financial data required by the IFRS, Enav presents certain indicators derived from the former data which provide management with an additional parameter for evaluating the performance achieved by the Group, guaranteeing greater comparability, reliability and understanding of the financial information.

The alternative performance indicators used in this document are as follows:

- ***EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)***: an indicator of profit before the effects of financial management and taxation, as well as depreciation, amortisation and write-downs of tangible and intangible fixed assets and receivables and provisions, as reported in the financial statements and adjusted for investment subsidies directly related to the investments in depreciation and amortisation to which they refer;
- ***EBITDA margin***: is EBITDA expressed as a percentage of total revenues and adjusted for investment subsidies as specified above;
- ***EBIT (Earnings Before Interest and Taxes)***: is EBITDA less depreciation and amortisation adjusted for investment subsidies and write-downs of fixed assets and receivables and provisions;
- ***EBIT margin***: is EBIT expressed as a percentage of total revenues less investment subsidies as specified above;

- ***Net fixed capital***: is a capital parameter which is equal to the net fixed capital employed in business operations and includes items relating to tangible assets, intangible assets, investment in other companies, non-current trade receivables and payables, and other non-current assets and liabilities;
- ***Net working capital***: is the capital employed in business operations which includes the line items inventory, trade receivables, and other non-financial current assets net of trade payables and other current liabilities excluding those of a financial nature, plus assets held for disposal net of related liabilities;
- ***Gross net fixed capital***: is the sum of Net fixed capital and Net working capital;
- ***Net invested capital***: is the sum of the Gross net fixed capital, less the employee severance indemnity and other benefits, the provision for risks and charges and the deferred tax assets net of liabilities;
- ***Net financial indebtedness:*** is the sum of the current and non-current financial debt, current and non-current financial receivables net of non-current financial liabilities referred to the fair value of the derivative financial instruments and cash and cash equivalents;
- ***Free cash flow***: is the sum of the cash flow generated or absorbed from operating activities and the cash flow generated or absorbed from investing activities.

The reclassified consolidated income statement, statement of financial position and statement of cash flows, the consolidated statement of net financial indebtedness and the alternative performance indicators used by management to monitor performance are shown below.

Reclassified consolidated income statement

	First Half 2017	First Half 2016	Variations Values	Variations %
Revenues from operations	391,534	370,496	21,038	5.7%
Balance	1,608	21,457	(19,849)	-92.5%
Other operating income	16,857	16,996	(139)	-0.8%
Total revenues	**409,999**	**408,949**	**1,050**	0.3%
Personnel costs	(239,091)	(238,770)	(321)	0.1%
Capitalisation of internal work	13,905	13,145	760	5.8%
Other operating expenses	(73,819)	(79,922)	6,103	-7.6%
Total operating costs	**(299,005)**	**(305,547)**	**6,542**	-2.1%
EBITDA	**110,994**	**103,402**	**7,592**	**7.3%**
EBITDA margin	**27.1%**	**25.3%**	**1.8%**	**7.1%**
Net amortisation of investment contributions	(66,009)	(68,559)	2,550	-3.7%
Write-downs, losses (write-backs) of value and provisions	(5,168)	(217)	(4,951)	2281.6%
EBIT	**39,817**	**34,626**	**5,191**	**15.0%**
EBIT margin	**9.7%**	**8.5%**	**1.2%**	**14.7%**
Financial income/(expenses)	(631)	(2,094)	1,463	-69.9%
Pre-tax income	**39,186**	**32,532**	**6,654**	**20.5%**
Income taxes for the period	(12,178)	(10,337)	(1,841)	17.8%
Profit/(loss) for the period	**27,008**	**22,195**	**4,813**	**21.7%**

Value in thousands of Euro

Revenues from operations reached €391.5 million, up 5.7% compared with the first half of 2016. This result mainly refers to the Parent Company and is linked to the increase in route revenues and terminal revenues following more service units in the half-year +2.4% and +2.2%, respectively and to the charge increase regarding the third charging zone only. With regard to terminal revenues, note an increase in service units for the second and third charging zones and a negative trend in the first charging zone as well as a charge reduction in the first two charging zones. Specifically, the first charging zone, represented by Rome Fiumicino Airport, recorded both fewer service units down by -3.7% compared with the first half of 2016, suffering more from the crisis of the leading Italian carrier, and a lower charge compared with the previous year of €188.57 (€200.68 in 2016); the second charging zone recorded a 4% increase in service units and a decrease in the charge applied which stood at €209.95 (€233.33 in 2016). The third charging zone, on the other hand, was up 4.2% in terms of service units and also benefited from the effects of the transfer to the Parent Company of two airports, Comiso and Rimini, which took place in the second part of 2016. The third charging zone is €323.79, a rise compared with the 2016 figure which was €260.96 (lower than the natural one), following instructions from the Ministry of Economy and Finance and the Ministry of Infrastructures and Transport to apply a lower charge, whose differential was later recognised through Legislative Decree 50/17, Article 51.

Non-regulated market revenues stood at €6.5 million, basically in line with the figure of the previous corresponding period, but up 17% if you exclude the €1 million present in the first half of 2016 from the acknowledgement and settlement agreement signed by the subsidiary Techno Sky with Leonardo SpA after the arbitration proceedings which were concluded in May 2016. Non-regulated market revenues changed in the type of services provided in the half-year and there was an increase in revenues for services provided abroad including in the United Arab Emirates for the restructuring of the airspace, in Libya for the construction of the control tower and the technical complex at Mitiga Airport, a contract awarded at the end of March 2017 worth a total of €5 million, and in Malaysia for the Kuala Lumpur traffic control centre. These activities made it possible to offset the reduction in revenues for Air Traffic Services provided by the Parent Company including those involving Comiso Airport charged for since September 2016 and previously managed through a direct agreement and for the Crotone airport tower services following the end of the temporary operations at the end of October 2016 and consequent closure of the airport.

The **balance** had a positive impact on revenues of €1.6 million and is made up of the balances recorded in the first half of 2017 totalling €13.9 million, which refer mainly to the en-route traffic risk balance recorded following less service units in the half-year compared with estimated figures in the performance plan (-7.6%) and reduced by the effect of the discounting of the above-mentioned receivables and from the reversal of the balances recorded in previous years of €12 million. The negative variation of €19.8 million compared with the previous corresponding period is mainly due to the terminal balance for the third charging zone which totalled €0.9 million compared with the first half of 2016 (€18.3 million).

Operating costs reached €299 million, a net decrease of 2.1% compared with the first half of 2016. Specifically, personnel costs were essentially unchanged compared with the same period in the previous year although there was a fall in fixed remuneration, mainly because of the reduction in the headcount of 38 employees effective at 30 June 2017, which included 7 executives and a reduction of 26 average units, and a rise in variable remuneration also following the increase in overtime on the operating line which was necessary to train air traffic controllers in the use of the new free route platform.

Other operating expenses totalled €74 million, a fall of 7.6% compared with the previous corresponding period, when the figure was €6.1 million. It should be borne in mind that in the first half of 2016 there were costs of €2.8 million associated with the privatisation process. In the breakdown of costs, note a reduction in various cost items including: insurance costs, which benefited from the savings associated with the new contracts agreed with effect starting from 1 July 2016, lower costs for Eurocontrol contributions, lower costs for cleaning and security, and a slight increase with regard to both costs incurred following listing and the concession to use frequencies in non-aeronautical bands.

These amounts had a positive effect on **EBITDA**, which rose by 7.3% compared with 30 June 2016, to €111 million, and generated a 27.1% increase in EBITDA as a percentage of revenues (EBITDA margin). **EBIT** in the first six months of 2017 stood at €39.8 million, an increase of €5.2 million compared with the first six months of 2016 when it totalled €34.6 million, although with bad debt allowances made in the half-year to take into account the situation with Alitalia going into extraordinary administration on 2 May 2017. The EBIT margin in the first half of 2017 was 9.7%, an improvement on the same period in 2016, when it stood at 1.2%.

Financial income and expenses were negative by €0.6 million, recording an improvement compared with the previous corresponding period of €1.5 million mainly as a result of the income from the balance discounting, as well as the portion pertaining to the half-year, as well as the allocation to the income statement of the discounting of balance receivables of the third charging zone, following the closing of the receivables implemented in compliance with Decree Law 50 of 24 April 2017 converted into Law 96 pursuant to Article 51 through which the Parent Company received €26 million to curb the increases in the charges set out in the 2016-2019 programme contract for the third charging zone terminal charges.

The **income taxes for the period** recorded a negative amount of €12.2 million, up €1.8 million compared with the first half of 2016, due to the larger tax base.

Due to the above, **result for the period** came in at €27 million, up 21.7% compared with the first six months of 2016 and entirely pertaining to the Group.

Reclassified consolidated statement of financial position

	30.06.2017	31.12.2016	Variations
Tangible assets	1,042,549	1,056,281	(13,732)
Intangible assets	124,156	123,084	1,072
Investments in other companies	48,451	36,468	11,983
Non-current trade receivables and payables	97,909	136,770	(38,861)
Other non-current assets and liabilities	(72,118)	(73,036)	918
Net fixed capital	**1,240,947**	**1,279,567**	**(38,620)**
Inventories	60,944	60,895	49
Trade receivables	322,206	226,651	95,555
Trade payables	(137,973)	(132,512)	(5,461)
Other current assets and liabilities	(147,809)	(166,459)	18,650
Assets held for disposal net of related liabilities	223	13	210
Net working capital	**97,591**	**(11,412)**	**109,003**
Gross net fixed capital	**1,338,538**	**1,268,155**	**70,383**
Employee severance indemnity and other benefits	(54,930)	(57,388)	2,458
Provisions for risks and charges	(10,820)	(11,029)	209
Deferred tax assets net of liabilities	20,135	20,209	(74)
Net invested capital	**1,292,923**	**1,219,947**	**72,976**
Shareholders' equity	1,048,506	1,119,826	**(71,320)**
Net Financial Indebtedness	244,417	100,121	144,296
Total coverage sources	**1,292,923**	**1,219,947**	**72,976**

Value in thousand of Euro

Net invested capital was €1,293 million, up by €73 million compared with 31 December 2016 resulting from changes in the following items.

Net fixed capital of €1,240.9 million decreased by €38.6 million as at 30 June 2017 compared with 31 December 2016, because of: i) the decrease in tangible assets of €13.7 million, the result of depreciation higher than the investments made during the period; ii) an increase of €12 million in the item investment in other companies resulting from the payment by Enav North Atlantic of the third instalment for the acquisition of the interest in Aireon of $16.8 million, which took its stake up to 8.63%; iii) the reduction in non-current trade receivables and payables, which refer entirely to the balances totalling €38.9 million, being the net effect of the recognition of the balances for the period and the closing of the terminal balances of €26 million for the third charging zone recognized by the Ministry of Economy and Finance through Article 51 of Legislative Decree 50/2017, reducing the payable recognized for the same period of 2014.

Net working capital was €97.6 million, up by €109 million on 31 December 2016. The main changes involve: i) the increase in trade receivables of €95.6 million with regard to Eurocontrol as a result of the higher turnover in the last two months of the half-year period related to the increase in traffic and therefore relating to non-past due items as well as the non collection of two months' revenue from Alitalia; the contribution for system security and operational safety until 30 June 2017 of €15 million; the reclassified balance receivables in the current section in line with charges for 2017 and the portion pertaining to 2018; ii) higher trade payables of €5.5 million which also refer, in addition to the increase in balance payables for the reclassification in the current section, to the collections relating to the prefinancing obtained for the Connecting Europe Facility (CEF) project call 2015 first cluster 2015 – 2018 of €6 million plus other European loans obtained in the half-year; iii) the negative change in other current assets and liabilities of €18.7 million resulting from higher tax receivables following the payment of the first IRES instalment; higher prepaid expenses for the fourteenth month paid to employees in June 2017 and for INAIL payments made in February and recorded under other current assets for the portion not attributable to the period; a decrease in payables to the Ministry of Economy and Finance of €26 million following the effects associated with Law Decree 50/2017 and the increase in payables to the Italian Air Force for the portion pertaining to route and terminal revenues pertaining to the period.

Shareholders' equity amounts to €1,048.5 million, recording a net decrease of €71.3 million compared with 31 December 2016, due to the net profit for the period, which came to €27 million, and the decrease in shareholders' equity due to the payment of the dividend of €95.3 million, as well as the negative effect of €4 million resulting from the conversion reserve of balances in foreign currencies, an effect offset by the positive effect of €1.2 million from the reserve for employee benefits, which recorded an actuarial profit for the period, recorded net of deferred taxes.

Net financial indebtedness amounted to €244.4 million, an increase of €144.3 million compared with 31 December 2016, as shown in the following table.

	30.06.2017	31.12.2016	Variations
Cash and cash equivalents	72,989	231,007	(158,018)
Current financial receivables	817	1,221	(404)
Current financial debt	(34,406)	(32,622)	(1,784)
Net current financial position	**39,400**	**199,606**	**(160,206)**
Non-current financial receivables	177	0	177
Non-current financial debt	-	(104)	104
Non-current financial indebtedness	(283,994)	(299,623)	15,629
Non-current financial indebtedness	**(283,817)**	**(299,727)**	**15,910**
Net financial indebtedness	**(244,417)**	**(100,121)**	**(144,296)**

Value in thousand of Euro

At 30 June 2017 the negative change in the current net financial position of €160.2 million reflected both the dynamics of collections and payments associated with ordinary transactions with lower core business collections and higher payments to suppliers related mainly to investment projects, and the reduced liquidity of the subsidiary Enav North Atlantic following the payment of the third tranche for the acquisition of the investment in Aireon and the payment of the dividend of €95.3 million. These effects were partly offset by the collection of prefinancing for the CEF 2015 – 2018 project, the interim payment of the CEF 2014 project and other funded projects of around €20 million. The non-current financial indebtedness fell by €15.9 million, mainly because of the repayment of the half-yearly instalments on medium-term loans.

Consolidated cash flow

	30.06.2017	31.03.2016	Variations
Cash flow generated/(absorbed) from operating activities	20,115	45,580	(25,465)
Cash flow generated/(absorbed) from investing activities	(68,225)	(46,041)	(22,184)
Cash flow generated/(absorbed) from financing activities	(108,963)	(54,987)	(53,976)
Cash flow for the period	**(157,073)**	**(55,448)**	**(101,625)**
Cash and cash equivalents at the beginning of the period	**231,811**	**174,141**	**57,670**
Exchange rate differences on cash	(209)	(299)	90
Cash and cash equivalents at the end of the period	**74,529**	**118,394**	**(43,865)**
Free cash flow	**(48,110)**	**(461)**	**(47,649)**

Value in thousands of Euro

The ***cash flow generated from operating activities*** in the first half of 2017 totalled €20.1 million, down €25.5 million compared with the figure for the corresponding period of the previous year, mainly as a result of the increase in trade receivables from the core business related to lower collections from Alitalia and the reduction in tax receivables related to the collection of the VAT receivable which took place in 2016.

The ***cash flow from investing activities*** in the first half of 2017 absorbed liquidity of €68.2 million, €22.2 million more than in the first half of 2016 both through the payment of the third tranche for the acquisition of the equity investment in Aireon of €12.4 million and the higher payments to suppliers related to investment projects.

The ***cash flow from financing activities*** absorbed liquidity totalling €109 million compared with €54.9 million in the first half of 2016. The flow absorbed in the first half of 2017 essentially relates to the payment of the dividend of €95.3 million and the repayment of loans of €15.7 million.

The *free cash flow* was negative by €48.1 million as a result of the combined effect of the cash flows described above.

Human resources

At 30 June 2017 the Enav Group headcount was 4,242 employees, a fall of 38 employees compared with 30 June 2016, while the average headcount, which stands at 4,278 employees, fell by 26 employees.

Personnel costs stood at €239.1 million at 30 June 2017, essentially unchanged compared with the corresponding period in 2016.

Industrial relations

The first half of 2017 was dedicated to implementing a process for exchanging views designed to promote transparency and sharing. Continuing with the agreements signed in August 2016, a significant agreement was stipulated, the protocol "Rules on representation, industrial relations, collective bargaining", aimed at governing the entitlement to discussions under the scope of various levels of collective bargaining. The agreement relating to the staff employability project was also signed in the same period. It is aimed at development "employability" in the company through requalification and redeployment actions designed to create a proactive defence of employment.

On the corporate welfare side, through the agreement which regulates the establishment of the transfer of leave introduced into our system of rules by Article 24 of Legislative Decree 151/2015 in an innovative manner, Enav continued with the drawing up agreements with solid contents.

It is worth noting that in the first half of the current year there was a 50% fall in strike hours nationally, compared with the same period of the previous year.

Training

The Academy provided a total of 25,983 training hours for 483 participants in the first half of 2017, which breaks down as follows: 218 hours of *ab-initio* training (2 participants), 350 hours of advanced training (5 participants), 5,799 hours of continuous training (251 students), 17,274 hours of training for external customers (125 participants) and 2,342 hours of human performance training (100 participants).

Compared with the corresponding period in 2016, there was a fall in internal training activities, largely offset by the training initiatives developed for the external market.

Specifically, a refresher course was created for external customers and an APS-ACS course for 15 participants coming from the Libyan provider and training need analysis and e-learning were developed for the reconfiguration of the airspace and procedures for the United Arab Emirates. A MET AFIS course was also created for 14 participants and a FISO MET AFIS course for 14 participants is also in the process of being completed.

With reference to managerial and specialist training, in the first half of 2017 classroom-based training was offered to 87 participants for a total of 208 teacher-led training hours and 81 hours of coaching which involved both resources from the Air Navigation Services and central staff functions. With regard to language training, 12 individual courses were delivered for senior managers and both multimedia language training and specialist workshops for professional families are being launched.

Under the scope of initiatives aimed at internal and external stakeholders activities continued for the programming and management of work experience and educational visits at our territorial operating facilities involving a total of 1,767 guests divided into 360 for work experience and 1,407 for educational visits.

With regard to "Buona Scuola" reform for second grade secondary schools, which involves work-linked education courses at businesses, ad hoc training courses are being structured to respond to current educational needs. A trial was launched for this purpose with the Rome Istituto Tecnico Trasporti e Logistica (Technical Institute for Transport and Logistics), at the end of which the possibility of extending the initiative to other types of technical educational establishments and high schools will be evaluated.

The partnership with the Intercultural Foundation for promoting international experiences for the children of Group employees was also renewed. In 2017 21 scholarships were awarded to particularly deserving secondary school students for 8 one-year programmes in the United States and Malaysia, 2 three-month programmes in Canada and Ireland and 11 month-long programmes in Canada, Ireland and the United States.

Investments

Investments made were designed to ensure that the assets supporting domestic air traffic management services are: i) in line with the technical, economic and performance objectives required; ii) consistent with the quality and performance standards established domestically and internationally by the industry regulatory bodies; iii) in line with the development of the technological platform and with the new European operational concepts defined and developed for the ATM network. The majority of investments is represented by the operations involving operating technological infrastructures, because they directly affect core business corporate activities in terms of the efficiency, cost-effectiveness and safety of air traffic management services. The instrument through which investments are planned is the three-year investment plan, which is updated annually through a remodelling which also takes into account the operational requirements that have emerged during the year.

In the first half of 2017, capex stood at €58.2 million compared with €46.6 million in the first half of 2016.

The main investments in the process of being made in the first half of 2017 include: i) the 4 Flight programme, designed to develop the new Italian Area Control Centres automation platform which replaces the current one in operation and the Coflight programme, which is one of the main components for the realisation of the V3R1 version; ii) the Data Link programme through which voice communication will be replaced with text communication CPDLC (Controller Pilot Data Link Communications) between controllers and pilots; iii) the works to complete the new Forlì Academy; iv) the modernisation related to the transfer of the military airports open to civil traffic transferred to Enav involving Brindisi, Rimini, Verona, Treviso and Rome Ciampino; v) the construction of a new building at the Rome Ciampino Area Control Centre; vi) the Windshear Palermo programme for detecting turbulence during take-off; vii) the modernisation of the airport weather observations systems to meet the latest ICAO/WMO standards.

Related parties

Pursuant to Article 5, paragraph 8 of Consob Regulation 17221 of 12 March 2010 concerning "related-party transactions" and the subsequent Consob Resolution 17389 of 23 June 2010, in the first half of 2017 there were no transactions of major significance, as defined in Article 4, paragraph 1, letter a) of the above-mentioned regulation as well as other related-party transactions that had a significant influence on the financial position and results of the Enav Group in the first half of 2017.

Related-party transactions, when not dictated by specific regulatory conditions, are usually regulated at market conditions; in addition their realisation takes place in compliance with the dedicated internal procedures (which can be consulted on the website www.enav.it, Governance section), which defines the terms, conditions and monitoring.

The information on related-party transactions required by Consob Communication DEM/6064293 of 28 July 2006 is presented in the financial statements and in Note 33 to the Condensed consolidated interim financial statements at 30 June 2017 for the Enav Group.

Risk management

The Enav Group operates in a framework regulated by a collection of international and national standards that govern numerous activity profiles. On account of the specific activity conducted, as a supplier of air navigation services, the Group is exposed to risks of a technical-operating nature as well as to risks associated with the regulatory system, standards, human capital, governance and compliance and financial risks.

Technical-operating risk applies to the entire line that guarantees the provision of air navigation services and stems from different factors that could undermine safety and security, efficiency and service quality objectives of the Group, also with regard to specific international obligations undertaken by the Italian government or directly by the Enav Group.

Regulatory risk which takes the form of *regulatory* and *compliance* risk, results from the possible change in parameters that determine the revenues relating to considerations for costs for the provision of air navigation, route and terminal services. This risk also stems from commitments undertaken, specifically, during the definition of the performance plan as well as from the development of the regulatory framework and compliance with the national and/or international standards that regulate the operation of the Group.

The risk associated with *human capital* is linked to the collection of technical skills, know-how and abilities which create value for the Group. With special reference to the provision of air navigation services, this risk also comes from the specific European regulations governing the professional licences of Air Traffic Controllers and the standards applicable for the qualifications required for operating in the realm of air traffic services, aeronautical and airport meteorology, aeronautical information, communication, navigation and surveillance services and, lastly, radio measurement activities.

With regard to financial risks, refer to the consolidated financial statements at 31 December 2016 as there have been no changes since then.

All the major risks are identified and managed by the Enav Group which has prepared safeguards, management systems, organisational instruments and measures dedicated to keeping any impacts within acceptable limits.

Safeguarding Group risks

ENAV believes that an integrated control system based on the management of risks, at all organisational levels, is a fundamental requirement for the effective governance of the Group's activities and for compliance with applicable industry laws, regulations and technical standards.

For this purpose, from a perspective of integrated and systematic risk management, Enav has developed its own Enterprise Risk Management (ERM), which features a risk control and management system with a holistic, integrated approach consistent with the binding regulations in force.

In order to analyse the progress of the risks identified, the implementation status of the treatment and mitigation actions put in place by management and for the purpose of identifying areas of improvement in the management of top risks, Enav has updated the top risks verification and monitoring process and the treatment plans identifying "Key Risk Indicators, Key Performance Indicators".

During the first half of 2017, the Risk Management function, in line with the 2017 plan of works, launched the updating of the "Corporate Risk Profile".

Technical - operating risk

In the provision of air navigation services, Enav is bound to ensure a *s*afety guarantee relating to both safety and security because international, European and national standards require Enav to mitigate the risk relating to the effects of safety/security violations together with measures to restore safety/security levels.

Safety

Enav's *core business* comes under so-called public utility activities which can be qualified as *"permitted risk activities"* and, therefore, over the years, a Safety Management System has been designed, developed, implemented and consolidated, which includes the: reporting, analysis and monitoring of accidents, ATM incidents (reactive safety), the change management process for the ATM system and the associated system for the identification and mitigation of potential related risks (proactive safety), as well as the more complex Safety Assurance and Safety Promotion system (predictive safety).

This collection of activities, implemented for the purpose of protecting persons and property from the consequence of aeronautical events with a (direct or indirect) ATM contribution, makes it possible to improve safety levels of services provided and prevent events that could have a negative impact, including reputational, associated with any reduction, even temporary or partial, in the capacity to provide air traffic services.

Liability for safety, described in the Safety Management Manual, is exercised in accordance with the processes defined in the Safety Management System, in order to guarantee the mitigation and correct management of risky events which could be caused by endogenous factors, directly or indirectly attributable to the responsibility of the Company or exogenous factors which are outside of the control of Enav.

Ensuring effective safety management for preventing and/or containing the risks associated with the provision of the core business within acceptable limits, as well as being at the heart of Enav's mission, is vital for maintaining the necessary certification for carrying out both air navigation service provision activities and training organisation activities.

On account of the seriousness of the Safety risk, the Company prepares its own safety policies and draws up a regular improvement plan (*Safety Plan)* in which the activities to be implemented in order to maintain compliance and reach the nationally defined and FAB level safety performance levels, in accordance with the general targets set at EU level (*Safety Targets*), are planned.

Security

Security is the activity aimed at ensuring a level of protection consistent with the results of the risk analysis for the protection of persons, infrastructures and information necessary for operations, continuity of services and safeguarding the various corporate and external needs that could potentially be impacted by unlawful actions. First and foremost, it targets the objective of preventing potential risks resulting from man-made acts, mainly intentional and deliberate, capable of compromising the provision of air navigation services or human values and corporate assets, which can translate into acts of unlawful interference with regard to staff and infrastructures; in other words the management of threats of human origin, intentional or accidental or natural, which can compromise the availability, integrity and confidentiality of information. The Company is bound to comply with specific obligations with regard to the protection of vital elements of the organisation, required by the law, regulations and administrative provisions whose violation could have civil, criminal, administrative and accounting consequences for Enav. These obligations also constitute a safeguard with regard to criminal risk, which can be assessed for the purpose of protecting the security of workplaces pursuant to Legislative Decree 81/08 or for work activities abroad, as well as in relation to the liabilities of legal entities pursuant to Legislative Decree 231/01, and to limitations, suspensions or withdrawal of Enav certification as a Service Provider.

From a general perspective, the Company remains exposed to specific Security risks in connection with the significant size of its technological systems; to the relative interdependence of the effects of violations by employees of contractors, sub-contractors and consultants; to the nature and location of physical infrastructures located throughout Italy; to the size of the number of staff and diversity; to the threats with regard to the industry in which the Company operates, as well as to the interdependence resulting from the provision of third-party goods, services and utilities which can impact on the safety and operations of Enav.

In the context of information security, specifically the global change in the threat level (highlighted by state-sponsored actions and the proliferation of malware produced by intelligence agencies and made available as a result of organised espionage activities) this has created the need for structured responses, nationally and globally, which has required the competent corporate structure to implement protection, deterrent, containment and response measures. These actions are consistent with the renewed "national cyber strategy" (DPCM (Prime Ministerial Decree) of 17 February 2017) and the related "strategic plan" (DPCM of 31 May 2017) within the programme for the implementation of EU Directive 1148/2016 including measures for a joint EU IT network and systems of high security level, which will come into force on 9 May 2018, with the likely effect of strengthening the country system and coordination actions at the level of essential individual public service providers.

The Company published a specific Security policy with a high preceptive and binding content with a corresponding commitment to the highest level, which consolidates security management with a necessary risk based approach, under the scope of risk management tools relating to Security (*Security risk assessment, Security risk treatment)* and the measurement of effectiveness indicators, under the security management system which is an integral part of the Service Provider certification process in accordance with the joint requirements established by (EU) Regulation 1035/2011 of the Commission on 17 October 2011.

Enav adopted standard UNI CEI ISO/IEC 27001:2014 *IT technologies - Security techniques - Information security management systems - Requirements,* which establishes and governs the requirements, at an international level, of an information security management system and, specifically, physical, logical and organisational security aspects (Information Security Management System - ISMS), obtaining the relative certification as a sole provider of European air navigation services. In the half-year in question the foundations were laid for extending the scope of the certification to functions not contemplated as of today, for an externally measured application of values of integrity, availability and confidentiality of information for the essential members of the Group. Prompt actions are also in progress for the improvement of security management processes with the subsidiary Techno Sky, both to ensure equivalent levels of protection for staff, infrastructures and data, and to allow more effective protection by the subsidiary for the core service operations of the parent company.

In terms of physical security, an important result was achieved through the signing by Enav and the Ministry of the Interior - Department of Public Security, in December 2016, of a cooperation agreement which allows a more effective exchange of information and operations with the police forces centrally and on the ground for the protection of staff and infrastructures, with the operational protocol likely to be made enforceable during 2017.

Risk associated with the operation of technological structures and infrastructures

In conducting its activities Enav makes use of a complex network of technological structures and infrastructures which, should they fail to work, would have negative impacts on the provision of services and management of the Company.

Specifically, in conducting its activities the Company is exposed to potential risks of interruption of service as a result of events that are not dependent on or outside of the control of Group companies. In that respect, consistent development was brought about by the revision of the Business Continuity model, based on the forecasts of standardisation standard ISO22301:2012 for operating structures, a process aimed at continuous improvement, training personnel responsible for its application and the activation of testing and practice processes. The activity in question is coordinated with the investment processes so that the acquisition of technological goods improves the point and system level of resilience, benefiting security, efficiency and continuity for users of corporate services with advantages that can be measured in terms of protection and return on investments. Attention is ongoing in this area on the application of rigorous IT security protocols and policies, including data back-ups and recovery, aimed at protecting IT systems and network infrastructures from physical intrusions, security violations and other disruptions.

As far as the data transmission and telephone networks are concerned, note that Enav's operating network for services is physically separate from the management network with advantages in terms of areas exposed to third-party attacks. It also benefits the active protection guaranteed by the Security Operation Centre and is connected with the public security bodies responsible for protection, active defence and response in the case of acts of unlawful interference with the physical connection structures of the actual network, as well as with the provider of telephone and IT connection services. In that respect, from a perspective of continuous improvement, Enav has prepared a medium-term roadmap with the goal of achieving greater control over operating data network outsourcing processes and better governance of the process and support technology.

With reference to the management network, Enav is exposed, in the same way as all public and private entities, which have their information resources accessible on public networks and on the internet, to attacks or attempts at criminal actions by third-parties. These events are managed by the internal structure of the Security Operation Centre, based on specific incident management procedures and with the support of the police and intelligence services nationally. The Security Operation Centre is the company safeguard for cybersecurity through security intelligence activities and coordination with national and industry bodies, such as CERT and the National Centre for IT Anti-Crime for the Protection of Critical Infrastructures of the Department of Public Security, while internally, in line with the application of the principle of segregation of duties, considerable innovations are in progress for the prompt application of security patches to commercial systems and the definition of security technical-operational requirements ever since the preliminary planning of investments.

Regulatory risk

This is defined as the risk related to the possible change in the parameters that determine regulated revenues and to the differences compared with the estimates, especially when calculating charges.

When the second performance plan ends in 2019, even if there have been no changes to the regulatory framework, the calculation of charges could suffer negative effects resulting from the application by the European Commission of more stringent parameters for the recovery of costs.

As far as the changes in traffic volumes and the resulting risk are concerned, the Company has implemented control safeguards, which make it possible, through the constant monitoring of final balances and the development of scenario-based forecasts and related loss figures, to have a better understanding of the progression of demand and the activation of any further mitigation measures based, for example, on the planning of the activities in the business plan and/or on improving cost efficiency. It is, however, important to stress how traffic risk is mitigated, as set out in the current regulatory framework, by the revenue stabilisation mechanism (*traffic risk sharing)* which by sharing the risk with airspace users (the airlines) makes it possible to significantly limit losses for falls in demand of more than 2%.

Still in the area of regulatory risk, also related therefore to the reference regulatory framework, it is important to point out how Enav is obliged to provide a quality service in relation to performance targets and failure to reach them involves a risk of lost revenue. In this case too, the Company has implemented a constant safeguard, monitoring quality performance without, however, ever highlighting significant differences in this regard.

Compliance risk

This is the risk related to the development of the local, national and/or international regulatory framework and the application of these regulations to ENAV Group organisations.

The ENAV Group operates in a highly-regulated sector. The risk factors in management activities include the constant and not always predictable development of the reference legislative and regulatory framework.

The Group constantly monitors the development of the reference legislative framework in order to prevent and/or mitigate, as far as possible, the effects on the operating and business objectives, by examining the legislative developments and provisions and through cooperative discussions with national and European institutions and with industry governing and regulatory bodies.

Human capital risk

This is the risk that the human capital of the ENAV Group, in other words the collection of technical skills, know-how and abilities which give rise to the human capacity for creating wealth for the Group, is quantitatively or qualitatively inadequate compared with the operating model and the development of the business strategic requirements.

As human capital is a key factor in its business model, the ENAV Group has established specific safeguards which, according to the analysis and evaluation of requirements, guarantee the planning process, the development and the constant alignment of human capital with the business objectives and defined strategies and the development of the Enav management culture, through:

- recruiting and selection processes;
- performance evaluation systems;
- succession and career plans;
- incentive systems based on merit recognition;
- staff development models, processes and instruments;
- specialist and managerial training plans;

Under the scope of the Group, these safeguards guarantee the preparation and supervision of the main human resources development programmes and activities supporting the decisions relating to personnel management and short and long-term variable remuneration systems.

Governance and compliance risk

The Company applies a policy of full compliance with the applicable laws and regulations featuring, among other things, constant organisational protection of governance and compliance risks.

Specifically, as far as the risk under the scope of Legislative Decree 231/2001 is concerned, Enav, with a view to continuous improvement, concluded the updating and integration of the Organisation and Management Model and the Code of Ethics and extended these activities to the subsidiary Techno Sky.

In the area of integrity and specifically for the risks of fraud and corruption, Enav recognises an integral part of its approach to corporate management in the prevention of and fight against corporate fraud, with the goal of protecting the reputation and the image of the Company, as well as guaranteeing stakeholders maximum attention and commitment in the application of the Code of Ethics and rules of conduct. To identify potential vulnerabilities and ensure their removal, Enav has arranged internal organisational responsibilities for the management of the risks of fraud and/or corruption and it is going to have a new whistleblowing system in line with the best market practices. It is also organising an anti-corruption and anti-fraud policy and model, evaluating, among other things, the opportunity of implementing a methodological reference model based on standard ISO 37001 or on the systematic analysis of the preconditions that may characterise fraudulent events, identifying the "critical areas" in which these events can be supported and reducing the causes that trigger them to any process organisational and operational critical issues.

The ENAV Group also has a strong commitment to the mitigation of the risks related to environmental issues and worker health and safety and continued in 2017 with the improvement activities aimed at the continuous improvement of the processes and methods through which these issues are managed both in terms of compliance and applicable regulations (Legislative Decree 81/08, Legislative Decree 152/06) which in compliance with best practices include verification of the adequacy and operation of Enav's Organisational and Management Model pursuant to Legislative Decree 231/01. With regard to workplace health and safety, Article 30 of Legislative Decree 81/08 defines the requirements that an Organisational and Management Model should possess for effective exemption of administrative liability, assuming the corporate organisational models defined in accordance with the UNI-INAIL Guidelines of 28 September 2001 or British Standard OHSAS 18001:2007 conform to these requirements. With regard to these requirements, at the beginning of 2017 the ENAV Group set out to implement its own Workplace health and safety management system (SGSSL), with the goal of OHSAS 18001 certification for Enav and Techno Sky.

Lastly, the Enav Group is exposed to compliance risk in market communications or the risk of incurring sanctions and/or image damage following failure to comply with rules on financial and non-financial communication, which Enav is obliged to comply with in its capacity as a listed company. Enav manages communications to its stakeholders and shareholders through specialist organisational functions and a process structured for releasing any information, in accordance with the legislative and regulatory provisions in force and, as far as shareholders are concerned, the best practices dictated by the Code of Corporate Governance promoted by Borsa Italiana.

Business outlook

The dynamics of demand for air navigation services in the last half-year featured a growth trend in all routes, both domestic and international.

The first months of the summer period have also seen further growth in the traffic volumes managed, which, if confirmed in the next few months, could lead to a greater percentage increase in service units at the end of the year than registered in this first half-year.

On the other hand, as far as expenses are concerned, a continuity of action is expected in the second half-year, in line with the programmes and deadlines set out in the Group's Business Plan.

Condensed consolidated interim financial statements

at 30 June 2017

Condensed consolidated interim financial statements at 30 June 2017

Consolidated interim financial statements

Consolidated interim statement of financial position

Consolidated Statement of financial position

ASSETS

(Euro)	Notes	30.06.2017	of which related parties (Note 33)	31.12.2016	of which related parties (Note 33)
Non-current assets					
Tangible assets	**7**	1,042,549,065	0	1,056,280,954	0
Intangible assets	**8**	124,156,296	0	123,084,462	0
Investments in other companies	**9**	48,450,963	0	36,468,066	0
Non-current financial assets	**10**	13,542,872	0	13,670,781	0
Deferred tax assets	**11**	24,128,114	0	24,219,373	0
Non-current tax receivables	**12**	25,176,747	0	25,176,747	0
Non-current trade receivables	**13**	107,609,355	0	153,538,885	0
Total non-current assets		**1,385,613,412**	**0**	**1,432,439,268**	**0**
Current assets					
Inventories	**14**	60,943,681	0	60,894,773	0
Current trade receivables	**13**	322,205,690	52,360,385	226,650,924	43,626,597
Current financial assets	**10**	816,662	0	1,221,112	0
Tax receivables	**12**	46,210,019	0	40,070,374	0
Other current assets	**15**	24,814,012	3,618,961	12,975,832	3,994,983
Cash and cash equivalents	**16**	72,988,669	335,523	231,007,041	327,564
Total current assets		**527,978,733**		**572,820,056**	
Assets classified as held for disposal	**17**	1,759,305		1,055,932	
Total Assets		**1,915,351,450**		**2,006,315,256**	

Consolidated Statement of financial position

SHAREHOLDERS' EQUITY AND LIABILITIES

(Euro)	Notes	30.06.2017	of which related parts (Note 33)	31.12.2016	of which related parts (Note 33)
Shareholders' Equity					
Share capital	**18**	541,744,385	0	541,744,385	0
Reserves	**18**	456,342,664	0	455,753,806	0
Retained earnings/(accumulated losses)	**18**	23,411,079	0	45,982,811	0
Profit/(loss) for the period	**18**	27,007,792	0	76,345,474	0
Total Group Shareholders' Equity	**18**	**1,048,505,920**	**0**	**1,119,826,476**	**0**
Minority interests and reserves		0	0	0	0
Minority interests in profit/(loss)		0	0	0	0
Total minority interest in Shareholders' Equity		**0**	**0**	**0**	**0**
Total Shareholders' Equity	**18**	**1,048,505,920**		**1,119,826,476**	
Non-current liabilities					
Provisions for risks and charges	**19**	7,700,672	0	7,225,672	0
Employee severance indemnity and other benefits	**20**	54,930,025	0	57,387,647	0
Deferred tax liabilities	**11**	3,992,996	0	4,010,248	0
Non-current financial liabilities	**21**	283,994,436	0	299,726,688	1,660,947
Non-current trade payables	**22**	9,699,886	0	16,768,995	0
Other non-current liabilities	**23**	110,660,579	0	111,883,859	0
Total non-current liabilities		**470,978,594**		**497,003,109**	
Current liabilities					
Short-term portion of provisions for risks and charges	**19**	3,118,600	0	3,802,794	0
Current trade payables	**22**	137,972,775	21,307,701	132,512,354	31,328,535
Tax and social security payables	**24**	51,255,675	0	42,701,657	0
Current financial liabilities	**21**	34,406,436	3,321,269	32,621,735	3,313,023
Other current liabilities	**23**	167,577,282	88,480,794	176,803,696	104,258,158
Total current liabilities		**394,330,768**		**388,442,236**	
Liabilities directly associated with assets held for disposal	**17**	1,536,168		1,043,435	
Total liabilities		**866,845,530**		**886,488,780**	
Total Shareholders' Equity and liabilities		**1,915,351,450**		**2,006,315,256**	

Consolidated interim income statement

(Euro)	Notes	First Half 2017	of which related parties (Note 33)	First Half 2016	of which related parties (Note 33)
Revenues					
Revenues from operations	25	391,533,889	7,178,917	370,496,246	7,762,318
Balance	25	1,607,856	0	21,457,093	0
Other operating income	26	21,511,048	19,251,771	21,874,871	19,932,716
Total revenues		**414,652,793**		**413,828,210**	
Costs					
Costs for raw materials, supplies, consumables and goods	27	(4,071,270)	(228,905)	(4,437,131)	(306,585)
Costs for services	27	(65,026,908)	(1,713,123)	(71,125,629)	(2,683,342)
Personnel costs	28	(239,090,791)	0	(238,770,247)	0
Costs for the use of third-party assets	27	(2,958,122)	(53,782)	(2,932,122)	(59,461)
Other operating expenses	27	(1,761,333)	0	(1,427,498)	0
Capitalisation of internal work	29	13,904,960	0	13,145,398	0
Total costs		**(299,003,464)**		**(305,547,229)**	
Amortisation and depreciation	7 and 8	(70,663,240)	0	(73,437,865)	0
Write-downs and losses/(write-backs)	13	(4,750,258)	0	(439,100)	0
Provisions	19	(418,256)	0	221,967	0
Operating Income		**39,817,575**		**34,625,983**	
Financial income and expenses					
Financial income	30	2,906,912	0	1,631,503	0
Financial expenses	30	(3,236,283)	(56,938)	(3,741,656)	(105,252)
Profit/(loss) on foreign exchange	30	(301,986)	0	16,216	0
Total financial income and expenses		**(631,357)**		**(2,093,937)**	
Income before taxes		**39,186,218**		**32,532,046**	
Income taxes for the period	31	(12,178,426)		(10,337,390)	
Profit/(loss) for the period		**27,007,792**		**22,194,656**	
attributable to parent company		*27,007,792*		*22,194,656*	
attributable to minority interests		*0*		*0*	
Basic earnings/(loss) per share	37	0.05		0.02	
Diluted earnings per share	37	0.05		0.02	

Consolidated interim statement of comprehensive income

(Euro)	Notes	First Half 2017	First Half 2016
Profit/(loss) for the period	**18**	**27,007,792**	**22,194,656**
Other components of the comprehensive income statement that will subsequently be reclassified in profit/(loss):			
- Differences arising from the translation of foreign financial statements	18	(4,037,023)	(956,188)
- Fair value of derivative financial instruments	10 and 18	(155,110)	(54,529)
- Tax effect of the valuation at fair value of derivative financial instruments	11 and 18	25,802	13,087
Total components of the comprehensive income statement that will subsequently be reclassified in profit/(loss)		(4,166,331)	(997,630)
Other components of the comprehensive income that will not subsequently be reclassified in profit/(loss):			
- Actuarial gains/(losses) on employee benefits	18 and 20	1,559,203	(4,993,299)
- Tax effect of actuarial gains/(losses) on employee benefits	11 and 18	(374,208)	1,198,392
Total components of the comprehensive income statement that will not subsequently be reclassified in profit/(loss)		1,184,995	(3,794,907)
Total Profit/(loss) of Comprehensive Income Statement		**24,026,456**	**17,402,119**

Consolidated interim statement of changes in shareholders' equity

	Share capital	Reserves: Legal reserve	Reserves: Sundry reserves	Reserves: Reserve for actuarial gains/(losses) for employee benefits	Reserves: Cash Flow Hedge	Reserves: Total reserves	Retained earnings/(accumulated losses)	Profit/(loss) for the period	Total Shareholders' Equity
Balance at 1 January 2016	**941,744,385**	**15,876,762**	**43,163,664**	**(8,727,931)**	**2,692,806**	**53,005,301**	**29,717,020**	**66,083,249**	**1,090,549,955**
Allocation of net profit from the previous year	0	2,490,873	0	0	0	2,490,873	63,592,376	(66,083,249)	0
Dividend disbursement	0	0	0	0	0	0	(47,326,585)	0	(47,326,585)
Share capital reduction	(400,000,000)	0	400,000,000	0	0	400,000,000	0	0	0
Currency translation difference reserve	0	0	(956,188)	0	0	(956,188)	0	0	(956,188)
Comprehensive Profit (loss) recognised, including:									
- Profit/(loss) recognised directly in equity	0	0	0	(3,794,907)	(41,442)	(3,836,349)	0	0	(3,836,349)
- Profit/(loss) for the period	0	0	0	0	0	0	0	22,194,656	22,194,656
Balance at 30 June 2016	**541,744,385**	**18,367,635**	**442,207,476**	**(12,522,838)**	**2,651,364**	**450,703,637**	**45,982,811**	**22,194,656**	**1,060,625,489**
Balance at 1 January 2017	**541,744,385**	**18,367,635**	**444,794,783**	**(10,257,651)**	**2,849,039**	**455,753,806**	**45,982,811**	**76,345,474**	**1,119,826,476**
Allocation of net profit from the previous year	0	3,570,194	0	0	0	3,570,194	72,775,280	(76,345,474)	0
Dividend disbursement	0	0	0	0	0	0	(95,347,012)	0	(95,347,012)
Share capital reduction	0	0	0	0	0	0	0	0	0
Currency translation difference reserve	0	0	(4,037,023)	0	0	(4,037,023)	0	0	(4,037,023)
Comprehensive Profit (loss) recognised, including:									
- Profit/(loss) recognised directly in equity	0	0	0	1,184,995	(129,308)	1,055,687	0	0	1,055,687
- Profit/(loss) for the period	0	0	0	0	0	0	0	27,007,792	27,007,792
Balance at 30 June 2017	**541,744,385**	**21,937,829**	**440,757,760**	**(9,072,656)**	**2,719,731**	**456,342,664**	**23,411,079**	**27,007,792**	**1,048,505,920**

Consolidated statement of cash flows

		Notes	First Half 2017	of which related parties	First Half 2016	of which related parties
A -	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD**	**16**	**231,811**		**174,141**	
	Net cash flow generated/(absorbed) by operating activities					
	Profit/(loss) for the period	**18**	27,008		22,195	
	Amortisation and depreciation	**7 and 8**	70,663		73,438	
	Net change in liabilities for employee benefits	**20**	(860)		(670)	
	Change resulting from currency exchange	**18**	(3,414)		24	
	Loss on sale of tangible assets and impairment losses of tangible and intangible assets	**7 and 8**	12		21	
	Other income/expenses on non-monetary flows	**21**	99		0	
	Provisions for risks and charges	**19**	(205)		(5,234)	
	Net change of deferred tax assets and liabilities	**11**	(274)		1,440	
	Decrease/(increase) in inventories	**14**	153		489	
	Decrease/(increase) in current and non-current trade receivables	**13**	(49,695)	(8,734)	(59,448)	(1,491)
	Decrease/(Increase) Income tax and tax and social security payables	**12 and 24**	2,391		22,442	
	Change in other current assets and liabilities	**15**	(20,828)	(15,401)	341	14,591
	Change in other non-current assets and liabilities	**23**	(1,223)		2,985	
	Increase/(decrease) in current and non-current trade payables	**22**	(3,712)	281	(12,443)	(7,675)
B -	**TOTAL CASH FLOW FROM OPERATING ACTIVITIES**		**20,115**		**45,580**	
	of which Taxes paid		(18,728)		(21,753)	
	of which Interest paid		(894)		(1,061)	
	Net cash flow generated/(absorbed) by investing activities					
	Investments in tangible assets	**7**	(54,063)		(43,598)	
	Investments in intangible assets	**8**	(4,154)		(3,049)	
	Increase/(Decrease) in trade payables		2,390	(10,302)	606	(3,061)
	Investments in other companies		(12,398)		0	
C -	**TOTAL CASH FLOW FROM INVESTING ACTIVITIES**		**(68,225)**		**(46,041)**	
	Net cash flow generated/(absorbed) from financing activities					
	Medium and long term loans		0		0	
	(Repayments) of medium and long term loans	**21**	(15,667)	(1,653)	(15,667)	(1,641)
	Net change in short-term financial liabilities		39		53	
	Bond issue		0		0	
	Net change in short-term financial liabilities	**21**	1,785		7,697	
	(Increase)/Decrease in current financial assets		0		256	
	(Increase)/Decrease in non-current financial assets	**10**	227		0	
	Change in capital		0		0	
	Dividend distribution	**18**	(95,347)	(50,890)	(47,326)	(47,326)
D -	**TOTAL CASH FLOW FROM FINANCING ACTIVITIES**		**(108,963)**		**(54,987)**	
E -	**Total cash flow (B+C+D)**		**(157,073)**		**(55,448)**	
F -	**Exchange rate differences on cash**		**(209)**		**(299)**	
G -	**CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+E+F) (*)**	**16**	**74,529**		**118,394**	

value in thousands of Euro

(*) Cash and cash equivalents at end of the first half 2017 include €1.541 thousand of the liquidity of Sicta Consortium in liquidation, reclassified as part of the activities held for disposal.

Notes to the financial statements

1. General information

ENAV S.p.A. (hereinafter also the "Parent Company"), a limited company listed on the Mercato Telematico Azionario (MTA) since 26 July 2016, was established in 2001 following the conversion, under Law No. 665/1996, of the "Ente Nazionale di Assistenza al Volo (the National Agency for Flight Assistance)", a public undertaking, that was formerly known as "Azienda Autonoma di Assistenza al Volo per il Traffico Generale" (A.A.A.V.T.A.G. – Autonomous Company providing Flight Assistance for General Traffic).

At 30 June 2017 the Company was owned 53.373% by the Ministry of Economy and Finance (MEF) and 46.627% by institutional and individual shareholders.

ENAV provides air traffic control and management services and other essential air navigation services in Italian airspace and in the national civil airports for which it is responsible, ensuring the highest technical and system standards in flight safety and the enhancement of the technology and infrastructure of flight assistance systems. These infrastructures require constant maintenance and continuous development to guarantee safety, punctuality and operational continuity. However, this is clearly stated in the European Union's Single European Sky regulations that on the one hand define the structure of the air traffic management system and on the other set the technological, qualitative, economic and environmental targets that all service providers must meet.

The Parent Company's registered office is in Via Salaria 716, Rome and its operating facilities are located throughout the country.

The Group handles the technical management and maintenance of air traffic control equipment and systems through its subsidiary Techno Sky S.r.l., acquired at the end of 2006, and engineering activities also carried out through the SICTA Consortium and later by the Group following the voluntary liquidation of the Consortium begun in 2017.

The subsidiary ENAV Asia Pacific, a Malaysian registered company, in addition to carrying out commercial activities for the ENAV Group in Asia and Oceania also provides aeronautical consultancy services to the Kuala Lumpur airport Air Traffic Control Centre, while the subsidiary ENAV North Atlantic, founded in the legal form of a limited liability company (LLC) holds the investment in Aireon LLC which will create the first global satellite surveillance system for air traffic control.

The condensed consolidated interim financial statements concern the six months ended 30 June 2017 and have been prepared in euro, the currency of the economy in which the Group operates.

The publication of this Half-year Financial Report was authorised by the Directors on 9 August 2017. EY S.p.A. has carried out a limited audit on the financial statements.

2. Form and content of the condensed consolidated interim financial statements

The Condensed consolidated interim financial statements at 30 June 2017 were prepared in conformity with the international accounting standards *(IAS - International Accounting Standard and IFRS – International Financial Reporting Standards*) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and by the Standing Interpretations Committee (SIC), recognised by the European Union pursuant to European regulation 1606/2002 and published until 9 August 2017, the date on which the Enav S.p.A. Board of Directors approved the Half-year Financial Report.

Specifically, these financial statements were prepared in accordance with IAS 34 (Interim Financial Statements) and Article 154-*ter,* paragraph 3, of the Consolidated Finance Act. Pursuant to the right granted by IAS 34, the information content of the Condensed consolidated interim financial statements was reduced compared with those in the complete annual financial statements because they aim to provide an update to the activities, events and circumstances that have taken place during the reference half-year period as well as certain minimal supplementary information expressly required by the principle, therefore omitting information, note and data already presented and commented on in the Enav Group Consolidated Financial Statements at 31 December 2016. Therefore the Condensed Interim Consolidated Financial Statements at 30 June 2017 should be read in conjunction with the Group Consolidated Financial Statements for the year ended 31 December 2016 which should be referred to for a more complete understanding of the information reported in this document.

The ENAV Group identified the half-year as the reference interim period for the purposes of applying the above-mentioned international accounting standard, IAS 34, and the definition of interim financial statements.

With respect to the methods for the presentation of the financial statements, in the statement of financial position assets and liabilities are separated into current and non-current; the income statement has been prepared by classifying operating costs by nature; and the statement of cash flows has been prepared in accordance with the indirect method.

As provided for in Consob Resolution No. 15519 of 27 July 2006, amounts relating to related-party positions or transactions, if they are significant for the purposes of understanding the position in terms of assets and liabilities, profitability and cash flows, are shown in the statement of financial position, the income statement and the statement of cash flows.

3. Scope and principles of consolidation

The consolidation principles used to prepare the Condensed Interim Consolidated Financial Statements at 30 June 2017 conform to those used to prepare the Consolidated Financial Statements at 31 December 2016, approved on 16 March 2017 and available on the website www.enav.it at the following address: https://www.enav.it/sites/public/en/InvestorRelations/Financial-Statements-and-Reports.html

There were no changes in the scope of consolidation in the first half of 2017.

In the first half of 2017, there were no significant transactions or unusual events, with the exception of what is reported in the condensed consolidated interim financial statements at 30 June 2017.

Translation of financial statements of foreign companies

The exchange rates used to translate the financial statements of companies that use a reporting currency other than the euro are shown in the table below:

	First Half 2017		31.12.2016		First Half 2016	
	Average exchange rate in six months	At 30 June 2017	Average exchange rate in 12 months	At 31 December 2016	Average exchange rate in six months	At 30 June 2016
Malaysian ringgits	4.7499	4.8986	4.5842	4.7287	4.5748	4.4301
United States dollars	1.0825	1.1412	1.1066	1.0541	1.1155	1.1102

4. Newly applied accounting standards and interpretations

The accounting standards used to prepare the condensed consolidated interim financial statements at 30 June 2017 are compliant with those used to prepare the consolidated financial statements at 31 December 2016, which should be referred to for more details, except for the adoption of new standards, amendments and interpretations in force as of 1 January 2017. The Group did not opt for early adoption of any new standard, interpretation or amendment issued but not yet in force.

The nature and effects of these changes are described below. Although these new standards and amendments are applicable for the first time in 2017, they have not had a significant impact on the Group's Condensed Consolidated Interim Financial Statements. The nature and effects of each new standard/amendment are listed below:

- *Amendments to IAS 12 Recognition of deferred tax assets for unrealised losses* – issued on 19 January 2016 provides clarifications on the methods for measuring deferred tax assets relating to debit instruments measured at fair value. In addition, the amendments clarify the requirements for recording deferred tax assets with regard to unrealised losses, in order to eliminate asymmetry in accounting practices. The amendments will be applicable after endorsement, from the financial years starting 1 January 2017 onwards.

The Group is evaluating the potential impacts from the future application of the new principle, which has not currently been endorsed by the European Union;

- *Amendments to IAS 7 Disclosure Initiative* – issued on 29 January 2016. The amendments to the above-mentioned principle apply to liabilities and assets resulting from financing activities, defined as liabilities and assets whose cash flows have been or will be classified in the statement of cash flows in the cash flow from financing activities. The amendments require the information about changes to these assets/liabilities to be inserted distinguishing between monetary and non-monetary changes (e.g. changes resulting from obtaining or losing control in subsidiaries or in other businesses, the effect of exchange rate changes and changes in fair value). The IASB suggests providing this information in a table reconciling the balances for the start of the period and those for the end of the period for these assets/liabilities. The Group does not expect significant impacts from the future application of the new principle, which has not currently been endorsed by the European Union;
- *Annual Improvements to IFRS standard 2014-2016 Cycle* – issued on 8 December 2016. The document contains formal changes and clarifications of existing principles. More specifically, the following principle has been amended:
  - *IFRS 12 – Disclosure of interests in other entities:* several amendments have been made to clarify the scope of IFRS 12 in relation to interests in entities under the scope of *IFRS 5 Non-current asset held for sale and discontinued operations*. Specifically, it clarifies that the entities are not exempt from the disclosure obligations required by IFRS 12 if said entities are reclassified under *non-current assets held for sale or as discontinued operations.*

  The Group does not expect significant impacts from the future application of the new principle, which has not currently been endorsed by the European Union.

New accounting principles, interpretations and amendments effective for periods after 31 December 2017, not adopted by the Group

Below is a list of the new accounting principles, amendments and interpretations that will be applied by the Group in the years following the year ended 31 December 2017:

- *IFRS 9 – Financial Instruments* – issued in its final version on 24 July 2014, replacing the current *IAS 39 Financial Instruments: Recognition and Measurement* superseding all previous versions. The principle applies to financial years from 1 January 2018 and its early adoption is permitted. The final version of IFRS 9 represents the result of the three implementation phases of the project that led to the replacement of IAS 39, relating to the classification and measurement of financial instruments, impairment and hedge accounting. IFRS 9 provides a unique approach to classification for all types of financial assets, including financial assets that contain embedded derivatives. In order to define the methods through which financial assets should be classified and measured, the business model applied to the Group should be considered for managing financial assets and the characteristics of the related cash flows.

Financial assets at amortised cost are required under the scope of a business model whose purpose is to hold the assets until maturity and collect the cash flows, unlike financial assets classified and measured at the fair value and allocated to the comprehensive income statement which concern assets held in a business model whose purpose is achieved by either collecting the contractually agreed cash flows or by selling the financial assets.

With regard to the classification and measurement of financial liabilities, IFRS 9 has essentially replicated the accounting treatment in IAS 39 with some slight amendments. The majority of financial liabilities continue to be measured at amortised cost; in addition, the option to measure financial liabilities at fair value through the income statement is still available in certain circumstances.

The principle introduces new provisions for the measurement of financial liabilities at fair value, according to which changes in the fair value of a company's debt should be recorded in the comprehensive income statement and not in the income statement. These requirements are already available for adoption without applying the further provisions of IFRS 9 in their entirety.

In addition, the principle identified a new impairment model that provides users of financial statements with more information about the company's expected losses. IFRS 9 also includes a new hedge accounting model, with the aim of aligning the accounting treatment with the risk management methods and establishing a model with a greater focus on objective criteria, a principles-based approach.

In order to assess the impacts related to the adoption of the new standard, the Group is organising a working group with the aim of analysing the potential effects of the adoption of the new principle IFRS 9, specifically in terms of classification and the consequent measurement of its financial assets/liabilities, taking into consideration the new categories in IFRS 9 (compared with those in IAS 39).

- *IFRS 14 Regulatory Deferral Accounts* – issued on 30 January 2014. The standard allows first time adopters to continue to recognise the amount relating to regulated charges on the basis of the former principles adopted (e.g. national accounting principles) for first time adoption and in accordance with

IFRS 1-First-time Adoption of International Financial Reporting Standards. This principle is not adopted by companies which already prepare their financial statements in accordance with IAS/IFRS. The European Commission has decided not to start the endorsement process for this draft while awaiting its final version.

The application of the above-mentioned principle, following its endorsement, will not have any impact on the Group as it has already adopted the international accounting principles.

- *IFRS 15 Revenue from contracts with customers* – issued on 28 May 2014, on 11 September 2015 *Amendments to IFRS 15: effective date of IFRS 15* was then issued. The new principle will be applied to all contracts with customers in accordance with the scope of application set out within the actual standard. The new principle establishes a global framework for recording revenues and measuring them, based on the criterion of recording revenues at the time of the transfer of goods or services promised to customers in an amount which reflects the contractual consideration with regard to said goods or services. This criterion is applied under the scope of a methodology which can be summarised in 5 stages: identification of the contract with the customer (step 1); identification of the performance obligations (step 2); determining of the transactions price, or the consideration that can be reasonably expected (step 3); allocation of the transaction price to every single performance obligation based on the stand-alone selling price) of each of the goods or services promised in the contract (step 4); recording of revenues on the satisfaction of the performance obligation through the transfer of the goods or services. The transfer to the customer coincides with the time the customer obtains control of the goods or services (step 5). The principle will be applicable to financial years starting from 1 January 2018.

  In 2017 the Group organised adequate working groups and, as a result, launched a project designed to assess potential impacts on the financial statements and verify any financial information internal control system adjustments through the identification of critical cases. Currently the following preliminary analyses have been launched aimed at:

  i) identifying the scope of contracts included under the scope of IFRS 15; analysing the above contracts to identify the main cases affected by the application of IFRS 15 (identification of performance obligations, methods to progress the obligations and ensure satisfaction over a period of time; identification of stand-alone selling prices);
  ii) determining the economic-financial effects, the financial effects and the impact on the control system relating to financial information, resulting from the contract analysis activity.

- *Clarifications to IFRS 15 Revenue from contracts with customers* – issued on 12 April 2016, it includes several amendments to the principle in order to clarify aspects related to the practical expedients identified by IFRS 15 and several issues discussed under the scope of the *"Joint Transition Resource*

Group" created jointly by the IASB and the FASB. The object of these clarifications is to provide interpretations relating to the requirements of IFRS 15 but not to distort its formulation. IFRS 15 will be applicable, following the endorsement of the clarifications, to financial years from 1 January 2018 onwards.

- *IFRS 16 Leases* – issued on 13 January 2016, replaces the previous standard IAS 17 Leases and related interpretations, establishes the criteria for the recognition, measurement, presentation and reporting of leasing agreements for both parties of a contract, for example the lessee and the lessor. Despite maintaining the definition of lease agreement already set out in IAS 17, the main change introduced by IFRS 16 consists of the introduction of the concept of control under the scope of the actual definition. Specifically, IFRS 16 requires the evaluation of whether or not the lessee has the right to control the use of an asset for a given period of time. IFRS 16 eliminates the classification between operational and financial leasing and introduces a unique method for recording all lease agreements in the accounts. The standard will be applicable to financial years from 1 January 2019 following endorsement which is expected by the end of 2017.
- *Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions* – issued on 20 June 2016. These changes clarify that the fair value of cash-regulated share-based payments at the measurement date is calculated taking into consideration market conditions (e.g. the target price of the shares) and non-vesting conditions, ignoring, however, services and conditions other than market ones; share-based payment transactions that satisfy the requirement for making payments to fulfil withholding tax are classified as equity instruments in their entirety; they provide guidelines for the accounting of a change in terms and conditions of a share-based payment from a cash type one and from one using equity instruments.

  The changes will take effect, after endorsement, from the financial years starting 1 January 2018 or afterwards.

  The Group does not expect there to be impacts from the future application of the new arrangements.
- *Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* – issued on 12 September 2016. The amendments allow companies whose assets are mainly related to insurance activities to defer the adoption of IFRS 9 until 2021 (temporary exemption); and grants all companies with active insurance contracts the option of recording in the comprehensive income statement (OCI), rather than in the income statement, the volatility that could arise if IFRS 9 is applied before the application of the new principle for insurance contracts (overlay approach).

  The changes will take effect, after endorsement, from the financial years starting 1 January 2018 or afterwards.

  The Group does not expect there to be impacts from the future application of the new arrangements.

- *Annual Improvements to IFRS standard 2014-2016 Cycle* – issued on 8 December 2016. The document contains formal amendments and clarifications to existing principles that would not produce impacts on the consolidated financial statements of the ENAV Group. More specifically, the following principles have been amended:
  - *IFRS 1 – First-time adoption:* the principle was amended to remove the short-term exemptions relating to IFRS 7, IAS 19 and IFRS 10. The simplifications planned previously are no longer applicable. This annual improvement will be applicable, after endorsement, from the financial years after 1 January 2018;
  - *IAS 28 – Investments in associates and joint ventures:* the principle was amended to clarify that a venture capital organisation, mutual funds and/or other similar entities, can choose to record their investments in joint ventures and associates at fair value or using the equity method. The change to the principle also clarifies that the method chosen is the one identified at the initial recognition. This annual improvement will be applicable, after endorsement, from the financial years after 1 January 2018.
- *IFRIC 22 Foreign Currency transactions and advance consideration* – issued on 8 December 2016. The interpretation applies to transactions in foreign currency if a company records a non-monetary asset/liability that originates from the payment or the collection of an advance before the company records the asset, the cost or the income. IFRIC 22 clarifies the identification methods of transaction dates in foreign currency in order to calculate the exchange rate to use at the initial recognition of the asset, cost or income following the derecognition of a non-monetary asset/liability. IFRIC 22 clarifies that, in the application of paragraphs 21-22 of IAS 21, the date to use for the calculation of the exchange rate to use at the initial recognition of the asset, cost or income is the date on which the company recorded the non-monetary asset/liability associated with the advance. In the presence of multiple payments the company will decide on a date for each payment or collection resulting from financial advances. The above-mentioned interpretation will apply, after endorsement, to all financial years starting from 1 January 2018. Early adoption has also been granted.
- *IFRIC 23 Uncertainty over Income Tax Treatments* – issued on 7 June 2017. The interpretation clarifies the application implications associated with the recognition and measurement of tax assets/liabilities in accordance with IAS 12 when there is uncertainty over the tax treatment of a transaction. In particular:
  - a company should decide whether to consider each uncertain tax position separately or jointly with others taking into consideration that this approach fits in better with resolving the actual uncertainty also bearing in mind the practice adopted for filing returns to the tax authorities and the examination methods of the latter;

- a company should assume that the tax authorities will examine the documents and all the necessary information relating to the uncertainty for treatment and resolution;
- a company should evaluate the probability of the tax authorities accepting the proposed tax treatment associated with a transaction from the uncertain tax treatment. If the probability of the tax authorities accepting it is high, then the company should calculate the taxes in line with the planned tax treatment. If the probability of them accepting it is low, then the company should reflect the uncertainty in the tax estimate using one of the following methods: i) *most likely amount*; ii) *expected value*. If the tax uncertainty impacts current and deferred taxes, the company should make the best estimate for the purpose of both current and deferred taxes;
- at every accounting closing the company should evaluate whether the events and circumstances on which it based its judgement have changed over the course of time after inception. In the case of changes in events and circumstances, IAS 8 is applicable. In addition, a company should apply IAS 10 to establish whether the change that took place between the reporting date and the approval date of the financial statements is an adjusting or non-adjusting event.

The above-mentioned interpretation will apply, after endorsement, to all financial years starting from 1 January 2019. Early adoption has also been granted.

5. Use of estimates and management judgements

For a description of the use of accounting estimates, please refer to the consolidated financial statements at 31 December 2016.

In addition, certain assessment processes, particularly the more complex ones such as the determination of any impairment losses on non-current assets, are generally conducted comprehensively only when preparing the annual financial statements when all necessary information is available, unless indicators of impairment are identified which would require immediate impairment testing.

6. Effects of seasonality

The type of business in which the parent company operates is affected by fluctuating revenues over the course of the year. Air traffic is, by its nature, heavily influenced by seasonal factors. As for any activity linked to tourism, passenger traffic increases in the seasons of the year when Italian and foreign passengers typically travel more.

Specifically, revenues, which are closely connected to performance in air traffic control, did not show a uniform trend during the year and mainly peaked in the summer. In light of the above, the results for the first half reflect the seasonality of traffic flows, which steadily increased during that period.

7. Tangible assets

The table below shows changes in tangible assets at 30 June 2017 compared with the end of 2016.

	Land and Buildings	Plants and machinery	Ind. and comm. equipment	Other assets	Asset under construction	Total
Historical cost	463,324	1,730,864	301,652	327,188	241,706	3,064,734
Accumulated depreciation	(186,488)	(1,280,025)	(246,895)	(295,045)	0	(2,008,453)
Net amount 31.12.2016	**276,836**	**450,839**	**54,757**	**32,143**	**241,706**	**1,056,281**
Increases	13,415	50,546	1,157	1,668	54,063	120,849
Disposals - historical cost	(352)	(3,743)	(362)	(1,128)	0	(5,585)
Disposals - accumulated depreciation	352	3,743	361	1,117	0	5,573
Reclassifications	0	(5)	0	0	(66,983)	(66,988)
Impairment losses	0	0	0	0	0	0
Depreciation	(8,857)	(47,572)	(6,660)	(4,492)	0	(67,581)
Total changes	**4,558**	**2,969**	**(5,504)**	**(2,835)**	**(12,920)**	**(13,732)**
Historical cost	476,387	1,777,652	302,447	327,728	228,786	3,113,000
Accumulated depreciation	(194,993)	(1,323,844)	(253,194)	(298,420)	0	(2,070,451)
Net amount 30.06.2017	**281,394**	**453,808**	**49,253**	**29,308**	**228,786**	**1,042,549**

In the first half of 2017, tangible assets posted a net decline of €13,732 thousand, represented by:

- depreciation for the first half of €67,581 thousand (€69,139 thousand at 30 June 2016);
- increases in tangible assets totalling €120,849 thousand, including €66,786 thousand relating to investments made and come into use during the half-year. These include: i) the airport new ground-to-air radio centre and LAN at the Bergamo Orio al Serio airport; ii) Eatms build, software for the presentation of radar and flight data for use by controllers (CWP Controller Working Position) with a prototype set of functions designed to allow the execution of a series of Sesar trials jointly with the Coflight product. This software, with all functional and technical details to be completed later with the 4Flight contract, is the basis of the presentation of the future ATM platform; iii) the AMHS programme (Aeronautical Message Handling System) is a system that allows the acquisition and relaunch onto the international network of all flight plan distributions, Notam and weather forecasts in accordance with the ICAO standard that connects all global providers; iv) the new power plant servicing the Rome Ciampino Area Control Centre; v) a plan of the service centre at the Rome Ciampino Area Control Centre which houses the offices of the Controller; vi) the adjustment and technological upgrading of the CNS/ATM systems at various airport sites with regard to the E-NET virtual network voice operating service; vii) the adaptation of the 8.33 kHz ground-to-air radio equipment for the Milan Area Control Centre. The increase of €54,063 thousand refers to the tangible assets under construction regarding

the progress of investment projects, the most significant of which are: i) the 4-Flight programme, the objective of which is to develop the new ATM technological platform of the Area Control Centres based on Sesar operating concepts and using the Coflight system internally as the basic component; ii) the Data Link 2000 plus programme in the process of being installed at three Area Control Centres; iii) the works to complete the Forlì Academy training school; iv) the works connected with the construction of a new building at the Rome Ciampino Area Control Centre;

- the decrease in tangible assets under construction of €66,988 thousand refers for €66,786 thousand to investment projects concluded and entered into use in the half-year through a reduction in tangible assets under construction with classification to the item and for €197 thousand to the reclassification of several components of operating systems under inventories for replacement parts.

Part of the investments, with a historical cost of €231,745 thousand, is financed by capital grants recognised as part of the National Operating Program (NOP) for Transport for the years 2000-2006 and 2007-2013 for initiatives at southern airports and grants assigned by the Ministry of Infrastructure and Transport for investments in military airports, in accordance with Italian Law 102/09. The capital grants recognised for these investments are accounted for as other liabilities and released to the income statement in line with the depreciation of the investments to which they refer. The amount attributable to the period came to €4,654 thousand.

8. Intangible assets

The table below shows changes in intangible assets at 30 June 2017 compared with the end of 2016.

	Industrial patent and intellectual property rights	Other intangible assets	Asset under construction	Goodwill	Total
Historical cost	128,353	2,085	44,619	66,486	241,543
Accumulated amortisation	(116,374)	(2,085)	0	0	(118,459)
Net amount 31.12.2016	**11,979**	**0**	**44,619**	**66,486**	**123,084**
Increases	5,088	0	4,154	0	9,242
Disposals	0	0	0	0	0
Reclassifications	0	0	(5,088)	0	(5,088)
Impairment losses	0	0	0	0	0
Amortisation	(3,082)	0	0	0	(3,082)
Total changes	**2,006**	**0**	**(934)**	**0**	**1,072**
Historical cost	133,441	2,085	43,685	66,486	245,697
Accumulated amortisation	(119,456)	(2,085)	0	0	(121,541)
Net amount 30.06.2017	**13,985**	**0**	**43,685**	**66,486**	**124,156**

Intangible assets totalled €124,156 thousand and a net increase of €1,072 thousand was recorded in the first half of 2017 with the following changes:

- amortisation for the period of €3,082 thousand (€4,299 thousand at 30 June 2016);
- increases in intangible assets totalling €9,242 thousand, including €5,088 thousand referring to goods that came into use during the half-year, mainly involving software to support the various management and operating systems and €4,154 thousand for investment under construction including the new release of the ERP IT system and the AIDA monitoring and analysis system;
- the decreases in intangible assets of €5,088 thousand refer entirely to investment projects concluded during the half-year that came into use classified under the item.

Goodwill is equal to the difference between the acquisition value of the subsidiary Techno Sky S.r.l. and its net assets expressed at current values, and is representative of future economic benefits. This value, amounting to €66,486 thousand, is allocated to the Maintenance Services CGU, coinciding with the legal entity Techno Sky S.r.l.

During the period, no elements emerged that would indicate that the value of goodwill has undergone impairment; therefore no impairment testing was conducted.

9. Investments in other companies

The item investments in other companies, which refers entirely to investments held in other companies, amounts to €48,451 thousand and increased by €11,983 thousand compared with 31 December 2016 following the payment by Enav North Atlantic of the third tranche in Aireon LLC for $16.8 million bringing the stake to 8.63% corresponding to $55.1 million.

Aireon LLC is unlisted, so its book value is represented by the cost set forth in the contract, estimated based on assessments conducted at the time of acquisition.

10. Current and non-current financial assets

Current financial assets stand at €817 thousand and fell by €404 thousand compared with 31 December 2016 following the measurement at fair value of the derivative regarding the forward currency purchase in US dollars, associated with the latest tranche which will be exercised at the end of 2017 corresponding with the portion to be paid for the investment in Aireon.

Non-current financial assets amounted to €13,543 thousand (€13,671 thousand at 31 December 2016) and break down as follows:

	30.06.2017	31.12.2016	Variations
Non-current financial assets			
Financial receivables	13,003	13,306	(303)
Derivative	177	-	177
Other	363	365	(2)
Total	**13,543**	**13,671**	**(128)**
Current financial assets			
Derivative	817	1,221	(404)
Total	**817**	**1,221**	**(404)**

The financial receivable relates entirely to the receivable due from the company from which the business unit transferred to Techno Sky was purchased, which registered a decrease of €303 thousand for the repayment obtained, commensurate with the settlements and advances paid by Techno Sky to its employees by way of employees' leaving entitlement. This receivable corresponds to employees' leaving entitlement included in the business unit transferred from the seller to subsidiary Techno Sky, and is reduced either on simple request from the subsidiary in the event that employees terminate their employment relationship or ask for advances in a single instalment 15 years from the signing date, which corresponds to 28 December 2021. This receivable is interest-bearing, at Euribor 3 months, 360 base, plus a spread of 0.05 percentage points, and supported by a first demand bank guarantee.

The derivative classified under the scope of the non-current financial assets includes the positive fair value of the financial instrument agreed by the Parent Company for the purpose of hedging the exposure from an unfavourable change in Euro/AED exchange rates relating to future collections in foreign currency concerning a two-year active contract defined with the Abu Dhabi General Aviation Authority for the project for optimising air traffic flows in the United Arab Emirates. At 31 December 2016 this instrument has a negative fair value classified under non-current financial liabilities.

The derivative contract represents a perfectly effective hedge and is accounted for in accordance with the cash flow hedge method. Refer to note 34 for all information required under IFRS 7.

11. Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are reported in detail in the table below, with amounts impacting profit and loss and those impacting other items of comprehensive income (shareholders' equity) highlighted separately.

	31.12.2016		Incr./decr. with impact on Income statement		Incr./decr. with impact on Shareholders' Equity		30.06.2017	
	Temporary differences	Deferred Tax assets/liabilities	Temporary differences	Deferred Tax assets/liabilities	Temporary differences	Deferred Tax assets/liabilities	Temporary differences	Deferred Tax assets/liabilities
Deferred tax assets								
Taxed provisions	56,736	13,617	3,380	811	0	0	60,116	14,428
Write-down of inventories	9,002	2,161	23	5	0	0	9,025	2,166
Discounting on receivables	3,858	993	(1,478)	(383)	0	0	2,380	610
Tax effect of IFRS conversion	751	210	(67)	(19)	0	0	684	191
Discounting employee severance indemnity	2,634	651	0	0	(1,559)	(374)	1,075	277
Employee severance indemnity non-deductible portion	1,878	465	(372)	(90)	0	0	1,506	375
Fair value of derivatives	52	12	0	0	(48)	(11)	4	1
Other	21,487	6,110	(131)	(30)	0	0	21,356	6,080
Total	**96,398**	**24,219**	**1,355**	**294**	**(1,607)**	**(385)**	**96,146**	**24,128**
Deferred tax liabilities								
Other	9,106	2,185	389	93	0	0	9,495	2,278
Discounting on debts	270	65	(113)	(27)	0	0	157	38
Tax effect of IFRS conversion	2,812	848	(143)	(46)	0	0	2,669	802
Fair value of derivatives	3,801	912	0	0	(177)	(37)	3,624	875
Total	**15,989**	**4,010**	**133**	**20**	**(177)**	**(37)**	**15,945**	**3,993**

The change in the first half of 2017 in deferred tax assets and deferred tax liabilities, which have a balance, respectively of €24,128 thousand and €3,993 thousand, is attributable to the following effects:

- the provisions and utilisation of taxable funds, such as the bad debt allowance and risk provision for the reasons reported in the comments to notes 13 and 19;
- the reversal of the discounting of receivables for the portion pertaining to the half-year and the recording of the discounting on balances at 30 June 2017;
- the accounting of employee severance indemnity according to the actuarial method, which showed an actuarial gain impacting other items in the comprehensive income statement;
- the measurement at fair value of derivative financial instruments with recording in other components of the comprehensive income statement;
- the measurement and reversal to the income statement of the elimination of margins on transactions within the scope of the Group.

The Group reasonably believes the deferred tax assets recorded on the basis of the prospective tax bases inferable in the business plan can be recovered.

12. Current and non-current tax receivables

Non-current tax receivables, relating to the receivable for the higher IRES tax paid by the Group in 2007/2011 due to the non-deduction of IRAP relating costs incurred for employees and similar costs, totalled €25,177 thousand and are unchanged compared with the figure recorded at 31 December 2016.

Current tax receivables amounted to €46,210 thousand and are specified in the table below.

	30.06.2017	31.12.2016	Variations
Receivable from tax authorities for VAT	31,072	23,169	7,903
IRES receivable	2,321	617	1,704
IRAP receivable	10,714	12,866	(2,152)
Other current tax receivable	2,103	3,418	(1,315)
Total	**46,210**	**40,070**	**6,140**

The *receivable from the tax authorities for VAT* totalling €31,072 thousand rose by €7,903 thousand and refers entirely to VAT receivables due to the Group that have accrued in the half-year. The receivable at 30 June 2017 also contains €13.6 million relating to VAT that the Parent Company asked to be repaid in February 2017.

The *IRES receivable* amounts to €2,321 thousand and refers to the Parent Company calculated as the difference between the account paid in June and the tax for the period.

The *IRAP receivable* stands at €10,714 thousand, down €2,152 thousand compared with 31 December 2016 on account of the tax for the first half of 2017.

The receivable for other current taxes mainly includes the Enav North Atlantic receivable for taxes paid at the end of 2016 by way of US Federal Income Tax and Corporate State Tax with regard to the preferred dividends accrued and not collected, for which repayment was requested in 2017 following the deferral of the right to receive dividends from 2016 to 2021 following the changes that took place under the scope of the agreement between the parties. The decrease in the period is mainly due to the collection of the IRAP receivable, which refers to the years from 2004 to 2007, for a total of €1,170 thousand in principal.

13. Current and non-current trade receivables

Current trade receivables amounted to €322,206 thousand and non-current trade receivables, relating entirely to balance receivables, totalled €107,609 thousand and changed as follows during the period.

	30.06.2017	31.12.2016	Variations
Current trade receivables			
Receivable from Eurocontrol	233,052	164,271	68,781
Receivable from the Ministry of Economy and Finance	7,083	13,299	(6,216)
Receivable from Ministry of Infrastructure and Transport	45,000	30,000	15,000
Receivables from others	41,194	39,523	1,671
Balance receivable	49,827	28,781	21,046
	376,156	**275,874**	**100,282**
Bad debt provision	(53,950)	(49,223)	(4,727)
Total	**322,206**	**226,651**	**95,555**
Non-current trade receivables			
Balance receivable	107,609	153,539	(45,930)
Total	**107,609**	**153,539**	**(45,930)**

The *receivable from Eurocontrol* relates to the fees deriving from en-route and terminal revenues not yet collected at 30 June 2017, and part of which are not yet due, totalling €163,280 thousand (€114,417 thousand at 31 December 2016) and €69,772 thousand (€49,854 thousand at 31 December 2016), respectively, gross of the bad debts allowance. The increase for the period is mainly attributable to higher revenues in the last months of the half-year (receivables not due at 30 June 2017) compared with the figures for the last months of 2016 as well as receivables of €17.6 million from Alitalia not collected following the extraordinary administration procedure which declared a state of insolvency freezing positions accrued prior to 2 May 2017. The amount due from Eurocontrol, net of the portion directly attributed to the bad debts allowance, comes to €189,662 thousand.

The *receivable from the Ministry of Economy and Finance (MEF)* of €7,083 thousand relates entirely to en-route and terminal exemptions recognised in the first half of 2017. The change compared with the balance at 31 December 2016 relates to the receivable recorded in the previous year which, following the approval of the 2016 financial statements, was offset, with the payable due to the Air Force resulting from collections relating to en-route traffic recorded in 2016 and pertaining to the latter.

The *receivable from the Ministry of Infrastructures and Transport* includes the contributions for operating expenses aimed at offsetting the costs incurred by the Parent Company to guarantee the security of its plants and operational safety, pursuant to Law 248/05 Article 11 *septies*, of €30 million, which increased in the first half of 2017 by €15 million for the share pertaining to the period.

The item *receivables from others* increased by €1,671 thousand at 30 June 2017 with regard to more activities in foreign contracts for positions not yet due including the activities carried out by Enav Asia Pacific in Malaysia and by Techno Sky in Libya for the construction of a control tower and technical complex at the Mitiga Airport.

The *bad debt provision* totalled €53,950 thousand and recorded a net increase in the half-year of €4,727 thousand following the impairment of part of the en-route and terminal receivable recorded with regard to Eurocontrol and relating to the carrier Alitalia; specifically, although the receivable is recorded with regard to Eurocontrol, based on the state of uncertainty in which the airline company finds itself, as well as the estimate of the time delay in the recovery of the above-mentioned receivables that will follow the times defined by the extraordinary administration proceedings, which declared a state of insolvency on 2 May 2017 and froze the positions that accrued prior to that date, the company decided to prudently write down these receivables by €3.5 million. The write-down for the period includes positions with airport bankrupt management companies. The use relates to the collection of positions prudently written down in previous years. Changes during the period are shown in the table below:

			Decreases		
	31.12.2016	Increases	Utilizations	cancellations	30.06.2017
Bad debt provision	49,223	4,990	(229)	(34)	53,950

The *balance receivable,* which refers entirely to the Parent Company, net of discounting, stands at €157,436 thousand and is classified in current trade receivables for €49,827 thousand for the portion that will be recovered in 2017 and by 30 June 2018; a portion equal to €107,609 thousand is classified in non-current trade receivables.

In detail, the balance receivable includes the residual portion of en-route and terminal balances recognised by the Parent Company since 2011 and in subsequent years, that have not yet been recovered through charges. The decrease in the balance receivable recorded in the non-current portion for €45,930 thousand refers for €26 million to the cancellation of the balance for the third charging zone recorded in previous financial years and recognised by the Ministry of Economy and Finance through Article 51 of Decree Law 50 of 24 April 2017, converted through Law 96 on 21 June 2017 in order to contain charge increases for this charging zone with a matching entry in terms of the reduction of the payable recorded with regard to the Ministry for 2014. The other part of the decrease is attributable to the portion of the balances reclassified in the current item because they will be recovered during 2018, net of the balances recorded at 30 June 2017 of €14,740 thousand which will not be recovered until at least two years after recording.

Specifically, the receivable for the balance recorded in the first half of 2017, equal to €14,740 thousand, net of the discounting effect, refers for €13,294 thousand to the en-route balance and for €1,446 thousand to the terminal balance. Specifically, the en-route balances refer to: i) the traffic risk balance and the unrecovered portion of balances recognised in previous years and incorporated in the 2017 charge in the amount of €12,987 thousand, recognised due to the decrease in actual en-route service units generated in the first half with respect to what was established in the plan for the quarter (-7.6%); ii) a weather balance of €533 thousand determined, in compliance with EU regulations, according to cost recovery logic; iii) the discounting of the above-mentioned balances for €226 thousand.

The terminal balances mainly refer to: i) the weather balance and the traffic risk balance for the first charging zone with regard to the Rome Fiumicino Airport for €87 thousand and €487 thousand, respectively recorded following fewer service units in the first half-year compared with the figures in the performance plan for the half-year (-5.6%); ii) the terminal balance which refers to the third charging zone calculated according to a cost recovery logic, as it is not included in the performance plan, of €887 thousand. The reduction in this balance, compared with the figure recorded at 31 December 2016, stands at €20,825 thousand and is attributable to the application for 2017 of the natural charge calculated on the basis of estimated costs which, with an increase in traffic, made it possible to almost entirely cover the above-mentioned costs compared with 2016 where, at the request of the Ministry of Economy and Finance and the Ministry of Infrastructures and Transport, a lower charge than the natural one was applied.

14. Inventories

Inventories, representing mainly spare parts, amounted to €60,944 thousand net of the allowance for inventory losses, and changed as follows during the period:

	31.12.2016	Increases	Decreases	30.06.2017
Fiduciary inventory	64,566	1,245	(1,404)	64,407
Direct inventory	4,588	496	(265)	4,819
Flight inspection inventory	743	0	0	743
	69,897	**1,741**	**(1,669)**	**69,969**
Allowance for inventory losses	(9,002)	(611)	588	(9,025)
Total	**60,895**	**1,130**	**(1,081)**	**60,944**

The increase of €1,245 thousand, net of the allowance for inventory losses, refers primarily to fiduciary inventory for the acquisition of spare parts for operating systems used in air navigation, as well as parts of systems classified as inventory from tangible assets, in the amount of €202 thousand. The decrease of €1,669 thousand gross of the allowance for inventory losses, regards uses of spare parts in operating systems.

The allowance for inventory losses increased by €611 thousand due to the provision recognised for spare parts that have become obsolete in that they relate to systems that are no longer used, and decreased by €588 thousand due to the disposal of spare parts already written down in previous years.

15. Other current assets

Other current assets totalled €24,814 thousand and a net increase of €11,838 thousand was recorded in the first half of 2017. The item breaks down as follows:

	30.06.2017	31.12.2016	Variations
Receivables from government entities for capital grants	3,617	3,995	(378)
Receivables from personnel	3,405	3,441	(36)
Receivables from various entities for projects funded	2,557	3,307	(750)
Accruals and deferrals	13,924	1,532	12,392
Other receivables	4,356	3,756	600
	27,859	**16,031**	**11,828**
Bad debt provision	(3,045)	(3,055)	10
Total	**24,814**	**12,976**	**11,838**

The receivables from government entities for capital grants fell by €378 thousand following the adjustment of the receivable to the reporting of projects funded by the Piano d'Azione e Coesione (PAC) (Cohesion Action Plan) for which the reporting period ended on 31 March 2017.

The receivables from various entities for projects funded recorded a net decrease of €750 thousand following the collection from various European projects that ended and which were reported in 2016.

Accruals and deferrals, which totalled €13,924 thousand, increased following the recording of personnel costs pertaining to subsequent months, mainly the INAIL payment made in February and fourteenth month paid to employees in June and classified under accruals and deferrals for the portion not attributable to the period.

16. Cash and cash equivalents

Details of cash and cash equivalents at 30 June 2017 are provided below:

	30.06.2017	31.12.2016	Variations
Bank and post office deposits	72,920	230,944	(158,024)
Cash and cash equivalents on hand	69	63	6
Total	**72,989**	**231,007**	**(158,018)**

Cash and cash equivalents at banks and the central treasury stood at €72,989 thousand and recorded a net change in the period negative by €158,018 thousand which, as well as the dynamics of collections and payments connected with ordinary operations, which recorded a negative deficit related to the lower collections recorded in the first half of 2017, also following the non collection of the receivable from Alitalia, was affected by the following events: i) the payment of the dividend for €95.3 million; ii) the repayment of loans of €15.7 million; iii) the payment to the Italian Air Force of the share of terminal collections pertaining to it for €9.7 million; iv) the payment of current taxes for the balance and first payment on account of €17.6 million. These effects were partly offset by the collection of prefinancing for the CEF 2015 project as well as the interim payment for the CEF 2014 project totalling €10 million.

There are no restrictions on cash and cash equivalents that may limit their availability.

17. Assets held for disposal and associated liabilities

Assets held for disposal net of related liabilities amounted to €223 thousand at 30 June 2017 and refer entirely to the Sicta Consortium in liquidation. Specifically, the item includes the assets of the Consortium equal to €1,759 thousand and the directly associated liabilities, totalling €1,536 thousand, classified under assets held for disposal and liabilities associated with assets held for disposal, in accordance with IFRS 5. On 3 March 2017 the meeting with all the consortium shareholders present, approved the voluntary liquidation of the Consortium and appointed the liquidator, following consent to launch the liquidation process given by the consortium shareholders, namely the Parent Company and Techno Sky, under the scope of the Board of Directors meetings held, respectively, on 1 March 2017 and 2 March 2017. The liquidation process became effective on 28 March 2017 through recording in the companies register.

18. Shareholder's equity

Shareholders' equity amounted to €1,048,506 thousand at 30 June 2017 and the changes in the first half are reported in detail in the specific accounting statement provided after the consolidated interim statement of financial position and income statement.

The table below provides details of the individual items.

	30.06.2017	31.12.2016	Variations
Share capital	541,744	541,744	0
Legal reserve	21,938	18,368	3,570
Other reserves	436,359	436,359	0
Translation reserve	5,126	9,163	(4,037)
IAS FTA reserve	(727)	(727)	0
Reserve for actuarial gains/(losses) for employee benefits	(9,073)	(10,258)	1,185
Cash Flow Hedge reserve	2,720	2,849	(129)
Retained earnings/(accumulated losses)	23,411	45,983	(22,572)
Profit/(loss) for the period	27,008	76,345	(49,337)
Total Group Shareholders' Equity	**1,048,506**	**1,119,826**	**(71,320)**
Share capital and reserves attributable to minority interest	0	0	0
Profit/(loss) attributable to minority interest	0	0	0
Total minority interest in Shareholders' Equity	**0**	**0**	**0**
Total Shareholders' Equity	**1,048,506**	**1,119,826**	**(71,320)**

On 28 April 2017 at the ordinary shareholders' meeting called, among other things, for the approval of the financial statements at 31 December 2016, it was resolved to allocate a total dividend of €0.176 per share to shareholders for a total value of €95,347 thousand. This amount was taken from the result for the year of Enav S.p.A., after the allocation of 5% equal to €3,570 thousand to the legal reserve in conformity with Article 2430, paragraph 1 of the Civil Code and, therefore €67,834 thousand with the remaining €27,513 thousand to retained earnings of previous years.

At 30 June 2017 the share capital numbered 541,744,385 ordinary shares.

The *legal reserve* totalled €21,938 thousand and increased following the allocation of 5% of the 2016 profit of the Parent Company as illustrated above.

The *translation reserve* consists of exchange differences arising on the translation of the financial statements of foreign subsidiaries and amounted to €5,126 thousand. The decline of €4,037 thousand is primarily attributable to the translation of the first-half accounts of the subsidiary Enav North Atlantic.

The *IAS FTA reserve* (first time adoption) includes differences in the values of asset and liability items recorded upon first time adoption of international accounting standards.

The *reserve for actuarial gains/(losses) for employee benefits* includes the effects of actuarial changes in employee severance indemnity, net of the tax effect, which at 30 June 2017 showed an actuarial gain generating an improvement in the negative balance of €1,185 thousand.

The *cash flow hedge reserve*, totalling €2,720 thousand, includes the fair value measurement of derivative financial instruments, which recorded a net negative change in the half-year of €129 thousand net of the tax effect.

Retained earnings/(accumulated losses) consists of the amount of the profit (loss) for the year ending on 31 December 2016 as well as the profit (loss) in previous years of companies within the scope of consolidation and consolidation adjustments applied in previous years. The change in the period of €22,572 thousand refers to what was commented on previously with regard to the distribution of retained earnings by way of dividends.

The consolidated profit for the first half of 2017 stood at €27,008 thousand.

19. Provisions for risks and charges

Provisions for risks and charges amount to €10,820 thousand, of which the portion classified in current liabilities totals €3,119 thousand. They changed as follows during the first half of the year:

	31.12.2016	Increases	Decreases	30.06.2017
Provisions for disputes with personnel	2,522	434	(4)	2,952
Provisions for other pending litigations	1,296	0	(16)	1,280
Other risks	7,211	0	(623)	6,588
Total provisions for risks and charges	**11,029**	**434**	**(643)**	**10,820**

The *provisions for disputes with personnel*, the current portion of which comes to €937 thousand, increased during the period due to employment related disputes where the risk of an adverse outcome has been assessed as being probable. At 30 June 2017 the total value of legal claims relating to on-going disputes for which Group lawyers have deemed the risk of adverse outcome to be *possible* is €0.5 million.

The *provisions for other pending litigations*, the short-term portion of which is equal to €390 thousand, fell by €16 thousand following the settlement of a dispute with a favourable outcome for the Group. At 30 June

2017, estimated costs relating to on-going disputes for which Group lawyers have deemed the risk of a an adverse outcome to be possible amounted to €1.2 million.

The item *other risks,* the current portion of which is €1,792 thousand, fell in the first half of the year by €623 thousand equal to the amount due for the concession to use frequencies in non-aeronautical bands, connected with execution of air navigation control services provided by the Parent Company, granted for use free of charge by the Ministry of Economic Development (MISE) until 31 December 2015 and suddenly due starting from 1 January 2016. This amount was reclassified under other current liabilities, following the discussions the Parent Company had with the competent bodies, because the amount was recognised as due accepting a 40% reduction in conformity with Article 32, paragraph 9, letter f) of Annex 25 of the Communications Code (Legislative Decree 259/03).

20. Employee severance indemnity and other benefits

Employee severance indemnity and other benefits amounted to €54,930 thousand, and consisted of the provision for employee severance indemnity governed by Article 2120 of the Italian Civil Code, which includes the estimated obligation, determined in accordance with actuarial techniques, for amounts to be paid out to ENAV Group employees upon termination of their employment.

The liability for employee severance indemnity and other benefits changed as follows during the first half:

	30.06.2017	31.12.2016
Liabilities for employee benefits at the beginning of the period	**57,388**	**58,068**
Interest cost	341	851
Actuarial (gains)/Losses on defined benefits	(1,559)	2,013
Advance payments, disbursements and other variations	(1,240)	(3,544)
Liabilities for employee benefits at the end of the period	**54,930**	**57,388**

The utilisation of €1,240 thousand of the provision for employee severance indemnity resulted from amounts paid out to personnel leaving the group during the first half, advances disbursed to personnel who so requested and, to a small extent, the direct monthly payment of employee severance indemnity as a supplement to remuneration ("QU.I.R.") in compliance with what is established in the 2015 Stability Law, for personnel who exercised this option.

The difference between the previous balance on this account calculated on the basis of the previous assumptions and the balance recalculated at period end on the basis of the updated assumptions constitutes actuarial gains (losses). At 30 June 2017, this calculation generated actuarial gains of €1,559 thousand, compared with the actuarial loss recognised at the end of 2016.

The main assumptions used for the actuarial valuation process on the provision for employee severance indemnity at 30 June 2017 are summarised below and compared with the values calculated at 31 December 2016:

	30.06.2017	31.12.2016
Discount rate	1.67%	1.31%
Inflation Rate	1.50%	1.50%
Severance indemnity annual increase rate	2.625%	2.625%
Expected turnover rate	4.00%	4.00%
Expected rate of advance payments	2.50%	2.50%

The discount rate used for calculating the current value of the obligation was calculated, consistent with paragraph 83 of IAS 19, from the IBoxx Corporate AA Index with a duration of 10+ recorded at the measurement date and commensurate with the average length of the collective subject to evaluation. The inflation rate curve, due to the current economic situation, which causes particular volatility in the majority of economic indicators, has been inferred from the 2015 Economy and Finance Document issued by the MEF and from *the medium/long-term trends in the pension and social-healthcare system* document published by the State General Accounting Office. The annual rate of increase in employee severance indemnity is equal to 75% of inflation plus 1.5 percentage points in compliance with Article 2120 of the Italian Civil Code.

The technical and demographic assumptions used in the valuation are reported below.

	30.06.2017	31.12.2016
Death	IPS55	IPS55
Incapacity	INPS tables by age and sex	INPS tables by age and sex
Retirement	100% reaching the requirements of mandatory general insurance	100% reaching the requirements of mandatory general insurance

A sensitivity analysis is provided below on the impacts that changes in the main valuation parameters would have on the liability for employee severance indemnity and other benefits at 30 June 2017.

	Liabilities for defined benefits for Group employees at 30.06.2017
Turnover rate 1%	54,737
Turnover rate -1%	55,163
Inflation rate 0.25%	55,724
Inflation rate - 0.25%	54,168
Discount rate 0.25%	53,708
Discount rate -0.25%	56,215

The average financial duration of the obligation for defined benefit plans is 10.8 years.

A table is provided below of the payments expected in subsequent years drawn from the provision for employee severance indemnity.

	Payments expected
within 1 year	3,920
between 1 to 2 years	2,897
between 2 to 3 years	3,417
between 3 to 4 years	3,225
between 4 to 5 years	3,445

21. Current and non-current financial liabilities

Current and non-current financial liabilities include: i) payables to credit institutions for medium/long-term loans with the short-term portion included under current financial liabilities inclusive of interest expense recognised on an accrual basis; ii) the bond issued by the Parent Company on 4 August 2015, with interest expense accrued up to 30 June 2017 included under current liabilities.

The values at 30 June 2017 compared with those at 31 December 2016 and the relative changes are shown below:

	30.06.2017		31.12.2016		Variations	
	current portion	*non-current portion*	*current portion*	*non-current portion*	*current portion*	*non-current portion*
Bank Loans	31,265	103,994	31,208	119,623	57	(15,629)
Bond	3,141	180,000	1,414	180,000	1,727	0
Derivatives	0	0	0	104	0	(104)
Total	**34,406**	**283,994**	**32,622**	**299,727**	**1,784**	**(15,733)**

The table below shows the breakdown of net financial indebtedness at 30 June 2017 compared with 31 December 2016, in accordance with the requirements of CONSOB Communication of 28 July 2006 and in compliance with what is established in the recommendation ESMA/2013/319 of 20 March 2013.

	30.06.2017	of which related parties	31.12.2016	of which related parties
(A) Cash	72,989		231,007	
(B) Other cash equivalents	0		0	
(C) Trading securities	0		0	
(D) Liquidity (A)+(B)+(C)	**72,989**		**231,007**	
(E) Current financial receivables	0		0	
(F) Current financial payables	0		0	
(G) Current portion of non-current indebtedness	(34,406)	(3,321)	(32,622)	(3,313)
(H) Other current financial debt	0		0	
(I) Current financial indebtness (F)+(G)+(H)	**(34,406)**	**(3,321)**	**(32,622)**	**(3,313)**
(J) Net current financial indebtedness/Liquidity (D)+(E)+(I)	**38,583**	**(3,321)**	**198,385**	**(3,313)**
(K) Non-current bank loans	(103,994)	0	(119,623)	(1,661)
(L) Bonds issued	(180,000)		(180,000)	
(M) Other non-current loans	0		0	
(N) Non-current financial indebtedness (K)+(L)+(M)	**(283,994)**	**0**	**(299,623)**	**(1,661)**
(O) CONSOB Net Financial Indebtedness (J)+(N)	**(245,411)**	**(3,321)**	**(101,238)**	**(4,974)**
(P) Current and non-current derivatives instruments	994		1,117	
(Q) ENAV Group Net Financial Indebtedness (O)+(P)	**(244,417)**	**(3,321)**	**(100,121)**	**(4,974)**

At 30 June 2017, bank loans decreased overall by €15,572 thousand, following repayments made during the first half of the year and owing to effects connected to the amortised cost.

Specifically, repayments concerned the following loans:

- the repayment of €4,000 thousand for the half-year instalment of the loan from Unicredit S.p.A., expiring 30 November 2018;
- the repayment of €10,000 thousand for the half-year instalment of the loan from Unicredit S.p.A., expiring 30 June 2018;
- the repayment of a half-year instalment of the loan from Medio Credito Centrale for €1,667 thousand, expiring 31 May 2018.

The portion of loans recognised under current liabilities (€31,265 thousand) includes the amounts to be repaid in the subsequent 12 months as set forth in the amortisation plans, inclusive of the effects connected with the amortised cost.

At 30 June 2017, the Group has unused short-term credit lines totalling €228.5 million (committed lines of €70 million and uncommitted lines of €158.5 million), in addition to the share of the EIB loan of €150 million not yet used, resulting in available liquidity of €378.5 million. These contracts include interest at normal market conditions. The general conditions applied to the Group's credit relationships are essentially unchanged since 31 December 2016.

On 4 August 2015, the Parent Company issued a bond for a nominal value of €180 million, which is listed on the Luxembourg Stock Exchange's regulated market and has a duration of seven years and bullet repayment at maturity (4 August 2022). The bond issue involves the payment of an annual coupon deferred to a fixed extent of 1.93% of the nominal value. The portion of interest for the half-year equal to €1,727 thousand was classified under current liabilities, bringing the entire payable for interest to €3,141 thousand.

In relation to the disclosure required pursuant to IFRS 7, it should be noted that the fair value of the bond issue, understood as the price that would be paid for the transfer of liabilities as part of an ordinary transaction conducted between market operators, was estimated at €191.8 million at the valuation date of 30 June 2017.

The derivative liability recorded at 31 December 2016 under non-current financial liabilities involves the hedging of the exchange rate risk of the Dubai AED, which was zeroed at 30 June 2017 following the measurement of a positive fair value recorded under non-current financial assets.

22. Current and non-current trade payables

At 30 June 2017, current trade payables amounted €137,973 thousand, and had increased by €5,461 thousand compared with 31 December 2016, following changes in the items shown in the following table:

	30.06.2017	31.12.2016	Variations
Current trade payables			
Payables to suppliers	101,801	115,330	(13,529)
Payables for advance payments received for projects financed in Europe	24,567	10,558	14,009
Balance payable	11,605	6,624	4,981
Total	**137,973**	**132,512**	**5,461**
Non-current trade payables			
Balance payable	9,700	16,769	(7,069)
Total	**9,700**	**16,769**	**(7,069)**

Payables to suppliers of goods and services necessary for the Group's activity showed a reduction of €13,529 thousand compared with 31 December 2016 following the higher payments made in the first half of 2017 mainly for investment projects from the end of 2016 and lower payables in the period.

The item *payables for advance payments received for projects financed in Europe* which stood at €24,567 thousand increased by €14,009 thousand mainly because of the collection of the final contributions to various projects funded including Free Solution and ASNP-IDP where the amounts are paid to the various partners taking part in the project funded. In the first half of the year prefinancing was also collected on the

Connecting Europe Facility (CEF) with regard to 2015 to the tune of €6.3 million as well as the interim payment of €3.8 million of the CEF for 2014 after the reporting for the period 2014 and 2015 made in the previous year.

The balance payable amounted to €21,305 thousand in total, and included in the part classified under current payables of €11,605 thousand which contains the portion that will be charged to the income statement partly in 2017 and partly in the first half of 2018, bringing the amounts into line with those recognised in relation to charges. Overall, the balance payable item recorded a net negative change in the first half of 2017 of €2,088 thousand due to the reversal to the income statement of the portions pertaining to the period of €3,180 thousand including the discounting effect and the new entries of €1,092 thousand referring mainly to the terminal second charging zone traffic balance which generated higher service units than in the forecast figure.

23. Other current and non-current liabilities

Other liabilities include the items laid out in the table below, broken down into current and non-current:

	30.06.2017		31.12.2016		Variations	
	current portion	non-current portion	current portion	non-current portion	current portion	non-current portion
Deposit payment	35,490	0	80,532	0	(45,042)	0
Other payables	123,267	0	87,359	0	35,908	0
Accruals and deferrals	8,820	110,661	8,913	111,884	(93)	(1,223)
Total	**167,577**	**110,661**	**176,804**	**111,884**	**(9,227)**	**(1,223)**

Deposit payment totalled €35,490 thousand, including €28,818 thousand referring to the Parent Company payable to the Italian Air Force for the portion of collections received in the first half of 2017 for en-route and terminal services and €6,672 thousand for the payable to ENAC for collections concerning the same services. The net decrease recorded in the first half of the year of €45,042 thousand is due to the following events: i) the offsetting of the AMI route payments on account recorded at €31 December 2016 for €66,057 thousand with the receivable due with regard to the Ministry of Economy and Finance (MEF) equal to €13,299 thousand and the recording of the payable to the MEF of €52,758 thousand in the item other payables of other current liabilities; the transaction took place following the approval of the financial statements; ii) the payment to the Air Force of the terminal collections for the second half of 2016 of €9,732 thousand; iii) the amounts accrued in the period for the AMI and ENAC equal to a total of €30,747 thousand.

Other payables came to €123,267 thousand recording a net increase of €35,908 thousand mainly for: i) the payable to the MEF, which recorded a net increase of €26,758 thousand standing at €64,959 thousand, following the portion pertaining to 2016 as previously commented on and the reduction of the payable of €26 million following the provisions of Article 51 of Decree Law 50/2017 converted into Law 96 of 21 June 2017 which, in order to curb the charge increases set out in the 2016-2019 programme contract for the third charging zone, allocated €26 million by cancelling part of the payable to the MEF recorded in 2014; ii) the payable to personnel which amounted to €43,284 thousand (€36,473 thousand at 31 December 2016), up compared with the end of 2016 by €6,811 thousand for the debt provision for leave accrued and not taken and for the thirteenth month payment due in the half-year; iii) the payable for the supplementary pension fund of €9,816 thousand (€8,863 thousand at 31 December 2016) up €953 thousand because of the greater tax base related to the fourteenth month payment due in June;

Accruals and deferrals mainly includes grants on NOP financed projects for networks and mobility relating to the 2000-2006 and 2007-2013 periods regarding specific investments made in southern airports, capital grants for investments in military airports pursuant to the provisions of Italian Law 102/09 and other grants for investments, primarily associated with European financing obtained under the TEN-T programme, recorded a net decrease during the reference period of €1,316 thousand mainly following the recording of deferred income of €3,760 thousand for the share of the 2014 CEF referring to financed investments and for reversal to the income statement for the portion pertaining to the period of grants connected with the depreciation of the investments to which the grants refer for €4,654 thousand.

24. Tax and social security payables

Tax and social security payables amounted to €51,256 thousand and are broken down as shown in the table below.

	30.06.2017	31.12.2016	Variations
Tax payables	15,063	15,289	(226)
Social security payables	36,193	27,413	8,780
Total	**51,256**	**42,702**	**8,554**

Tax payables decreased by €226 thousand, owing to a reduction for the payment of the balance of IRES recognised in 2016 and paid in June this year, and an increase in IRPEF withholding taxes paid in July following the payment of the fourteenth month in June to employees.

Social security payables rose by €8,780 thousand following greater expenses related to the additional remuneration paid in June as well as the part related to staff provisions recognised on an accrual basis.

Information on items in the consolidated interim income statement

25. Revenues from operations and balance

Revenues from operations and balance, also relating to operations, amounted to €391,534 thousand and €1,608 thousand respectively, with the former increasing by €21,038 thousand, while balance revenues fell by €19,849 thousand.

The tables below show the details of the individual items:

	First Half 2017	First Half 2016	Variations	%
En Route revenues	275,798	265,520	10,278	3.9%
Terminal revenues	102,123	91,591	10,532	11.5%
En Route and terminal exemptions	7,082	6,805	277	4.1%
Revenues from non-regulated market	6,531	6,580	(49)	-0.7%
Total revenues from operations	**391,534**	**370,496**	**21,038**	**5.7%**

En Route revenues came to €275,798 thousand, up by €10,278 thousand compared with the same period of the previous year as a result of the increase in service units during the period (+2.4%) compared with 30 June 2016 (+0.7% compared with 30 June 2015) with the charge applied basically unchanged compared with 2016 which stood at €80.00 (€80.08 in 2016).

Terminal revenues came to €102,123 thousand and recorded an overall increase of €10,532 thousand compared with the previous half-year, a change that mainly refers to the third charging zone which had more service units and a charge increase. Specifically, note the following events: i) more service units developed in the first half-year up 2.5% compared with 30 June 2016 (+3.2% compared with 30 June 2015) with a positive performance in the second and third charging zones and a negative performance in the first charging zone which refers to the Rome Fiumicino Airport which recorded less assisted traffic, expressed in services units as -3.8% (+2.6% compared with 30 June 2015) because it was affected more by the difficulties in which Alitalia is in. The second charging zone, which contains the Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio airports, recorded a 4.1% increase in service units (4.8% compared with 30 June 2015) and the third charging zone, which includes 40 airports, recorded an increase in terms of service units of 5.1% (2.4% compared with 30 June 2015) also following the transfer to the management of the Enav Parent Company of two airports, namely Comiso and Rimini, which took place respectively in September and November 2016. This traffic performance, together with the various charges applied for 2017, reduced for the first two charging zones and equal respectively to €188.57 (€200.68 in 2016) for the first charging zone and €209.95 (€233.33 in 2016) for the second charging zone and up for the third charging zone to €323.79 (€260.96 in 2016 in which, at the request of the MEF and the MIT a lower charge than the natural one to cover costs calculated during the budget stage was applied), generating an increase in terms of revenue for the third charging zone of €14.6 million and a decrease for the other two charging zones totalling €4.1 million.

Revenues related to *en-route and terminal exemptions* equal, respectively to €5,725 thousand (€5,508 thousand at 30 June 2016) and €1,357 thousand (1,297 thousand at 30 June 2016) recorded a slight increase compared with the first half of 2016 of €277 thousand on account of the higher service units for exempt flights with special reference to en-route traffic.

Revenues from non-regulated market stood at €6,531 thousand, basically in line with the figure for the previous year, but up 17% if you exclude the €1 million present in the first half of 2016 from the acknowledgement and settlement agreement signed by the subsidiary Techno Sky with Leonardo SpA after the arbitration proceedings which were concluded in May 2016. Non-regulated market revenues changed in the type of services provided in the half-year and there was an increase in revenues for services provided abroad including: i) in the United Arab Emirates for the restructuring of the airspace, which generated revenues of €1,157 thousand; ii) in Libya for the construction of the control tower and the technical complex at Mitiga Airport, a contract awarded at the end of March 2017 worth a total of €5 million with the works expected to be completed at the end of 2017 and which generated revenue of €413 thousand. There is an ongoing contract with Libya for the training of 60 air traffic controllers, which was formalised at the end of 2016 with a view to enabling Libyan personnel to maintain their qualifications after a long period of inactivity caused by the closing of the airspace; iii) in Malaysia for the Kuala Lumpur Air Traffic Control Centre which generated revenue of €1,158 thousand; iv) in Morocco for research into instrument flight and the restructuring of the airspace with revenues of €392 thousand. These activities made it possible to offset the reduction in revenues for Air Traffic Services provided by the Parent Company including those involving Comiso Airport charged for since September 2016 and previously managed through a direct agreement and for the Crotone airport tower services following the end of the temporary operations at the end of October 2016 and consequent closure of the airport.

The adjustment component for balances, also part of the Parent Company's operations, totalled €1,608 thousand and is the result of the elements reported in the following table:

	First Half 2017	First Half 2016	Variations
Balance charge adjustments for the period	13,883	29,460	(15,577)
Discounting effect	(232)	(444)	212
Balance changes	(3)	(185)	182
Balance utilisation	(12,040)	(7,374)	(4,666)
Total Balance	**1,608**	**21,457**	**(19,849)**

The *Balance charge adjustments for the period* represents the increase in the charge deriving from actual traffic volumes and/or costs compared with the values budgeted upon determination of the charge before their adjustment to fair value resulting from the effect of discounting and refer for €13,520 thousand to en-route (€11,758 thousand for the 1st half of 2016) and for €363 thousand to terminal (€17,702 thousand for the first half of 2016).

The en-route balances refer mainly to traffic risk and the portion not recovered of balances recorded in previous financial years and included in the charge in 2017 totalling €12,987 thousand recorded following fewer service units generated at the end of the 2017 half-year compared with the performance plan figures and reported in the half-year (-7.6%). The terminal balances overall, for charging zones, recorded a negative balance for the second charging zone of €1,087 thousand following the higher traffic than forecast and the positive balances totalling €1,450 thousand refer to the first charging zone for €562 thousand, following fewer service units generated in the first half of 2017 compared with the forecast figure, down 5.6% and to the third charging zone for €888 thousand. The reduction recorded in the first half of 2017, compared with the corresponding previous period, is due mainly to the third charging zone whose balance is calculated according to a cost recovery logic which in the first half of 2016 stood at €18,324 thousand because it was affected by the application of a lower charge than the natural one calculated on the basis of estimated costs.

The *discounting effect*, equal to €232 thousand, is derived by the separation of the financial component inherent in the balance mechanism, carried out by discounting the balances generated during the period in accordance with a pre-defined recovery plan.

The *balance changes* item, negative by €3 thousand, includes the difference between Eurocontrol costs stated during performance and the actual figures for 2016. These costs, as declared by the European Commission, are considered as exempt from the cost sharing mechanism and are returned or demanded by the carriers.

The *balance utilisation* of €12,040 thousand refers to the transfer to charges and therefore to the income statement of the portion of en-route and terminal balances recognised in previous years in compliance with what was done upon determination of the charge for 2017.

26. Other operating income

Other operating income amounted to €21,511 thousand, a decrease of €364 thousand compared with 30 June 2016. Other operating income breaks down as follows:

	First Half 2017	First Half 2016	Variations
Capital grants	4,654	4,879	(225)
Operating grants	15,074	15,585	(511)
European funding	481	210	271
Other revenues and income	1,302	1,201	101
Total	**21,511**	**21,875**	**(364)**

Capital grants regard the recognition in the income statement of part of deferred income in proportion with the depreciation charged on the assets to which the grant refers, as discussed in note 23.

Operating grants mainly refer to the amount for the first half recognised to the Parent Company according to Article 11 *septies* of Italian Law 248/05, in order to offset costs incurred to guarantee system safety and operational security, and the training of personnel financed by Fondimpresa.

European funding regards the portion attributable to the half-year of financed European projects in which the Group participates.

Other revenues and income include insurance reimbursements for claims caused by third parties, the secondment of ENAV personnel to third parties and the penalties applied to suppliers for delay in the delivery of goods and/or services compared with the contractually agreed deadlines.

The details of revenues in the first half of 2017 are shown below compared with those for the corresponding period of the previous year, broken down by geographical area.

Revenues	First Half 2017	% on revenues	First Half 2016	% on revenues
Italy	409,828	98.8%	410,681	99.2%
EU	422	0.1%	405	0.1%
Non-EU	4,403	1.1%	2,742	0.7%
Total revenues	**414,653**		**413,828**	

27. Costs for goods, services, use of third-party assets and other operating expenses

Costs for goods, services, use of third-party assets and other operating expenses totalled €73,817 thousand, a net decrease of €6,105 thousand compared with the figure for the first half of 2016. The details of the above-mentioned costs and changes during the period are reported in the table below:

	First Half 2017	First Half 2016	Variations
Costs for the purchase of goods	4,071	4,437	(366)
Costs for services:			
Maintenance costs	10,188	9,956	232
Costs for Eurocontrol contributions	19,301	20,852	(1,551)
Costs for utilities and telecommunications	17,903	17,665	238
Costs for insurance	1,414	3,958	(2,544)
Cleaning and security	2,427	2,621	(194)
Other personnel-related costs	5,054	5,049	5
Professional services	4,972	4,402	570
Other costs for services	3,768	6,623	(2,855)
Total Costs for services	**65,027**	**71,126**	**(6,099)**
Costs for the use of third-party assets	2,958	2,932	26
Other operating expenses	1,761	1,427	334
Total	**73,817**	**79,922**	**(6,105)**

Costs for the purchase of goods include costs incurred for the acquisition of spare parts for air traffic control systems and devices and the relative change in inventories, amounting to €153 thousand (€489 thousand at 30 June 2016), as well as the acquisition of the materials needed for airport site renovation and modernisation activities.

Costs for services recorded a net decrease of €6,099 thousand in the period with different performances according to the type of expenditure and to a greater extent compared with the reduction linked to costs incurred for the privatisation process, which in the first half of 2016 came in at €2,816 thousand. Specifically, note: i) a decrease in insurance costs of €2,544 thousand which benefits from the saving associated with the new contracts entered into which started on 1 July 2016; ii) a reduction in the cost of Eurocontrol contributions of €1,551 thousand; iii) an increase in costs for professional services totalling €570 thousand with reference to both the subsidiary Enav Asia Pacific for costs for the development of the contract in Malaysia for activities in the Kuala Lumpur Air Traffic Control Centre and Techno Sky for more activities in the contract carried out in the first half of 2017 related to higher production than in the corresponding previous period; iv) a decrease in other costs for services of €2,855 thousand which in the first half of 2016 contained part of the costs incurred for the privatisation process and referred mainly to advertising costs and other activities carried out by legal and financial advisors.

Other operating expenses increased by €334 thousand following the costs incurred as a listed company and referring to the contribution due to CONSOB for supervisory activities conducted as well as costs for the half-year and with regard to the concession to use frequencies in non-aeronautical bands recognised as due and not presented in the first half of 2016.

28. Personnel costs

Personnel costs totalled €239,091 thousand with the balance basically in line with the actual figures for the first half of 2016. The breakdown of the items is given in the table below:

	First Half 2017	First Half 2016	Variations	%
Wages and salaries, of which:				
fixed remuneration	136,884	137,308	(424)	-0.3%
variable remuneration	31,744	30,736	1,008	3.3%
Total wages and salaries	**168,628**	**168,044**	**584**	**0.3%**
Social security contributions	55,632	55,711	(79)	-0.1%
Employee severance indemnity	11,156	11,220	(64)	-0.6%
Other costs	3,675	3,795	(120)	-3.2%
Total personnel costs	**239,091**	**238,770**	**321**	**0.1%**

Wages and salaries recorded a net increase of €584 thousand represented by: i) a reduction in fixed remuneration of €424 thousand, the net effect of inertial increases in remuneration and the decrease in them following the reduction of the headcount which had 38 less effective resources including 7 with a greater remuneration weighting and an average reduction of the headcount of 26 resources; ii) a net increase in variable remuneration of €1,008 thousand following overtime on the operating line related to the need for air traffic control personnel training for the implementation of the Free Route platform, an increase offset by lower holiday and RFS costs thanks to the greater use of the latter type of cost as well as lower costs for travel recorded in the first half of 2017.

Other costs recorded a net decrease of €120 thousand made up of greater costs for early retirement incentives paid to employees leaving in the first half of 2017 which involved 5 resources and a fall in insurance costs linked to the lower headcount at the end of the first half of 2017 compared with the corresponding previous period.

The table below shows the Group's workforce broken down by professional category:

	First Half 2017	First Half 2016	Variations
Executives	61	68	(7)
Middle managers	421	416	5
Office staff	3,760	3,796	(36)
Final amount	**4,242**	**4,280**	**(38)**
Average amount	**4,278**	**4,304**	**(26)**

29. Capitalisation of internal work

Costs for capitalisation of internal work stood at €13,905 thousand (€13,145 thousand at 30 June 2016) recording an increase of €760 thousand compared with the previous period on account of the higher internal realisation of investment projects, made by Techno Sky, specifically in relation to the adaptation of airport weather forecast systems to amendment 74 ICAO at various airport locations, the implementation of an airport fibre optic network and VCS modernisation and ground-to-air radio centres at Turin Caselle airport, activities at Brindisi, Treviso, Rimini, Verona and Rome Ciampino airports and the maintenance of the air traffic control systems software.

30. Financial income and expenses

The balance of this item is -€631 thousand, comprising financial income of €2,907 thousand, financial expenses of €3,236 thousand and exchange rate losses of €302 thousand.

Financial income is broken down as follows:

	First Half 2017	First Half 2016	Variations
Income from investments in other companies	417	250	167
Financial income from balance discounting	1,596	0	1,596
Financial income from non-current financial assets	0	0	0
Interest income on VAT credit refunds	27	291	(264)
Other interest income	867	1,091	(224)
Total financial income	**2,907**	**1,632**	**1,275**

Financial income recorded an overall increase of €1,275 thousand mainly referring to financial income from balance discounting involving the portion pertaining to the first half of the year and the allocation to the income statement of receivables for balances associated with the third charging zone following the termination of the related receivables for a total of €26 million implemented in compliance with Legislative decree 50/2017, Article 51.

Financial expenses amounted to €3,236 thousand and are broken down in detail in the table below:

	First Half 2017	First Half 2016	Variations
Interest due on bank loans	1,045	1,049	(4)
Interest due on bonds	1,727	1,727	0
Interest due on employee benefits	341	547	(206)
Interest costs on derivatives at fair value	99	0	99
Financial expenses from balance discounting	0	125	(125)
Other interest due	24	294	(270)
Total financial expenses	**3,236**	**3,742**	**(506)**

The item in question recorded a net decrease of €506 thousand attributable to both lower interest expenses on employee benefits recorded in the first half of 2017 and lower interest expenses of €270 thousand.

31. Income taxes

Income taxes amounted to €12,178 thousand and are broken down as shown in the table below:

	First Half 2017	First Half 2016	Variations
IRES (Corporate tax)	10,360	7,272	3,088
IRAP (Regional tax)	2,092	1,625	467
Total current taxes	**12,452**	**8,897**	**3,555**
Deferred tax assets	(294)	1,284	(1,578)
Deferred tax liabilities	20	157	(137)
Total current and deferred tax assets and liabilities	**12,178**	**10,338**	**1,840**

For additional details on deferred tax assets and liabilities, please refer to note 11.

Other information

32. Segment reporting

For operating purposes, the Enav Group is organised into strategic units identified based on the nature of the services rendered and, for management monitoring purposes, it has two operating segments subject to reporting, which are described below:

- *Flight assistance services:* this operating segment coincides with the Parent Company ENAV, whose core business is providing air traffic management and control services and other essential air navigation services in Italian airspace and in the national civil airports for which it is responsible, ensuring the highest technical and system standards in flight safety and the enhancement of the technology and infrastructure of flight assistance systems;
- *Maintenance services:* this operating segment coincides with the subsidiary Techno Sky S.r.l., whose core business is the technical management and maintenance of air traffic control equipment and systems. *Air infrastructures:* like the country's other logistics infrastructure, air infrastructure needs constant maintenance and continuous development to guarantee safety, punctuality and operational continuity. This is moreover clearly stated in the European Union's Single European Sky regulations that on the one hand define the future structure of the air traffic management system and on the other set the technological, qualitative, economic and environmental targets that all service providers must meet.

The column *Other segment* includes the Group's remaining activities that are not categorised in the two segments mentioned above and subject to monitoring.

No operating segment has been aggregated to create the operating segments subject to reporting indicated below for 30 June 2017 and 30 June 2016.

30 June 2017

(data in thousands of Euros)	Flight assistance services	Maintenance services	Other segment	Adjustments / consolidation reclassification	Enav Group
Sales to third parties	411,969	1,165	1,519	0	414,653
Intersegment revenues	610	44,740	1,422	(46,772)	0
Total revenues	**412,579**	**45,905**	**2,941**	**(46,772)**	**414,653**
Personnel costs	(207,273)	(30,523)	(1,295)	0	(239,091)
Other net costs	(93,675)	(10,720)	(911)	45,392	(59,914)
Total operating costs	**(300,948)**	**(41,243)**	**(2,206)**	**45,392**	**(299,005)**
Amortisation and depreciation	(71,724)	(280)	(7)	1,348	(70,663)
Write-downs and provisions	(5,168)	0	0	0	(5,168)
EBIT	**34,739**	**4,382**	**728**	**(32)**	**39,817**
Financial income/(expenses)	(506)	(88)	(35)	(2)	(631)
Income before taxes	**34,233**	**4,294**	**693**	**(34)**	**39,186**
Income taxes for the period	(10,711)	(1,295)	(186)	14	(12,178)
Net profit/(loss) for the period	**23,522**	**2,999**	**507**	**(20)**	**27,008**
Total assets	**1,945,335**	**85,476**	**56,738**	**(172,197)**	**1,915,352**
Total liabilities	**873,413**	**68,193**	**5,453**	**(80,213)**	**866,846**
Net Financial Indebtedness	**(246,621)**	**3,321**	**(1,117)**	**0**	**(244,417)**

30 June 2016

(data in thousands of Euros)	Flight assistance services	Maintenance services	Other segment	Adjustments / consolidation reclassification	Enav Group
Sales to third parties	410,276	2,082	1,470	0	413,828
Intersegment revenues	535	42,815	1,586	(44,936)	0
Total revenues	**410,811**	**44,897**	**3,056**	**(44,936)**	**413,828**
Personnel costs	(206,262)	(31,104)	(1,404)	0	(238,770)
Other net costs	(99,178)	(10,485)	(936)	43,822	(66,777)
Total operating costs	**(305,440)**	**(41,589)**	**(2,340)**	**43,822**	**(305,547)**
Amortisation and depreciation	(74,241)	(408)	(16)	1,227	(73,438)
Write-downs and provisions	(217)	0	0	0	(217)
EBIT	**30,913**	**2,900**	**700**	**113**	**34,626**
Financial income/(expenses)	(1,780)	(314)	(6)	6	(2,094)
Income before taxes	**29,133**	**2,586**	**694**	**119**	**32,532**
Income taxes for the period	(9,191)	(951)	(164)	(31)	(10,337)
Net profit/(loss) for the period	**19,942**	**1,635**	**530**	**88**	**22,195**
Total assets	**1,997,664**	**71,330**	**54,728**	**(144,850)**	**1,978,872**
Total liabilities	**908,189**	**60,289**	**2,929**	**(53,161)**	**918,246**
Net Financial Indebtedness	**(246,370)**	**(4,953)**	**14,935**	**0**	**(236,388)**

33. Related parties

Enav Group related parties were identified according to the provisions of IAS 24 and involve transactions that took place in the interest of the Group, that are part of ordinary operations and are regulated, unless stated otherwise, at market conditions.

On 21 June 2016, the Board of Directors of the Parent Company, following the favourable opinion of the independent directors, approved the "Procedure governing transactions with related parties " created by the Company directly and/or via its subsidiaries, in conformity with Article 2391-*bis* of the Civil Code and in compliance with the principles dictated by the "Regulation regarding transactions with related parties" including Consob resolution 17221 of 12 March 2010 and subsequent amendments and supplements.

The procedures, available on the website www.enav.it, establishes the criteria for identifying related parties, for the distinction between transactions of greater and lesser significance, for the procedural framework applicable to the above transactions, as well as any mandatory notifications to the competent bodies.

The tables below contain the economic and financial balances resulting from Group relations with related entities outside the Group, including those relating to directors, statutory auditors and executives with strategic responsibilities respectively for the first half of 2017, the financial year 2016 for balance sheet data and the first half of 2016 for economic data.

	Balance at 30.06.2017							
Name	Trade receivables and other current assets	Cash and cash equivalent	Finanancial liabilities	Trade payables and other current liabilities	Revenues and other operating revenues	Cost of goods and services and other oper costs	Costs for the use of third-party assets	Financial expenses
External related parties								
Ministry of Economy and Finance	7,083	335	0	88,481	7,082	0	0	0
Ministry of Infrastructure and Transport	48,619	0	0	0	19,195	0	0	0
Enel Group	0	0	0	260	0	521	0	0
Leonardo Group	273	0	0	20,933	97	1,177	0	0
Poste Italiane Group	0	0	3,321	40	0	54	34	57
Other external related parties	4	0	0	75	57	190	20	0

Name	Balance at 31.12.2016				First Half 2016			
	Trade receivables and other current assets	Cash and cash equivalent	Finanancial liabilities	Trade payables and other current liabilities	Revenues and other operating revenues	Cost of goods and services and other oper costs	Costs for the use of third-party assets	Financial expenses
External related parties								
Ministry of Economy and Finance	13,299	328	0	104,258	6,805	0	0	0
Ministry of Infrastructure and Transport	33,995	0	0	0	19,765	0	0	0
Enel Group	0	0	0	171	0	0	0	0
Leonardo Group	329	0	0	31,143	1,056	2,784	0	0
Poste Italiane Group	0	0	4,974	7	0	36	39	105
Other external related parties	0	0	0	7	69	171	20	0

The nature of the main relations above are reported with external related entities, which means the Ministry of Economy and Finance (MEF) and the Ministry of Infrastructures and Transport (MIT) and the entities subject to the control of the Ministry of Economy and Finance is represented below in detail and also described in the comments on the individual items of the financial statements in the notes to the financial statements:

- relations with the MEF mainly relate to receivables and revenue relationships relating to the refund of charges for services provided by the Parent Company for exempt flights and charged to the MEF in accordance with European and Italian law, and payables for the amounts collected by parent company and relating to the portion attributable to the Italian Air Force for en-route charges. Following approval of the ENAV financial statements, this payable is used to offset the receivable position. Cash and cash equivalents relate to a current account opened by the Parent Company with the Bank of Italy;
- relations with the MIT relate to receivables and revenue relationships resulting from both an operating grant intended to cover the costs incurred by the Parent Company to ensure systems and operational safety pursuant to Article 11 *septies* of Law 248/05, and capital grants as part of the Networks and Mobility PON recognised following the resolutions of the Management Authority of the Networks and Mobility PON and charged to the income statement in an amount commensurate with the depreciation of the investments to which the contributions refer;
- relations with the Leonardo Group mainly relate to activities linked to Parent Company investments, the maintenance and acquisition of spare parts for systems and equipment for air traffic control;
- relations with Gruppo Poste mainly relate to the financing contract stipulated between the Company and Banca del Mezzogiorno – Medio Credito Centrale S.p.A. for €10 million. This contract expires on 31 May 2018, and sets an interest rate equal to Euribor plus a spread of 1.9%. The remaining relations relate to the leasing of equipment for hospitality purposes and shipping costs;
- relations with other related parties contain residual positions.

Executives with strategic responsibilities refers to the CEO of Enav, as the Parent Company has not appointed directors with strategic responsibilities. Their remuneration, gross of pension and social security costs and contributions, stood at €219 thousand at 30 June 2017 (€180 thousand at 30 June 2016).
Remuneration due to the Board of Statutory Auditors totalled €61 thousand.
The Parent Company participates in the Prevaer pension fund. The Prevaer Fund is the national supplementary pension fund for non-executive personnel working in the Air Transport and similar sectors. Pursuant to Article 14 of the Prevaer Fund By-Laws, the governing bodies of the Fund are formed by: the Delegated Shareholders' Meeting; the Board of Directors; the Chairman and the Vice Chairman; the Board of Statutory Auditors, shareholder representation is based on equal participation by the workers' representative and the representative of the participating companies. The Board of Directors of the Fund resolves, among other things on: the general criteria for risk sharing as regards investments and equity investment as well as on investment policies; the selection of asset managers and the identification of the custodian bank.

34. Derivatives

To neutralise the risks deriving from fluctuating exchange rates for the acquisition in USD of shares in the company Aireon, on 20 December 2013 the Parent Company entered into four derivative contracts associated with the four tranches planned for the acquisition of the investment, for a total share of 12.5%. At 30 June 2017, three foreign currency acquisition transactions had been carried out of the four original transactions planned for clearing contractual obligations.
In 2016 the Parent Company signed a derivative contract with the aim of hedging the exposure of an unfavourable variation in the Euro/AED exchange rate relating to future collections in foreign currency concerning a two-year contract defined with the Abu Dhabi General Civil Aviation Authority. It specifically involves an OTC derivative financial instrument through which the company forward sells a given amount of foreign currency against the Euro at a pre-set exchange rate, starting from a certain date and until the deadline.
At 30 June 2017, the fair value of the last forward USD currency purchase agreement, equal to a positive amount of approximately €817 thousand, was estimated by the Group based on standard valuation algorithms and market listings/contributions provided by a leading public information provider. Although it is not possible to identify an active market in relation to these financial instruments, the Group has calculated the fair value through quantitative techniques based on market data (interest rates, exchange rates, reference market forward prices) measured at the individual valuation dates. This methodology therefore has statistical significance for the input data used in calculating the fair value consistent with level 2 of the fair value hierarchy defined by IFRS 7 and IFRS 13. The fair value of the derivative relating to

the contract signed in 2016 is positive by €177 thousand. In accordance with IFRS 13, the recalculated mark to market was adjusted to also take into account the effect of non–performance risk (CVA), i.e., the risk that one of the parties will not meet its contractual commitments due to a possible default and, from the accounting perspective, the positive or negative fair value was recognised in current/non-current financial assets/liabilities based on the contractual maturity and with a matching entry in a Shareholders' equity reserve.

Indeed, pursuant to IFRS 13, the fair value of a derivative must incorporate the risk that one or both counterparties may not meet their obligations (Credit Risk Adjustment). In detail, from the financial perspective, the Credit Value Adjustment (CVA) is the expected value of the loss deriving from the default of the counterparty, if the derivative has a positive fair value. On the other hand, the Debt Value Adjustment (DVA) represents the value of the expected loss on default of the Company if the fair value is negative.

The contractual characteristics and the relative fair value at the date of 30 June 2017, as set forth in Bank communications, are listed below:

Counterparty	Transaction type	Execution date	Starting date	Expiry date	Notional (FX)	Reference currency (FX)	Forward exchange rate	Equivalent term (thousands of Euro)	MtM Bank
BNL	Buy USD Flex	20/12/2013	15/09/2017	27/12/2017	6,122	USD	1.3630	4,492	848
UNICREDIT	Sell AED Flex	22/11/2016	24/11/2016	27/09/2018	(16,238)	AED	4.1230	(3,938)	186
Total								**553**	**1,034**

The fair value data at 30 June 2017, adjusted to take into consideration the Credit Value Adjustment, are provided below:

Counterparty	Transaction type	Notional (FX)	Reference currency (FX)	Equivalent term (thousands of Euro)	MtM	Credit Value Adjustment (CVA)	MtM with CVA
BNL	Buy USD Flex	6,122	USD	4,492	817	-	817
UNICREDIT	Sell AED Flex	(16,238)	AED	(3,938)	178	(1)	177
Total				**553**	**995**	**(1)**	**994**

It was not possible to identify an active market for this instrument. The fair value was therefore calculated using a method consistent with level 2 of the fair value hierarchy defined by IFRS 7 and IFRS 13. In effect, although listings on an active market are not available for the instruments (level 1), it was possible to find data observable directly or indirectly on the market, on which the assessments could be based.

Due to the substantial features of the derivative subject to analysis, it is classified as a hedging instrument. With reference to these instruments, the following information required by IFRS International Accounting Principles is given below:

Maturity Analysis

Expiry	BNL exchange derivatives (in euro/000)	Unicredit exchange derivatives (in euro/000)
Within 1 month		
Between 1 to 3 months		
Between 3 to 6 months	817	
Between 6 to 12 months		177
Between 1 to 2 years		
Between 2 to 3 years		
Between 3 to 5 years		
Between 5 to 10 years		
More than 10 years		
Total	**817**	**177**

Sensitivity Analysis

Operation type	Fair value	Sensitivity Analysis Shareholders' equity variation exchange Eur/FX +5%	Shareholders' equity variation exchange Eur/FX -5%
Forward purchase (BNL)	817	1,118	590
Forward sales (Unicredit)	177	(184)	204

35. Assets and liabilities by maturity

	Within the next financial year	From 2nd to 5th year	Beyond 5th year	Total
Non-current financial assets	0	5,771	7,772	13,543
Deferred tax assets	0	24,128	0	24,128
Non-current tax receivables	0	25,177	0	25,177
Non-current trade receivables	0	107,609	0	107,609
Total	**0**	**162,685**	**7,772**	**170,457**
Financial liabilities	34,406	36,827	247,168	318,401
Deferred tax liabilities	0	3,993	0	3,993
Other non-current liabilities	0	18,861	91,799	110,660
Non-current trade payables	0	9,700	0	9,700
Total	**34,406**	**69,381**	**338,967**	**442,754**

Non-current financial assets with maturity in more than five years relate to the receivable due from the company from which the Techno Sky business unit was acquired, and represent the employee severance indemnity that it is presumed will still be held by the company in the reference period.

Financial liabilities maturing in more than five years refer to bank loans and the bond loan.

Other non-current liabilities maturing in more than five years refer to the share of capital grants in proportion with the depreciation of the investment projects to which they refer.

36. Basic and diluted earnings per share

The basic earnings per share are reported at the bottom of the income statement and are calculated by dividing the profit for the period attributable to the Parent Company's shareholders by the weighted average number of ordinary shares outstanding during the same period.

Note that in the first half of 2016 there were no changes in the share capital compared with the first half of 2016 in which there was a voluntary reduction of the share capital pursuant to Article 2445 of the Civil Code of €400 million with the simultaneous creation of an available reserve. The share capital is composed of 541,744,385 ordinary shares with a unit value of €1.

The table below summarises the calculation of the basic earnings/(loss) per share.

	First Half 2017	First Half 2016
Profit attributable to Parent Company's Shareholders	27,007,792	22,194,656
Weighted average number of ordinary shares	541,744,385	895,716,988
Basic earnings per share	0.05	0.02
Diluted earnings per share	0.05	0.02

37. Events after the condensed consolidated interim financial statements reporting date

Following the transfer of military airports open to civil traffic to the management of ENAV based on the provisions of Article 4, paragraph 1 *quater* of Legislative Decree 90/2014, converted through Law 114 of 11 August 2014, military flight controllers put in an application to transfer to the corresponding civilian roles in ENAV. Following the rejection by the Company, the military controllers brought an action before the Court of Rome, which through ruling 4179 of 05/05/2017 recognised the right of the plaintiffs to "transfer to the corresponding roles of ENAV civilian personnel" and ordered the Company "to adopt all the necessary and consequent provisions to ensure the enforcement of this right". At present, ENAV has filed an appeal against the ruling at the Rome Court of Appeal (first hearing 11 April 2019) with a simultaneous request for a stay of proceedings, which was rejected on 20 July 2017. The company believes there are no risks associated with these legal proceedings because the ruling of the first instance merely identified the right to transfer to the corresponding roles in ENAV and did not impose any monetary fine on the Company.

Attestation of the Chief Executive Officer and the Manager responsible for preparing the company's financial reports

Attestation of the condensed consolidated interim financial statement for the six months ended 30 June 2017 pursuant to art. 154-bis, paragraph 5, of Legislative Decree 58/1998 and art. 81-ter of Consob Regulation 11971 of 14 May 1999.

1. The undersigned Roberta Neri, as Chief Executive Officer, and Loredana Bottiglieri as Manager responsible for Enav SpA's financial reporting, having also taken account of the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, hereby attest to:
   - the adequacy with regard to the nature of the Enav Group and
   - the effective application of the administrative and accounting procedures adopted in preparation of the Enav Group's condensed consolidated interim financial statements during the period from 1 January 2017 to 30 June 2017.
2. In this regard, it should be noted that:
   - the adequacy of the administrative and accounting procedures adopted in preparation of the Enav Group's condensed consolidated interim financial statements was verified by assessment of the internal control system over financial reporting. This assessment was conducted on the basis of the criteria contained in the *Internal Control – Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission* which represents an internationally-accepted *framework* for the internal control system;
   - the assessment of the internal control system over financial reporting did not identify any material issues.
3. We also attest that:

3.1 the Enav Group's condensed consolidated interim financial statements for the six months ended 30 June 2017:

   a) have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union through EC Regulation 1606/2002, issued by the European Parliament and by Council on 19 July 2002;

   b) are consistent with the underlying accounting books and records;

   c) give a true and fair view of the financial position and results of operations of the issuer and the companies included in the scope of consolidation.

3.2 the Directors' Interim Report on Operations includes a reliable analysis of significant events during the first six months of the year and of their impact on the condensed consolidated interim financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The Interim Report on Operations also includes a reliable analysis of material related party transactions.

Rome, 9 August 2017

Chief Executive Officer

Roberta Neri

Manager responsible for financial reporting

Loredana Bottiglieri

(This certification has been translated from the original which was issued in accordance with Italian legislation)

Review report of the independent auditors

Building a better
working world

Enav S.p.A.

Condensed consolidated interim financial statements as of June 30, 2017

Review report on the condensed consolidated interim financial statements

(Translation from the original Italian text)

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Review report on the condensed consolidated interim financial statements
(Translation from the original Italian text)

To the Shareholders of
Enav S.p.A.

Introduction

We have reviewed the condensed consolidated interim financial statements, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, statement of cash flows and the related explanatory notes of Enav S.p.A. and its subsidiaries (the "Enav Group") as of 30 June 2017. The Directors of Enav S.p.A. are responsible for the preparation of the condensed consolidated interim financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of Enav Group as of June 30, 2017 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Rome, August 9, 2017

EY S.p.A.
Signed by: Mauro Ottaviani, Partner

This report has been translated into the English language solely for the convenience of international readers

Legal information and contacts

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Legal information

Share capital: €541,744,385.00 fully paid-up

Tax Code and enrolment number in the Companies Register

of Rome: 97016000586

VAT Code no. 02152021008

Investor Relations

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