



**Interim Financial Report
at 31 March 2020**

ENAV Group

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ENAV Group in figures

Performance	1st Quarter 2020	1st Quarter 2019	Change	%
Total revenues	171,616	178,474	(6,858)	-3.8%
EBITDA	28,866	30,946	(2,080)	-6.7%
EBITDA margin	16.8%	17.3%	-0.5%	
EBIT	(3,230)	(1,621)	(1,609)	99.3%
EBIT margin	-1.9%	-0.9%	-1.0%	
Profit/(loss) for the period pertaining to shareholders of the Parent Company	(6,148)	(3,553)	(2,595)	73.0%

(thousands of euros)

Financial position	31.03.2020	31.12.2019	Change	%
Net capital employed	1,001,089	1,029,667	(28,578)	-2.8%
Consolidated shareholders' equity	1,154,058	1,156,043	(1,985)	-0.2%
Net financial position	(152,969)	(126,376)	(26,593)	21.0%

(thousands of euros)

Other indicators	1st Quarter 2020	1st Quarter 2019	Change	%
En-route service units	1,592,533	1,816,670	(224,137)	-12.3%
Terminal service units Charging Zone 1	36,404	50,264	(13,860)	-27.6%
Terminal service units Charging Zone 2	58,898	74,829	(15,931)	-21.3%
Terminal service units Charging Zone 3	66,906	83,927	(17,021)	-20.3%
Free cash flow (thousands of euros)	26,365	54,786	(28,421)	-51.9%
Headcount at end of period	4,258	4,112	146	3.6%

Introduction

The ENAV Group Interim Financial Report at 31 March 2020 has been prepared on a voluntary basis in compliance with the provisions of Article 82-ter of the Issuers' Regulation, adopted with Consob Resolution no. 11971 of 14 May 1999 as amended, to ensure consistent financial disclosure to the market and investors, in line with the practice of the major listed companies that publish quarterly reports.

This document reports and discusses the reclassified consolidated income statement and the statement of financial position, the statement of changes in net financial position and the statement of cash flows of the ENAV Group at 31 March 2020, with comparative figures for the corresponding period of the previous year for the income statement and cash flow statement and at 31 December 2019 for the statement of financial position. The figures are reported in thousands of euros.

Unless otherwise stated, the consolidated financial statements have been prepared in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the associated interpretations (IFRIC and SIC), endorsed by the European Commission in accordance with Regulation (EC) no. 1606/2002, that were in effect at the end of the period, and are consistent with those used to prepare the consolidated financial statements for the year ending 31 December 2019, which readers are invited to consult.

The Interim Financial Report at 31 March 2020 has not been prepared in accordance with IAS 34, and has not been audited by the audit firm.

The publication of this Interim Financial Report was authorised by the Board of Directors on 14 May 2020.

The consolidation principles used to prepare the Interim Financial Report at 31 March 2020 are consistent with those used to prepare the consolidated financial statements at 31 December 2019, approved on 12 March 2020 by the Board of Directors 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>.

The scope of consolidation at 31 March 2020 has changed compared with that at 31 December 2019 due to the inclusion as from 2 January 2020 of España Control Aereo S.L.U. following acquisition of its entire share capital by ENAV S.p.A. in order to participate in a tender organised by the Spanish airport operator.

Market and air traffic developments

The first quarter of 2020 was marked by the global health emergency connected with the progressive and rapid dissemination of the COVID-19 virus. In order to contain the spread of the disease, many countries, including Italy, have had to resort to an unusual option in the modern era, namely imposing a general quarantine in the form of a lockdown. The rules imposed with this measure, while preventing the entire civilian population from leaving their homes without just cause, have in fact slowed the spread of the virus. However, at the same time they have also essentially halted production and commercial activities in the leading countries, with an immediate deterioration in all economic and financial indicators. In this environment, the air transport sector is certainly one of the most affected industries, with the almost total elimination of passengers at airports since March 2020, with particularly severe impacts on airlines, airports and air navigation service providers. These effects have manifested themselves with particular vehemence in the countries of the Eurocontrol area, which in the first quarter of 2020 experienced a drastic reduction in traffic volumes, with an overall decline in en-route service units (*) of 13.3% compared with the same period of 2019. Italy was especially affected by this situation, closing the first quarter of 2020 with a decrease of 12.3% despite the strong traffic performance registered in January-February.

Total en-route traffic service units (**)	1st Quarter 2020	1st Quarter 2019	Change	
			no.	%
France	3,756,775	4,410,274	(653,499)	-14.8%
Germany	2,846,928	3,298,375	(451,447)	-13.7%
Great Britain	2,375,471	2,662,108	(286,637)	-10.8%
Spain	2,091,867	2,354,827	(262,960)	-11.2%
Italy (***)	1,592,533	1,816,670	(224,137)	-12.3%
EUROCONTROL	28,119,751	32,420,614	(4,300,863)	-13.3%

(*) overflight traffic in Italian airspace, with or without layover.

(**) "service unit" is the unit of measurement used within Eurocontrol to determine the value of services rendered. It is a combination of two elements: the weight of the aircraft at departure and the distance travelled.

(***) excluding exempt traffic not reported to Eurocontrol.

En-route traffic

Total en-route traffic in Italy in the first quarter of 2020 registered a decrease of 12.3% in the number of service units reported by Eurocontrol (the same value if the residual category *Exempt not reported to Eurocontrol* is included) and a decline of 17.4% in the number of flights handled (-17.5% including the residual category *Exempt not reported to Eurocontrol*).

The decisive factor in this collapse is to be found exclusively in the COVID-19 health emergency, which led to the almost total shutdown of the air transport sector, among other industries. The most significant

impact has come since the early days of March in Italy, which was followed by the spread of the emergency to most other European countries, which are equally important in generating traffic flows in Italian airspace.

Until February, total en-route traffic in Italy, as well as that of the Balkan countries bordering the Mediterranean and Greece, had displayed a certain dynamism, achieving gains of 9.8% in terms of service units (SUs) and 4.9% in the number of flights handled in the comparison between January-February 2020 and January-February 2019, thanks mainly to overflight traffic, which in those months posted an increase of 23.1% in SUs compared with the corresponding period of 2019. In the same period, the trend in international air traffic was also positive, recording an increase of 3.4% in SUs, while domestic traffic was the only category to remain essentially unchanged on the values for the corresponding period of 2019. Subsequently, following the strong contraction recorded in March, both international and domestic flights recorded declines.

En-route traffic (number of flights)	1st Quarter 2020	1st Quarter 2019	Change	
			no.	%
Domestic	48,867	63,613	(14,746)	-23.2%
International	151,051	196,974	(45,923)	-23.3%
Overflight	100,826	105,810	(4,984)	-4.7%
Paying total	300,744	366,397	(65,653)	-17.9%
Military	7,212	7,407	(195)	-2.6%
Other exempt	3,626	3,587	39	1.1%
Total exempt	10,838	10,994	(156)	-1.4%
Total reported by Eurocontrol	311,582	377,391	(65,809)	-17.4%
Exempt not reported to Eurocontrol	3,090	4,221	(1,131)	-26.8%
Total	314,672	381,612	(66,940)	-17.5%

En-route traffic (service units)	1st Quarter 2020	1st Quarter 2019	Change	
			no.	%
Domestic	300,879	387,880	(87,001)	-22.4%
International	588,179	744,222	(156,043)	-21.0%
Overflight	673,007	651,271	21,736	3.2%
Paying total	1,562,065	1,783,373	(221,308)	-12.4%
Military	27,465	30,461	(2,996)	-9.8%
Other exempt	3,003	2,836	167	5.9%
Total exempt	30,468	33,297	(2,829)	-8.5%
Total reported by Eurocontrol	1,592,533	1,816,670	(224,137)	-12.3%
Exempt not reported to Eurocontrol	256	398	(142)	-35.7%
Total	1,592,789	1,817,068	(224,279)	-12.3%

An analysis of the composition of en-route traffic shows:

- *international commercial traffic*, a category of flights departing or arriving at an airport in Italy, which in the first quarter of 2020 recorded a decrease in air traffic, both in terms of service units (-21.0%) and

the number of assisted flights (-23.3%), interrupting the steady growth of recent years, with an especially sharp decrease in March in terms of SUs (-63.7%) and flight handled (-67.2%).

With regard to international traffic by flight distance, in the first quarter of 2020 the smallest decrease in air traffic in terms of service units came in longer-distance flights (>700 km in domestic airspace), which contracted by 11.0%, while medium- (between 350-700 km) and short-distance flights (<350 km in domestic airspace) posted decreases of more than 20%. In March 2020, all three distance categories registered contractions of more than 60% compared with the first quarter of 2019.

With regard to flight routes by continent, the first quarter of 2020 showed a decrease of more than 20% in connections between Italy and the rest of Europe, representing about 75% of total international traffic service units, and in connections between Italy and Asia and Italy and the American continent. Only for connections between Italy and Africa was the contraction limited to about 10%. In March 2020 alone, the decrease in air traffic for every destination continent came to between 50% and 60%;

- *commercial overflight traffic*, a category that includes flights that only cross through domestic airspace, posted an increase in the first quarter of 2020 in terms of service units (+3.2%), while the number of flights handled declined (-4.7%). This performance was registered despite the fact that March showed a steep decline in the volume of air traffic (-32.3% in SUs and -36.6% in the number of flights). This contraction was smaller than that in international air traffic since overflight traffic in domestic airspace continued to operate, albeit on a smaller scale, as a result of the lag with which other European countries imposed lockdown measures compared with Italy. The good performance in service units for the quarter reflected the increase in longer-distance flights (>800 Km), which rose by 8.3%, and in shorter flights (<400 Km), which increased by 4.7%. As regards the main traffic routes, in the first quarter of 2020 flights to Asia posted gains, with growth in connections between Europe and Asia (+20.0% in SUs) and between the American continent and Asia (+37.5% in SUs), as did connections between Europe and Africa (+2.6% in SUs), while there was a contraction in flights within Europe (-4.4% in SUs), which represent about 42% of total services units, and in flights between Europe and the American Continent (-1.9% in SUs). In March alone, those routes registered decreases of between 20% and 40% in terms of service units;
- *domestic commercial traffic* in the first quarter of 2020 posted a decrease in service units (-22.4%) and in number of assisted flights (-23.2%). Flights in all distance categories experienced decreases ranging from 20% to 25% despite the gains registered in the first two months of the year (+4.8% in SUs).
- *exempt traffic* is divided into: i) *exempt traffic reported by Eurocontrol*, which decreased by 8.5% in terms of service units and by 1.4% in terms of the number of assisted flights. The developments in this category mainly reflected a decline in the military activity of the Eurocontrol member states (-9.8% in SUs and -1.6% in flights), which represent about 90% of exempt traffic; and ii) *exempt traffic not*

reported to Eurocontrol, which accounts for only a residual proportion of revenues, posted a decrease of 35.7% in service units and one of 26.8% in the number of assisted flights.

With regard to carriers, the importance of the low-cost segment was confirmed in the first quarter of 2020. More specifically, low-cost traffic posted the following results: Ryanair (-11.1% in SUs), Easyjet (-21.6% in SUs), Wizz Air (+5.7% in SUs), Vueling (-40.0% in SUs) and Aegean (+0.1% in SUs). In January and February, these companies posted increases (with the exception of Vueling), but reduced flights in March, with decreases in the number of service units ranging from between 40% and 60%. Among other airlines, the Middle Eastern carriers included Turkish Airlines (-5.2% in SUs), Emirates (-3.5% in SUs) and Qatar Airways (+10.7% in SUs), which in the first two months of the year had posted gains of between 15% and 30%. Decreases were registered in the first quarter of 2020 by Air France (-6.4% in SUs), despite gains the first two months (+19%), and Lufthansa (-22.9% in SUs). Alitalia also posted losses, closing the quarter with a decrease of 22.8% in service units and 23.3% in the number of assisted flights.

Terminal traffic

In the first quarter of 2020, terminal traffic reported by Eurocontrol contracted by 22.4% in terms of service units and 22.9% in terms of the number of assisted flights.

Terminal traffic (number of flights)	1st Quarter 2020	1st Quarter 2019	no.	Change %
Domestic				
Chg. Zone 1	8,545	12,088	(3,543)	-29.3%
Chg. Zone 2	10,871	13,840	(2,969)	-21.5%
Chg. Zone 3	27,646	35,693	(8,047)	-22.5%
Total domestic flights	47,062	61,621	(14,559)	-23.6%
International				
Chg. Zone 1	16,031	22,145	(6,114)	-27.6%
Chg. Zone 2	31,680	40,885	(9,205)	-22.5%
Chg. Zone 3	27,432	34,900	(7,468)	-21.4%
Total international flights	75,143	97,930	(22,787)	-23.3%
Paying total	122,205	159,551	(37,346)	-23.4%
Exempt				
Chg. Zone 1	28	18	10	55.6%
Chg. Zone 2	294	198	96	48.5%
Chg. Zone 3	4,090	4,355	(265)	-6.1%
Total exempt flights	4,412	4,571	(159)	-3.5%
Total reported by Eurocontrol	126,617	164,122	(37,505)	-22.9%
Exempt not reported to Eurocontrol				
Chg. Zone 1	0	0	0	n.a.
Chg. Zone 2	60	83	(23)	-27.7%
Chg. Zone 3	1,879	2,491	(612)	-24.6%
Total exempt flights not reported to Eurocontrol	1,939	2,574	(635)	-24.7%
Total by Chg. Zone				
Chg. Zone 1	24,604	34,251	(9,647)	-28.2%
Chg. Zone 2	42,905	55,006	(12,101)	-22.0%
Chg. Zone 3	61,047	77,439	(16,392)	-21.2%
Total	128,556	166,696	(38,140)	-22.9%

Terminal traffic (service units)		1st Quarter 2020	1st Quarter 2019	Change	
				no.	%
Domestic					
	Chg. Zone 1	10,739	15,164	(4,425)	-29.2%
	Chg. Zone 2	13,158	16,843	(3,685)	-21.9%
	Chg. Zone 3	32,425	41,786	(9,361)	-22.4%
	Total domestic SUs	56,322	73,793	(17,471)	-23.7%
International					
	Chg. Zone 1	25,623	35,065	(9,442)	-26.9%
	Chg. Zone 2	45,486	57,895	(12,409)	-21.4%
	Chg. Zone 3	32,701	40,344	(7,643)	-18.9%
	Total international SUs	103,810	133,304	(29,494)	-22.1%
Paying total		160,132	207,097	(46,965)	-22.7%
Exempt					
	Chg. Zone 1	42	35	7	20.0%
	Chg. Zone 2	249	84	165	196.4%
	Chg. Zone 3	1,635	1,604	31	1.9%
	Total exempt SUs	1,926	1,723	203	11.8%
Total reported by Eurocontrol		162,058	208,820	(46,762)	-22.4%
Exempt not reported to Eurocontrol					
	Chg. Zone 1	0	0	0	n.a.
	Chg. Zone 2	5	7	(2)	-28.6%
	Chg. Zone 3	145	193	(48)	-24.9%
Total exempt SUs not reported to Eurocontrol		150	200	(50)	-25.0%
Total by Charging Zone					
	Chg. Zone 1	36,404	50,264	(13,860)	-27.6%
	Chg. Zone 2	58,898	74,829	(15,931)	-21.3%
	Chg. Zone 3	66,906	83,927	(17,021)	-20.3%
Total		162,208	209,020	(46,812)	-22.4%

Overall, the performance for the first quarter of 2020 compared with the same period of the previous year shows a general decline all three charging zones, both in terms of service units and the number of assisted flights, reflecting the health emergency, which also led to the closure of air traffic at most Italian airports: since 13 March, only eighteen airports have continued operation in Italy. More specifically:

- Charging Zone 1, represented by Rome Fiumicino airport, experienced a decrease in traffic in the first quarter of 2020 of 27.6% in terms of service units and 28.2% in the number of flights handled. This performance reflected a contraction in both international traffic (-26.9% in SUs), and domestic traffic (-29.2% in SUs). The Roman airport had already seen a slowdown in flight activity in the first two months of the year, owing to a decline in the operations of major carriers such as Ryanair (-13.4% in SUs), Vueling (-42.9% in SUs), Easyjet (-6.8% in SUs) and Alitalia (-4.2% in SUs), which accounts for about 47% of total services units at the airport. At the end of the first quarter of 2020, the national carrier posted a decrease of 21.6% in the number of service units;
- Charging Zone 2, represented by the airports of Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio, posted a decrease for the period in terms of service units (-21.3%) and in flights handled (-22.0%), with the smallest decline being registered by Bergamo Orio al Serio (-12.8% in SUs)

and the largest by Milan Linate (-28.9% in SUs). In the first two months of 2020, Charging Zone 2 had posted gains (+3.3% in SUs, +3.6% in flights) thanks to the performance of Milan Malpensa (+4.5% in SUs) and Bergamo Orio al Serio (+10.5% in SUs). Following the issue of a government decree, on 13 March the airports of Milan Linate and Bergamo Orio al Serio were closed. The charging zone is less affected by the operations of Alitalia, which represented about 13% of service units in the quarter and posted a decrease of 23.9% in terms of service units and 23.6% in the number of assisted flights, while in the first two months of the year traffic was broadly unchanged on the same period of the previous year;

- Charging Zone 3 registered decreases both in terms of service units (-20.3%) and number of flights handled (-21.2%). In the first two months of the year, the charging zone had registered gains (+2.7% in SUs; +2.3% in flights) thanks to the good performance of the main airports present in this zone. Nevertheless, at the end of the quarter, all airports reported declines, including Bologna (-18.5% in SUs), Naples (-17.5% in SUs), Catania (-25.1% in SUs), Rome Ciampino (-14.7% in SUs), Palermo (-19.5% in SUs), Bari (-15.3% in SUs) and Torino Caselle (-30.0% in SUs). Alitalia experienced a decrease in terms of service units (-23.4%) and in the number of assisted flights (-23.7%). The impact was still relatively small, considering that Alitalia's operations account for about 15% of service units in this charging zone.

As for the various traffic components, as already noted for en-route traffic, the COVID-19 crisis generated contractions both for *international traffic* (-22.1% in SUs, -23.3% in flights) and *domestic traffic* (-23.7% in SUs, -23.6% in flights). By contrast, in January-February 2020 international traffic had registered an increase (+1.9% in SUs), while domestic traffic had posted a small decline (-2.8% in SUs).

Seasonal effects

The type of business in which the Parent Company operates is affected by seasonal effects. Developments in air traffic are not linear throughout the year. In particular, passenger traffic fluctuates significantly depending on the time of year, reflecting changes in tourist flows.

Specifically, en-route and terminal revenues tend to peak in the summer months. As a result the interim performance of the Group does not contribute uniformly to performance and financial position for the year as a whole.

COVID-19 update

With the spread in March of the COVID-19 pandemic, all economic activities at the national level experienced a progressive and deep contraction. In this environment, the effects on the national air transport sector were particularly significant, with a sharp decline in the operations of airlines at domestic

airports and the expansion of the crisis in domestic airspace. The scale of the emergency led to the closure of many national airports and the reduction of services at the airports that have remained open.

No less evident were the effects on the turnover of European air navigation service providers, which in March 2020 recorded reductions of between 40% and 50%. This decline is certain to increase in the coming months, considering that at least the initial part of March benefited from conditions still relatively little impacted by the effects of COVID-19.

As regards ENAV in particular, only in first ten days of March did the number of assisted flights show a substantial decline (-60%), with the deterioration steepening from the middle of the month to around 90%. The average number of flights in the last seven days of March was down 92.0%. With regard to the individual national air control centres (ACCs), the figures at 30 March show decreases at Brindisi (-92.7%), followed by Padua (-92.4%), Milan (-92.3%) and Rome (-91.1 %).

At the airport level, 8 major national airports recorded a reduction of more than 90% in March, including Milan Linate (-97.5%), Catania (-96%), Naples (-95.5%), Bergamo (-95.4%), Venice (-95.1%), Palermo (-92.4%), Rome Fiumicino (-91%), Bologna (-90.7%) and Milan Malpensa (-89.8%).

With regard to the macroeconomic outlook, analysts agree that it is challenging to estimate with any certainty the duration of the crisis and the related effects on the various sectors of the economy. In particular, at the sectoral level, the current limitations on the movement of people and on the resumption of operations in certain industries, including air transport, make developing future scenarios and estimating the duration of the current situation highly indeterminate. This has impacted the forecasting capabilities of the institutions responsible for estimating the impacts more accurately.

To date, the official body for air traffic estimates (Statfor) - which the air navigation service providers and European authorities turn to for their traffic estimates for performance plans - has not yet published any forecasts for individual member states. However, Eurocontrol published two preliminary scenarios on April 24, developing a possible overall estimate of traffic in the coming months in Europe depending on whether or not European countries coordinate the adoption of anti-COVID-19 measures. Statfor's forecast for traffic volumes and related service units for individual countries is expected in the coming weeks.

With specific regard to ENAV, there is no doubt that the current situation is having a major impact on the Company's operations and on its performance and financial situation. In these conditions, the Company is nevertheless called upon to maintain an adequate level of operations, with high standards of safety and service quality (including at airports where commercial passenger flights may have been suspended but operations continue for cargo and mail, government flights, medical emergencies, etc.).

In this context, in order to reduce the impact of the crisis on operations, the Parent Company has taken a series of measures and operational actions to maintain its financial sustainability in the coming months. In this regard, a range of initiatives are already under way to lower costs not directly related to guaranteeing

air traffic capacity and safety, as well as to reduce the variable and accessory components of personnel costs.

Note that the Parent Company operates under a European regulatory system that, in order to ensure the availability of airspace capacity even in the presence of significantly reduced traffic flows, covers Air Navigation Service Providers (ANSPs) such as ENAV with a traffic risk protection mechanism that significantly limits the possible impact of a steep fall in air traffic, enabling the recovery of a large portion turnover in future charges through the balance mechanism.

As regards the financial aspects related to the emergency, the Company has taken steps to manage the Company's incoming and outgoing cash flows.

In this regard, an important role will be played by the solidity of the financial structure of ENAV, which currently makes only limited use of leverage, as confirmed by its positive net financial position at 31 March 2020 of €153 million, an improvement on the figure registered as at 31 December 2019, and cash and cash equivalents of €476.6 million, an increase of €27.3 million compared with 31 December 2019.

As regards actions taken to guarantee the health and safety of our personnel and to contain the spread of the pandemic, the ENAV Group immediately adopted a series of measures to limit staff mobility by extensively adopting flexible working practices for all people engaged in activities that do not require their physical presence in company offices and suspending business trips, meetings, training courses, etc.

For operating personnel, the activities of ENAV and Techno Sky fall within the scope of essential public services. In order to avoid the risk of blocking operations in the airspace under their jurisdiction, Decree Law 14 of 9 March 2020 allowed personnel involved in providing essential public services who had close contact with confirmed cases of infectious disease to not to be placed in quarantine and to continue working if they displayed no symptoms and did not test positive for the disease. In addition, three separate operating groups have been created at each of the Air Control Centres, where the first group provides services, the second takes over if the first team is quarantined for contagion, and the third acts as a reserve. If there are no positive cases within a team, which would trigger home quarantine, the three teams alternate roles cyclically every 14/15 days.

Group performance and financial position

Definition of alternative performance measures

In addition to the financial data required by the International Financial Reporting Standards and in line with Consob notice no. 0092543 of 3 December 2015, which incorporates the Guidelines (no. 2015/1415) issued on 5 October 2015 by the European Securities and Markets Authority (ESMA), the ENAV Group uses a

number of measures derived from the IFRS data to provide management with an additional metric for evaluating the performance achieved by the Parent Company and its subsidiaries, as well as ensuring greater comparability, reliability and understanding of financial information.

The following alternative performance measures are used:

- **EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation):** an indicator of profit before the effects of financial operations and taxation, as well as depreciation, amortisation and writedowns of property, plant and equipment and intangible assets and receivables and provisions, adjusted for investment grants directly related to the depreciating and amortising investments to which they refer;
- **EBITDA margin:** EBITDA expressed as a percentage of total revenues and adjusted for investment grants as specified above;
- **EBIT (Earnings Before Interest and Tax):** EBITDA less depreciation and amortisation adjusted for investment grants and writedowns of property, plant and equipment and intangible fixed assets and receivables and provisions;
- **EBIT margin:** EBIT expressed as a percentage of total revenues less investment grants as specified above;
- **Net non-current assets:** a financial measure represented by the fixed capital employed in operations. It includes property, plant and equipment, intangible assets, investments in other entities, non-current trade receivables and payables, and other non-current assets and liabilities;
- **Net working capital:** capital employed in operations comprising 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 capital employed:** the sum of net non-current assets and net working capital;
- **Net capital employed:** the sum of gross capital employed, less employee benefit provisions, the provision for risks and charges and deferred tax assets/liabilities;
- **Net financial position:** the sum of the current and non-current financial liabilities, current and non-current financial receivables net of non-current financial liabilities in respect of the fair value of derivative financial instruments and cash and cash equivalents;
- **Free cash flow:** the sum of the cash flow generated or absorbed by operating activities and the cash flow generated or absorbed by investing activities.

The reclassified consolidated income statement, statement of financial position and cash flow statement, the consolidated statement of net financial debt and the main performance and financial indicators used by management to monitor operating performance are shown below.

Reclassified consolidated income statement

The ENAV Group closed the first quarter of 2020 with EBITDA of €28.9 million, a decrease of 6.7% on the €30.9 million registered in the first quarter of 2019. In addition to reflecting the seasonal nature of the business of the Parent Company, which has historically registered significantly larger traffic volumes and therefore higher revenues in the summer months, while costs are generally linear throughout the year, the first quarter of the year registered the initial effects of the coronavirus emergency, which in March alone caused en-route traffic to decrease by 52.8% and terminal traffic to decline by 64%, with the latter also a consequence of Decree 112 of 12 March 2020 ordering the closure of 29 airports managed by the Parent Company. The good performance of air traffic in the first two months of the year, when en-route air traffic posted an increase of 9.8% and terminal traffic one of 0.4%, partially offset the reduction in air traffic in March, with the first quarter of 2020 closing with a contraction of 12.3% in en-route traffic and 22.4% in terminal traffic. The partial protection from traffic risk provided for in EU charging rules, together with a reduction of 3.2% in operating costs despite the presence of the costs of the subsidiary IDS AirNav, which were not included in the year-earlier quarter, helped contain the effects of the coronavirus emergency.

	1st Quarter 2020	1st Quarter 2019	Amount	Change %
Revenues from operations	134,885	176,264	(41,379)	-23.5%
Balance	28,390	(6,672)	35,062	n.a.
Other operating income	8,341	8,882	(541)	-6.1%
Total revenues	171,616	178,474	(6,858)	-3.8%
Personnel costs	(117,041)	(121,288)	4,247	-3.5%
Capitalised costs	6,572	6,635	(63)	-0.9%
Other operating expenses	(32,281)	(32,875)	594	-1.8%
Total operating costs	(142,750)	(147,528)	4,778	-3.2%
EBITDA	28,866	30,946	(2,080)	-6.7%
EBITDA margin	16.8%	17.3%	-0.5%	
Net amortisation of investment grants	(32,038)	(32,569)	531	-1.6%
Writedowns, impairment (reversal of impairment) and provisions	(58)	2	(60)	n.a.
EBIT	(3,230)	(1,621)	(1,609)	99.3%
EBIT margin	-1.9%	-0.9%	-1.0%	
Financial income/(expense)	(1,342)	(1,255)	(87)	6.9%
Income before taxes	(4,572)	(2,876)	(1,696)	59.0%
Income taxes	(1,634)	(687)	(947)	137.8%
Profit (loss) for the period	(6,206)	(3,563)	(2,643)	74.2%
Profit (loss) for the period pertaining to shareholders of the Parent Company	(6,148)	(3,553)	(2,595)	73.0%
Profit (loss) for the period pertaining to non-controlling interests	(58)	(10)	(48)	n.a.

(thousands of euros)

Analysis of revenues

Revenues from operations amounted to €134.9 million, a decrease of 23.5% compared with the same period of the previous year, of which revenues from the Parent Company's core business amounting to €129.1 million (-25.7% on the first quarter of 2019) and €5.8 million from the Group's operations on the non-regulated market (+€3.4 million on the first quarter of 2019).

<i>(thousands of euros)</i>	1st Quarter 2020	1st Quarter 2019	Change	%
En-route revenues	94,271	124,080	(29,809)	-24.0%
Terminal revenues	32,459	46,891	(14,432)	-30.8%
En-route and terminal exemptions	2,372	2,894	(522)	-18.0%
Revenues from non-regulated market	5,783	2,399	3,384	141.1%
Total revenues from operations	134,885	176,264	(41,379)	-23.5%
Balance	28,390	(6,672)	35,062	n.a.
Total revenues from contracts with customers	163,275	169,592	(6,317)	-3.7%

En-route revenues amounted to €94.3 million, a decrease of 24% compared with the year-earlier period, reflecting a decrease of 12.3% in service units generated in the quarter, which involved domestic and international air traffic as a result of the spread of the COVID-19 emergency, leading to the closure of numerous routes both within and outside the European Union (compared with an increase of 7.4% in the first quarter of 2019 on the first quarter of 2018). This was compounded by a reduction in the en-route charge of 15.3% applied in 2020 (€66.02, as against €77.96 in 2019), a reduction that amounted to 7.4% if only the charge excluding balances is considered.

If en-route revenues include those from exempt flights, which contracted by 21.4% on the first quarter of 2019 as a result of the decline in service units registered during the period, and the adjustment for balances, which includes the portion recognised in the period and the part recognised in previous years and incorporated in charges in 2020, and thus profit or loss for the same year, en-route revenues totalled €109.1 million, a decrease of €7 million, broken down as follows:

<i>(thousands of euros)</i>	1st Quarter 2020	1st Quarter 2019	Change	%
En-route revenues	94,271	124,080	(29,809)	-24.0%
En-route exemptions	1,864	2,369	(505)	-21.3%
<i>Sub-total revenues</i>	<i>96,135</i>	<i>126,449</i>	<i>(30,314)</i>	<i>-45.3%</i>
En-route balance for period	13,041	(783)	13,824	n.a.
Discounting of balance for period	(210)	13	(223)	n.a.
Use of en-route balance n-2	113	(9,620)	9,733	-101.2%
<i>Sub-total balance</i>	<i>12,944</i>	<i>(10,390)</i>	<i>23,334</i>	<i>n.a.</i>
Total en-route revenues from operations net of balances	109,079	116,059	(6,980)	-6.0%

The en-route balance had a positive impact of €13 million, an increase of €9.7 million compared with the first quarter of 2019, mainly reflecting the recognition of the traffic risk component of the balance, which

had an impact of €12.6 million as the difference between actual service units and the planned amount in the performance plan (-15.5%), with the remainder accounted for by the weather balance component, which was equally impacted by the change in traffic.

Commercial *terminal revenues* amounted to €32.5 million, a decrease of 30.8% on the first quarter of 2019, reflecting the decline in service units generated by the individual airports broken down by charging zone, with an overall decrease of 22.4% (+5.9% in the first quarter of 2019 compared with first quarter of 2018), and the reduction in the terminal charges applied in all three charging zones.

In particular, *Charging Zone 1*, represented by Rome Fiumicino airport, posted a decrease in assisted air traffic, expressed in service units, of 27.6% compared with the first quarter of 2019 (+6% in the first quarter of 2019 compared with first quarter of 2018), with a decrease of 63.7% in service units in March alone compared with the year-earlier period. This factor was compounded by a decrease of 12.25% in the terminal charge applied in 2020, which amounted to €167.33 compared with €190.69 in 2019.

Charging Zone 2, represented by the airports of Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio, posted a decrease in assisted air traffic, expressed in service units, of 21.3%, on the first quarter of 2019 (+6.6% in the first quarter of 2019 compared with first quarter of 2018), the net effect of positive developments in air traffic in the first two months of 2020 (+3.3%) and the decrease registered in March (-66.1%) as a result of the coronavirus emergency and the consequent closures of the Milan Linate and Bergamo Orio al Serio airports. The terminal charge for 2020 is €167.56, a decrease of 15.19% on the rate applied in 2019 (€197.56).

Charging Zone 3, which comprises 40 medium- and low-traffic airports recorded a decrease in assisted air traffic, expressed in service units, of 20.3% on the first quarter of 2019 (+5.2% in the first quarter of 2019 compared with first quarter of 2018), with an increase in the first two months of 2020 (+2.8%) followed by a fall of 62.3% in March, due to the flight cancellations and the closure of various airports. The terminal charge in 2020 is €298.93, down 6.3% on the charge applied in 2019 (€318.98).

If terminal revenues are considered together with those from exempt flights, which contracted by 3.2% on the same period of 2019, mainly as a result of the reduction in terminal charges as service units increased by 11.8% and the adjustment for the balance, which includes the portion recognised in the period and the part recognised in previous years and incorporated in the charge in 2020, and thus profit or loss for the same year, terminal revenues totalled €48.4 million, a decrease of €2.7 million on the first quarter of 2019, broken down as follows:

<i>(thousands of euros)</i>	1st Quarter 2020	1st Quarter 2019	Change	%
Terminal revenues	32,459	46,891	(14,432)	-30.8%
Terminal exemptions	508	525	(17)	-3.2%
<i>Sub-total</i>	32,967	47,416	(14,449)	-34.0%
Terminal balance for period	14,091	4,315	9,776	n.a.
Discounting of balance for period	(227)	(70)	(157)	n.a.
Use of terminal balance n-2	1,582	(527)	2,109	n.a.
<i>Sub-total</i>	15,446	3,718	11,728	n.a.
Total terminal revenues from operations net of balances	48,413	51,134	(2,721)	-5.3%

Terminal balances totalled a positive €15.4 million, an increase of €11.7 million compared with the first quarter of 2019. This increase regarded the balance for traffic risk recorded in the first quarter of 2020, of which €2.2 million for Charging Zone 1, where actual service units decreased by 31.05% compared with the planned figure. Charging Zone 2 registered a traffic risk balance of €2.5 million, with actual service units decreasing by 23.6% compared with the planned figure. Charging Zone 3 showed a positive balance, determined on a cost recovery basis, of €9.3 million in reflection of revenues recorded in the quarter and costs incurred.

Revenues from the non-regulated market amounted to €5.8 million, an increase of €3.4 million on the same period of 2019, mainly due to revenues generated by the subsidiary IDS AirNav, which was included in the scope of consolidation in July 2019, amounting to €3.1 million. That revenue was generated by the sale of software licenses in the amount of €0.5 million and revenue from services and maintenance connected with products sold to customers around the world totalling €2.6 million. The remainder of non-regulated market revenues, which mainly include radio-assistance control services and aeronautical consulting services provided domestically and abroad, increased by a total of €0.3 million in reflection of activities connected with the programme for the supply of ATC systems for the Tripoli airport in Libya and the construction of the new Area Control Centre of Kuala Lumpur in Malaysia.

Developments in costs

	1st Quarter 2020	1st Quarter 2019	Change	%
Personnel costs	(117,041)	(121,288)	4,247	-3.5%
Capitalised costs	6,572	6,635	(63)	-0.9%
Other operating expenses	(32,281)	(32,875)	594	-1.8%
Total operating expenses	(142,750)	(147,528)	4,778	-3.2%

(thousands of euros)

Operating expenses decreased by 3.2% compared with the year-earlier period to a total of €142.7 million, reflecting a decline both in personnel costs of 3.5% and in other operating expenses of 1.8%, with virtually

no change in capitalised costs. Excluding the costs contributed by IDS AirNav, which were not included in the first quarter of 2019, costs declined by 6%.

	1st Quarter 2020	1st Quarter 2019	Change	%
Wages and salaries, of which:				
fixed remuneration	71,928	70,024	1,904	2.7%
variable remuneration	10,762	15,786	(5,024)	-31.8%
Total wages and salaries	82,690	85,810	(3,120)	-3.6%
Social security contributions	27,273	28,289	(1,016)	-3.6%
Employee severance pay	5,126	4,883	243	5.0%
Other costs	1,952	2,306	(354)	-15.4%
Total personnel costs	117,041	121,288	(4,247)	-3.5%

(thousands of euros)

Personnel costs decreased by 3.5% on the first quarter of 2019 to €117 million. More specifically, fixed remuneration registered an increase of €1.9 million, of which €1.4 million attributable to IDS AirNav, a cost not present in the first quarter of 2019, and the remainder to higher costs associated with the contract renewal at the Parent Company, partly offset by the reduction of the Group's workforce excluding IDS AirNav by 70 on average and 4 in effective terms compared with the year-earlier period. Including IDS AirNav, the workforce expanded by 146 in effective terms and 79 on average. This gave the Group a total of 4,258 employees at the end of the first quarter of 2020 (4,112 at the end of the first quarter of 2019). Variable remuneration decreased by 31.8% overall due to the measures taken in response to the coronavirus emergency, with a decrease in overtime for air traffic controllers on the one hand, which was directly connected with the decline in air traffic, and on the other an increase in recourse to holiday entitlement, which had a positive effect in the first quarter of 2020 owing to the rise in the number of days of holiday taken by employees compared with the year-earlier period. Social security contributions decreased by 3.6% to €27.3 million and other personnel costs fell by 15.4%, mainly due to a decrease in termination incentives paid in the period, totalling €0.8 million (€1.2 million in the first quarter of 2019).

Other operating expenses amounted to €32.3 million, down 1.8% compared with the year-earlier period. They break down as follows.

	1st Quarter 2020	1st Quarter 2019	Change	%
Costs for the purchase of goods	1,622	1,779	(157)	-8.8%
Costs for services:				
Maintenance costs	4,208	4,780	(572)	-12.0%
Costs for Eurocontrol fees	9,577	9,525	52	0.5%
Costs for utilities and telecommunications	6,400	7,712	(1,312)	-17.0%
Costs for insurance	793	645	148	22.9%
Cleaning and security	1,320	1,135	185	16.3%
Other personnel-related costs	2,048	2,358	(310)	-13.1%
Professional services	2,690	1,767	923	52.2%
Other costs for services	1,824	2,100	(276)	-13.1%
Total costs for services	28,860	30,022	(1,162)	-3.9%
Costs for leases and rentals	506	475	31	6.5%
Other operating expenses	1,293	599	694	115.9%
Total	32,281	32,875	(594)	-1.8%

(thousands of euros)

An analysis of the individual items shows a broad decline in the various cost items: i) maintenance costs connected with orders performed by the subsidiary Techno Sky as part of the Parent Company's investment activities declined by 12%; ii) costs for utilities and telecommunications contracted by 17% as a result of a decline in costs for electricity and the data connections of the ENET1 network as a result of the decommissioning of older circuits and the lower costs associated with the new contract; and iii) a reduction of 13.1% in other personnel costs owing to a decline in travel costs as a result of the coronavirus emergency. These reductions were partially offset by higher costs for professional services, which include the costs associated with the foreign orders of the subsidiaries IDS AirNav and Enav Asia Pacific, the cleaning costs associated with extraordinary sanitation efforts at all sites since the beginning of the coronavirus emergency and donations to the Lazzaro Spallanzani National Institute for Infectious Diseases and the Civil Protection Department in the fight against COVID-19.

Margins

These developments gave rise to a decrease of 6.7% in EBITDA compared with the first quarter of 2019, to €28.9 million.

Depreciation and amortisation net of investment grants decreased by 1.6%, the net effect of a decline in depreciation and amortisation and an increase in investment grants recognised in the period and the net effect of writedowns of receivables and reversals for collections on previously written-down positions, which had an impact of €58 thousand, producing negative EBIT of €3.2 million, a deterioration of €1.6 million on the first quarter of 2019.

Financial operations

Financial income and expense show net expense of €1.3 million, up 6.9% on the figure for the first quarter of 2019.

	1st Quarter 2020	1st Quarter 2019	Change	%
Financial income from non-current receivables and securities	24	77	(53)	-69%
Financial income from current receivables and securities	43	7	36	n.a.
Other interest income	243	313	(70)	-22%
Total financial income	310	397	(87)	-21.9%

	1st Quarter 2020	1st Quarter 2019	Change	%
Interest expense on bank loans	532	609	(77)	-12.6%
Interest expense on bonds	857	857	0	0.0%
Interest expense on employee benefits	85	185	(100)	-54.1%
Interest expense on lease liabilities	35	37	(2)	-5.4%
Financial expense on discounting of balances	171	74	97	131.1%
Other interest expense	2	11	(9)	-81.8%
Total financial expense	1,682	1,773	(91)	-5.1%
Exchange rate gains/(losses)	30	121	(91)	-75.2%
Total financial income/(expense)	(1,342)	(1,255)	(87)	6.9%

(thousands of euros)

The decrease of 21.9% in *financial income* is mainly due to the decrease in interest income on the VAT credit for which reimbursement has been requested, which was collected in the second half of 2019 and the early months of 2020.

Financial expense decreased by 5.1%, due both to a decline in interest expense on bank loans and a reduction in the interest cost recognised on employee benefits for Group personnel, partly offsetting the increase in financial expense from the discounting of balances.

Performance for the period

Income taxes for the period were a negative €1.6 million, up €0.9 million on the first quarter of 2019, mainly reflecting the positive contributions of Techno Sky and Enav Asia Pacific. As a result of the foregoing, the net loss pertaining to the Group was €6.1 million, an increase of €2.5 million on the same period of 2019, when the loss was €3.6 million. The share of the loss pertaining to non-controlling interests amounted to €58 thousand.

Reclassified consolidated statement of financial position

	31.03.2020	31.12.2019	Amount	Change %
Property, plant and equipment	956,438	976,272	(19,834)	-2.0%
Right-of-use assets	8,297	8,857	(560)	-6.3%
Intangible assets	171,024	171,567	(543)	-0.3%
Investments in other entities	64,825	63,225	1,600	2.5%
Non-current trade receivables and payables	(2,387)	(39,804)	37,417	-94.0%
Other non-current assets and liabilities	(122,429)	(124,343)	1,914	-1.5%
Net non-current assets	1,075,768	1,055,774	19,994	1.9%
Inventories	61,111	60,690	421	0.7%
Trade receivables	173,426	213,321	(39,895)	-18.7%
Trade payables	(126,964)	(138,754)	11,790	-8.5%
Other current assets and liabilities	(139,485)	(115,855)	(23,630)	20.4%
Assets held for sale net of related liabilities	1,402	1,402	0	0.0%
Net working capital	(30,510)	20,804	(51,314)	-246.7%
Gross capital employed	1,045,258	1,076,578	(31,320)	-2.9%
Employee benefit provisions	(49,065)	(52,509)	3,444	-6.6%
Provisions for risks and charges	(1,778)	(1,778)	0	0.0%
Deferred tax assets net of liabilities	6,674	7,376	(702)	-9.5%
Net capital employed	1,001,089	1,029,667	(28,578)	-2.8%
Shareholders' equity pertaining to Parent Company shareholders	1,151,616	1,153,543	(1,927)	-0.2%
Shareholders' equity pertaining to non-controlling interests	2,442	2,500	(58)	-2.3%
Shareholders' equity	1,154,058	1,156,043	(1,985)	-0.2%
Net financial position	(152,969)	(126,376)	(26,593)	21.0%
Funding of net capital employed	1,001,089	1,029,667	(28,578)	-2.8%

(thousands of euros)

Net capital employed amounted to €1,001 million at 31 March 2020, down €28.6 million on 31 December 2019, and was entirely funded by consolidated shareholders' equity of €1,154 million.

Net non-current assets

Net non-current assets amounted to €1,075.8 million, up €20 million compared with 31 December 2019, mainly due to: i) a decrease of €19.8 million in property, plant and equipment as a result of the recognition of greater depreciation than investments under construction during the period; ii) an increase in the value of investments in other entities of €1.6 million, accounted for entirely by the impact of the change in the dollar/euro exchange rate on the investment in Aireon; iii) the positive change of €37.4 million in non-current trade receivables and payables, reflecting receivables for balances in the first quarter of 2020 and the decline in payables for balances attributable to the reclassification to current liabilities of the portion that will be recognised in profit or loss in 2021.

Net working capital

Net working capital amounted to a negative €30.5 million, a change of €51.3 million on 31 December 2019, when it was a positive €20.8 million. The main changes regarded: i) a net decrease of €39.9 million in trade receivables, mainly reflecting a decrease of €48.5 million in the receivable from Eurocontrol as a result of the decrease in turnover in February and March 2020 compared with the last two months of 2019 owing to the coronavirus emergency. To this end, note that all the member states of Eurocontrol have granted a deferral to the airlines of the collection of receivable for flights in the months from February to May 2020, which will be settled with payments beginning as from November 2020 and every three months thereafter. The decline in trade receivables was partly offset by the recognition of a receivable for the grant to guarantee the safety of its plant and operational safety accruing at 31 March 2020 in the amount of €7.5 million and an increase of €2.4 million in the receivable in respect of the Ministry for the Economy and Finance for exemptions on en-route and terminal traffic accrued in the quarter; ii) a decrease of €11.8 million in trade payables, the net effect of greater payments in the period than in new payables accruing and an increase in payables for balances as a result of the reclassification of the non-current payable for balances; iii) the change in other current assets and liabilities, which resulted in a net increase in liabilities of €23.6 million as a result of a decline of €8 million in tax receivables due to the collection of the VAT receivable for which reimbursement had been requested; an increase of €4.7 million in prepaid expenses attributable both to insurance premiums paid in January but pertaining to the following quarter and to the portion of the INAIL premium paid in February but pertaining to subsequent months; an increase in payables to employees for provisions for the period and the increase in other liabilities attributable to greater liabilities in respect of the Italian Air Force and ENAC in the net amount of €7.5 million, corresponding to the accrued portion of collections of en-route and terminal receivables in the period due to them, net of a payment of €10.7 million.

Net capital employed

In determining *net capital employed*, the employee benefit provisions had a negative impact of €49.1 million, with the positive change of €3.4 million reflecting the actuarial gain recognized at 31 March 2020. Provisions for risks and charges amounted to €1.8 million, unchanged during the first quarter, while net deferred tax assets were a positive €6.7 million.

Shareholders' equity

Shareholders' equity totalled €1,154 million, a net decrease of €1.9 million on 31 December 2019. The change reflects €6.2 million from the consolidated loss recognised at 31 March 2020, partly offset by the recognition of the actuarial gain on employee benefits, which net of tax effects amounted to €2.2 million,

the positive impact of €1.2 million from the reserve for the translation into euros of the financial statements of foreign subsidiaries and the recognition of €0.5 million of the amount accrued for the period of the reserve for the long-term incentive plan for Group management.

Net financial position

The net financial position was a positive €152.9 million, an improvement of €26.6 million on 31 December 2019.

	31.03.2020	31.12.2019	Amount	Change %
Cash and cash equivalents	476,594	449,268	27,326	6.1%
Current financial receivables	25,053	24,977	76	0.3%
Current financial debt	(16,445)	(15,058)	(1,387)	9.2%
Current financial debt for IFRS 16 lease liabilities	(2,199)	(2,112)	(87)	4.1%
Net current financial position	483,003	457,075	25,928	5.7%
Non-current financial receivables	195	85	110	129.4%
Non-current financial debt	(323,713)	(323,713)	0	0.0%
Non-current financial debt for IFRS 16 lease liabilities	(6,516)	(7,071)	555	-7.8%
Non-current financial debt	(330,034)	(330,699)	665	-0.2%
Net financial position	152,969	126,376	26,593	21.0%

(thousands of euros)

The improvement in the net financial position was due to developments in collections and payments connected with ordinary operations, which generated a positive cash flow, as well as the collection of the VAT receivable in the amount of €8.2 million and an investment project financed under the 2014-2020 NOP in the amount of €2.6 million. The net financial position was adversely impacted by the payment to the Italian Air Force of collected terminal receivables pertaining to that institution in the amount of €10.8 million and the financial liability generated by the application of IFRS 16 in the total amount of €8.7 million, a decrease of €0.5 million on 31 December 2019 as result of payments in the first quarter of 2020.

Structure of the consolidated net financial position

<i>(thousands of euros)</i>	31.03.2020	31.12.2019
(A) Cash	476,594	449,268
(B) Cash equivalents	0	0
(C) Securities held for trading	0	0
(D) Liquidity (A)+(B)+(C)	476,594	449,268
(E) Current financial receivables	25,010	24,967
(F) Current financial payables	0	0
(G) Current portion of non-current financial debt	(16,445)	(15,058)
(H) Other current financial debt	(2,199)	(2,112)
(I) Current financial debt (F)+(G)+(H)	(18,644)	(17,170)
(J) Net current financial debt/Liquidity (D)+(E)+(I)	482,960	457,065
(K) Non-current bank debt	(143,713)	(143,713)
(L) Bonds issued	(180,000)	(180,000)
(M) Other non-current financial debt	(6,516)	(7,071)
(N) Non-current financial debt (K)+(L)+(M)	(330,229)	(330,784)
(O) Net financial position - Consob (J)+(N)	152,731	126,281
(P) Current and non-current derivatives	238	95
(Q) Net financial position - ENAV Group (O)+(P)	152,969	126,376

Consolidated statement of cash flows

<i>(thousands of euros)</i>	31.03.2020	31.03.2019	Change	%
Cash flow generated/(absorbed) by operating activities	55,370	71,689	(16,319)	-22.8%
Cash flow generated/(absorbed) by investing activities	(29,005)	(16,903)	(12,102)	71.6%
Cash flow generated/(absorbed) by financing activities	878	7,645	(6,767)	-88.5%
Cash flow for the period	27,243	62,431	(35,188)	-56.4%
Cash and cash equivalents at the beginning of the period (*)	450,657	317,716	132,941	41.8%
Exchange rate difference on cash	83	25	58	n.a.
Cash and cash equivalents at end of the period (*)	477,983	380,172	97,811	25.7%
Free cash flow	26,365	54,786	(28,421)	-51.9%

(*) Liquidity at the start and end of the period includes €1,389 thousand in respect of the liquidity of the Sicta Consortium in liquidation (€1,406 thousand at 31 March 2019).

Cash flows from operating activities

Cash flows from operating activities generated at 31 March 2020 amounted to €55.4 million, a decrease of €16.3 million on the same period of 2019. This flow was the result of a number of factors, including: i) a

reduction in current trade receivables, mainly regarding the receivable from Eurocontrol due to the decline in air traffic in February and March 2020 compared with the corresponding months of 2019, equal to €45.8 million, partially offset by an increase in balance receivables recognised in the quarter under non-current trade receivables in the amount of €27.5 million; ii) a decrease of €8.2 million in tax receivables due to the collection of the VAT receivable for which reimbursement had been requested, which was not present in the same period of 2019, and an increase in tax payables for taxes pertaining to the period; iii) an increase of €2.8 million in other current assets, mainly due to the recognition of prepaid expenses in respect of personnel for INAIL premiums paid in February 2020 but pertaining to subsequent periods, an item that was not present in the first quarter of 2019 because the payment deadline had been postponed to May; iv) a smaller increase in current liabilities than in the first quarter of 2019 following the payment to the Italian Air Force of its share of terminal collections in the amount of €10.7 million; and v) a decrease of €8.3 million in current and non-current trade payables, due both to a decline in payables for balances and a reduction in payables to suppliers for operating activities as a result of an increase in payments made in the first quarter of 2020 compared with the corresponding period of the previous year.

Cash flows from investing activities

Cash flows from investing activities at 31 March 2020 absorbed liquidity in the amount of €29 million, up €12.1 million on the figure at 31 March 2019. The increase, with capital expenditure broadly unchanged on the year-earlier period at €13.3 million, was due to an increase in payments to suppliers for investment projects for which activities and invoicing were concentrated in the final months of 2019.

Cash flows from financing activities

Cash flows from financing activities generated cash of €0.9 million, down €6.8 million on 31 March 2019, which had reflected the payment of share capital and the share premium in the total amount of €6.6 million by UTM System & Services Srl in D-Flight in performance of the obligations assumed in the framework agreement.

Free cash flow amounted to €26.4 million, compared with €54.8 million in the same period of 2019, confirming the Group's ability to generate additional cash after investing activities.

Declaration of the Manager responsible for financial reporting on the financial statements pursuant to Article 154-bis, paragraph 2, of Legislative Decree 58/1998

The Manager responsible for the preparation of ENAV's financial reports, Loredana Bottiglieri, hereby declares, pursuant to Article 154-bis, paragraph 2, of Legislative Decree 58/1998 (Consolidated Law on Financial Intermediation), that the accounting information contained in the Interim Financial Report at 31 March 2020 corresponds with that contained in the accounting documentation, books and records.

Rome, 14 May 2020

[signed] Loredana Bottiglieri

Legal information and contacts

Registered office

ENAV SpA

Via Salaria 716, 00138 Rome

Tel. +39 06 81661

www.enav.it

Legal information

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

Tax ID and enrolment number in the Company Register
of Rome: 97016000586

VAT Registration No. 02152021008

Investor Relations

e-mail: ir@enav.it