Interim Financial Report

at 30 September 2018

ENAV Group

Contents

Main operating data

Financial data	3rd quarter 2018	3rd quarter 2017	Variations	%
Total revenues	675,620	672,988	2,632	0.4%
EBITDA	234,938	230,462	4,476	1.9%
EBITDA margin	34.8%	34.2%	0.6%	
EBIT	140,872	129,010	11,862	9.2%
EBIT margin	20.9%	19.2%	1.7%	
Group result for the period	98,770	89,639	9,131	10.2%

Value in thousands of Euro

Equity and financial data	30.09.2018	31.12.2017	Variations	%
Net invested capital	1,178,014	1,237,447	(59,433)	-4.8%
Shareholders' Equity	1,122,670	1,119,965	2,705	0.2%
Net financial indebtedness	55,344	117,482	(62,138)	-52.9%

Value in thousands of Euro

Other indicators	3rd quarter 2018	3rd quarter 2017	Variations	%
En route service units	7,325,772	6,709,301	616,471	9.2%
Terminal service unit 1st charging zone	174,454	166,856	7,598	4.6%
Terminal service unit 2nd charging zone	249,598	238,846	10,752	4.5%
Terminal service unit 3rd charging zone	328,186	316,188	11,998	3.8%
Free cash flow (value in thousands of euro)	165,414	38,507	126,907	329.6%
Headcount at the end of the period	4,192	4,251	(59)	-1.4%

Introduction

The Interim Financial Report at 30 September 2018 of the Enav Group has been prepared on a voluntary basis in compliance with the provisions of Article 82-ter of the Issuers' Regulation, adopted through Consob Resolution 11971 of 14 May 1999 as amended, in order to guarantee orderly financial disclosure to the market and investors, in line with the behaviour of major listed companies which publish quarterly reports.

This document reports and comments on the reclassified consolidated income statement and the statement of financial position, net financial indebtedness and statement of cash flows of the Enav Group at 30 September 2018, compared with the figures for the corresponding period of the previous year for the data included in the income statement and statement of cash flows, and with the corresponding figures at 31 December 2017 for the statement of financial position, shown in thousands of Euros.

The consolidated statements of financial position have been prepared, unless stated otherwise, in conformity with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the related interpretations (IFRIC and SIC), adopted by the European Union through (EC) Regulation 1606/2002 and in force at the end of the period, and they conform to those adopted for the preparation of the consolidated financial statements for the year ending 31 December 2017 to which they refer, with the exception of the adoption of IFRS 15 and IRFS 9.

With effect from 1 January 2018, the new accounting standards IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial instruments* came into force. For both standards the Enav Group availed itself of the right to measure the effect associated with the retrospective restatement of the shareholders' equity at 1 January 2018, with regard to the existing cases at that date, without the restatement for the previous financial years used for comparative purposes. The total effect as at 1 January 2018, before tax effects, was negative by €449 thousand on the initial Shareholders' Equity negative by €453 thousand charged to trade receivables as the effect of the adoption of IFRS 9 and positive by €4 thousand also recorded under trade receivables as the effect resulting from the adoption of IFRS 15. In Note 6 *New accounting standards, interpretations and amendments adopted by the Group* in the paragraph *Impacts resulting from the adoption of the new standards* of the Consolidated Financial Statements at 31 December 2017 there is more information with regard to the effects following the adoption of the two new above-mentioned standards. Note that with effect from 1 January 2018, other standards also came into force but their adoption had no impact.

The Interim Financial Report at 30 September 2018 does not represent a set of interim financial statements prepared in accordance with international accounting standard IAS 34, and has not been audited by the independent auditors.

The publication of this Interim Financial Report was authorised by the Board of Directors on 13 November 2018.

The consolidation principles used to prepare the Interim Financial Report at 30 September 2018 conform to those used to prepare the Consolidated Financial Statements at 31 December 2017, approved on 12 March 2018 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 30 September 2018 is the same as at 31 December 2017.

Market and air traffic trends

Air traffic control operations in Eurocontrol countries in the period January - September 2018 recorded a significant increase in traffic in terms of en-route service units (*) for Italy, compared with the same period of 2017, with a result of +9.2% (+3.3% in the third quarter of 2017 compared with the third quarter of 2016), while the performance in Eurocontrol countries stood at +5.7% slightly down compared with the third quarter of 2017 (+6.3%).

There were widespread increases in en-route service units for the major European providers, albeit at more restrained levels compared with the corresponding period of the previous year, specifically worthy of note are Spain +4.8%, Germany +3.5%, United Kingdom +3.1% and France +2.0%.

Total route traffic service units (**)	**3rd quarter 2018**	**3rd quarter 2017**	**Variations**	
			no.	**%**
France	16,483,413	16,161,120	322,293	2.0%
Germany	11,370,518	10,981,144	389,374	3.5%
Great Britain	9,298,488	9,020,402	278,086	3.1%
Spain	8,404,878	8,017,789	387,089	4.8%
Italy (***)	7,323,676	6,706,828	616,848	9.2%
EUROCONTROL	**114,698,332**	**108,540,702**	**6,157,630**	**5.7%**

(*) traffic overflying Italian air space, with or without stopover;
(**) the *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 for the third quarter of 2018 shows an increase of +9.2% in the service units reported by Eurocontrol (same value if the remaining category *Exempt not reported to Eurocontrol* is also considered) and in the number of assisted flights of +5.4% (+5.1% if the residual category *Exempt not reported to Eurocontrol* is included).

The factors that contributed to this increase, the positive performance recorded in every single quarter of the current year, include the implementation by the parent company of the Free Route project (an innovation which allows all aircraft overflying at an altitude of more than 11,000 metres, and from the end of May 2018, over 9,000 metres, irrespective of whether they take off or land at Italian airports, to pass through domestic airspace following a direct route, which allows airline companies in transit over domestic skies to plan the shortest routes, without constraints, thereby saving fuel and running costs, in full compliance with the highest safety levels) which mainly overflight traffic benefited from, the increase in air traffic for connections with other European countries and the return of traffic volumes from/to countries like Turkey, Greece, Egypt, Israel and Tunisia.

It should be stressed how this positive performance of service units was achieved in spite of the incomplete reopening of Libyan airspace and the effects associated with the organisational and operational restructuring of Alitalia still in progress.

Traffic en-route (Number of flights)	**3rd quarter 2018**	**3rd quarter 2017**	**Variations no.**	**%**
Domestic	220,051	221,800	(1,749)	-0.8%
International	751,071	720,239	30,832	4.3%
Overflight	499,913	451,875	48,038	10.6%
Paying total	**1,471,035**	**1,393,914**	**77,121**	**5.5%**
Military	24,975	25,741	(766)	-3.0%
Other exempt	13,914	13,539	375	2.8%
Total exempt	**38,889**	**39,280**	**(391)**	**-1.0%**
Total reported by Eurocontrol	**1,509,924**	**1,433,194**	**76,730**	**5.4%**
Exempt not reported to Eurocontrol	14,906	17,322	(2,416)	-13.9%
Total	**1,524,830**	**1,450,516**	**74,314**	**5.1%**

Traffic en-route (service units)	**3rd quarter 2018**	**3rd quarter 2017**	**Variations no.**	**%**
Domestic	1,296,847	1,262,463	34,384	2.7%
International	2,997,410	2,790,276	207,134	7.4%
Overflight	2,926,090	2,542,442	383,648	15.1%
Paying total	**7,220,347**	**6,595,181**	**625,166**	**9.5%**
Military	93,682	101,163	(7,481)	-7.4%
Other exempt	9,647	10,484	(837)	-8.0%
Total exempt	**103,329**	**111,647**	**(8,318)**	**-7.5%**
Total reported by Eurocontrol	**7,323,676**	**6,706,828**	**616,848**	**9.2%**
Exempt not reported to Eurocontrol	2,096	2,473	(377)	-15.2%
Total	**7,325,772**	**6,709,301**	**616,471**	**9.2%**

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 period January - September 2018, recorded positive results both in terms of Service Units (SUs) up +7.4%, and in the number of assisted flights, up +4.3%, with an increase also in the average distance travelled (+2.2%) and the average weight at take-off (+1.4%).

  The development of international traffic, both at service unit level and the number of flights, is generated by the significant increase in traffic volumes in all distance bands: low mileage bands (<350 km over domestic airspace), most significant in terms of the number of flights (64.4% of total international flights), with a growth in service units of +4.3%; average distance (between 350 and 700 km over domestic airspace) which generates a greater number of service units (42.6% of total international service units) up by 6.9%; high mileage (>700 km over domestic airspace) with a rise in service units of +14.7% increasing specifically in the second and third quarters of 2018.

With reference to flights within Europe, the period in question confirmed the good performance of connections between Italy and the rest of Europe (+6.1% service units; +3.0% number of flights) representing around 80% of total international traffic service units and which highlight important growth in long distance flights. Connections between Italy and Asia also increased (+6.4% service units; +16.7% number of flights) and Italy and Africa (+18.6% service units; +7.5% number of flights) due to the recovery of traffic flows to countries such as Egypt, Tunisia, Morocco and Ethiopia. Connections between Italy and continental America also recovered (+19.9% service units; +10.6% number of flights);

- *commercial overflight traffic*, a category of movements only over domestic airspace, which, in the period January - September 2018, recorded an important increase both in service units (+15.1%) and in the number of assisted flights (+10.6%). This result is due to the favourable performance in all mileage bands, with increases above 10%, where the result of longer distance flights (>800 km over national airspace), which recorded an increase of +19.7% in service units should be highlighted.

  With regard to the general analysis of departure/destination areas, note the good performance of connections between European countries (+13.4% service units; +9.8% number of flights) which represent around 69% of total overflight traffic and Europe - Africa connections (+22.1% service units; +15.2% number of flights) and Europe - Asia (+13% service units; +8.7% number of flights). The contribution of long distance flights was significant for the service units of these latter traffic routes. The figures for Europe-Continental America connections (+11.5% service units) and Africa-Asia (+18.2% service units) also recorded a significant increase.
- *domestic commercial traffic* recorded an increase of 2.7% in service units in the period January - September 2018 and a minimal decrease of -0.8% in the number of assisted flights. These figures demonstrate the stabilisation of low volumes for this type of traffic, with regard to the number of flights, faced with many years of competition from high-speed trains. The increase in long distance flights (>700 Km in domestic airspace) contributed to the increase in service units. Connections on the Italian North-South axis were the driver behind the positive performance of the service units and number of assisted flights which recorded figures of +4.9% and +3.2%, respectively. In this regard the positive performance of flights from the two Milan airports to major destinations in the south such as Palermo and Lamezia and, to a lesser extent, Brindisi and Catania, should be stressed;
- *exempt traffic*, divided into i) *exempt traffic reported by Eurocontrol*, which decreased by -7.5% for service units and -1.0% in the number of assisted flights, the latter figure mainly due to a decrease in

military activities both in Eurocontrol member countries and non-member countries; ii) *exempt traffic not reported to Eurocontrol*, with a negligible effect on revenues, which decreased for both service units to -15.2% and -13.9% for the number of assisted flights.

With regard to the traffic figures related to companies operating in domestic airspace, in the third quarter of 2018 the role of the low-cost segment was confirmed as the factor driving the expansion of air traffic in both Italy and the rest of Europe. Among the largest companies operating in domestic airspace, note the results achieved by Ryanair (+5.8% service units) and Easyjet (+16.9% service units), which are the first and the third largest carriers, respectively, in terms of number of service units produced in Italy. The results achieved by Wizz Air (+20.2% service units), Vueling (+9.4% service units), Aegean Airlines (+12.8% service units), Volotea (+20.2% service units) and Eurowings (+30.6% service units), all top fifteen carriers in terms of the number of service units produced, are also important. The operations of Turkish Airlines (+18.5% service units) also recovered, with a return of air traffic on routes to Turkey, while the performance of Emirates (+0.9% service units) was positive once again. The operations of traditional companies like Lufthansa (+15.5% service units) and Air France (+9.6% service units) recovered. The figures for Alitalia were in line with the difficulties experienced in recent times with service units up by +2.4% despite the number of flights falling by -2.3%.

Terminal traffic

Terminal traffic, which regards take-off and landing within 20 km of the runway, reported by Eurocontrol performed well in the period January - September 2018 in terms of service units, which were up +4.2%, as well as in terms of assisted flights, which were up +2.4%.

Terminal traffic (Number of flights)		**3rd quarter 2018**	**3rd quarter 2017**	**Variations no.**	**%**
Domestic					
	Chg. Zone 1	37,772	38,430	(658)	-1.7%
	Chg. Zone 2	47,123	44,705	2,418	5.4%
	Chg. Zone 3	128,968	132,175	(3,207)	-2.4%
	Total domestic flights	**213,863**	**215,310**	**(1,447)**	**-0.7%**
International					
	Chg. Zone 1	78,663	75,569	3,094	4.1%
	Chg. Zone 2	139,413	135,567	3,846	2.8%
	Chg. Zone 3	155,403	147,035	8,368	5.7%
	Total international flights	**373,479**	**358,171**	**15,308**	**4.3%**
Paying total		**587,342**	**573,481**	**13,861**	**2.4%**
Exempt					
	Chg. Zone 1	66	102	(36)	-35.3%
	Chg. Zone 2	654	652	2	0.3%
	Chg. Zone 3	15,472	15,314	158	1.0%
	Total exempt flights	16,192	16,068	124	0.8%
Total reported by Eurocontrol		**603,534**	**589,549**	**13,985**	**2.4%**
Exempt not reported to Eurocontrol					
	Chg. Zone 1	0	1	(1)	-100.0%
	Chg. Zone 2	340	382	(42)	-11.0%
	Chg. Zone 3	8,406	8,533	(127)	-1.5%
Tot. exempt flights not reported to Eurocontrol		**8,746**	**8,916**	**(170)**	**-1.9%**
Total for chg Zone					
	Chg. Zone 1	116,501	114,102	2,399	2.1%
	Chg. Zone 2	187,530	181,306	6,224	3.4%
	Chg. Zone 3	308,249	303,057	5,192	1.7%
Total		**612,280**	**598,465**	**13,815**	**2.3%**

Terminal traffic (service units)		3rd quarter 2018	3rd quarter 2017	Variations no.	%
Domestic					
	Chg. Zone 1	47,121	46,710	411	0.9%
	Chg. Zone 2	55,735	51,413	4,322	8.4%
	Chg. Zone 3	146,070	145,630	440	0.3%
	Total domestic SUs	**248,926**	**243,753**	**5,173**	**2.1%**
International					
	Chg. Zone 1	127,178	119,871	7,307	6.1%
	Chg. Zone 2	193,538	187,072	6,466	3.5%
	Chg. Zone 3	175,021	163,847	11,174	6.8%
	Total international SUs	**495,737**	**470,790**	**24,947**	**5.3%**
Paying total		**744,663**	**714,543**	**30,120**	**4.2%**
Exempt					
	Chg. Zone 1	155	275	(120)	-43.6%
	Chg. Zone 2	295	328	(33)	-10.1%
	Chg. Zone 3	6,436	5,999	437	7.3%
	Total SUs exempt	**6,886**	**6,602**	**284**	**4.3%**
Total reported by Eurocontrol		**751,549**	**721,145**	**30,404**	**4.2%**
Exempt not reported to Eurocontrol					
	Chg. Zone 1	0	0	0	0.0%
	Chg. Zone 2	30	33	(3)	-9.1%
	Chg. Zone 3	659	712	(53)	-7.4%
Total exempt SUs not reported to Eurocontrol		**689**	**745**	**(56)**	**-7.5%**
Total for chg Zone					
	Chg. Zone 1	174,454	166,856	7,598	4.6%
	Chg. Zone 2	249,598	238,846	10,752	4.5%
	Chg. Zone 3	328,186	316,188	11,998	3.8%
Total		**752,238**	**721,890**	**30,348**	**4.2%**

In overall terms, the results of the period January - September 2018, compared with the corresponding period of the previous year, highlighted a widespread growth for all three charging zones, both in terms of service units and the number of assisted flights. In particular:

- charging zone 1, which refers entirely to Roma Fiumicino airport, generated growth of +4.6% in terms of service units and +2.1% for assisted flights in the third quarter of 2018. The differential between the increase in service units in relation to the number of assisted flights was affected by the increase in the average aircraft weight at take-off (+3.6%). This airport was particularly affected by Alitalia's situation which had an impact in the period of around 40.4% on service units at Roma Fiumicino and there was an increase in service units in the period in question of +1.4%, while flights remained virtually unaltered (-0.5%);
- charging zone 2, which refers to Milano Malpensa, Milano Linate, Venezia Tessera and Bergamo Orio al Serio, shows an increase both in service units (+4.5%) and assisted flights (+3.4%) mainly due to the good results achieved by the airports of Milano Malpensa (+7.6% service units; +7.4% number of flights), Venezia Tessera (+5.8% service units; +3.1% number of flights) and Bergamo Orio al Serio (+4.7% service units; +4.6% number of flights). There was a reduction in operations for Milano Linate airport (-4.0%

service units, -3.0% number of flights) which suffered from the suspension of the operations of Air Berlin and the reduction in Air Italy flights. The impact associated with the situation of the Italian national carrier is lower in this zone, since it represents 12.6% of the service units.

- charging Zone 3 is up in terms of service units (+3.8%) and the number of assisted flights (+1.7%). These results reflect the good performance of the major airports in this charging zone such as the airports of Naples (+9.7% service units), Catania (+8.3% service units), Palermo (+12.9% service units), Verona (+11.4% service units), Bari (+4.3% service units) and Olbia (+6.5% service units). With regard to Alitalia there was a further decrease in both service units (-4.5%) and the number of assisted flights (-11.8%). As with charging zone 2, the impact is, in any case, limited considering that Alitalia's share compared with all the service units in the said zone is about 13.6%.

Regarding the various traffic category items, as already demonstrated for the en-route traffic, *international traffic* is the main component, with an increase of +5.3% in service units and +4.3% in the number of assisted flights. This increase is attributable to the achievement in all three charging zones, specifically the first and third. In the first charging zone, the growth of the international component is entirely attributable to the increase in non-EU traffic (+13.8% service units), thanks to a strong increase in long-haul flights to the USA, Russia, Turkey, Korea, Qatar, India, Brazil and Argentina, while the figures for flights to EU countries remains unchanged. The growth for the two components of the third charging zone (EU traffic +6.3% service units, non-EU traffic +10.8% service units) was more balanced. Growth in the second charging zone is mainly determined by non-EU traffic (+7.8% service units) compared with EU traffic (+1.6% service units).

The item *domestic traffic* recorded a 2.1% increase in terms of service units and a slight fall in the number of assisted flights by -0.7%, benefiting from a change of around +3.8% in the average weighting.

Effects of seasonality

The type of business in which the Parent Company operates is affected by uneven trend of revenues throughout the whole year. Air traffic is, by its very 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. Consequently, the Group's interim results, as already shown in the first quarter and in the half-year report, do not contribute evenly to the economic and financial results for the year.

Group economic and financial performance

Definition of alternative performance indicators

The Enav Group, in line with the guidelines issued on 5 October 2015 by the *European Securities and Markets Authority* (ESMA) no. 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, 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 following alternative performance indicators are used:

- **EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)**: is an indicator of profit before the effects of financial management and taxation, as well as depreciation, amortisation and write-downs on tangible and intangible fixed assets and receivables and provisions, 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 tangible and intangible 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 the business operations of the Group 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 the business operations of the Group 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 liabilities, 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 cash flow statement, 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

The Enav Group ended the third quarter of 2018 with a profit for the period of €98.8 million, an increase of 10.2% compared with the corresponding period of the previous year in which the profit stood at €89.6 million. This result, which presents an increase in revenues from operations of 6.8% thanks to the good performance of the traffic generated in the summer period, is the result of both the reduction in operating costs by the Group and the positive effects resulting from the settlement of several disputes and credit positions of the Group.

	3rd quarter 2018	3rd quarter 2017	Variations	
			Values	%
Revenues from operations	715,055	669,345	45,710	6.8%
Balance	(72,496)	(21,786)	(50,710)	232.8%
Other operating income	33,061	25,429	7,632	30.0%
Total revenues	**675,620**	**672,988**	**2,632**	**0.4%**
Personnel costs	(358,005)	(354,188)	(3,817)	1.1%
Capitalisation of internal work	22,857	20,396	2,461	12.1%
Other operating expenses	(105,534)	(108,734)	3,200	-2.9%
Total operating costs	**(440,682)**	**(442,526)**	**1,844**	**-0.4%**
EBITDA	**234,938**	**230,462**	**4,476**	**1.9%**
EBITDA margin	**34.8%**	**34.2%**	**0.6%**	
Net amortisation of investment contributions	(94,521)	(96,540)	2,019	-2.1%
Write-downs, losses (write-backs) of value and provisions	455	(4,912)	5,367	-109.3%
EBIT	**140,872**	**129,010**	**11,862**	**9.2%**
EBIT margin	**20.9%**	**19.2%**	**1.7%**	
Financial income (expenses)	(1,786)	(1,559)	(227)	14.6%
Pre-tax income	**139,086**	**127,451**	**11,635**	**9.1%**
Income taxes for the period	(40,316)	(37,812)	(2,504)	6.6%
Profit/(loss) for the period	**98,770**	**89,639**	**9,131**	**10.2%**

Value in thousands of Euro

Analysis of revenue

Revenues from operations stood at €715 million, up 6.8% compared with the corresponding period of the previous year, comprising €705 million in revenue from the parent company's core business (+7% compared with the third quarter of 2017) and €10 million from business conducted by the Group in the non-regulated market (down €0.6 million compared with the third quarter of 2017).

	3rd quarter 2018	3rd quarter 2017	Variations	%
En-Route revenues	524,733	478,511	46,222	9.7%
Terminal revenues	170,532	169,765	767	0.5%
En-Route and terminal exemptions	9,765	10,425	(660)	-6.3%
Revenues from non-regulated market	10,025	10,644	(619)	-5.8%
Total revenues from operations	**715,055**	**669,345**	**45,710**	**6.8%**

Value in thousands of Euro

En-route revenues stood at €524.7 million, up 9.7% compared with the corresponding period of the previous year, as a result of the increase in service units in the period in question which affected all three types of traffic, overflight in particular (+15.1%), reaching +9.5% at the end of the period for commercial traffic, compared with the third quarter of 2017. This result made it possible to partly offset the effects of the lower actual charge (-3.8% if the actual charge alone excluding the balance is taken into consideration) although overall the charge of €79.98 applied in 2018 was in line with the one adopted in 2017 (€80.00).

Commercial *terminal revenues* amounted to €170.5 million recording an increase of 0.5% compared with the third quarter of 2017 because of the positive performance of service units at individual airports by charging zone which stood at +4.2% in total, a performance which partly offsets the charge reduction applied in the three charging zones. Specifically, the *first charging zone,* which refers to Roma Fiumicino Airport, recorded an increase in air traffic managed, expressed in service units, by +4.6% compared with the third quarter of 2017, with positive results for both domestic and international traffic. This performance offset the charge reduction of 0.67% in 2018 bringing it to €187.30 (€188.57 in 2017). The *second charging zone*, which refers to the airports Milano Malpensa, Milano Linate, Venezia Tessera and Bergamo Orio al Serio recorded a good performance for managed air traffic which increased, in terms of service units, by 4.5% compared with the corresponding period of the previous year, through greater development of domestic traffic. This performance partly offset the lower revenue from the 3.28% charge reduction in 2018, with a charge of €203.06 (compared with €209.95 in 2017). The *third charging zone*, which includes 40 airports with medium and low traffic, recorded an increase in air traffic handled, expressed in service units, up +3.8% compared with the third quarter of 2017, a performance which did not manage to offset the reduction in the actual charge (excluding the balance) of 5.2% which stood at €320.18 (€323.79 in 2017).

The *revenue for en-route and terminal exemptions* was €9.8 million, down 6.3% compared to the third quarter of 2017 mainly due to the lower service units for exempt flights from the en-route traffic.

Non-regulated market revenues stood at €10 million recording a reduction of 5.8% compared with the corresponding period of the previous year, mainly as a result of the conclusion of several activities carried out abroad, including the training of Libyan air traffic controllers, which were present in the third quarter of 2017. Non-regulated market revenues refer to national and international radio assistance and control services totalling €1.8 million, training activities for €0.1 million, consultancy activities carried out mainly in foreign markets, including: i) the construction of the air traffic control tower at Mitiga Airport in Libya for €2.8 million; ii) the consultancy services for the Air Traffic Control Centre in Kuala Lumpur, Malaysia for €1.9 million; iii) the air space restructuring contract in the United Arab Emirates for €0.5 million.

The *balance charge adjustments*, representing the value of revenues from the Parent Company's business operations, totalled -€72.5 million and were calculated on the basis of the items listed in the following table:

	3rd quarter 2018	3rd quarter 2017	Variations
Balance charge adjustments for the period	(25,424)	(3,787)	(21,637)
Discounting effect	484	64	420
Balance changes	(4,595)	(2)	(4,593)
Balance utilisation	(42,961)	(18,061)	(24,900)
Total balance	**(72,496)**	**(21,786)**	**(50,710)**

Value in thousands of Euro

The negative change of €50.7 million in total, compared with the third quarter of 2017, is mainly attributable to the following events: i) lower positive balances recorded in the third quarter of 2018 with an overall change of €21.6 million compared with the third quarter of 2017, which refer predominantly to the en-route balances in which the difference between service units in the third quarter of 2018 and the projected figures in the performance plan were down by -1.34%. This result falls in the +/-2% variation band which remains the responsibility of service providers, therefore not generating the recording of the balance by traffic risk which, in the third quarter of 2017, stood at €17.4 million; ii) the change in the balance which was negative by €4.6 million and includes the difference between actual Eurocontrol costs for 2017 approved in September 2018 and those stated during performance. These costs, not subject to the cost-sharing mechanism, are repaid to the carriers through the balance mechanism; iii) the greater use in the 2018 charge and therefore in the income statement, of the balances reported in previous years which stood at €42.9 million, up €24.9 million compared with the third quarter of 2017.

Other operating income stood at €33.1 million, an increase of 30% compared with the third quarter of 2017, mainly as a result of the reporting in the income statement of the share pertaining to the Group under European funding projects, including the Connecting European Facility call 2014 and 2015, 50% co-financed, which were subject to reporting in July 2018, for a total of €7 million and the capital gain realised from the sale of the Academy building complex in Forlì for €0.7 million.

Cost trends

	3rd quarter 2018	3rd quarter 2017	Variations Values	Variations %
Personnel costs	(358,005)	(354,188)	(3,817)	1.1%
Capitalisation of internal work	22,857	20,396	2,461	12.1%
Other operating expenses	(105,534)	(108,734)	3,200	-2.9%
Total operating costs	**(440,682)**	**(442,526)**	**1,844**	**-0.4%**

Value in thousands of Euro

Operating costs fell compared with the corresponding period of the previous year by €1.8 million, standing at €440.7 million in total, and a different trend in the breakdown which highlighted higher personnel costs of 1.1%, a reduction in other operating expenses of 2.9% and an increase in capitalisation of internal work of 12.1% due to the greater in-sourcing of investment projects by Techno Sky relating mainly to the adaptation of airport weather systems to amendment 74 and 75 ICAO at various airport sites, the activities of moving the approach control services for the airports of Olbia and Alghero to the Roma Ciampino Area Control Centre and the design and development of the 4-Flight system.

	3rd quarter 2018	3rd quarter 2017	Variations	%
Wages and salaries, of which:				
fixed remuneration	205,166	205,435	(269)	-0.1%
variable remuneration	48,098	45,393	2,705	6.0%
Total wages and salaries	**253,264**	**250,828**	**2,436**	**1.0%**
Social security contributions	82,911	82,240	671	0.8%
Employee severance indemnity	16,201	15,941	260	1.6%
Other costs	5,629	5,179	450	8.7%
Total personnel costs	**358,005**	**354,188**	**3,817**	**1.1%**

Value in thousands of Euro

Personnel costs increased by 1.1% compared with the third quarter of 2017, attributable to the variable part of retribution including the provision of the employee and executive performance-related bonus, overtime and voluntary redundancy incentive policies. When analysing the individual items, note lower fixed retribution of 0.1% which benefited from the lower costs resulting from the reduction of the Group's headcount corresponding to 59 effective employees and 61 average employees compared with the third quarter of 2017, with a headcount at the end of the third quarter of 2018 of 4,192 employees (4,251 employees in the third quarter of 2017), which offset the higher costs associated with both contract renewal and the natural increase in remuneration through automatic contractual mechanisms. Variable remuneration recorded a net increase of 6% associated with: the greater performance-related bonus paid to employees and executives which, for executives, takes into account the new variable incentive structure and the

Performance Share Plan for the period 2017-2019, which wasn't present yet in the third quarter of 2017; the increase in operating line overtime connected to the increased traffic volumes handled in the reference period; the reduction in the figure for holidays by around €1 million following the increased use of leave compared with days accrued in the period and lower costs for holidays falling at weekends. Total personnel costs were also impacted by the greater costs for early retirement incentives paid to employees leaving in the period totalling €2.6 million which involved 19 employees (€1.7 million in the third quarter of 2017), an effect partly offset by the reduction in employee insurance premiums following the savings achieved by the conclusion of the new agreement which took effect from 1 January 2018.

Other operating expenses stood at €105.5 million a decrease of 2.9% compared with the corresponding period of the previous year, thanks to a widespread reduction in various cost items as outlined in the table below.

	3rd quarter 2018	3rd quarter 2017	Variations	%
Costs for the purchase of goods	6,915	5,653	1,262	22.3%
Costs for services:				
Maintenance costs	15,389	14,756	633	4.3%
Costs for Eurocontrol contributions	28,834	28,029	805	2.9%
Costs for utilities and telecommunications	23,869	27,087	(3,218)	-11.9%
Costs for insurance	2,256	2,034	222	10.9%
Cleaning and security	3,392	3,651	(259)	-7.1%
Other personnel-related costs	7,449	7,159	290	4.1%
Professional services	6,238	7,566	(1,328)	-17.6%
Other costs for services	5,115	4,832	283	5.9%
Total costs for services	**92,542**	**95,114**	**(2,572)**	**-2.7%**
Costs for the use of third-party assets	3,660	4,301	(641)	-14.9%
Other operating expenses	2,417	3,666	(1,249)	-34.1%
Total	**105,534**	**108,734**	**(3,200)**	**-2.9%**

Value in thousands of Euro

This result is attributable to various events, including: i) the 11.9% reduction in costs for utilities and telecommunications both with reference to the connectivity costs of the IP MPLS single geographical network for the Group, the lower costs achieved for the new contracts agreed following a tender, both for E-NET data connections for the decommissioning of the previous circuits and for the larger discount obtained under the scope of the agreement from the supplier; ii) the 7.1% reduction in cleaning and security costs mainly through the end of the reception contracts with effect from 1 September 2017 which are now in-sourced; iii) a reduction in costs for professional services by 17.6% through less recourse to external professionals; iv) lower costs for the use of third-party assets which fell by 14.9% following the termination of several rental agreements, which expired in May 2018, replaced by a new agreement at lower rates; v) a 34.1% reduction in operating expenses which, in the third quarter of 2017, included a capital loss generated by the decommissioning of the technological equipment that can no longer be used. These reductions were partly offset by the increase in costs for purchasing goods and maintenance incurred by the Group for the advancement of subcontracted assets under management.

Margins

These figures caused a 1.9% increase in EBITDA compared with the third quarter of 2017, which stood at €234.9 million and an EBITDA margin of 34.8%, up 0.6% compared with the figure for the third quarter of 2017.

The performance of depreciation and amortisation, net of contributions on investments, which stood at €94.5 million, 2.1% down compared with the third quarter of 2017, and the positive effect of €0.5 million resulting from the use of the risk provision for the positive settlement of several disputes with personnel and suppliers and the use of the bad debt provision had a positive effect on the calculation of EBIT, which was €140.9 million, an increase of 9.2% compared with the third quarter of 2017, which was affected by the write-down of receivables due from Alitalia which took place after the extraordinary administration proceedings implemented through the order of 2 May 2017. The EBIT margin in the third quarter of 2018 was +20.9%, a 1.7% improvement compared with the corresponding period of the previous year when it stood at 19.2%.

Financial management

Financial income and expenses had a negative value of €1.8 million, recording an increase, compared with the third quarter of 2017 of €0.2 million, mainly due to the lower financial income in the period.

	3rd quarter 2018	3rd quarter 2017	Variations
Income from investments in other companies	500	417	83
Financial income from balance discounting	780	2,060	(1,280)
Interest income on VAT credit refunds	0	19	(19)
Other interest income	2,040	1,230	810
Total financial income	**3,320**	**3,726**	**(406)**

Value in thousands of Euro

	3rd quarter 2018	3rd quarter 2017	Variations
Interest due on bank loans	1,981	1,554	427
Interest due on bonds	2,598	2,602	(4)
Interest due on employee severance indemnity	510	543	(33)
Interest costs on derivatives at fair value	71	0	71
Other financial expenses	75	148	(73)
Total financial expenses	**5,235**	**4,847**	**388**
Profit/(loss) on foreign exchange	129	(438)	567
Total financial income and expenses	**(1,786)**	**(1,559)**	**(227)**

Value in thousands of Euro

The decrease in *financial income* of €0.4 million mainly refers to the lower financial income from the balance discounting recorded in the third quarter of 2018 compared with the corresponding period of the previous year, which benefited from the income related to the discounting of the balance receivables with reference to the third charging zone closed in accordance with Decree Law no. 50/2017 Article 51 which recognised €26 million for the parent company for keeping down the terminal third charging zone tariff. This effect was partly offset by the recording of legal interest collected from Valerio Catullo for a third-party seizure order following the positive ruling handed down by the Court of Appeal.

Financial expenses stood at €5.2 million, an increase of €0.4 million compared with the third quarter of 2017 mainly as a result of the greater interest on bank loans associated with the use of the second tranche of the EIB loan which took place at the end of 2017.

Result for the period

Income taxes for the period presented a negative balance of €40.3 million, an increase of 6.6% compared with the third quarter of 2017, following the higher tax base and the dynamics associated with deferred taxes.

Due to the above, the result for the period was positive for €98.8 million, up 10.2% on the corresponding period of the previous year, entirely attributable to the Group.

Reclassified consolidated statement of financial position

	30.09.2018	31.12.2017	Variations
Tangible assets	992,338	1,027,516	(35,178)
Intangible assets	122,934	124,414	(1,480)
Investments in other companies	59,557	51,217	8,340
Non-current trade receivables and payables	2,349	64,526	(62,177)
Other non-current assets and liabilities	(93,938)	(68,394)	(25,544)
Net fixed capital	**1,083,240**	**1,199,279**	**(116,039)**
Inventories	61,121	60,986	135
Trade receivables	349,966	285,810	64,156
Trade payables	(117,364)	(130,854)	13,490
Other current assets and liabilities	(157,885)	(134,635)	(23,250)
Assets held for disposal net of related liabilities	1,469	695	774
Net working capital	**137,307**	**82,002**	**55,305**
Gross net fixed capital	**1,220,547**	**1,281,281**	**(60,734)**
Employee severance indemnity and other benefits	(53,745)	(55,636)	1,891
Provisions for risks and charges	(7,805)	(9,479)	1,674
Deferred tax assets net of liabilities	19,017	21,281	(2,264)
Net invested capital	**1,178,014**	**1,237,447**	**(59,433)**
Shareholders' equity	1,122,670	1,119,965	2,705
Net Financial Indebtedness	55,344	117,482	(62,138)
Total coverage sources	**1,178,014**	**1,237,447**	**(59,433)**

Value in thousand of Euro

Net invested capital stood at €1,178 million, down €59.4 million compared with 31 December 2017, due to the changes that took place in the following items.

Net fixed capital

Net fixed capital, equal to €1,083.2 million, fell by €116 million compared with 31 December 2017 because of: i) the decrease of €35.2 million in tangible assets and €1.5 million in intangible assets mainly because of the recording of higher depreciation and amortisation compared with investments made during the period; ii) the increase in investments in other companies of €8.3 million refers mainly to the adjustment of the value of the investment in Aireon to the fair value, represented by the consideration paid by the British service provider NATS for the acquisition of the same stake in Aireon LLC held by the Group; iii) the reduction in the item non-current trade receivables and payables following the greater share allocated to the current share of balance receivables and the recording of greater payables for balances in the third quarter of 2018; iv) the increase in non-current liabilities through the recording of contributions on investments financed through the Connecting European Facility call 2014 and 2015, reported in July 2018, and through the 2014/2020 NOP.

Net working capital

Net working capital was €137.3 million, up by €55.3 million on 31 December 2017. The main changes involved: i) the net increase in trade receivables of €64.2 million which refers to the receivable from Eurocontrol of €66.9 million, related to the increase in turnover in the last two months of the third quarter of 2018, the increase in air traffic handled, compared with the last two months of 2017, an effect partly offset by the entire collection of en-route receivables accrued with regard to Alitalia before the launch of the extraordinary administration proceedings and in conformity with the recovery plan defined at the end of 2017; to the contribution for the safety of systems and operational security at 30 September 2018 of €22.5 million; the reduction in receivables from customers of €17.8 million mainly through the collection of the receivable from the Valerio Catullo management company following the positive ruling handed down by the Court of Appeal; ii) the net decrease in trade payables of €13.5 million mainly through lower payables to suppliers related to a reduction in billing and payments; iii) the change in other current assets and liabilities which caused a net effect of greater payables of €23.2 million which refer to tax and social security payable of €16.7 million because of both the current taxes recorded in the period and the contributory share of personnel provisions; greater current liabilities of €36.3 million mainly for personnel provisions pertaining to the third quarter of 2018 and the payable to the Italian Air Force and ENAC for the share of en-route and terminal receivable recorded in the period; the increase in other current assets of €35 million in total due to the pre-paid expenses for the fourteenth month paid to employees in June 2018 and for INAIL payments not pertaining to the period; the increase in receivables from public bodies for capital grants following the recognition for NOP purposes in 2014-2020 of four investment projects underway in airports in the south, and for the recording of the payable from the European Commission for CEF call 2014 and 2015 projects which were reported in July 2018 by way of an interim payment of €17.5 million.

When calculating **net invested capital** the employee severance indemnity and other benefits, negative by €53.7 million also had an impact, recording a reduction in the period of €1.9 million both in payments and advances made in the period and the actuarial gain recorded at 30 September 2018, provisions for risks and charges of €7.8 million, which fell by €1.7 million because of the positive settlement of several disputes with employees and suppliers and deferred tax assets and liabilities for a positive net amount of €19 million.

Shareholders' Equity

Shareholders' equity stood at €1,122.7 million and recorded a net increase of €2.7 million compared with 31 December 2017 following the profit for the period recognised in the third quarter of 2018 of €98.8 million, from the reserve recorded for the adjustment to fair value of the investment in Aireon of €5.1 million net of the tax effect, the conversion into euros of the balance sheets and income statements of the Company's foreign subsidiaries of €1.9 million and the actuarial gain recorded in the period by the Group of €0.6 million. These positive effects were partly offset by the reduction in shareholders' equity because of the payment of the dividend of €100.9 million, the acquisition of treasury shares for €2.6 million and the reserve from the adoption of the new standards with reference to IFRS 9 and IFRS 15 for €0.4 million.

Net financial indebtedness

Net financial indebtedness amounted to €55.3 million, an improvement of €62.1 million compared with 31 December 2017, as shown in the following table.

	30.09.2018	31.12.2017	Variations
Cash and cash equivalents	305,513	263,325	42,188
Current financial receivables	1,690	325	1,365
Current financial debt	(18,570)	(30,462)	11,892
Net current financial position	**288,633**	**233,188**	**55,445**
Non-current financial asset	0	0	0
Non-current financial debt	(343,977)	(350,670)	6,693
Non-current financial indebtedness	**(343,977)**	**(350,670)**	**6,693**
Net financial indebtedness	**(55,344)**	**(117,482)**	**62,138**

Value in thousand of Euro

Net financial indebtedness at 30 September 2018 revealed a positive change of €62.1 million compared with 31 December 2017 due on the one side to the dynamics of collections and payments related to ordinary operations which produced a positive cash flow, and on the other side to the following main events: i) the payment of the dividend of €100.9 million; ii) the payment to the Italian Air Force of the share of terminal collections in so far as it concerns them to the extent of €8.8 million; iii) the payment of the balance and the first advance of IRES of €17.6 million; iv) the purchase of treasury shares for €2.6 million.

Note that current financial receivables contain the first tranche of the shareholders' loan of €1.7 million, supplied by Enav North Atlantic to Aireon on 9 March 2018 due at the end of September 2019.

Structure of the consolidated net financial indebtedness

	30.09.2018	31.12.2017
(A) Cash	305,513	263,325
(B) Other cash equivalents	0	0
(C) Trading Securities	0	0
(D) Liquidity (A)+(B)+(C)	**305,513**	**263,325**
(E) Current financial receivables	1,670	0
(F) Current financial payables	0	0
(G) Current portion of non-current indebtedness	(18,570)	(30,462)
(H) Other current financial debt	0	0
(I) Current financial indebtedness (F)+(G)+(H)	**(16,900)**	**(30,462)**
(J) Net current financial indebtedness/Liquidity (D)+(E)+(I)	**288,613**	**232,863**
(K) Non-current bank loans	(163,977)	(170,670)
(L) Bonds issued	(180,000)	(180,000)
(M) Other non-current loans	0	0
(N) Non-current financial indebtedness (K)+(L)+(M)	**(343,977)**	**(350,670)**
(O) CONSOB Net Financial Indebtedness (J)+(N)	**(55,364)**	**(117,807)**
(P) Current and non-current derivatives instruments	20	325
(Q) ENAV Group Net Financial Indebtedness (O)+(P)	**(55,344)**	**(117,482)**

Value in thousand of Euro

Consolidated statement of cash flows

	30.09.2018	30.09.2017	Variations
Cash flow generated/(absorbed) from operating activities	228,098	137,748	90,350
Cash flow generated/(absorbed) from investing activities	(62,684)	(99,241)	36,557
Cash flow generated/(absorbed) from financing activities	(122,856)	(111,285)	(11,571)
Cash flow for the period	**42,558**	**(72,778)**	**115,336**
Cash and cash equivalents at the beginning of the period	**264,275**	**231,811**	**32,464**
Exchange rate differences on cash	20	104	(84)
Cash and cash equivalents at the end of the period (*)	**306,853**	**159,137**	**147,716**
Free cash flow	**165,414**	**38,507**	**126,907**

Value in thousands of Euro

(*) Cash and cash equivalent at the end of the period includes for 1.340 thousands of euro the liquidity of the SICTA Consortium in liquidation (950 thousands of euro at the beginning of the period and 543 thousands of euro at September 30, 2017).

Cash flow from operating activities

The Cash flow generated from operating activities at 30 September 2018 stood at €228.1 million, an increase of €90.3 million compared with the figure for the corresponding period of the previous year. This flow was caused by the increase in current and non-current trade receivables of €12.9 million through the increased traffic generated at 30 September 2018 and less positive balances pertaining to the period. This change is

€69.1 million lower than the figure at 30 September 2017 because in the period in question the collection of receivables which accrued in previous periods took place including the receivable from Alitalia for the en-routes, from other air carriers and the Valerio Catullo management company. The cash flow generated by operations was also positively impacted by the increase of €24.9 million in non-current liabilities which refers to the deferred income on capital grants relating to the 2014-2020 NOP and to CEF call 2014 and 2015 funded projects, events not present at 30 September 2017, where non-current liabilities had a negative impact of €2.7 million. Current and non-current trade payables fell by €4.5 million mainly because of lower payables to suppliers compared with 30 September 2017 with a positive effect of €9.9 million resulting from the prefinancing obtained on the CEF call 2015 project.

Cash flow from investing activities

The Cash flow from investing activities at 30 September 2018 absorbed cash of €62.7 million to a lesser extent compared with the figure in the corresponding period of the previous year which was €99.2 million. The change, in the presence of capex of 69.2 million, a fall of €7.2 million compared with 30 September 2017, also refers to the lower payments to suppliers for investment projects. In the previous period, the payment of the third and fourth tranches of the consideration for the purchase of the investment in Aireon had a negative impact of €16.9 million.

Cash flow from financing activities

The Cash flow from financing activities absorbed liquidity totalling €122.9 million mainly through the distribution of the dividend of €100.9 million, the €18.3 million repayment of loans and the purchase of treasury shares of €2.6 million. The negative change, compared with 30 September 2017, of €11.6 million refers to the greater dividend paid out for €5.6 million, the purchase of treasury shares which took place from June 2018 and the portions of the loans of €2.7 million with the start of the repayment of the EIB loan.

The **free cash flow** stood at €165.4 million benefiting from the cash flow generated by activities in the period which made it possible to cover the cash flow absorbed by investing activities.

Declaration of the Manager responsible for financial reporting pursuant to Article 154-bis paragraph 2 of Legislative Decree no. 58/1998

The undersigned, Loredana Bottiglieri, in her capacity as the Manager responsible for financial reporting, hereby declares, pursuant to Article 154-bis, paragraph 2 of Legislative Decree 58/1998 of the Consolidated Finance Act, that the accounting information included in this Interim Financial Report at 30 September 2018 corresponds with the accounting books and records.

Rome, 13 November 2018

Signed by Loredana Bottiglieri

Legal information and contacts

Registered office:

Enav S.p.A.

Via Salaria 716, 00138 Rome

Tel. +39 06 81661

www.enav.it

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

e-mail: ir@enav.it