



**Interim Financial Report  
at 30 September 2019**

**ENAV Group**

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## ENAV Group in figures

<b>Performance</b>	<b>3rd Quarter 2019</b>	<b>3rd Quarter 2018</b>	<b>Change</b>	<b>%</b>
Total revenues	691,331	675,620	15,711	2.3%
EBITDA	236,866	234,938	1,928	0.8%
EBITDA margin	34.3%	34.8%	-0.5%	
EBIT	142,464	140,872	1,592	1.1%
EBIT margin	20.6%	20.9%	-0.3%	
Profit for the period pertaining to the Group	98,914	98,770	144	0.1%
<i>(thousands of euros)</i>				
<b>Financial position</b>	<b>30.09.2019</b>	<b>31.12.2018</b>	<b>Change</b>	<b>%</b>
Net capital employed	1,082,360	1,139,517	(57,157)	-5.0%
Shareholders' equity pertaining to shareholders of the Parent Company	1,134,419	1,137,559	(3,140)	-0.3%
Net financial position	54,604	(1,958)	56,562	n.a.
<i>(thousands of euros)</i>				
<b>Other indicators</b>	<b>3rd Quarter 2019</b>	<b>3rd Quarter 2018</b>	<b>Change</b>	<b>%</b>
En-route service units	7,881,110	7,325,772	555,338	7.6%
Terminal service units Charging Zone 1	179,879	174,454	5,425	3.1%
Terminal service units Charging Zone 2	261,806	249,598	12,208	4.9%
Terminal service units Charging Zone 3	343,802	328,186	15,616	4.8%
Free cash flow (thousands of euros)	167,940	165,414	2,526	1.5%
Headcount at end of the period	4,231	4,192	39	0.9%

## Introduction

The ENAV Group Interim Financial Report at 30 September 2019 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 30 September 2019, with comparative figures for the corresponding period of the previous year for the income statement and cash flow statement and at 31 December 2018 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, with the exception of IFRS 16.

As from 1 January 2019, the new accounting standard IFRS 16 Leases took effect. The new standard sets out a single model for recognising leases, eliminating the distinction between operating and finance leases. At the commencement date of the lease, the lessee shall recognise a liability in respect of the obligation to make lease payments ("lease liability") and an asset consisting in the right to use the underlying asset over the term of the lease ("right-of-use asset"). The lessee shall also recognise the interest accruing on the lease liability separately from the depreciation of the right-of-use asset. The ENAV Group has adopted IFRS 16 using the modified retrospective method, with the date of initial application as at 1 January 2019. Under this approach, the standard is applied retrospectively with the cumulative effect of initial application recognised at the date of initial application in an equity reserve. The Group has also elected to use of a number of practical expedients set out in the standard for leases that at the date of initial application have a term of 12 months or less and for those with a low-value underlying asset, for which the related costs continue to be charged to profit or loss without recognising the right of use under assets.

The effect of initial application at 1 January 2019 led to the recognition of right-of-use assets of €10.07 million, the recognition of lease liabilities of €10.18 million and a negative impact on profit or loss of €0.11 million. Note 6 *New accounting standards, interpretations and amendments adopted by the Group*, in the section *Impact of the future application of IFRS 16*, in the consolidated financial statements at 31 December 2018 contains further information regarding the effects of the adoption of the new standard. On 1 January 2019, other standards also took effect whose adoption did not have an impact.

The Interim Financial Report at 30 September 2019 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 13 November 2019.

The consolidation principles used to prepare the Interim Financial Report at 30 September 2019 are consistent with those used to prepare the consolidated financial statements at 31 December 2018, which were approved

on 11 March 2019 and are available on the website [www.enav.it](http://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 2019 has undergone the following changes compared with that at 31 December 2018:

- ✓ as from 28 February 2019, the percentage holding in D-Flight decreased to 60% following the entry as a shareholder of UTM Systems & Services S.r.l., which subscribed the capital increase with share premium in accordance with the obligations assumed following the tender, thereby acquiring a 40% stake in D-Flight S.p.A.;
- ✓ as from 18 July 2019, IDS AirNav S.r.l., a company to which IDS - Ingegneria dei Sistemi S.p.A. transferred its Air Navigation division on 28 June 2019 with effective date 2 July 2019, has been included in the scope of consolidation following the acquisition of 100% of its share capital by ENAV.

## Market and air traffic developments

Air traffic control activities in the countries of the Eurocontrol area posted a significant increase in traffic flows in terms of en-route service units(\*) in the first nine months of 2019, with Italy registering an increase of +7.6% (+9.2% the third quarter of 2018 compared with the third quarter of 2017), while the overall performance of the countries participating in Eurocontrol showed a gain of 3.2%, a deceleration compared with the increase in the third quarter of 2018 (+5.7%).

The major European providers registered a generalised increase in en-route service units, albeit at a lower level than Italy, which posted the best performance, followed by Spain with +5.0%, Great Britain with +3.4%, France with +3.0% and Germany with +2.0%.

Total en-route traffic service units (**)	3rd Quarter 2019	3rd Quarter 2018	Change	
			no.	%
France	16,971,118	16,483,413	487,705	3.0%
Germany	11,593,723	11,370,518	223,205	2.0%
Great Britain	9,612,776	9,298,488	314,288	3.4%
Spain	8,824,308	8,404,878	419,430	5.0%
Italy (***)	7,878,804	7,323,676	555,128	7.6%
<b>EUROCONTROL</b>	<b>118,399,380</b>	<b>114,698,332</b>	<b>3,701,048</b>	<b>3.2%</b>

(\*) 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

En-route traffic in Italy in the first nine months of 2019 registered an increase of 7.6% in the number of service units notified by Eurocontrol (the same value if the residual category *Exempt not reported to Eurocontrol* is included) and one of 5.0% in the number of flights handled (+5.1% including the residual category *Exempt not reported to Eurocontrol*).

The factors contributing to the rise in traffic flows in national airspace included the consolidation of the Parent Company's implementation of the free route project (an innovation that allows all aircraft flying at an altitude of more than 9,000 metres, regardless of whether they land or take off at Italian airports, to cross national airspace with a direct route, which allows carriers in transit through Italian airspace to plan shorter trajectories without constraints, saving fuel and running costs, while still ensuring the highest levels of safety), which mainly benefits overflight traffic. This type of traffic also benefitted from the positive effect of the redistribution of traffic flows on European routes programmed by the Eurocontrol Network Manager for the summer period, following the saturation of the capacity of certain air space in neighbouring countries such as France, Germany, Austria and Croatia. The good performance of international air traffic continued, both for flights connecting with European countries and non-European countries and a revival of interest in domestic routes, especially those connecting the North and South of the country, which are exposed to less competition from high-speed rail. More generally, the volume of air traffic to and from areas of strategic importance for overflight traffic in Italian airspace performed well, with gains in north-western Europe (Spain, Germany, France, Great Britain and Switzerland), the Mediterranean basin (Turkey, Greece, Egypt, Israel and Tunisia), which was especially busy

during the summer season, and non-EU countries such as the United States and the United Arab Emirates. And this increase in service units was achieved despite the incomplete reopening of Libyan airspace.

<b>En-route traffic (number of flights)</b>	<b>3rd Quarter 2019</b>	<b>3rd Quarter 2018</b>	<b>Change no.</b>	<b>%</b>
Domestic	226,268	220,051	6,217	2.8%
International	783,482	751,071	32,411	4.3%
Overflight	539,297	499,913	39,384	7.9%
<b>Paying total</b>	<b>1,549,047</b>	<b>1,471,035</b>	<b>78,012</b>	<b>5.3%</b>
Military	24,020	24,975	(955)	-3.8%
Other exempt	12,730	13,914	(1,184)	-8.5%
<b>Total exempt</b>	<b>36,750</b>	<b>38,889</b>	<b>(2,139)</b>	<b>-5.5%</b>
<b>Total reported by Eurocontrol</b>	<b>1,585,797</b>	<b>1,509,924</b>	<b>75,873</b>	<b>5.0%</b>
Exempt not reported to Eurocontrol	17,419	14,906	2,513	16.9%
<b>Total</b>	<b>1,603,216</b>	<b>1,524,830</b>	<b>78,386</b>	<b>5.1%</b>

<b>En-route traffic (service units)</b>	<b>3rd Quarter 2019</b>	<b>3rd Quarter 2018</b>	<b>Change no.</b>	<b>%</b>
Domestic	1,356,563	1,296,847	59,716	4.6%
International	3,191,618	2,997,410	194,208	6.5%
Overflight	3,229,958	2,926,090	303,868	10.4%
<b>Paying total</b>	<b>7,778,139</b>	<b>7,220,347</b>	<b>557,792</b>	<b>7.7%</b>
Military	91,350	93,682	(2,332)	-2.5%
Other exempt	9,315	9,647	(332)	-3.4%
<b>Total exempt</b>	<b>100,665</b>	<b>103,329</b>	<b>(2,664)</b>	<b>-2.6%</b>
<b>Total reported by Eurocontrol</b>	<b>7,878,804</b>	<b>7,323,676</b>	<b>555,128</b>	<b>7.6%</b>
Exempt not reported to Eurocontrol	2,306	2,096	210	10.0%
<b>Total</b>	<b>7,881,110</b>	<b>7,325,772</b>	<b>555,338</b>	<b>7.6%</b>

More specifically, the composition of en-route traffic was characterised by:

- *international commercial traffic*, a category of flights departing or arriving at an airport in Italy, which in the first nine months of 2019 recorded gains both in terms of service units (+6.5%) and the number of assisted flights (+4.3%).

The expansion of international traffic, both in terms of service units and number of flights, was generated by an increase in volumes for longer flights (>700 km in national airspace) and medium-distance flights (between 350 – 700 km in national airspace), which expanded by 10% and 7% in terms of service units.

With regard to flight routes by continent, the strong performance in the period of connections between Italy and the rest of Europe (+5.7% in SUs), representing about 79% of total international traffic service units, was confirmed, while growth was also registered for flights between Italy and Asia (+7.6% in SUs) and flights between Italy and Africa (+16.6% in SUs), representing about 6% of international service units. Traffic to Egypt also revived, especially longer flights. Connections between Italy and the American continent also increased (+9.8% in SUs), representing about 6% of international service units;

- *commercial overflight traffic*, a category that includes flights that only cross through national airspace, recorded a significant increase in service units (+10.4%) and the number of assisted flights (+7.9%) in the first nine months of 2019, building on the positive trend that first emerged in the same period of 2018. This

was due to increases in the intermediate segment (between 400 and 800 km in national airspace), which posted an increase of 14%, with gains on all the main routes, and in longer flights (>800 km in national airspace), which increased by 9.5% in SUs.

A general analysis of departure/destination areas shows that connections between European countries performed well (+11.1% in SUs), representing about 56% of the total overflight traffic service units, as did Europe-Africa connections (+8.6% in SUs), representing about 22% of total service units. Europe-Asia connections also expanded (+12.8% in SUs), as did connections between Europe and the American continent (+21.1% in SUs), with those two segments respectively representing 15% and 3% of total overflight service units;

- *domestic commercial traffic* posted an increase of 4.6% in service units in the first nine months of 2019, as well as a rise in the number of assisted flights (+2.8%). These figures reveal a revival of airline operations on domestic routes, with an increase in longer distance traffic (>700 Km in national airspace) connecting Italy's North and South, with an increase of 8.5% service units and one of 7.9% in the number of assisted flights. More specifically, significant increases in traffic were registered for flights between Milan's Malpensa airport and the main southern destinations, such as Catania, Palermo, Lamezia and Bari.
- *exempt traffic* is divided into: i) *exempt traffic reported by Eurocontrol*, which decreased by 2.6% in terms of service units and decreased by 5.5% in terms of the number of assisted flights. The latter figure was mainly due to the decline in military activity of the Eurocontrol member states; and ii) *exempt traffic not reported to Eurocontrol*, which accounts for only a residual proportion of revenues, posted an increase of 10% in service units and one of 16.9% in the number of assisted flights.

With regard to the traffic of carriers operating in domestic airspace, low-cost airlines continued to drive the expansion in air traffic in the first nine months of 2019, thanks to the results achieved by Ryanair (+6.8% in SUs), Easyjet (+10.6% in SUs), Vueling (+2.6% in SUs), Wizz Air (+10.7% in SUs) and Volotea (+12.6% in SUs), which together represent more than 31% of the total service units generated during the period. Among traditional carriers, gains were posted by Middle Eastern airlines such as Turkish Airlines (+11.6% in SUs) and Emirates (+4.7% in SUs). Other carriers such as Lufthansa (+5.3% in SUs) and Air France (+9.8% in SUs) also expanded their activity. Alitalia also registered increases of 1.3% in service units and 2% in the number of flights.

## Terminal traffic

In the first nine months of 2019, terminal traffic reported by Eurocontrol, which includes departures and arrivals within 20 km of the airport, grew by 4.4% in terms of service units and 3.5% in terms of the number of assisted flights.



Terminal traffic (number of flights)		3rd Quarter 2019	3rd Quarter 2018	Change no.	%
Domestic					
	Chg. Zone 1	38,302	37,772	530	1.4%
	Chg. Zone 2	49,527	47,123	2,404	5.1%
	Chg. Zone 3	131,878	128,968	2,910	2.3%
	<b>Total domestic flights</b>	<b>219,707</b>	<b>213,863</b>	<b>5,844</b>	<b>2.7%</b>
International					
	Chg. Zone 1	80,903	78,663	2,240	2.8%
	Chg. Zone 2	143,956	139,413	4,543	3.3%
	Chg. Zone 3	164,563	155,403	9,160	5.9%
	<b>Total international flights</b>	<b>389,422</b>	<b>373,479</b>	<b>15,943</b>	<b>4.3%</b>
<b>Paying total</b>		<b>609,129</b>	<b>587,342</b>	<b>21,787</b>	<b>3.7%</b>
Exempt					
	Chg. Zone 1	51	66	(15)	-22.7%
	Chg. Zone 2	637	654	(17)	-2.6%
	Chg. Zone 3	14,838	15,472	(634)	-4.1%
	<b>Total exempt flights</b>	<b>15,526</b>	<b>16,192</b>	<b>(666)</b>	<b>-4.1%</b>
<b>Total reported by Eurocontrol</b>		<b>624,655</b>	<b>603,534</b>	<b>21,121</b>	<b>3.5%</b>
Exempt not reported to Eurocontrol					
	Chg. Zone 1	2	0	2	n.a.
	Chg. Zone 2	198	340	(142)	-41.8%
	Chg. Zone 3	9,493	8,406	1,087	12.9%
<b>Total exempt flights not reported to Eurocontrol</b>		<b>9,693</b>	<b>8,746</b>	<b>945</b>	<b>10.8%</b>
<b>Total by Chg. Zone</b>					
	Chg. Zone 1	119,258	116,501	2,757	2.4%
	Chg. Zone 2	194,318	187,530	6,788	3.6%
	Chg. Zone 3	320,772	308,249	12,523	4.1%
<b>Total</b>		<b>634,348</b>	<b>612,280</b>	<b>22,066</b>	<b>3.6%</b>

Terminal traffic (service units)		3rd Quarter 2019	3rd Quarter 2018	Change no.	%
Domestic					
	Chg. Zone 1	47,790	47,121	669	1.4%
	Chg. Zone 2	58,725	55,735	2,990	5.4%
	Chg. Zone 3	149,623	146,070	3,553	2.4%
	<b>Total domestic SUs</b>	<b>256,138</b>	<b>248,926</b>	<b>7,212</b>	<b>2.9%</b>
International					
	Chg. Zone 1	131,995	127,178	4,817	3.8%
	Chg. Zone 2	202,796	193,538	9,258	4.8%
	Chg. Zone 3	187,875	175,021	12,854	7.3%
	<b>Total international SUs</b>	<b>522,666</b>	<b>495,737</b>	<b>26,929</b>	<b>5.4%</b>
<b>Paying total</b>		<b>778,804</b>	<b>744,663</b>	<b>34,141</b>	<b>4.6%</b>
Exempt					
	Chg. Zone 1	94	155	(61)	-39.4%
	Chg. Zone 2	268	295	(27)	-9.2%
	Chg. Zone 3	5,560	6,436	(876)	-13.6%
	<b>Total exempt SUs</b>	<b>5,922</b>	<b>6,886</b>	<b>(964)</b>	<b>-14.0%</b>
<b>Total reported by Eurocontrol</b>		<b>784,726</b>	<b>751,549</b>	<b>33,177</b>	<b>4.4%</b>
Exempt not reported to Eurocontrol					
	Chg. Zone 1	0	0	0	0.0%
	Chg. Zone 2	17	30	(13)	-43.3%
	Chg. Zone 3	744	659	85	12.9%
<b>Total exempt SUs not reported to Eurocontrol</b>		<b>761</b>	<b>689</b>	<b>72</b>	<b>10.4%</b>
<b>Total by Charging Zone</b>					
	Chg. Zone 1	179,879	174,454	5,425	3.1%
	Chg. Zone 2	261,806	249,598	12,208	4.9%
	Chg. Zone 3	343,802	328,186	15,616	4.8%
<b>Total</b>		<b>785,487</b>	<b>752,238</b>	<b>33,249</b>	<b>4.4%</b>

Overall, the performance for the period compared with the same period of the previous year shows general growth for all three charging zones, both in terms of service units and number of assisted flights. In particular:

- Charging Zone 1, represented by Rome Fiumicino airport, posted an increase of 3.1% in terms of service units and 2.4% in the number of assisted flights in the period, thanks to the strong performance of international traffic, which expanded service units by 3.8%, mainly in non-EU flights. This airport is especially impacted by Alitalia operations, which accounted for about 40% of the service units generated in the period. It was boosted by the increase in Alitalia activity, with an increase of 2.7% in service units and 2.6% in assisted flights;
- Charging Zone 2, represented by the airports of Milan Malpensa, Milan Linate, Venice Tesserà and Bergamo Orio al Serio, posted an increase in both service units (+4.9%) and assisted flights (+3.6%) in the first quarter of 2019, thanks to the performance of the airports of Milan Malpensa (+17% in SUs; +21.2% in flights), Bergamo Orio al Serio (+5.4% in SUs) and Venice Tesserà (+2.7% in SUs). The figures for Milan Malpensa, as well as those for Milan Linate, which posted negative numbers, were affected by the closure of Milan Linate for three months beginning on 27 July 2019 for modernisation work, with the consequent shift of traffic to Milan Malpensa. This zone was less affected by the activity of Alitalia, which represents only 12% of service units.
- Charging Zone 3 registered gains in both service units (+4.8%) and number of assisted flights (+4.1%). These results reflect the good performance of the main airports present in this charging zone, including the airports of Bologna (+9.6% in SUs), Naples (+8.5% in SUs), Catania (+4.3% in SUs), Palermo (+7.4% in SUs), Cagliari (+12.7% in SUs) and Bari (+11% in SUs), which all increased their volume of domestic and international traffic. Alitalia registered a small increase in service units and in the number of assisted flights (both at +1.6%), with a limited impact considering that Alitalia's operations account for about 13% of service units in this charging zone.

As for the various traffic components, as already noted for en-route traffic, *international traffic* and *domestic traffic* both posted gains, equal to 5.4% and 2.9% respectively in terms of service units and 4.3% and 2.7% in terms of assisted flights.

## Seasonal effects

The type of business in which the Parent Company operates is affected by seasonal effects and irregular developments in its business over the course of the year. The trends in air traffic are by nature closely tied to seasonal factors. As with any tourism-related activity, passenger traffic also fluctuates in the seasons of the year in which Italian and foreign passenger trips are normally concentrated.

Specifically, the level of revenues, which are linked to the performance of air traffic, 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.

## 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 net of deferred tax 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 position 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 third quarter of 2019 with a profit pertaining to the Group of €98.9 million, broadly in line with the same period of 2018, when the figure was €98.7 million. Revenues increased by 2.3%, thanks to the good performance of both en-route and terminal traffic, which largely offset the higher personnel costs attributable mainly to the effects of the agreement on the summer season signed with the trade unions in order to implement the actions necessary to manage the increase in air traffic while maintaining total safety and on-time performance. The constant and continuous control of other operating expenses, which fell by 4%, had a positive impact on both EBITDA and profit for the period, offsetting the change in net financial expense, which in the third quarter of 2018 had benefited from interest income recognized following a favourable judgement of the Court of Appeal concerning a dispute with a management company.

	3rd Quarter 2019	3rd Quarter 2018	Amount	Change %
Revenues from operations	737,818	715,055	22,763	3.2%
Balance	(75,915)	(72,496)	(3,419)	4.7%
Other operating income	29,428	33,061	(3,633)	-11.0%
<b>Total revenues</b>	<b>691,331</b>	<b>675,620</b>	<b>15,711</b>	<b>2.3%</b>
Personnel costs	(374,803)	(358,869)	(15,934)	4.4%
Capitalised costs	20,842	22,857	(2,015)	-8.8%
Other operating expenses	(100,504)	(104,670)	4,166	-4.0%
<b>Total operating expenses</b>	<b>(454,465)</b>	<b>(440,682)</b>	<b>(13,783)</b>	<b>3.1%</b>
<b>EBITDA</b>	<b>236,866</b>	<b>234,938</b>	<b>1,928</b>	<b>0.8%</b>
<b>EBITDA margin</b>	<b>34.3%</b>	<b>34.8%</b>	<b>-0.5%</b>	
Net amortisation of investment grants	(94,769)	(94,521)	(248)	0.3%
Writedowns, impairment (reversal of impairment) and provisions	367	455	(88)	-19.3%
<b>EBIT</b>	<b>142,464</b>	<b>140,872</b>	<b>1,592</b>	<b>1.1%</b>
<b>EBIT margin</b>	<b>20.6%</b>	<b>20.9%</b>	<b>-0.3%</b>	
Financial income/(expense)	(3,144)	(1,786)	(1,358)	76.0%
<b>Income before taxes</b>	<b>139,320</b>	<b>139,086</b>	<b>234</b>	<b>0.2%</b>
Income taxes	(40,525)	(40,316)	(209)	0.5%
<b>Profit (loss) for the period</b>	<b>98,795</b>	<b>98,770</b>	<b>25</b>	<b>0.0%</b>
<b>Profit (loss) for the period pertaining to the Group</b>	<b>98,914</b>	<b>98,770</b>	<b>144</b>	<b>0.1%</b>
<b>Profit (loss) for the period pertaining to non-controlling interests</b>	<b>(119)</b>	<b>0</b>	<b>(119)</b>	<b>n.a.</b>

(thousands of euros)

## Analysis of revenues

Revenues from operations amounted to €737.8 million, an increase of 3.2% compared with the same period of the previous year, of which revenues from the core business amounting to €728.7 million (+3.4% on the third quarter of 2018) and €9 million from the Group's operations on the non-regulated market, down €1 million on the third quarter of 2018. The balance for the period had a negative impact of €75.9 million, an increase of 4.7% on the third quarter of 2018. Other operating income amounted to €29.4 million, bringing total revenues to €691.3 million, up 2.3% on the same period of 2018.

	3rd Quarter 2019	3rd Quarter 2018	Change	%
En-route revenues	541,069	524,733	16,336	3.1%
Terminal revenues	178,638	170,532	8,106	4.8%
En-route and terminal exemptions	9,050	9,765	(715)	-7.3%
Revenues from non-regulated market	9,061	10,025	(964)	-9.6%
<b>Total revenues from operations</b>	<b>737,818</b>	<b>715,055</b>	<b>22,763</b>	<b>3.2%</b>
Balance	(75,915)	(72,496)	(3,419)	4.7%
<b>Total revenues from contracts with customers</b>	<b>661,903</b>	<b>642,559</b>	<b>19,344</b>	<b>3.0%</b>

(thousands of euros)

*En-route revenues* amounted to €541 million, an increase of 3.1% compared with the year-earlier period, reflecting an increase in service units generated in the period (+7.7%), involving all three types of traffic, especially overflight traffic (+10.4%). This offset the reduction in the en-route charge of 2.5% applied in 2019 (€77.96 in 2019, as against €79.98 in 2018), a reduction that amounted to 4% if only the charge excluding balances is considered.

If en-route revenues include those from exempt flights, which contracted by 6.4% on the third quarter of 2018 as a result of the decline in service units registered during the period, and the adjustment for the balance, which includes the portion recognised in the period and the part recognised in previous years and incorporated in charges in 2019, and thus profit or loss for the same year, en-route revenues totalled €486.6 million, an increase of 10.9 million, broken down as follows:

	3rd Quarter 2019	3rd Quarter 2018	Change	%
En-route revenues	541,069	524,733	16,336	3.1%
En-route exemptions	7,225	7,719	(494)	-6.4%
<i>Sub-total revenues</i>	<i>548,294</i>	<i>532,452</i>	<i>15,842</i>	<i>3.0%</i>
En-route balance for period	(20,356)	(14,513)	(5,843)	40.3%
Discounting of balance for period	336	234	102	43.6%
Use of en-route balance n-2	(41,652)	(42,477)	825	-1.9%
<i>Sub-total balance</i>	<i>(61,672)</i>	<i>(56,756)</i>	<i>(4,916)</i>	<i>8.7%</i>
<b>Total en-route revenues from operations net of balances</b>	<b>486,622</b>	<b>475,696</b>	<b>10,926</b>	<b>2.3%</b>

(thousands of euros)

The en-route balance had a negative impact of €61.7 million, a deterioration of 8.7% on the third quarter of 2018, mainly reflecting the recognition of negative en-route balances for the period, which were impacted by the traffic risk component, with €2.7 million being refunded to carriers as actual service units exceeded the planned amount in the performance plan (+2.54%), with the inflation balance component increasing by a negative €4.6 million due to the divergence between estimated inflation and actual inflation (1.6% vs 0.76%).

Commercial *terminal revenues* amounted to €178.6 million, an increase of 4.8% on the third quarter of 2018, reflecting the growth in service units generated by the individual airports broken down by charging zone, with an overall increase of 4.6% (+4.2% in the third quarter of 2018 compared with the third quarter of 2017), offsetting the reduction in the terminal charges applied in the second and third charging zones.

In particular, *Charging Zone 1*, represented by Rome Fiumicino airport, posted an increase in assisted air traffic, expressed in service units, of 3.1% compared with the third quarter of 2018 (+4.6% in the third quarter of 2018 compared with the third quarter of 2017), with growth in both domestic and international traffic. The

terminal charge applied in 2019 was €190.69, an increase of 1.81% compared with the charge in 2018, which amounted to €187.30. *Charging Zone 2*, represented by the airports of Milan Malpensa, Milan Linate, Venice Tesserà and Bergamo Orio al Serio, posted an increase in assisted air traffic, expressed in service units, of 4.9% on the third quarter of 2018 (+4.5% in the third quarter of 2018 compared with the third quarter of 2017), with growth coming mainly in domestic traffic, offsetting the reduction of 2.71% in the terminal charge for 2019 to €197.56 (€203.06 in 2018). *Charging Zone 3*, which comprises 40 medium- and low-traffic airports recorded an increase in assisted air traffic, expressed in service units, of 5.1% on the same period of 2018 (+3.8% in the third quarter of 2018 compared with the first quarter of 2017), with growth primarily in the international segment, offsetting the reduction of 0.37% in the terminal charge to €318.98 (€320.18 in 2018).

If terminal revenues include those from exempt flights, which contracted by 10.8% on the same period of 2018 as a result of the decline in service units registered in all three charging zones, 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 2019, and thus profit or loss for the same year, terminal revenues totalled €166.2 million, an increase of €9.4 million on the third quarter of 2018, broken down as follows:

	3rd Quarter 2019	3rd Quarter 2018	Change	%
Terminal revenues	178,638	170,532	8,106	4.8%
Terminal exemptions	1,825	2,046	(221)	-10.8%
<i>Sub-total revenues</i>	<i>180,463</i>	<i>172,578</i>	<i>7,885</i>	<i>4.6%</i>
Terminal balance for period	(11,856)	(15,506)	3,650	-23.5%
Discounting of balance for period	196	250	(54)	-21.6%
Use of terminal balance n-2	(2,583)	(484)	(2,099)	433.7%
<i>Sub-total balance</i>	<i>(14,243)</i>	<i>(15,740)</i>	<i>1,497</i>	<i>-9.5%</i>
<b>Total terminal revenues from operations net of balances</b>	<b>166,220</b>	<b>156,838</b>	<b>9,382</b>	<b>6.0%</b>

*(thousands of euros)*

Terminal balances amounted to negative €14.2 million, an improvement of €1.5 million compared with the third quarter of 2018, and regard balances being refunded to carriers registered in all three charging zones. This result was mainly impacted by Charging Zone 2, which registered a traffic balance for refunding to carriers of €4.9 million, having generated 10.3% more service units compared with the planned figure. The inflation balance had a negative impact on Charging Zones 1 and 2 totalling €2.6 million, while the balance for Charging Zone 3, which is determined on a cost recovery basis, had a negative impact of €4.5 million.

*Revenues from the non-regulated market* amounted to €9 million, down 9.6% on the same period of 2018. They include €2.4 million in revenues generated by the subsidiary IDS AirNav S.r.l., which has been included in the scope of consolidation since 18 July 2019, the date 100% of its share capital was acquired by the Parent Company. Revenues contributed by IDS AirNav, whose main activity is the development of software solutions in the areas of aeronautical information management and air traffic management currently adopted by various service providers in Europe and in non-European countries and the provision of software maintenance services for those solutions, mainly regard software maintenance and the provision of services to customers around the world. They were mainly connected with the FPDAM software product for aeronautical information management (AIM) activity; the IAS product, which provides an infrastructure to support the collection,



management and distribution of aeronautical and non-aeronautical data; and Airspace Design, a tool that reduces the time required to design airspace.

The other part of non-regulated market revenues, which include domestic and international radio-assistance control services, training activities and aeronautical consulting services, mainly in foreign markets, decreased, primarily owing to a reduction in activity on the construction of the control tower of the Mitiga airport in Libya and the completion of the restructuring of the airspace in the United Arab Emirates.

*Other operating income* amounted to €29.4 million, down 11% on the third quarter of 2018, which had benefitted from the recognition in profit or loss of the Group's share of funds from European-financed projects in the amount of €7 million, compared with €3 million in the period under review.

## Developments in costs

	3rd Quarter 2019	3rd Quarter 2018	Amount	Change %
Personnel costs	(374,803)	(358,869)	(15,934)	4.4%
Capitalised costs	20,842	22,857	(2,015)	-8.8%
Other operating expenses	(100,504)	(104,670)	4,166	-4.0%
<b>Total operating expenses</b>	<b>(454,465)</b>	<b>(440,682)</b>	<b>(13,783)</b>	<b>3.1%</b>

(thousands of euros)

*Operating expenses* increased by 3.1% compared with the year-earlier period to a total of €454.5 million, with diversified developments in the underlying components. Personnel costs increased by 4.4%, other operating expenses declined by 4% and capitalised costs fell by 8.8%, mainly as a result of the rescheduling of investment projects undertaken by the subsidiary Techno Sky.

	3rd Quarter 2019	3rd Quarter 2018	Change	%
Wages and salaries, of which:				
fixed remuneration	209,451	208,290	1,161	0.6%
variable remuneration	56,125	45,526	10,599	23.3%
<b>Total wages and salaries</b>	<b>265,576</b>	<b>253,816</b>	<b>11,760</b>	<b>4.6%</b>
Social security contributions	87,490	82,911	4,579	5.5%
Employee severance pay	16,885	16,201	684	4.2%
Other costs	4,852	5,941	(1,089)	-18.3%
<b>Total personnel costs</b>	<b>374,803</b>	<b>358,869</b>	<b>15,934</b>	<b>4.4%</b>

(thousands of euros)

*Personnel costs* increased by 4.4% on the same period of 2018 to €374.8 million, reflecting the effects of the contractual renewal of the Parent Company and the harmonisation of the collective bargaining agreement for engineering workers at the Techno Sky subsidiary with the collective bargaining agreement for the air transport sector with effect from 1 January 2019. Another factor was the agreement on the summer season signed with the unions in April 2019 to govern activities in the June-September period when air traffic increases, ensuring safety and on-time performance. Part of the increase amounting to €1.4 million (0.4%) is attributable to the change in the scope of consolidation, which in the third quarter of 2019 includes the cost of IDS AirNav personnel (148 staff in effective terms and 31 on average at 30 September 2019).

More specifically, fixed remuneration registered a net increase of 0.6% as a result of the higher costs associated with the contractual renewal of the Parent Company, the harmonisation of the Techno Sky

collective bargaining agreement and the personnel costs of IDS AirNav, partly offset by the reduction of the Group's workforce by 109 in effective terms and 124 on average, excluding IDS AirNav personnel, compared with the year-earlier period. This gave the Group a workforce at the end of the third quarter of 2019 of 4,231 employees in effective terms and 4,106 on average. Including the personnel of the IDS AirNav subsidiary, that change involved an increase of 39 in effective staff and a decrease of 98 on average. Variable remuneration increased by 23.3%, reflecting not only the impact of the summer season in the amount of €5 million, but also an increase in overtime work by air traffic controllers associated with the increase in air traffic, the cost of unused holiday entitlement as a result of a reduction in the use of holiday time, the costs connected with holidays falling on non-business days and ancillary indemnities that reflect the effects of the contract renewal. Following these increases, social security contributions increased by 5.5% to €87.5 million. Other personnel costs fell by 18.3%, mainly owing to a decline in recourse to termination incentives paid to departing personnel in the period totalling €1.4 million (€2.6 million in the third quarter of 2018).

*Other operating expenses* amounted to €100.5 million, down 4% on the same period of the previous year. They include the costs associated with IDS AirNav, which was included in the scope of consolidation in the third quarter of 2019, without which other operating expenses would have decreased by 4.8%.

	3rd Quarter 2019	3rd Quarter 2018	Change	%
Costs for the purchase of goods	6,357	6,915	(558)	-8.1%
<b>Costs for services:</b>				
Maintenance costs	13,734	15,389	(1,655)	-10.8%
Costs for Eurocontrol fees	28,586	28,834	(248)	-0.9%
Costs for utilities and telecommunications	23,193	23,869	(676)	-2.8%
Costs for insurance	1,962	1,944	18	0.9%
Cleaning and security	3,472	3,392	80	2.4%
Other personnel-related costs	7,190	6,897	293	4.2%
Professional services	6,804	6,238	566	9.1%
Other costs for services	5,494	5,115	379	7.4%
<b>Total costs for services</b>	<b>90,435</b>	<b>91,678</b>	<b>(1,243)</b>	<b>-1.4%</b>
Costs for leases and rentals	1,538	3,660	(2,122)	-58.0%
Other operating expenses	2,174	2,417	(243)	-10.1%
<b>Total</b>	<b>100,504</b>	<b>104,670</b>	<b>(4,166)</b>	<b>-4.0%</b>

(thousands of euros)

An analysis of the individual items of other operating expense shows a decline in a number of cost items: i) costs for the purchase of the materials needed to restructure and modernise domestic and international airports fell by 8.1% and maintenance costs declined by 10.8% owing to the reduction in activities performed by the Techno Sky subsidiary in connection with Parent Company investments; ii) costs for utilities and telecommunications contracted by 2.8%, mainly for the data connections of the E-NET network as a result of the decommissioning of older circuits and a discount from the supplier; and iii) a decrease of €2.1 million in costs for leases and rentals. The latter mainly reflects the application of IFRS 16 with effect from 1 January 2019, which eliminates the recognition of costs in respect of leases and auto rentals (€1.8 million in the third



quarter of 2019), which have been classified as right-of-use assets under net non-current assets, which are then reflected in profit or loss through depreciation.

## Margins

These developments gave rise to an increase of 0.8% in EBITDA, to €236.9 million, compared with the same period of 2018.

Depreciation and amortisation net of investment grants increased by €0.2 million, reflecting a decrease in investment grants, while depreciation and amortisation were essentially unchanged on the third quarter of 2018 and include the depreciation of right-of-use assets in accordance with IFRS 16. The change in writedowns of receivables and provisions for risks improved, increasing by €0.4 million (+€0.5 million in the third quarter of 2018), thanks to the collection of creditor positions written down previously and the use of risk provisions following the closure of a number of disputes. These figures impact the determination of EBIT, which came to €142.5 million, an increase of 1.1% on the same period of the previous year.

## Financial operations

Financial income and expense at the end of the third quarter of 2019 show net expense of €3.1 million, a deterioration of €1.4 million on the same period of 2018, which had benefitted from the positive impact of the recognition of interest income collected from the Valerio Catullo company following the lien activated after the favourable ordinance of the Court of Appeal.

	3rd Quarter 2019	3rd Quarter 2018	Change	%
Income from investments in other entities	417	500	(83)	-17%
Financial income from discounting of balances	0	780	(780)	n.a.
Financial income from discounting of non-current receivables	172	0	172	n.a.
Financial income from non-current financial assets	130	0	130	n.a.
Interest income on VAT receivable pending refund	152	0	152	n.a.
Other interest income	739	2,040	(1,301)	-63.8%
<b>Total financial income</b>	<b>1,610</b>	<b>3,320</b>	<b>(1,710)</b>	<b>-51.5%</b>

	3rd Quarter 2019	3rd Quarter 2018	Change	%
Interest expense on bank loans	1,811	1,981	(170)	-8.6%
Interest expense on bonds	2,589	2,598	(9)	-0.3%
Interest expense on employee benefits	393	510	(117)	-22.9%
Interest expense on right-of-use assets	133	0	133	n.a.
Financial expense on derivatives at fair value	10	71	(61)	-85.9%
Financial expense on discounting of receivables and balances	50	0	50	n.a.
Other interest expense	5	75	(70)	n.a.
<b>Total financial expense</b>	<b>4,991</b>	<b>5,235</b>	<b>(244)</b>	<b>-4.7%</b>
Exchange rate gains/(losses)	237	129	108	83.7%
<b>Total financial income/(expense)</b>	<b>(3,144)</b>	<b>(1,786)</b>	<b>(1,358)</b>	<b>76.0%</b>

(thousands of euros)

The decrease of 1.7 million in *financial income* is attributable to the decline in interest income referred to above and the absence of financial income from the discounting of balances, which in the third quarter of 2018 had amounted to €0.8 million. The deterioration was partly offset by financial income in respect of receivables and

securities recognised under non-current assets and interest income on the VAT credit for which reimbursement has been requested by the Group.

*Financial expense* decreased by 4.7%, reflecting a decrease in interest accrued on bank loans, partly owing to the extinguishment of part of the loans and a reduction in the interest cost of employee benefits for the third quarter of 2019, which partly offset the financial expense accruing on lease liabilities.

## Performance for the period

Income taxes for the period were a negative €40.5 million, an increase of 0.5% on the third quarter of 2018, reflecting an increase in taxable income. As a result of the foregoing, the net profit for the period pertaining to shareholders of the Parent Company was €98.9 million, virtually unchanged on the profit posted in the same period of 2018 (+0.1%). The share of profit pertaining to non-controlling interests, which took a stake in D-Flight at the end of February 2019, amounted to €0.1 million.

## Reclassified consolidated statement of financial position

	30.09.2019	31.12.2018	Change	
Property, plant and equipment	953,687	1,000,063	(46,376)	-4.6%
Right-of-use assets	9,306	0	9,306	n.a.
Intangible assets	164,264	122,368	41,896	34.2%
Investments in other entities	66,022	60,306	5,716	9.5%
Non-current trade receivables and payables	(43,558)	(16,394)	(27,164)	165.7%
Other non-current assets and liabilities	(126,573)	(113,258)	(13,315)	11.8%
<b>Net non-current assets</b>	<b>1,023,148</b>	<b>1,053,085</b>	<b>(29,937)</b>	<b>-2.8%</b>
Inventories	60,979	61,001	(22)	0.0%
Trade receivables	313,431	268,076	45,355	16.9%
Trade payables	(108,905)	(126,122)	17,217	-13.7%
Other current assets and liabilities	(161,818)	(74,714)	(87,104)	116.6%
Assets held for sale net of related liabilities	1,409	1,458	(49)	-3.4%
<b>Net working capital</b>	<b>105,096</b>	<b>129,699</b>	<b>(24,603)</b>	<b>-19.0%</b>
<b>Gross capital employed</b>	<b>1,128,244</b>	<b>1,182,784</b>	<b>(54,540)</b>	<b>-4.6%</b>
Employee benefit provisions	(55,480)	(52,280)	(3,200)	6.1%
Provisions for risks and charges	(2,142)	(2,707)	565	-20.9%
Deferred tax assets net of liabilities	11,738	11,720	18	0.2%
<b>Net capital employed</b>	<b>1,082,360</b>	<b>1,139,517</b>	<b>(57,157)</b>	<b>-5.0%</b>
Shareholders' equity pertaining to Parent Company shareholders	1,134,419	1,137,559	(3,140)	-0.3%
Shareholders' equity pertaining to non-controlling interest	2,545	0	2,545	n.a.
<b>Shareholders' equity</b>	<b>1,136,964</b>	<b>1,137,559</b>	<b>(595)</b>	<b>-0.1%</b>
Net financial position	(54,604)	1,958	(56,562)	n.a.
<b>Funding of net capital employed</b>	<b>1,082,360</b>	<b>1,139,517</b>	<b>(57,157)</b>	<b>-5.0%</b>

(thousands of euros)

*Net capital employed* at 30 September 2019 amounted to €1,082.4 million, down €57.2 million on 31 December 2018, and is entirely funded by equity attributable to shareholders of the Parent Company and non-controlling interest of €1,136.9 million.

## Net non-current assets

The *net non-current assets* of the ENAV Group at 30 September 2019 amounted to €1.023.1 million, a decrease of €29.9 million compared with the end of 2018, mainly due to: i) a decrease in property, plant and equipment of €46.4 million as a result of depreciation for the period of €92.9 million, which more than offset capital expenditure at 30 September 2019 of €46.8 million; ii) the recognition of right-of-use assets as a result of the application as from 1 January 2019 of the new IFRS 16, which amounted to €9.3 million at the end of September 2019, net of depreciation for the period of €1.7 million; iii) an increase in intangible assets totalling €41.9 million, due mainly to the goodwill (€39.7 million) recognised following the provisional allocation of the purchase price of IDS AirNav, which was included in the scope of consolidation with effect from 18 July 2019, date of the closing of the transaction at a total post-adjustment price of €41.1 million; iv) an increase of €5.7 million in the value of investments in other entities, due both to the adjustment of the value of the investment in Aireon to its fair value and to the change in the dollar/euro exchange rate; and v) a decrease of €27.2 million in non-current trade receivables and payables, which was associated both with the liability for negative balances that emerged in the third quarter of 2019 and with the reclassification to current trade receivables of the portion of balances that will be incorporated in charges, and thus in profit or loss, in 2020.

## Net working capital

*Net working capital* at 30 September 2019 amounted to €105 million, down €24.6 million on the end of 2018. The main changes regarded: i) a net increase of €45.3 million in trade receivables, comprising €72 million for the receivable from Eurocontrol as a result of the increase in turnover in the last two months of the third quarter of 2019, a period of greater air traffic, compared with the last two months of 2018 and of the increase in collections during the period; a decrease of €49.9 million in receivables for balances due to the reversal to profit or loss of the share pertaining to the third quarter of 2019 and incorporated in charges for the same period, net of the amount classified under current receivables and incorporated in charges in 2020; the grant to guarantee the safety of its plant and operational safety accruing at 30 September 2019 of €22.5 million; ii) a decrease of €17.2 million in trade payables as a result of a decline in payables to suppliers accruing during the period and a reduction in advances in respect of EU-financed projects owing to the termination of the Connecting Europe Facility (CEF) project under the 2016 call, net of prefinancing €3.8 million received under the 2017 call of the CEF; and iii) the change in other current assets and liabilities, which resulted in a net increase in liabilities of €87.1 million, reflecting the reduction in tax receivables due both to the collection of €7 million in VAT for which reimbursement had been requested and to an increase in other liabilities attributable to a rise in liabilities in respect of the Italian Air Force and ENAC in the total amount of €62.9 million for the accrued portion of collections of en-route and terminal receivables recognised at 30 September 2019, net of payments in the period; tax liabilities for current taxes accrued as at the third quarter of 2019; and the liability in respect of personnel for accrued provisions.

## Net capital employed

In determining *net capital employed*, the employee benefit provisions had a negative impact of €55.5 million, with the increase of €3.2 million mainly reflecting the actuarial loss recognized at 30 September 2019.

Provisions for risks and charges amounted to €2.1 million, down €0.6 million on the end of 2018 due to the conclusion of a number of disputes and net deferred tax assets were a positive €11.7 million.

## Shareholders' equity

Shareholders' equity totalled €1,136.9 million, a net decrease of €0.6 million compared with 31 December 2018. With regard to shareholders' equity pertaining to the shareholders of the Parent Company, the change amounted to a negative €3.2 million primarily because of the payment of the dividend of €108 million and the recognition of the actuarial loss of €4 million, net of tax effects. These negative effects were mainly offset by the recognition of the profit for the period of €98.9 million. Shareholders' equity pertaining to non-controlling interests amounted to €2.6 million at 30 September 2019 and regarded the 40% stake held by third parties in D-Flight. On 28 February 2019 the industrial partnership now formed by Leonardo S.p.A. and Telespazio S.p.A. through the special purpose vehicle UTM System & Services S.r.l. subscribed the capital increase with a share premium for D-Flight, in accordance with the obligations set out in the framework agreement for a total of €6.6 million. The remaining 60% is held by the Parent Company.

## Net financial position

The net financial position at 30 September 2019 was equal to positive €54.6 million, an improvement of €56.6 million on 31 December 2018, as shown in the following table.

	30.09.2019	31.12.2018	Change	
Cash and cash equivalents	375,146	316,311	58,835	18.6%
Current financial receivables	9,043	9,007	36	0.4%
Current financial debt	(14,655)	(14,924)	269	-1.8%
Current financial debt for IFRS 16 lease liabilities	(2,314)	0	(2,314)	n.a.
<b>Net current financial position</b>	<b>367,220</b>	<b>310,394</b>	<b>56,826</b>	<b>18.3%</b>
Non-current financial receivables	25,125	24,901	224	0.9%
Non-current financial debt	(330,498)	(337,253)	6,755	-2.0%
Non-current financial debt for IFRS 16 lease liabilities	(7,243)	0	(7,243)	n.a.
<b>Non-current financial debt</b>	<b>(312,616)</b>	<b>(312,352)</b>	<b>(264)</b>	<b>0.1%</b>
<b>Net financial position</b>	<b>54,604</b>	<b>(1,958)</b>	<b>56,562</b>	<b>n.a.</b>

(thousands of euros)

The improvement of €56.6 million 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 net collections of grants for projects funded under the NOP 2014 – 2020 and European financing in the amount of €18.7 million, the collection of the VAT receivable in the amount of €7 million and liquidity of €6.6 million contributed by D-Flight. The financial position was adversely impacted by the payment of €108 million in dividends, the outlay of €37.4 million for the acquisition of IDS AirNav at 30 September 2019 as agreed between the parties, the payment of €18.8 million to the Italian Air Force for the portion of terminal collections pertaining to it and the financial liability generated by the adoption of the new IFRS 16 in the total amount of €9.6 million.

## Structure of the consolidated net financial position

	30.09.2019	31.12.2018
(A) Cash	375,146	316,311
(B) Cash equivalents	0	0
(C) Securities held for trading	0	0
<b>(D) Liquidity (A)+(B)+(C)</b>	<b>375,146</b>	<b>316,311</b>
<b>(E) Current financial receivables</b>	<b>9,021</b>	<b>9,001</b>
(F) Current financial payables	0	0
(G) Current portion of non-current financial debt	(14,655)	(14,924)
(H) Other current financial debt	(2,314)	0
<b>(I) Current financial debt (F)+(G)+(H)</b>	<b>(7,948)</b>	<b>(14,924)</b>
<b>(J) Net current financial debt/Liquidity (D)+(E)+(I)</b>	<b>367,198</b>	<b>310,388</b>
(K) Non-current bank debt	(150,498)	(157,253)
(L) Bonds issued	(180,000)	(180,000)
(M) Other non-current financial debt	(7,243)	0
<b>(N) Non-current financial debt (K)+(L)+(M)</b>	<b>(337,741)</b>	<b>(337,253)</b>
<b>(O) Net financial position - Consob (J)+(N)</b>	<b>29,457</b>	<b>(26,865)</b>
(P) Current and non-current derivatives	170	6
(Q) Non-current financial receivables	24,977	24,901
<b>(R) Net financial position - ENAV Group (O)+(P)+(Q)</b>	<b>54,604</b>	<b>(1,958)</b>

(thousands of euros)

## Consolidated statement of cash flows

	3rd Quarter 2019	3rd Quarter 2018	Change
Cash flow generated/(absorbed) by operating activities	252,704	228,098	24,606
Cash flow generated/(absorbed) by investing activities	(84,764)	(62,684)	(22,080)
Cash flow generated/(absorbed) by financing activities	(109,285)	(122,856)	13,571
<b>Cash flow for the period</b>	<b>58,655</b>	<b>42,558</b>	<b>16,097</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>317,716</b>	<b>264,275</b>	<b>53,441</b>
Exchange rate difference on cash	164	20	144
<b>Cash and cash equivalents at end of the period</b>	<b>376,535</b>	<b>306,853</b>	<b>69,682</b>
<b>Free cash flow</b>	<b>167,940</b>	<b>165,414</b>	<b>2,526</b>

(thousands of euros)

## Cash flows from operating activities

Cash flows from operating activities generated at 30 September 2019 amounted to €252.7 million, up €24.6 million on the same period of 2018. The flow was produced by an increase in current and non-current trade receivables in the net amount of €30.2 million as a result of the increase in assisted air traffic in the third quarter of 2019, which offset the decline in the receivable for balances posted in the period. The increase was €17.3 million greater than that at 30 September 2018 as a result of the collection of the receivable accrued in prior years in respect of the operator of the Brescia Montichiari airport. Cash flows from operating activities were

also influenced by the reduction in tax receivables following the collection of the VAT receivable of €7 million, an increase in tax liabilities due mainly to the tax liability for the period and a reduction in receivables connected with EU-finance projects due to the collection of part of the amount due. Current liabilities increased as a result of the rise in the payable to the Italian Air Force and to ENAC for their portions of en-route and terminal charges collected, which were greater than in the same period of 2018. This flow also reflected a decrease in current and non-current trade payables, which at 30 September 2019 were €14.9 million lower than in the same period of 2018 owing to a decline in trade payables during the period and to the reduction in the payable for balances due to the increase in those reflected in charges in 2019.

### **Cash flows from investing activities**

Cash flows from investing activities at 30 September 2019 absorbed cash in the amount of €84.8 million, an increase of €22 million on the same period of 2018. The change is mainly attributable to the financial investment in IDS AirNav, which was acquired in July 2019 for €41.1 million with a small portion deferred under the terms of the agreement between the parties. Capital expenditure amounted to €53.9 million, down on the figure at 30 September 2018 owing to the slowdown in the first half of 2019 in a number of investment projects under construction, which have nevertheless already registered an acceleration in the second half of the year.

### **Cash flows from financing activities**

Cash flows from financing activities at 30 September 2019 absorbed cash in the amount of €109.3 million, a decrease of €13.6 million compared with the same period of 2018. The change was attributable to loan repayments, which registered a decrease in cash flows of €11.6 million following the extinguishment of two loans at the end of 2018, and the liquidity generated by the paying-up of D-Flight's share capital (with a premium) totalling €6.6 million by UTM System & Services S.r.l. in accordance with its obligations under the framework agreement. These effects were only partially offset by the increase in the dividend distributed in 2019 in the amount of €7 million.

**Free cash flow** amounted to €167.9 million, benefiting from the cash flow generated by operating activities, which completely funded the cash flow absorbed by investing activities.

## **Declaration of the Financial Reporting Officer on the financial statements pursuant to Article 154-bis, paragraph 2, of Legislative Decree 58/1998**

The officer responsible for the preparation of ENAV's financial reports, Loredana Bottiglieri, hereby certifies, 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 30 September 2019 corresponds with that contained in the accounting documentation, books and records.

Rome, 13 November 2019

[signed] Loredana Bottiglieri

## Legal information and contacts

### *Registered office*

ENAV SpA

Via Salaria 716, 00138 Rome

Tel. +39 06 81661

[www.enav.it](http://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](mailto:ir@enav.it)