

# Financial Statements 2013

FINANCIAL STATEMENTS  
CONSOLIDATED FINANCIAL  
STATEMENT



# Draft Financial Statements

## 2013

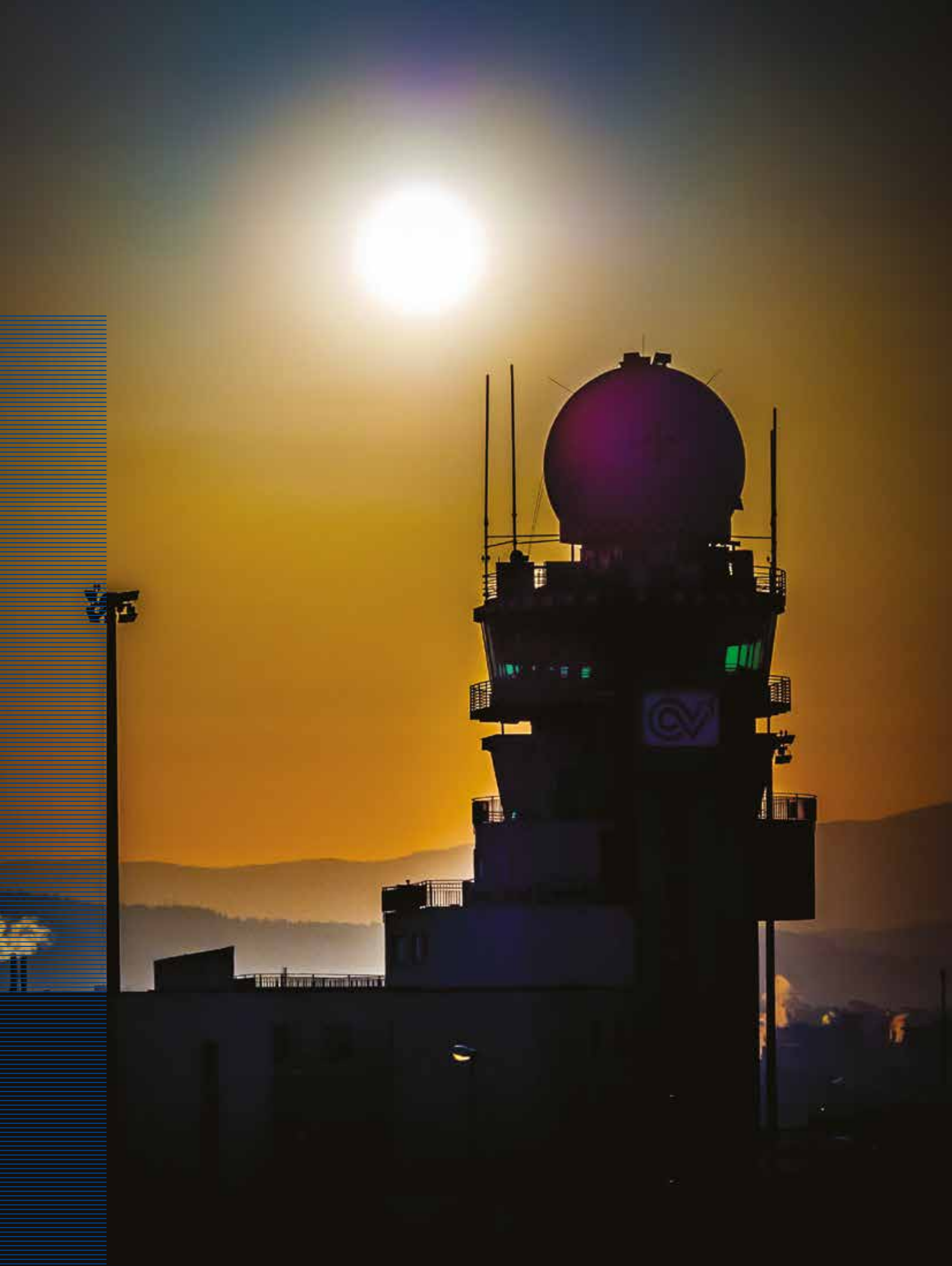
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# Organs and official roles of ENAV S.P.A.

CEO		<b>Massimo Garbini</b>
Director General		<b>Massimo Bellizzi</b>
Board of Statutory Auditors(*)	<i>President</i>	<b>Paola Ferroni</b>
	<i>Effective statutory auditors</i>	<b>Vincenzo Donato</b>
		<b>Antonio Parente</b>
	<i>Substitute statutory auditors</i>	<b>Daniela De Vincenzo</b>
		<b>Riccardo Monaco</b>
Magistrate of the Court of Auditors		<b>Angelo Buscema</b>
Manager in charge of preparing the Company's accounting documents		<b>Loredana Bottiglieri</b>
Audit firm (**)		<b>Reconta Ernst &amp; Young S.p.A.</b>

(\*) nominated on December 11 June 2013

(\*\*) appointed on 16 May 2013







# BUSINESS REPORT





# Business report

## PROFILE OF ENAV S.P.A. AND OF THE GROUP

ENAV is a single member company entirely owned by the Ministry of Economy and Finance that exercises its shareholder's rights with the Minister of Infrastructures and Transports who oversees the civil aviation industry. ENAV S.p.A. was created in 2001 following the change of status, in compliance with the law n. 665/1996 of the National Agency for Flight Assistance (Ente Nazionale di Assistenza al Volo), a public undertaking, that was formerly known as Azienda Autonoma di Assistenza al Volo per il Traffico Generale (A.A.A.V.T.A.G. – Independent Company providing Air Navigation Services for General Traffic).

ENAV certifies and supervises air traffic control services, as well as the other essential aviation services in the Italian airspace and for the competent national civil airports, ensuring the highest technical and flight safety standards along with the development of the technological - infrastructural flight assistance equipment. The "airspace infrastructure" as well as the other logistic infrastructure of the country needs continuous maintenance and on-going development to guarantee safety, punctuality and operational continuity as it is clearly outlined by the Community Regulation (EC) of the Single European Sky that defines the future structure of the management system of air traffic, on the one hand, and on the other, sets the technological, qualitative, economic and environmental targets that all the service providers must follow.

ENAV's organizational structure has its legal headquarter in Rome and operating facilities throughout the national territory.

The Group deals with operational management, support and maintenance of national air traffic control plants and systems through its subsidiary Techno Sky, purchased at the end of 2006, and engineering activity through Sicta Consortium. In addition, through its subsidiary Enav Asia Pacific, ENAV Group's commercial activities are being developed in the states of the continents Asia and Oceania.

## CORPORATE GOVERNANCE

ENAV is a joint stock company (wholly owned by the Italian State), unlisted, that oversees air navigation services for the airspace and for the competent airports according to art. 691 bis of the navigation code. The governance model used is the traditional one with the statutory provision of a CEO and a Board of Directors, made of a minimum of three and a maximum of five members and of a Board of Auditors, with three officers.

The Extraordinary Shareholders' Meeting of 16 May 2013 amended the Articles of Association by adjusting them to the rules introduced by the Presidential Decree of 30 November 2012, No. 251 in the area of gender balance on boards of directors and control in companies under the control of public administrations.

The activities of statutory audit are carried out by independent auditors.

The CEO, elected by the Meeting of 22 November 2011, meets, at least monthly, the Board of Auditors and the Magistrate of the Court of Auditors assigned to audit selected meetings, during which he reports on the general management trend and business outlook, adopting the related resolutions, where applicable. During 2013, there were ten meetings of the CEO, the Board of Statutory Auditors and the Magistrate of the Court of Auditors assigned.

The Company is managed by a General Director in the person of the former COO whose appointment had effect from 1 December 2012.

ENAV's Board of Statutory Auditors is made up of 3 members appointed by the Assembly. As provided by art. 2403 of the Italian Civil Code, the Board of Auditors monitors the compliance to the law and to the Statute, to the principles of correct management and in particular the company's organisational, administrative and accounting adequacy, and to its actual operation. The Board of Auditors was appointed by the Assembly on 11 June 2013 for the period 2013-2015, and the monitoring body met 14 times during 2013.

The legal auditing of the Company is carried out by an independent auditing firm, selected by public tender and nominated by the Board on 16 May 2013 for the period 2013-2015. The same company performs the audit of the accounting separation activities, in compliance with art. 11 sexies, comma 7 bis of law 248/2005, regarding the analytical accounting (for the identification of the costs and of the profits pertaining the services provided by ENAV).

According to art. 18 bis of the Statute, ENAV has a manager assigned to the preparation of the accounting documents of the company.

The Supervisory Board, established as provided by law n. 231/2001, is a mixed collective body, made up of 3 members nominated on 20<sup>th</sup> of December 2012 for a 3-year term 2013-2015, of which 2 are external and one internal. During 2013, the Company Supervisory Board met 7 times.



ENAV is subject to the audit of the financial and asset management and by the Court of Auditors that reports annually to Parliament, as provided in art. 12 of Law 21 March 1958 n. 259 regarding the legitimacy and the regulation of the management and the performance of the internal audits. On December 2013 the Report on the result of the financial management audit of ENAV S.p.A for the financial exercise 2012 was published. The Magistrate appointed to audit the Company participates in the meetings of the officers.

In accordance with the provisions of Article 2364, paragraph 2 of the Civil Code and Article 7 of the Articles of Association, the senior management intends to use the maximum period of 180 days from the date of closure of the financial year for approval by the Shareholders' Meeting of the financial statements for the year ending on 31 December 2013.

The reasons for convening the Meeting by the above maximum deadline are connected to the preparation of the consolidated financial statements, pursuant to Article 2364, paragraph 2 of the Civil Code, and in particular to obtain foreign subsidiary's, Enav Asia Pacific, financial statements appropriately approved and verified by local independent auditors.

## MANAGEMENT KEY AREAS

### MACROECONOMIC CONTEXT OF REFERENCE

The many uncertainty factors, which affected the entire Eurozone, and in particular Italy, resulted in a tangible slowdown in consumption with unavoidable and far-reaching effects on all sectors. The adverse economic situation, after traversing the macroeconomic scenario of the previous year, continued to exercise its unfavourable influence in 2013, also negatively affecting the air transport market. Always closely linked to the trend in the economy, aviation traffic has in fact recorded in Italy an overall decline of demand, with a fall in passenger numbers (-1.9%) and a reduction of connections (-6%).

Equally important were the effects associated with the uncertainty of the main carrier operating in Italian airspace, which reduced its operations at national airports during the year by about 13%, with inevitable effects on the revenues.

It was inevitable that the on going economic difficulties, together with the sharp contraction of domestic connections implemented by the main Italian carrier and the strong competition with rail transport, again generated a negative result for our country in 2013 with regard to Route turnover, compared to a figure which was almost positive for the other leading providers in the EU: Italy -0.3%; Spain 0%; Germany 0.5%; Britain 1.5%; France 2.2%.

With regard to the domestic component, confirming the crisis, the data recorded in 2013 in the major national airports is an indication of a decline in terms of service units by -3.5% for Rome Fiumicino, -4.4% for Milan Malpensa, -6.8% for Milan Linate and -1.4% for Venice Tesserà.

Partially offsetting this, it is however important to highlight how, limited to the overflying traffic, which is the most profitable component of the Company's traffic, the performance connected to commercial traffic of the period shows a clear recovery, with an increase of +4.9 % in terms of service units and +3.6 % with regard to billed flights.

Noting in this case the positive result of over flight traffic, diametrically opposed to the national figure, it is stressed that the initiatives undertaken by ENAV, in the spirit of a policy of continuous technological implementation, to increase the operating capacity and achieve a reconfiguration of routes, have certainly been effective strategies in support of the market.

This can also be said for the operating performance achieved by the Company during the past year, in line with the corporate strategic goals and objectives set out in the National Performance Plan. In fact, Italy was again best in class for the accuracy observed in the air traffic control, with an annual result which again made possible for 2013 the achievement of the capacity bonus, amounting to 8 million euro.

In the scenario just described, a further complexity was the evolution, during 2013, of the regulatory package Single European Sky (SES) II, following which the European Commission has decided, in particular, to develop tariff and performance regulations.

## ECONOMIC EFFICIENCY

2013 is the second year of the first reference period, a period in which, under EU rules on the Single European Sky, it has become mandatory to apply the service regime for air navigation services based on the measurement and optimisation of the operational and economic performance of the air traffic control sector.

In accordance with the constraints imposed by the application of the scheme of EU services it was not easy for the Company because of complexities, mainly related to the difficult macroeconomic environment and market trends which, as seen above, characterised 2013. It should be noted, in fact, that the schedule division works, in accordance with, for route services, the objectives of economic efficiency and capacity fixed for the year in the National Performance Plan, the document in which States and the European Commission, in agreement with the provider, have described the initiatives and have determined the objectives to be achieved in the course of the reference period (2012-2014) for the provision of air navigation services.

The application of this complex mechanism to the results for the year has shown that the decline of route turnover, in 2013, has generated a decrease of approximately 7.6% in terms of service units compared to the level originally planned for the same year in the Performance Plan. Economically speaking, it means an overall deficit in terms of revenue of 41 million euro which, thanks to the cost recovery, is attributable to the Company just for 19.9 million euro, and to the market for 21.1 million euro and thus recovered through the tariffs.

Under this scenario, and given any possible significant impacts on the results of operations, arising from the need to respect the constraints imposed by the EU performance mechanisms, the Company has not failed to make preparations, anticipating already in the plan a series of management actions with the double aim of achieving the agreed levels of efficiency and, at the same time, limiting the

effect of losses in the profit and loss account related to the traffic risk sharing mechanism.

The performance on costs, not only achieved through further optimisation of the processes and the organisational structure of the Company, has resulted in a reduction of production costs, unit for unit, of about 8 percentage points relating to the Performance Plan, allowing ENAV to achieve the goals of cost efficiency defined in that Plan for the year 2013.

This result takes on even greater significance when it is borne in mind that, despite the significant operation costs, the safety level, considered by ENAV non-negotiable and essential as a fundamental principle in determining the strategy of the Company, has been confirmed on a very high quality level.

In addition, for the second year in a row, the operational excellence achieved by ENAV led to the allocation for the Company of 8 million euro, the maximum bonus provided by the incentive scheme approved by the National Performance Plan.

It should be noted, in fact, that the state has provided in the National Performance Plan the opportunity to apply an incentive (bonus/malus) to capacity, as measured by punctuality indicators, in recognition of the results already achieved and the effort made by ENAV in the provision of very high quality air navigation services.

As for the performance on terminal, while awaiting the approval of the Program Contract 2013-2015, the Company used a cost recovery scheme to obtain the targeted efficiency of 2.5% of said Contract.

## BUSINESS RESULT

The effort made by the Company in the course of the year to contain the general level of costs, achieved thanks to the regulatory regime to which ENAV is subject, together with the higher level of revenues, primarily connected with the granting of the bonus of capacity and the good results achieved in the third-party market, as well as full compliance with the applicable regulations and commitments imposed by the National Performance Plan and the Programme Contract to be drafted, are all elements which have certainly contributed to the achievement of an excellent management result in 2013.

In addition, for the second year in a row, the operational excellence achieved by ENAV has led to the allocation to the Company of the maximum bonus under the incentive scheme.

In fact, the implementation of strategic decisions taken by the management during the year, primarily aimed to containing and delivering value for money as well as the rationalisation of organisational levels, have led to a saving of almost 35 million euro compared to the level of costs anticipated in the Budget and the National Performance Plan. Even compared to 2012, economic performance has been more than positive; in fact, by comparing the value of the operating costs it can be seen that in 2013 there has been a reduction of 1.8% from the previous year.

Therefore, not only has this economic performance made it possible to absorb the loss caused by the negative performance in traffic, but has also allowed ENAV to achieve, for the second consecutive year, the goal of economic efficiency as established in the National Performance Plan, while maintaining unchanged the development levers of its own Business Plan.



Not less important are the actions to support the Company's financial strategy that actually led in 2013 to a reduction of the interest cost on loans by about 7.9 million euro compared to the previous year.

Based on the factors described above which characterised the performance of the year, the net result of 50.5 million euro in 2013 makes the year the best ever achieved by the Company. Even higher than 2012 result, when the net operating result was supplemented with the effect of the recognition of the greater IRES paid in previous years for about 23 million euro as a result of not deducting IRAP, bringing the total for the year to 46.2 million euro.

Last but not least, it seems appropriate to point out that the result of 2013 is so significant even considering the scenario in which the Company was operating was a recessive one, as mentioned above, with critical elements of instability and imponderability, which, without appropriate and timely management interventions, could have had significant impacts on the economic and financial stability of the Company.

## THE PRICING POLICY

The pricing policy adopted by ENAV during the past two years has had to take account of important changes in the regulatory changes at both national and EU level. In fact, on the one hand, with the performance system the EU legislature has introduced new elements of risk for the provider and, on the other, the national legislature, with the introduction of the Stability Law passed in November 2011, has radically altered the regime of State contributions. It has in fact eliminated the forms of contribution for air navigation services at domestic airports, thus reverting those amounts to the charges.

In a scenario that changes so rapidly, which is also characterised by weak demand for air traffic, as it struggles to recover from the effects of the crisis, the pricing policy adopted by the Company during 2013, as its guiding principle, had the need to act as an active participant in the air transport sector with the double objective of the ensuring economic and financial stability of the Company and, at the same time, making a contribution to the support of the market.

2013 has been characterised by a series of initiatives that have affected both the en-route charge and the terminal charge. In particular, with regard to the en-route charge, in line with what is permitted by the en-route accounting principles and regulations on the common system of charging, the Company through referral of the balance to later years has ensured the stability of charges in 2013 at the same levels as in 2012, i.e. 78.83 euro, per service unit.

With terminals, on the other hand, in the course of 2013, taking account of the particularly complex and unfavourable scenario that has negatively affected terminal traffic levels, the Company has launched an initiative intended to support the market through the use of internal economic resources, which has seen, from the first of September of the year, a significant reduction in the charge for air navigation services at airports applied to carriers. Downstream of the appropriate coordination with the Shareholder, which on 6 August 2013 in the Meeting resolved to "authorise the CEO of ENAV to use for the years 2013 to 2015 the Charge Stabilisation Fund for the proper purpose of the Fund", and gained a positive opinion from its own institutional representatives,

ENAV has applied the reduction of the terminal charge for the period September to December 2013 through the partial use of the Fund.

For this reason, through an estimated use of the Fund for about 19.8 million euro, the terminal charge has been reduced by 61.05 euro, for the last four months of the year, subsequently moving from 246.05 euro to 185 euro per service unit. This reduction, amounting to about 25 percentage points, was communicated to all the major airlines, to the press and to the organisations representing industry, where it was received positively.

## THE BUSINESS PLAN 2012-2016

In the course of 2013 has been pursued the realisation of the business plan and the five strategic imperatives outlined in it.

In this context it should be noted how the Safety value is considered fundamental and essential from ENAV to develop the Business Plan, as the inspirational principle and direction in the formulation of strategies, objectives and priorities at every level.

The Plan identifies 5 strategic imperatives:

- a. Optimize operational effectiveness to better exploit resources and key competences to support added value activities for the Company and the overall aviation system whilst maintaining high Safety standards;
- b. Diversify the offer to better suit the market evolution and optimize commercial and customer care;
- c. Strengthen control and approval procedures of investments, optimizing consistencies with the Company's objectives;
- d. Guarantee high levels of cost excellence for activities and processes, including those supporting core business;
- e. Develop national and international synergies and agreements creating medium and long-term value for ENAV.

The implementation of these strategic imperatives led to the development of an Operational Plan, a Human Resources Plan, an Investment Plan and an Economic-Financial Plan.

In terms of implementation, the whole plan has been broken down into thirty-six key projects, carried out with the contribution of all the corporate units involved, coordinated by a specially appointed Programme Manager. The activities are being implemented in accordance with the deadlines and conditions prescribed in the Plan.

Particular attention has been paid, in the on-going dialogue between the Programme Manager and the various sponsors of the Plan, to projects of major strategic importance, and in particular:

- Projects to support and raise revenues, such as: studies of the differentiation of charges, commercial development on the third market of both ENAV and Techno Sky and international activities;
- Projects aimed at increasing the efficiency of operating costs through, on the one hand, the optimisation of structures and operational personnel by redundancy management and



reduction of maintenance costs and, on the other hand, the reduction of non-instrumental external costs;

- Projects related to investments through obtaining financing, especially in Europe, the adoption of a strategic approach to the management of infrastructure assets, the development of a system for monitoring economic progress aimed at optimising the allocation of financial resources within the company.

## SAFETY AND QUALITY INDICATORS

### SAFETY

In relation to the reference indicators in the National Performance Plan, referred to the EU Regulation no. 691/2010 and subsequent amendments and additions, the Safety record of ENAV in 2013 showed, relative to 2012, the following trends:

- A total of reported incidents on the rise;
- An increase in events concerning separation minima in flight (Separation Minima Infringement – SMI) with a contribution from ATM;
- A decrease in severity instances of class A/B for SMI events with a contribution from ATM;
- A decrease in events of runway incursions (Runway Incursion – RWY Inc.) with a contribution from ATM;
- An increase in severity instances of class A/B for RWY Inc. events with a contribution from ATM;
- A decrease in ATM Specific reports;
- A decrease in severity instances of class A/B for ATM Specific events.

The following table summarises the above:

Year	Signs	SMI contribution ATM	SMI contribution ATM Severity A/B	RWY Inc. contribution ATM	RWY Inc. contribution ATM Severity A/B	ATM Specific	ATM Specific contribution ATM Severity A/B
2013	3.238	84	33	8	3	19	0
2012	2.347	82	46	11	2	21	1

The predefined target for the class “A” events are defined as 0.47 events for 100,000 flights in 2013 and 0.48 events for 100,000 flights in 2012. The comparison with the measured data is shown in the following table:

Year	Average annual value "A"	Target "A"
2013	0,26	0,47
2012	0,64	0,48
2011	0,33	0,49

The predefined target for the class "B" events is defined as 1.35 events for 100,000 flights in 2013 and 1.40 events for 100,000 flights in 2012. The measured values are shown in the following table:

Year	Average annual value "B"	Target "B"
2013	2,43	1,35
2012	2,63	1,40
2011	2,33	1,45

In 2013, ENAV has taken steps to issue the "Action Plan 2013/2014", which proposes 68 actions for improvement aimed to improve the safety, not only of the company, but also the Italian and European air transport system as a whole. Still in 2013, around 226 safety checks were conducted and an equivalent number of changes to the ATM system.

ENAV also received 368 safety reports from *Airspace Users*, with requests for clarification/information, which were handled within the centrally determined deadlines, meeting numerous requests for documentation from the Agency ANSV.

Regarding the domain of Safety Promotion, ENAV has strengthened the communications offering by ensuring increasingly widespread dissemination of the magazine "SafeBull" (operational lines, central and peripheral structures, external bodies), while at the same time supplementing the tools already mandatorily stipulated by the Safety Management System, such as the Quarterly and Annual Safety Report, with other forms of active participation such as newsletters, expansion of the dedicated website, etc...

On the other hand, in the field of safety training, but with particular reference to the activities of direct support to Local Authorities, 184 participants, from the Civil Aviation Authority and AMI, have received about 329 hours of training, including 86 with the support of ENAV Academy.

## QUALITY AND PUNCTUALITY

ENAV, to provide maximum customer satisfaction, continues to improve the operations and in particular the punctuality guaranteed to *Airspace Users*.

In 2013, for the area of Performance Capacity, ENAV has continued to record the highest punctuality for its Clients which, in particular for the en-route phase of flight, have not sustained any delay attributable to the provision of air navigation services, thus achieving "zero delay". In what is the most important indicator of performance and has always been used as a parameter to measure the quality of the air traffic management service, or "En Route ATFCM Delay Per En Route Flight", the service of ENAV achieved an indicator of 0.003 min/flight. Indeed, in 2013, within the airspace where the air navigation services are provided by ENAV, to more than 1.5 million IFR/GAT flights assisted, for the phase of en-route flight, only 4297 min of delay were attributed to ATFCM.

The performance recorded by ENAV is even more remarkable given that, within the European regulatory framework, for Italy, the service objective for en-route capacity, determined by the



European Commission under the Performance Scheme, was set at 0.14 min per flight assisted. The ability to manage air traffic in safety, but also with great efficiency, has resulted in generating slightly less than 2% of the delays that would have been deemed "appropriate" by the European Commission. This extraordinary quality performance for the Clients of ENAV implies a value which is by no means negligible even in strictly economic terms. For an Airline, in fact, every minute of ATFCM delay equates to a cost which EU-based studies estimate to correspond to an average of 83.00 euro/minute. With respect to this parameter it is evident and significant what equivalent purchasing value that the operational performance of ENAV is producing for the *Airspace Users*. In terms of economic value, therefore, if permitted to operate, according to the assigned target, with up to 218,000 minutes of ATFCM delay, ENAV would have produced an additional cost to its Clients which, merely for ATFCM route delays, would have been more than 17 million euro. Instead, to meet the needs of its Clients and to support them not only in terms of quality, but also in terms of cost efficiency, ENAV has been able to ensure maximum operational safety, full availability and continuity in the use of airspace and at the same time a reduction of the cost of ATFCM delay produced by route air traffic management in Italy.

Capacity En-route - targets vs Actual Performance 2013			
	IFR/GAT Flights 1.524.019	En-route Service Unit 8.117.393	En-route ATFCM Delay Cost/Min € 83,00
	Performance plan target		Achieved Target
En-route ATFCM Delay per Flight	0,14		0,00
En-route ATFCM Minutes of Delay (Min)	213.362		4.297
En-route ATFCM Delay Cost (Euro)	17.709.046		356.651

It is important to emphasise that the result which ENAV achieved in 2013 is only marginally connected with the reduction in air traffic assisted; normally ATFCM delays are generated during times of peak demand and in the light of air traffic peaks, in 2013, they were entirely similar to those recorded in the previous years, and it may be said that the organisational capacity of ENAV made it possible to achieve optimal performance, which appears to be possible to maintain even in the event of a recovery in the volume of flights assisted.

In a nutshell, with reference to data shared with the Performance Review Body and the Network Manager of the European Union, the comparison of the performance indicators of the major European ANSP confirms both the value of the operational performance, KPI en-route ATFCM delay per en-route flight and the connected economic value, additional ATFCM Delay Cost, as shown in the table below.

En-route ATFCM Delay per En-route Flights & Additional ATFCM Delay Cost per En-route service unit - 2013				
Countries	IFR/GAT Flights	En-route ATFM Delay (min)	KPI Capacity En-route ATFM delay/flight	En-route ATFM Delay Cost
France	2.825.307	1.022.987	0,36	84.907.921
Germany	2.745.642	435.278	0,16	36.128.074
Great Britain	2.288.426	453	0,00	37.599
Italy	1.524.019	4.297	0,00	356.651
Spain	1.527.805	201.328	0,13	16.710.224

In view of this result, in accordance with the provisions of the Italian Performance Plan 2012-2013, again for 2013, ENAV has achieved the performance level of Capacity that, under the Performance Scheme, gives it the right to a financial bonus of 8 million euro.

## INTERNATIONAL ACTIVITY

In 2013, a large number of ENAV experts from the various areas and functions of the company have been engaged in an intense international effort to defend the corporate interests on the institutional tables of ICAO, EUROCONTROL, CANSO, the European Commission, and in industrial processes through investments such as SESAR JU, EGNOS for ESSP, bilateral cooperation programmes with the FAA and NAV Canada, or multilateral ones with other service providers such as A6, BLUE MED, multi-stakeholder programmes for the development of technological systems, such as Coflight and 4-FLIGHT or with industrial players for the airborne element, such as Airbus, Boeing, Lockheed Martin, Raytheon and Thales.

In the European context, ENAV is committed at all levels and on various institutional and industrial tables to ensuring consistent and effective development of the ATM industry to achieve the objectives of the Single European Sky.

In this context, the proposal from the European Commission last June, on the amendment of the regulations that define the Single European Sky (SES), is only the first step in a long process that is likely to last until the end of 2014. The elements that characterise the change in these regulations include:

- Performance: the *performance scheme* is a cornerstone of the SES and it is possible to share its future evolutions aimed at improving the efficiency and transparency of the European system;
- Improving the efficiency of services ("*unbundling*" of support services);
- Industrial partnerships that enable the development of the current FABs with a more flexible and operational approach, while at the same time facilitating the creation of industrial cooperation outside and between FABs;
- Strengthening the role of the network manager to carry out the functions related to operations which bring an added value in terms of operational efficiency and economic benefits if managed at the network level;
- Role of the European Aviation Safety Agency (EASA) and institutional framework to supersede the current European framework which is characterised by overlapping and duplication (European Commission, EASA, EUROCONTROL, Network Manager, Deployment Manager, etc.).

Still in Europe, also thanks to Enav contribution, Italy is confirming its position as the first country to receive European funds for the Trans-European Transport Networks (TEN-T). The proposals developed in coordination with the group A6, ANSP IDP Implementation and Accelerate the Deployment of Advanced FDP Capabilities in Europe were in fact selected last July by "TEN-TEA" – the executive agency for the transport network – in the context of the TEN-T Multi-Annual Programme 2012, for co-funding exceeding a total, for the A6 group, of 60 million euro and extending to the end of 2015.



This recognition has enormous value for ENAV, the A6 group and the role of the European ANSPs in the panorama of the ATM from the technical, economic, and last but not least, strategic perspectives.

From a technical perspective, both initiatives selected by the European Commission are intended to have a significant impact on future operational systems in order to support the implementation of the SESAR programme and the objectives of the Single European Sky. With European funding the ANSPs involved in the project coordinated by NATS "Accelerate the Deployment of Advanced FDP Capabilities in Europe" will be able to align their systems of Flight Data Processing (FDP) through a Service Oriented Approach (SOA), which provides in real-time a complete picture of air traffic with an accurate prediction of future events, enabling controllers to plan their flight plans further ahead.

The project "ANSP IDP Implementation", coordinated by ENAV, will transfer European funds to activities for the coordination of ANSP members of the Interim Steering Group (IDSG) to support the activities for the implementation of the technical and operational concepts aimed to the synchronised realisation of the "baseline" activities of Deployment of the SESAR program, as defined in the Interim Deployment Programme (IDP).

From an economic perspective, the co-financing allocated by the European Commission will facilitate the implementation of projects whose investments had already been planned by ENAV, ensuring both their realisation and the opportunity for ENAV to invest in additional international programs and projects.

The co-financing amounts respectively to 50% of the total budget for an exceeding amount of 6 million euro, of which more than 1.5 million are allocated to ENAV for "Accelerating the Deployment of Advanced FDP Capabilities" and 20% of the total budget, 52 million euro, of which 2 million euro allocated to ENAV for project implementation and coordination activities for the "ANSP IDP Implementation".

From a strategic perspective, the selection of the two proposals made by ENAV further confirms the sound choice of industrial partnership for the transformation of European ATM. The interoperability of FDP systems is, in fact, an excellent example of collaboration between the ANSPs to drive the conversion of European ATM to the new technical and operational concepts developed in SESAR programme.

During 2013, ENAV has maintained positions of responsibility in the international arena, including that covered by the CEO as Chairman of the Network Management Board, the entity that manages the Network's functions (one of the pillars of the European Single Sky) and the role of Full Member of the Executive Committee of the Global CANSO Company.

The role of Chairman of Strategy Board for International Strategies Functions of A6, the alliance between the major European service providers was also added (ENAV together with DSNA, DFS, NATS, AENA and the union of ANSP north-European NORACON). In 2013, the A6 group strengthened its alliance to ensure the coordination of the strategy in the Sesar Joint Undertaking, as well as to support the harmonisation of the planning for the ATM future system implementation. This initiative brought an important implementation of the common interest areas and of the adoption of the governing structure able to give the group a stable and solid structure.

During 2013, ENAV, together with ENAC, successfully continued to coordinate the creation of the

functional block of the air space (FAB) **BLUE-MED** in the strategic Mediterranean area A project promoted by ENAV and funded by the European Commission for a total 2.83 million euro. The activity has been performed with the full support of the Italian Republic and with the participation of Greece, Malta, Cyprus, Tunisia, Egypt, Albania and Jordan.

The BLUE MED FAB aims to facilitate the achievement of the optimum level in terms of capacity, efficiency and performance in the air space services according to Article 3 of the Agreement of the States belonging to the FAB, maintaining or improving the current safety levels in line with the "European Air Traffic Management Network (EATMN)".

During the 4<sup>th</sup> Governing Board held in November 2013 and organised by the Ministry of Infrastructure, Transport and Communications of Malta, important decisions and action plans were approved, such as the Implementation Plan, which provides for the development of the activities of the FAB in six thematic areas and will be subsequently shared with the European Commission, a mechanism for co-ordination at the FAB level of the observations of the members of the BLUE MED in relation to the items on the agenda at the Single Sky Committee and the Provisional Council of EUROCONTROL, the Centralised Services, the framework for the involvement of non-EU countries in the activities of the FAB and cooperation with other adjacent FABs.

## TECHNO SKY

Techno Sky, again in 2013, has oriented its management to achieving the objectives set at the beginning of the year with ENAV, such as: participation in the Enav's strategic effort to improve the safety and quality of flight services, with a simultaneous focus of cost efficiency; a reduction of maintenance costs by 1.5% implemented in 2013; a focus on projects entirely achievable with the internal resources of Techno Sky. The achievement of these objectives by Techno Sky has led to both a reduction of external costs associated with projects, with a decline of external costs by 16%, and to the reduction of maintenance costs incurred by ENAV, thereby closing the financial statements 2013 with a profit of 556 thousand euro. Techno Sky is an increasingly important asset in order to achieve the ENAV's goals, and these results demonstrate the process of its consolidation among the Group's companies.

Regarding the service indicators related to the global maintenance contract of ENAV's operational plants, that is the authentic mission and therefore the "reason of being" of Techno Sky, in 2013 there was a maintenance of the good level of technical performance, both related to the management and the hardware maintenance of the ATC and of the systems and the software maintenance, in its several types (corrective, adaptive, evolutionary).

With regard to *software* and in particular to the number of adjustments, it recorded, compared to 2012, an increase of the activity volume (866 compared to 847 of 2012) and a slight increase of the working average time of 34 days.

Therefore, with regard to the hardware maintenance, measured by the indicator DTIS (Intrinsic Technical Availability of the System) introduced in the new ATC maintenance contract records measured values at year-end that meet the contractual maximums. In particular it should be noted that the final number of incidents shows an increase over the previous year (5,719 compared to



4,112 in 2012), and a decrease in the average time to resolution of the incident expressed in minutes (48.2 compared to 53.6 in 2012).

In the month of March 2013 the Techno Sky Business Plan was approved, which sets out the company's strategy for the period 2013-2016 on the basis of the strategic direction indicated by ENAV in its Business Plan. The Master Plan of activities, derived from the above Plan, has scheduled a series of projects, some of which are already in progress.

From the point of view of the corporate governance, it should be noted that the governance model adopted is the traditional one with the provision by the Articles of Association of a CEO or a Board of Directors, consisting of no more than three members, and a Supervisory Board with three members.

The Shareholders' Meeting of 19 July 2013, subject to the amendment of the Articles of Association with the inclusion of the rules stipulated in the field of gender balance as well as the criteria and procedures for the appointment of officers of the company directly and/or indirectly held by public authorities and the conditions of ineligibility and forfeiture of the same organs, renewed the appointment of the CEO up to the date of approval of the 2013 financial statements. The Board of Directors met 4 times in 2013 with the Supervisory Board of the Company at appropriate meetings. The Supervisory Board of Techno Sky consists of 3 members and 2 deputy members appointed by the shareholders who hold office for 3 years and may be re-elected. The Supervisory Board was appointed by the Meeting of 19 July 2013 for the period 2013-2015 and met 7 times in 2013.

The statutory audit is performed by an independent auditor, appointed by the Meeting of 19 July 2013 for the period 2013-2015.

Under Article 22 of the Articles of Association, Techno Sky has a manager in charge of preparing the corporate accounting documents.

The regulatory body provided for by Legislative Decree. No. 231/2001, is collegiate and consists of 2 members, one external and one internal to the group. During 2013, the regulatory body of the Company met 3 times.

## THE POSITIVE JUDGEMENT EXPRESSED BY THE COURT OF AUDITORS

In December 2013, the Court of Auditors presented the report regarding the financial audit of ENAV's management in 2011 and in the first months of 2012 to The Parliament, expressing a positive opinion and highlighting that ENAV is one of the most efficient service providers in Europe, both in operations and in profit, even under the new EU performance scheme.

The Court of Auditors believes that in 2012, despite operating in a very difficult environment characterised by a sharp drop in air traffic and strict new EU rules, ENAV has been able to put in place the management actions that have enabled it to maintain a significant operational and economic performance.



## MARKET TRENDS

For all the countries of the Eurocontrol area, 2013 has been characterized by a general change in the trend of activity of demand for traffic control, with an increase in volumes compared to the previous year. The positive result is due to a slight recovery in demand that began in April and has gradually consolidated in the last months of 2013.

The en-route service units (\*) produced in 2013, compared to the previous year, have in fact registered a rise of the traffic volume equal to +2.2%.

With regard to the en-route service units of the main European providers, positive results were observed for France (+2.2%), the UK (+ 1.5%), Germany (+ 0.5%) and the substantial invariance recorded from Spain should be noted, which is marking time with + 0.0%.

Although it is not part of the group of the top five European providers, it seems appropriate to highlight the results achieved this year from Turkey, which saw an increase in air traffic of 8.4%. With regard to Italy, the demand for en-route traffic saw, at the end of 2013, for the third consecutive year, a decrease in service units, which amounted to -0.3% compared to the previous year.

Total en-route traffic service unit (**)	2013	2012	Variations n.	%
France	17.899.945	17.515.047	384.898	2,2%
Germany	12.569.982	12.513.068	56.914	0,5%
Great Britain	9.754.933	9.607.736	147.197	1,5%
Spain	8.447.044	8.443.969	3.075	0,0%
Italy (***)	8.117.393	8.139.130	(21.737)	-0,3%
<b>EUROCONTROL</b>	<b>116.097.048</b>	<b>113.602.206</b>	<b>2.494.842</b>	<b>2,2%</b>

(\*) Traffic for overflying the Italian airspace with or without stopping.

(\*\*) "service unit" is the measuring standard used by Eurocontrol to determine the value of the service rendered and is obtained.

(\*\*\*) Excludes the xempt traffic not communicated to Eurocontrol.

## TRAFFIC ANALYSIS IN ITALY

### EN ROUTE TRAFFIC

The en route traffic in Italy, as reported by Eurocontrol, shows a decrease in the number of service units equal to -0.3% compared to a decrease in the number of flights handled equal to -2.5%. The latter figure, also included by the category of flights "Exempt not communicated to Eurocontrol", shows an overall decrease in the order of movements assisted by -3.2%.

En route traffic (number of flights)	2013	2012	Variations n.	%
Domestic	336.720	357.138	(20.418)	-5,7%
International	1.321.457	1.337.509	(16.052)	-1,2%
<b>Total Billed</b>	<b>1.658.177</b>	<b>1.694.647</b>	<b>(36.470)</b>	<b>-2,2%</b>
Military	41.559	45.396	(3.837)	-8,5%
Other exempt	28.061	32.643	(4.582)	-14,0%
<b>Total exempt</b>	<b>69.620</b>	<b>78.039</b>	<b>(8.419)</b>	<b>-10,8%</b>
<b>Total communicated by Eurocontrol</b>	<b>1.727.797</b>	<b>1.772.686</b>	<b>(44.889)</b>	<b>-2,5%</b>
Exempt not communicated to Eurocontrol	94.507	109.638	(15.131)	-13,8%
<b>Overall total</b>	<b>1.822.304</b>	<b>1.882.324</b>	<b>(60.020)</b>	<b>-3,2%</b>

En-route traffic (service unit)	2013	2012	Variations n.	%
National	1.719.246	1.869.150	(149.904)	-8,0%
International	6.253.139	6.104.165	148.974	2,4%
<b>Total billed</b>	<b>7.972.385</b>	<b>7.973.315</b>	<b>(930)</b>	<b>-0,0%</b>
Military	133.248	152.759	(19.511)	-12,8%
Other exempt	11.760	13.056	(1.296)	-9,9%
<b>Total exempt</b>	<b>145.008</b>	<b>165.815</b>	<b>(20.807)</b>	<b>-12,5%</b>
<b>Total communicated by Eurocontrol</b>	<b>8.117.393</b>	<b>8.139.130</b>	<b>(21.737)</b>	<b>-0,3%</b>
Exempt not communicated to Eurocontrol	5.594	6.284	(690)	-11,0%
<b>Overall total</b>	<b>8.122.987</b>	<b>8.145.414</b>	<b>(22.427)</b>	<b>-0,3%</b>

In particular, the composition of the traffic route was characterised by:

- International commercial (paying) traffic with a sharp increase (+ 2.4%) in terms of units of service in the face of a decrease in the number of flights assisted (-1.2%). Within this category, a significant contribution to a positive result for the Service Units (SU) was made by the over flight traffic trends (+ 4.9% SU; Flights + 3.6%), having been aided in part by the increase in connections Europe – Asia which was 15% higher than the previous year. This contrasts with the result regarding the component of traffic to and from Italy, for which there has been a decrease in the number of flights (-2.1%) in the face of a moderate growth of service units (+ 0.4%);
- National commercial traffic presenting a result of - 8.0% in terms of service units and -5.7% in

the number of assisted flights. This result is mainly due to the continuing economic crisis for some time affecting the air transport sector, the difficulties experienced during the year by the largest domestic carrier and, not least, the growing competition from high-speed trains.

- Exempted traffic (the cost of which is borne by the government) divided into:
  - Exempted traffic notified by Eurocontrol which recorded a decrease of -12.5% in service units and -10.8% in the number of flights assisted, mainly due to the decline in military activities;
  - Exempted traffic not notified to Eurocontrol, for the residual percentage of revenues, showing a loss of -11.0% of service units and -13.8% of the number of flights assisted.

## TRAFFIC ON TERMINAL

After the negative result recorded in 2012, also for 2013 the terminal traffic notified by Eurocontrol indicates, at year end, an overall decrease of -3.7% in terms of service units and -6.1% in terms of flights assisted compared to the previous year. This result is mainly due to the declining share of the national pay component, that, at the end of the year, showed a decrease of 7,6% ,in terms of service units, and of 9,1% in term of flights assisted. The international component also finished with a slight decrease (- 0.7% in service units and - 2.8% in assisted flights).

The negative data reported above, referring in particular to the national air traffic, is a result of the important decrease in volume of flights registered for all the main Italian airports with the exception of Catania, which has enjoyed a recovery in traffic after the downturn of 2012 as a result of the cessation of operations of Wind Jet, the majority carrier operating at the local airport.

Traffic at terminal (*) (No. of flights)	2013	2012	Variations n.	%
Domestic	300.938	331.003	(30.065)	-9,1%
International	399.499	411.028	(11.529)	-2,8%
<i>International EU</i>	312.597	323.418	(10.821)	-3,3%
<i>International Outside EU</i>	86.902	87.610	(708)	-0,8%
<b>Total Billed</b>	<b>700.437</b>	<b>742.031</b>	<b>(41.594)</b>	<b>-5,6%</b>
Military	18.398	20.185	(1.787)	-8,9%
Other exempt	15.701	19.876	(4.175)	-21,0%
<b>Total exempt</b>	<b>34.099</b>	<b>40.061</b>	<b>(5.962)</b>	<b>-14,9%</b>
<b>Total communicated by Eurocontrol</b>	<b>734.536</b>	<b>782.092</b>	<b>(47.556)</b>	<b>-6,1%</b>
Exempt not communicated to Eurocontrol	64.323	71.570	(7.247)	-10,1%
<b>Overall Total</b>	<b>798.859</b>	<b>853.662</b>	<b>(54.803)</b>	<b>-6,4%</b>

(\*) Traffic includes activities within 20 km from the landing and take-off runway

Traffic at terminal (*) (No. of flights)	2013	2012	Variations n.	%
Domestic	336.011	363.656	(27.645)	-7,6%
International	506.886	510.365	(3.479)	-0,7%
<i>International EU</i>	356.825	359.837	(3.012)	-0,8%
<i>International Outside EU</i>	150.061	150.528	(467)	-0,3%
<b>Total Billed</b>	<b>842.897</b>	<b>874.021</b>	<b>(31.124)</b>	<b>-3,6%</b>
Military	8.508	8.819	(311)	-3,5%
Other exempt	3.517	4.836	(1.319)	-27,3%
<b>Total exempt</b>	<b>12.025</b>	<b>13.655</b>	<b>(1.630)</b>	<b>-11,9%</b>
<b>Total communicated by Eurocontrol</b>	<b>854.922</b>	<b>887.676</b>	<b>(32.754)</b>	<b>-3,7%</b>
Exempt not communicated to Eurocontrol	4.579	5.145	(566)	-11,0%
<b>Overall Total</b>	<b>859.501</b>	<b>892.821</b>	<b>(33.320)</b>	<b>-3,7%</b>

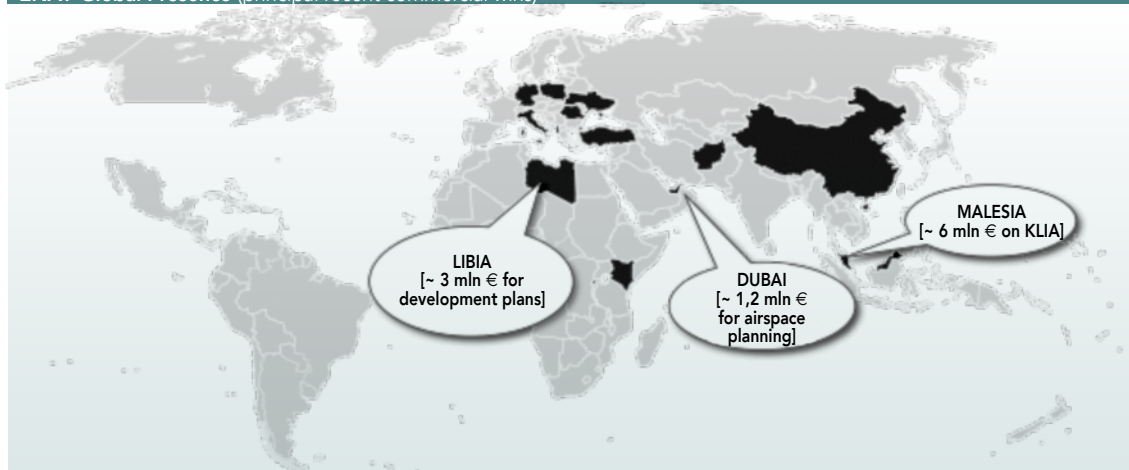
(\*) Traffic includes activities within 20 km from the landing and take-off runway

## COMMERCIAL ACTIVITIES IN DOMESTIC AND FOREIGN THIRD MARKETS

In 2013, the ENAV Group achieved significant results in terms of sales and contracts awarded, about 5.4 million euro, making it one of the main international competitors.

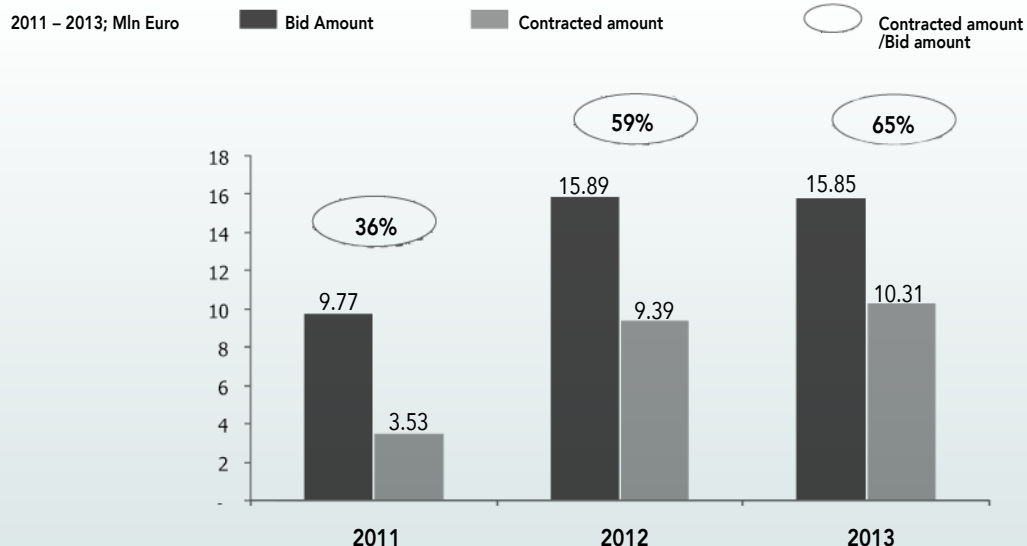
Today, the ENAV Group has gained commercial contracts in more than 20 countries, providing services of Aviation Consulting, Training, Flight Inspection and engineering on a global scale.

### ENAV Global Presence (principal recent commercial wins)



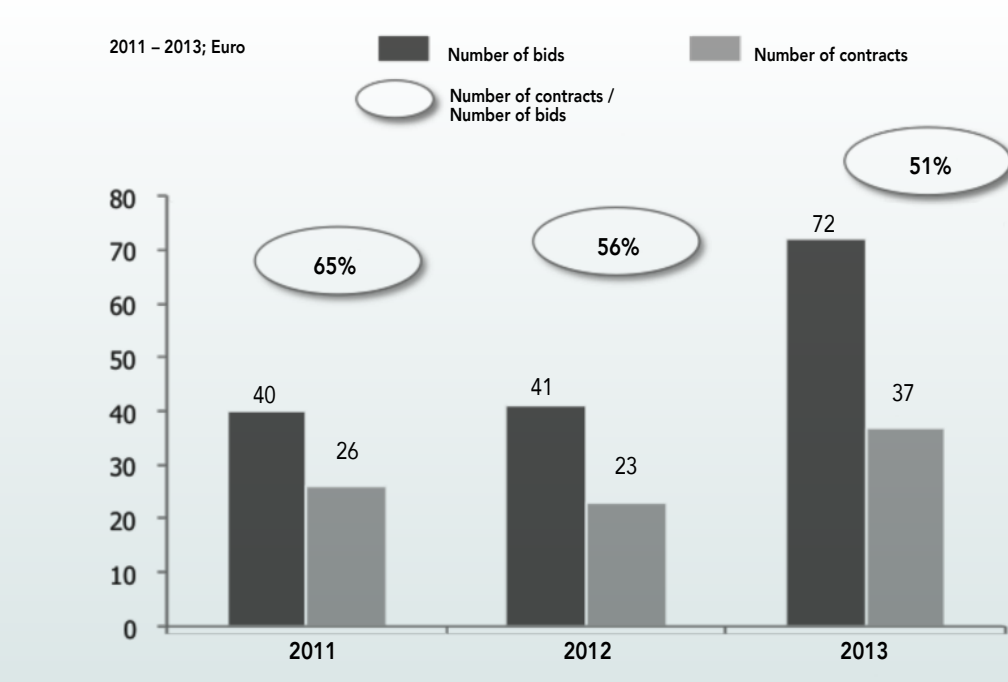
The acquisitions in 2013 confirm a trend of contracted value compared to offering growing steadily from 36% in 2011 to 65% in 2013.

### Bid and contracted amounts



In this last year the "offering" capacity has been further increased; offers for ENAV alone have increased from 41 to 72, of which 51% acquired.

### Number of bids and contracts





The most significant commercial activities in 2013 has been a major support programme to Libyan Civil Aviation and one to Dubai Airport to develop and integrate the Dubai World Central Airport, the most ambitious airport project in the world, into the air space of the Emirates. Both orders in addition to their economic scale offer the ENAV Group a strategic market positioning which is of great importance for future commercial developments.

## INVESTMENTS AND RESEARCH

### THE INVESTMENT PLAN

The Investment Plan, updated annually through a remodelling that takes into account the operational needs of the current year and of the business financial situation, expected, for the period 2013-2015, an overall commitment for the three-year period equal to 383 million euro.

The Investment Plan aims to ensure that the assets to support the air traffic management services in the Italian territory are: i) coherent with the technical, economic performance targets needed; ii) in compliance to the qualitative and performance objectives established in the national and international environment by the regulatory bodies of the Industry; iii) in line with the evolution of the technological platform and with the newly defined and developed operative concepts in the European ATM network. The most relevant burden on the investments entered in the plan is represented by the set of actions with regard to the operative technological infrastructure, as these directly determine the core business activities in terms of efficiency, economy and safety of the management services of the air traffic.

Through the planned action during the three-year period ENAV aims to maintain the primary position obtained in the European air transportation thanks to the important investment policies previously sustained that developed the system and the technological innovation of the flight assistant services and have anticipated the vision of the new Air Traffic Management network (ATM) that is permeating the international reference scenario.

The Investment Plan 2013-2015 is linked with the economic effort already supported by ATC for the previous development plans, which produced substantial increases in business continuity, flight safety and facilities, service efficiency and quality in the Operating Environments. Through them, ATC has in fact ensured seamless upgrading and technological innovation of systems to support the flight assistant service, and has maintained the high standards currently in Europe, gaining positions in the international context. The policies supported by strong growth in previous years have not only been operationally effective and profitable, but have, also to a large extent, anticipated the "vision" of the new ATM network that is permeating the international reference scenario.

The plan 2013-2015, implemented during a negative international trend, with a decrease in the air traffic and the introduction of a new European Performance Plan, dictates a containment of

the costs, especially focused during the first year, with regard to the essential interventions of the Operative Area related to the adjustments of the new regulations, to the completion of the technology innovation programs started in the last two years in agreement with the European roadmaps, to the evolution of the national ATM system, currently in operation, toward the new common European platform according to the SESAR program, through a gradual and harmonised growth continuing to provide services and strengthening the procedures of the system and of the air traffic spaces, using the technological solutions, in order to increase the service capacity and the environmental safety.

During the period between 1 January – 31 December 2013 about 135 million euro were invested in new programs. Some of the most important ones activated with these investments are:

- The realisation of the first instalment of the new platform 4-flight;
- The automation of operations for the Tower at Bologna;
- Software changes for the reorganisation of the national airspace;
- Modernization and implementation of radio assistant systems;
- The adaptation of airport weather systems to ICAO Amendment 74;
- The construction of new Data Link functionality;
- Modernization of radio centres of Palermo Airport;
- The implementation of the Airport CDM at Venice and Milan;
- The new acquisition and processing platform of obstacle maps;
- The realisation of the CBO at Fiumicino;
- The modernization of the multilateration system at Linate;
- The implementation of the windshear system at Palermo.

## RESEARCH

Integration, standardisation and interoperability of processes form the basis for the major operational and technological changes for optimal use of existing capacities. These new objectives imposed by the SESAR program to meet the current service fragmentation for the air traffic control, make it necessary to implement complex international programs and to plan important investments. In this matter, we report below several major ENAV projects:

### SESAR

The SESAR program aims to give to the European Union an efficient air traffic control infrastructure able to guarantee the development of air traffic on a secure basis while respecting the environment and with the interoperability of the characteristics between all European air transport carriers, there are now 310 projects in the executive phase. ENAV is involved in 85 projects of which 15 as a leader. With ENAV also the subsidiary companies Techno Sky and Sicta participate in the program and from 2010 the LVNL Consortium too, made up of the Dutch service provider LVNL and of the NLR research centre nominated associated Partner. From the economic point of view, the





contribution of ENAV's companies, made up of human, technological and infrastructural resources is of about 71 million euro co-financed by Sesar Joint Undertaking for 50% of the contribution itself. The SESAR Programme, having reached the peak of production, is slowly entering its final stage, which saw in 2013, and will see over the next three years, the various on-going projects cease activities, to be followed by new Research & Development initiatives instantiated within the Programme SESAR2020, natural extension of the SESAR Programme, which has as its horizon the years 2015-2024.

Furthermore, The year 2013 saw the conduct by the SESAR Joint Undertaking of a major process of reallocation of resources (BAFOI/II reallocation) and the launch of a limited number of new activities (BAFOIII), which ended with the decision of the Administrative Board of 12 December 2013 to accept the proposals submitted by members of the SJU. Since January 2014, the proposals have been implemented in individual projects, while the new activities of BAFOIII will be launched, which should commit certain resources progressively released by the BAFOI/II projects in the process of closing in order to maintain an almost unchanged level of resources committed to the SESAR programme between 2009-2016 and 2015-2024.

The 2013 overall trend has confirmed the significant involvement of the Company in the SESAR programme, in line with the expectations of the SESAR Joint Undertaking (SJU), gaining recognition from both the partners and the SJU.

## ATC FULL DATALINK (AFD)

With regard to the demonstrative projects of the SESAR program, ATC Full Datalink (AFD) proposed to create an operation scenario to manage a certain number of commercial flights in the continental air space where all the contracts for the information exchange and instructions related to the flight in the controlled air space are done through datalink. The goal is to show that the technical capacity of the ATM system can evolve toward a SESAR's future operational concept, where the ground and on-board systems will exchange data without the necessary intervention of the controllers and of the crew via radio.

Last December, the final test phase was successfully completed of the Demonstration Project ATC Full Datalink in the Testing Hall (PSA) in Rome ACC. The AFD version of the LinkIT system allowed controllers to conduct simulated flights from the cockpit of the Airbus 320 simulator installed in Toulouse, using only datalink message exchanges for all phases of the flight. For the occasion, the exercise was also attended, along with the ENAV controllers, by controllers from the UK provider NATS, and the piloting of the simulated flights from the cockpit, an exact replica of the operational aircraft, was provided alternatively by pilots made available by the companies Air France and Easy Jet. The project, co-financed 50% by the SESAR Joint Undertaking and worth about 3 million euro, sees ENAV making a commitment of approximately 800 thousand euro as coordinator of a group of companies which includes NATS, Airbus, Boeing, Easy Jet, Air France, SITA and Selex-ES. The group has also recently been joined by the Airline SAS. After the experimental phase, from February the system will be used by Air Traffic Controllers, in "shadow-mode", to effectively exchange flight instructions with the pilots on board in some real commercial flights. The demonstration

phase will close at the end of April 2014, and the project will be completed in June 2014 with the delivery of the final report on the demonstrations and the organisation of a workshop for the official presentation of the results obtained.

In November 2013, the **WE-FREE** demonstration project coordinated by Air France was successfully completed, to which ENAV made a small contribution of 60 thousand euro; the project has experienced significant media coverage of the results in terms of possible fuel savings and reduction of harmful emissions, demonstrating the practical feasibility of direct routes for flights between France and Italy on public holidays where there is less intense traffic. Air France, given the results obtained, would be highly interested in extending the project with a new demonstration campaign in the spring of 2014.

## MEDALE

In September 2013, the project Medale (Mediterranean Detect & Avoid Exercise Live) was launched, in which ENAV is participating with Alenia Aermacchi, TAS and Selex-ES, a project lasting two years, in which ENAV is involved in processing scenarios, in the analysis of the aspects of safety and security, in the study of the technical aspects, in the support for validation activities and in the preparation and execution of flight tests. The total cost for ENAV is about 200 thousand euro co-financed 50% by the SESAR Joint Undertaking.

The project involves the use of the aircraft RPAS Sky-Y, from Alenia Aermacchi, with equipment making it possible to represent a typical use in medium-altitude, long range, that in the future will enable it to fly outside the segregated airspace. The scenario envisages the start of operations by an Italian airport (Decimomannu) and at least one flight segment will be within a portion of space controlled by ENAV.

## COFLIGHT

In line with SESAR, Coflight, the flight data processing system (FDP) of new generation created thanks to the collaboration between ENAV, DSN and Skyguide, today is considered by the ATC European community as the first concrete example of the European Single Sky and is identified by SESAR itself as one of the most important elements that will allow the realization of the baseline for the benefits produced. The program roadmap foresees four incremental main versions: from 2014 Coflight will be integrated in 4-flight, the future ATM en-route system of ENAV and will enter in force in 2018.

Based on the eFDP specifics of EUROCONTROL, Coflight represents an authentic step forward in an operation and technology level. It provides high level functions such as the forecast in 4D (calculated considering the aircraft weight at take-off, the regulation of the users and the pilot intentions), a new interoperability mechanism based on the Flight Object exchanged with other ATSU (Air Traffic Service Units) and the integration with datalink services.

Its open and modular architecture based on a standard middleware guarantees for a long time a



high scalability of the Product and the capacity to be innovated through the introduction of new services with the aim to regularly supply the users of the air traffic the best performance and to support the future operation concepts that will be defined by SESAR.

#### **4-flight**

Based on the outstanding results obtained by their cooperation in Coflight, ENAV and DSNA increased their collaboration starting a long-term program called 4-flight, a common system of air traffic control (ATC) to comply with the SES regulations to facilitate and accelerate the implementation of SESAR Implementation Package 1 and facilitate the integration of the successive implementation packages 2 and 3.

The 4-FLIGHT programme is divided into two main phases over a period of time that extends until 2020.

The “basic” version of system that will be delivered in the first phase, and will become fully operational in 2018, will be perfectly aligned with the SESAR requirements: in particular 4-Flight will implement an architecture that can integrate key operational concepts such as gate-to-gate through the enhancement of the services of air traffic management in the route, terminal and approach areas with significant benefits for users, also forming the basis of the industrial platform for the validation of research results from SESAR.

In phase 2 of the Target System, the evolution of the “basic” version will allow full alignment with the new Operational Requirements introduced by SESAR by 2020.

This “open” architecture will also enable rapid integration of the SESAR results by putting into operation a system based on common operational concepts. The 4-Flight system will ensure optimal performance in terms of safety, capacity, environmental impact and cost efficiency for ENAV and DSNA, thereby helping to improve significantly the performance of the whole European network. In the course of 2013, ENAV has awarded the tender for the implementation of 4-Flight, the development of which will be launched in 2014.

#### **EGNOS – ESSP (EUROPEAN SATELLITE SERVICES PROVIDER)**

ENAV is member of the company under French ESSP SAS and with AENA, DSNA, DFS, NATS, Skyguide and NAV Portugal is committed to the commercial management of the EGNOS system operations (European Geostationary Navigation Overlay Service). This system aims to improve the GPS signal on the European and neighbouring area in order to be able to use it in aviation and other modes of transportation for “safety of life” (SoL). EGNOS is owned by the European Union, which requires control of the programme by the European Commission (EC).

The EC is in turn supported by the GSA in service management, which takes place with the involvement of a selected Service Provider and ESA (European Space Agency) for the activities of technological evolution. The technical development of the EGNOS system was completed in 2006 and, after its certification under the SES (Single European Sky) standards on interoperability (reg.

552/2004), on 2 March 2011, has been declared fit for SoL aeronautical purposes by the EC.

The system is able to increase airport capacity allowing landings in poor visibility conditions also in airports not equipped with ILS or when this is not available. Moreover, EGNOS supports the continuous descent and/or curvilinear approach allowing time and cost savings, as well as environmental benefits (less emission and acoustic pollution). ENAV, in addition to its shareholding, (16.67%) in ESSP SaS, the company that was awarded in 2013 the tender from the EC for the exclusive supply of the EGNOS service until 2021, manages, under a contract with ESSP, the exercise of the EGNOS Mission Control Centre at Ciampino and 2 RIMS stations at the ENAV sites at Ciampino and Catania.

### **ERATO INTEGRATION PROGRAM OF a MTCD (Medium Term Conflict Detection) tool in the Italian Airspace.**

In autumn 2012 ENAV started the ERATO (En-Route Air Traffic Organizer) integration program: an instrument that supports Controllers in the air traffic management identifying potential conflicts and highlighting the elements to take into account for its solution.

ERATO is therefore to be considered as a set of cooperation tools, projected to support the controller that is still the main actor in the management process of potential conflicts, making decisions in a secure and efficient way.

The new software will naturally be associated with adequate work methods and a functional presentation (HMI). The operational concept has been defined in recent years through research and real-time simulations by DSNA and the system algorithms have undergone a significant process of validation including on real traffic.

The ERATO integration program has the objective to introduce the supplied services from ERATO in the Italian legacy System in order to increase the safety and performance level of the air traffic control operations in the national ACC for the en-route segments.

The programme is divided into two phases.

Phase 1, already completed, has seen the validation of new operational concepts introduced by ERATO through the involvement ab initio of controllers from the four national ACCs as end-users. Another element of considerable importance was the verification of the compatibility of the prediction of trajectories produced by the flight data processing system (FPDS) against the needs of ERATO. Also during Phase 1 an adequate validation platform has been created, thanks to which the controllers have been able to perform activities of testing and verification. Validations carried out during the spring of 2013 were performed in the simulations and tests hall of the ACC in Brindisi.

The objective of Phase 2 will be full integration of ERATO in SATCAS and the introduction of the new system in the operating environment during 2014 in the first ACC and later in other Centres.



## ENVIRONMENT

The company's Green Policy has the goal to proactively contribute to the reduction of the environmental impact related to flight operations and to lowering the environmental impact of the Company through efficiency and fuel economy in the service of the realisation of its "core business".

### GREEN POLICY IN OPERATIONS

Ensuring the highest levels of operational safety (safety) and quality of service (ATC capacity and punctuality), even for the period 2014-2016, ENAV has defined its own Flight Efficiency Plan (FEP), as already done for the period 2012-2014.

In order to support the Airspace Users in search of operational procedures to reduce the environmental impact of flight operations, fuel consumption and thus emissions of greenhouse gases, the FEP of ENAV defines and collects the actions planned for optimization, at the horizontal and vertical levels, of the trajectories which can be planned in flight and the further reduction of the time for aircraft operations on the ground.

With regard to the environmental objectives that must be pursued on a national and European level, the contribution deriving from the implementation of FEP of ENAV is really important. In fact, the realization of the programmed measure is monitored by NSA/ENAC and at the end of the first applicability period of the Performance Scheme (2012-2014), the output related to the FEP can be considered as useful a contribution to fight climate changes.

In spite of the contraction of assisted air traffic, the foreseen actions for 2013 of FEP are carried out and in some cases anticipated, in all the foreseen intervention areas: *"En-Route – Air space planning and usability of the ATS network"*, *"TMA – Planning and usage"*, *"Airport operations, e Continuous training of the air traffic controllers"*. The evidence of the measurements implemented during 2013 for the only En Route flight component allowed to improve the flight planning of the airlines operating to/from airports or flying over airspace, both Italian and international, where the ATC services are the responsibility of ENAV.

The optimisations of the horizontal routing, with a decrease of about 285 thousand planned km and the vertical one (more availability without capping bonds) determined, overall, a lesser use of the fuel estimated to be about 1,280 tonnes, with the following reduction of about 4,030 tonnes of CO<sub>2</sub> emissions.

Among the various initiatives, special attention should be devoted to implementing the first phase of the Free Route project, which introduces the availability of almost direct routes of primary usage and interest for overflying air traffic. The effects of this first stage of the project which, from the middle of the month of December 2013, will make it possible for free routing paths to be scheduled during the night and during public holidays and weekends, will be fully appreciable in 2014, when the opportunity to plan the new network will create the possibility for Airspace Users to plan flights

with substantial reductions in the length of the routes previously planned, despite having the same points of entry and exit into/from Italian airspace.

In the domain "TMA" the improvement of ATS routes determined a reduction of the planned distances (-345 km) and a saving of about 950 thousand kg of fuels and over 2,800 tons less of CO<sub>2</sub> emissions in the atmosphere.

The year 2013, finally, saw the completion of the development of the ACDM system (Airport Collaborative Decision Making) and related trials at Fiumicino Airport. The system, which officially came into operation on 4 March 2014, thanks to the optimisation of procedures for turn-round and continuous integration and data exchange between stakeholders (ENAV, the Airport Operator, the Airlines and the Network European Manager) promotes operational management and, on the one hand, helps to optimise management/handling on the ground and the use of airport capacity and, on the other, improves the profitability of the use of air space and, consequently, the management of flows. For Fiumicino, which is already in the trial, it was possible to observe a decrease in taxi times (taxi-timeout) of approximately 800 minutes per day on average.

The actions of the FEP ENAV implemented during 2013, as well as having a value in relation to support for an environmentally sustainable mode of development, have also made it possible to save money for Clients of ENAV, in fact, given indicatively as annual average value representative of the fuel cost an amount equal to 0.72 euro/Kg, except for the airport area, the only actions implemented in 2013 by ENAV brought a potential economic counter value of an overall amount of 1.6 million euro.

## GREEN POLICY IN FACILITIES

In line with the environmental policies launched in recent years ENAV is committed to reducing energy consumption and reducing emissions of greenhouse gases through the provision of facilities for the production of energy from renewable sources. In this way it is aligning itself with the guidelines

of the Kyoto Protocol for the reduction of emissions, but also achieving a substantial reduction in energy costs benefiting from government incentives related to the so-called Energy Account and paid by the Manager of Electrical Services.

The results of 2013 saw the progressive commissioning, after establishment of the control tower of Ancona Falconara, which came into operation a few years ago, of the PV facilities of the control tower and the Centre of Operations at Bari Palese, the Control Centre of the Area of Brindisi, the beacon at Bitonto and the headquarters in Rome, Via Salaria.

The plants, with the exception of the headquarters, have been admitted to the use of incentives. In particular, the updated estimates of the energy produced, the lower release of CO<sub>2</sub> into the atmosphere, the values of economic savings and the incentives are set out in the following table.



Enav Site	Start	Estimated kWh produced	CO2emissions avoided (in tons)	Euro saved	Incentive costs (in euro)
Roma, via Salaria	2013	50.000	21,6	11.000	0
Bari TWR	2012	23.000	9,9	5.060	4.600
Bari P.O.	2012	25.000	10,8	5.500	5.000
ACC Brindisi	2013	12.000	5,2	2.640	2.400
Bitonto	2013	60.000	25,9	13.200	12.000
Ancona TWR	2009	56.465	24,4	12.422	11.293
<b>Total</b>		<b>226.465</b>	<b>97,8</b>	<b>49.822</b>	<b>35.293</b>

In regard, however, to the involvement in separate collection of municipal waste by 2013 this is implemented in over 80% of the business sites in various ways. The duration for completion depends on the availability of the collection service that is specific to each municipal context. In only three sites has internal collection and external transport to the assembly point led to a charge, through not being included in other service contracts.

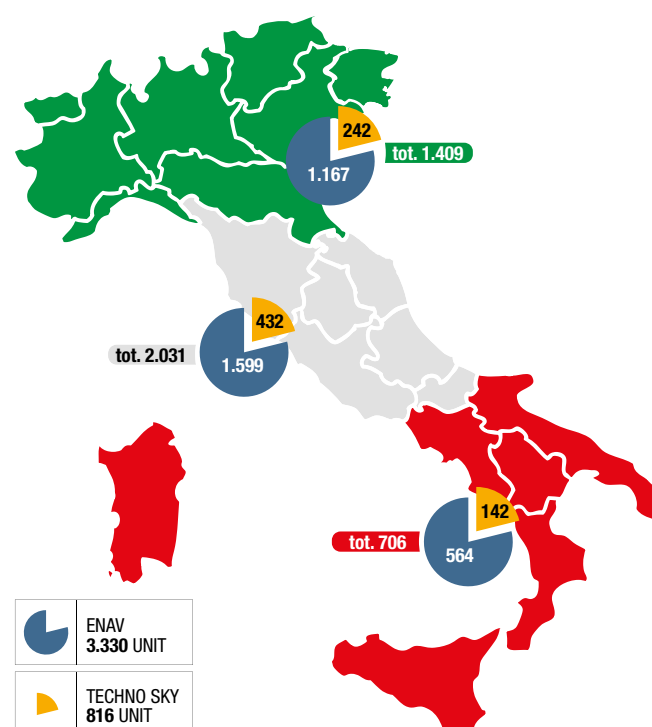
## HUMAN RESOURCES

### STAFF

ENAV is present in all the national territory for the supply of flight assistance services with its own staff that as of 31 December 2013 amounts to 3.330 units. The final overall result highlights an increase of 72 resources compared to the end of 2012.. The increase shows 7 units more than what was planned during the budget review (3,323 units). The turnover management between the recruitments and terminations occurred applying the business procedures for personnel recruitment ("recruitment process and selection CTA and recruitment process and non CTA personnel selection") used according to the art. 18, comma 2, of the law decree of 5 June 2008 and in regard to the principles, even with a community origin, of transparency, advertisement and impartiality.

The subsidiary Techno Sky was added to ENAV on 31 December 2013 with 816 units, 11 units less compared to 2012. The staff of Sicta Consortium amounts to 50 units.

The following chart shows the personnel distribution through the national territory.





## ORGANISATIONAL HIGHLIGHTS

The most significant interventions of 2013 followed the path already started in 2012 by adapting the system organisation to the changing economic environment and have been designed to increase business efficiency, given the transition from the cost-recovery system to the Performance Plan, and implement a structure for an effective governance of the interventions provided in the Industrial Plan 2012-2016, also in view of a progressive development of the business in overseas markets.

At the level of organisational macrostructure, the most significant changes were:

- The setting up of the company ENAV Asia Pacific based in Malaysia and the appointment of the Company's Head of Business Development as CEO;
- The establishment of the Brand Development unit to ensure the spread and development of the brand and image of ENAV in the national and international market, resulting in a reorganisation of the Communication department;
- The setting up of the National Air Transportation Organisations unit as a safeguard for cooperative relations between the company and government agencies, industry associations, foundations and study centres operating in the field of air transport;
- The establishment of the Geopolitical Analysis unit which is to carry out, on the specific mandate of senior management, analysis of geopolitical and cultural studies and competitive intelligence on foreign markets of interest;
- The reorganisation and reallocation of the Academy function to report directly to the Director General, in order to focus more on the core business of training processes and the integration of operational and on-the-job training programmes with training standards and courses provided centrally.

Additional measures included:

- The reorganisation of the Audit function and of the function *Quality and Management Systems* with an extension of their scope of reference to the subsidiaries Techno Sky and SICTA;
- The reorganisation of the unit for Legal Affairs, with the creation of a group responsible for international agreements and one dedicated to institutional relations;
- The reallocation of responsibilities related to management and specialist training from the Academy to Selection and Development of Human Resources;
- The Reorganisation of the Human Resource Management function with partial decentralisation of certain activities relating to the administration and management of non-managerial employees, and the consequent redefinition of the territorial areas of competence of the sectors into which it is articulated;
- The Reorganisation of responsibilities with regard to the protection of health and safety in the workplace, resulting in reallocation, within the function Medical Regulations and Safety at Work, of the roles of delegates of functions under Legislative Decree no. 81/08;
- The reorganisation of the Industrial Relations unit with a view to optimisation of skills related to contract law and obligations regarding the protection of personal details (Legislative Decree no. 196/2003), the labour laws and the obligations relating to labour disputes;

- The institution, reporting directly to the Head of Human Resources, of a Human Resources and Organisation Development function that has taken over the powers previously attributed to the Organisation function and to Selection and Development of Human Resources, apart from the skills related to the Administration of Executives, which have been placed directly under the Head of Human Resources;
- The re-allocation of responsibilities in the field of safety and skills in the field of Security to report directly to the Director General, following the abolition of the function of Safety and Security coordination;
- The institution, in the context of the Operational Area, of the Function of Operating Projects Coordination aimed at monitoring operational projects characterised by high complexity and cross-disciplinary and cross-functional integration;
- The institution, reporting directly to the Area Operations, of the function Licensing, Operations and Programming Application in order to create centralised supervision for all personnel of the Operational Area, for licence management, planning shifts every four months and the training and monitoring of operating parameters for deployment;
- The combination, in the context of the Operational Area, of the functions of Airport Operations SAAV/CAAV and Airport Operations UAAV/NAAV in order to achieve a unitary system of Operating Facilities;
- The reorganisation of the Technical Area taking into account the obligations imposed by existing legislation on public procurement (Legislative Decree no 163/06) and safety in the workplace (Legislative Decree no 81/08), in particular with the institution, reporting directly to the Head of the Area, of the function of Civil Infrastructures and Technological Systems.

## INDUSTRIAL RELATIONS

One aspect of particular importance for the year, with regard to Industrial Relations in ENAV, was the establishment of the Association of Employers ASSOCONTROL (formed by ENAV, Techno Sky and the SICTA Consortium), which has contributed substantially to the signature of the general part of the Air Transport Agreement between the four national trade union federations of employees in air transport (FILT-CGIL, FIT-CISL, UILT and UGL-T) and other employers' associations in the sector (Assaereo, Assaeroporti, Assohandlers and Assocatering) which makes it possible to start a virtuous circle intended to unify the various segments of air transport and harmonise the hitherto different treatments applied in the huge range of business contracts and regulations that have so far been the industry standard, also applying the Protocols signed by the Ministry of Transport on 6 December 2012 and the trade union on 22 January 2013.

In this context, the contribution of the Industrial Relations in ENAV will continue with the drafting of the texts of the Specific Parts of the various companies of the group which, together with other companies involved in the process, will render the Air Transport Sector Agreement definitively effective.

As regards, finally, the issue of labour unrest, ENAV witnessed a very low incidence of strike action both locally (eight hours) and nationally (four hours), which in any case related to a dispute within the exclusive competence of the European Commission.

## HEALTH AND SAFETY IN THE WORKPLACE

The organisation of work safety in ENAV, developed at central and local level, has the task of overseeing its obligations under the Legislative Decree. 81/08 and s.m.i. terms of the competences of the Prevention and Protection and health cheques, including verification of the absence of conditions of alcohol dependence and use of psychotropic substances and drugs, as well as performing routine and special suitability of ENAV's operating personnel.

The organisation structured in this way has enabled effective monitoring of the application of preventive and protective measures adopted and the legislative requirements, proposing time to time the actions necessary to manage any non-compliance.

During 2013, environmental monitoring work continued, such as lighting, noise, air quality, ionising and non-ionising radiation, which may affect the safety, health and comfort of employees. At the same time we have continued monitoring of radon and radiogenic sources, through a planning activity jointly with the Qualified Expert. We have also continued the training and information about occupational risks and update activity/initial training of those involved in emergency management. The training courses relating to fire protection have been carried out in most cases with the Fire Department, and the training of personnel to provide first aid has been carried out in collaboration with physicians competent.

Exercises are carried out annually for the management of emergencies and evacuations, and in order to constantly improve the synergy with the various co-existing ENAV sites, the above exercises, the airport structures have involved all the relevant functions for airport emergencies in particular the fire department, the health service and airport management companies.

We have continued the activities of consultation and involvement of representatives of workers' safety in conjunction with the process of development of a safety culture within the company.

In February 2013, following a feasibility plan drawn up in 2012 for the examination of alcohol dependence and use of psychotropic substances and narcotic drugs, we started the new surveillance system, which is carried out directly at the workplace of the personnel, with surprise inspections carried out by a qualified doctor.

In the course of 2013 we have introduced a specific company procedure regarding the handling of reports of potential risk to Health and Safety in the workplace, whose focal point is the Director of Functions. We have also drawn up a feasibility plan for a new mode of management of medical examinations of mental and physical fitness for the personnel of CTA and FISO, implementing the provisions of the Regulations issued by the Civil Aviation Authority (ENAC) on the basis of European regulations, and all activities necessary as preliminary to implementing this new method for the year 2014 have been carried out.

Finally, we proceeded as usual, with the update of documents for risk assessment and emergency plans by performing periodic inspections and the meetings at production units required by law, with the preparation of special reports that are kept on record.

## RESOURCE DEVELOPMENT

In the course of 2013, in the context of the development of human resources, we consolidated some of the processes initiated in previous years and new tools have been introduced capable of recognising individual merit. Through the methodologies in use it was also possible to encourage the pursuit of the best strategy for the Company.

In particular:

- For management resources we have taken steps to identify and assign individual targets consistent with the guidelines and projects under the Plan and, where possible, across several resources or several functions. These choices have ensured a greater involvement of resources on projects of a more comprehensive scope and made it easier and faster to achieve the target of the company through the instrument of the MBO;
- For executive resources we have built the new bonus system, which, downstream of the actual results of the first MBO (introduced in 2012), has allowed us to grant individual awards. At the same time the new targets have been defined by the individual responsible for applying them, in accordance with the guidelines set out in the Business Plan;
- For non-executive resources we have recorded the results of the assessment of individual performance, which has made it possible to adopt the policy formulated in the previous year. Through these assessments it has been possible to define measures of merit-based policy and development consistent with the actual performance and individual skills.

## TRAINING

The hours of training provided by the Academy during 2013 were in total 140,000 divided as following: 64,500 hours of training ab-initio, 19,900 hours of advanced training, 20,500 hours of continuing training, 22,900 hours of training to external customers and 12,200 hours of language training.

The reduction in hours is primarily due to the transfer of management training to the Human Resources and to the gradual stabilisation of domestic demand of new controllers to be included in operating plants.

The vocational training has seen the introduction of 5 new courses for the qualification of operating instructors (on-the-job instructor) and 3 courses for trainers on Didactic Methodologies, 4 new conversion courses qualifying ACS/RAD, APS/RAD, 4 new courses for the specialisation of the skills of Examiner and Assessor, 5 new courses for the training of Operating Supervisors, 6 new courses for certification as a Weather Technician, Meteorologist, Weather Forecaster and Operator Flight Information Service, 4 new retraining courses for personnel as an AMO FISO operator, 3 new courses for ATM investigator for a total of 411 trainees.

The activities relating to language proficiency of operational personnel have been allocated to the renewal of the skills of the personnel in the operational line and joint personnel training courses in CTA, for a total of 252 CTA.

The training activities made it possible to implement new types of courses which reduced the O-FIS and AME 3 for which certification has been obtained for the training of health personnel in aviation and also to certify and update 7 Training Plans. We initiated procedures for obtaining certification for the training of personnel and the weather training of newly specialised operational personnel of Palermo, Bologna CAAV, Linate SAAV, Pescara UAAV, Florence UAAV, Comiso and Brindisi Acc.

In the training phase particular importance has been given to the introduction of new methods of training, further exploiting the e-learning platform aimed at making optimally homogeneous the input knowledge of Academy course participants ab-initio allowing them to focus more on business simulations. Also in this area we have introduced training modules aimed at speeding up the “corporate citizenship” of the new recruits.

The year 2013 has also been a good year for Academy for the non-captive market.

The number of customers who participated in the training initiatives dedicated to the external market has exceeded 100 persons, in particular:

- 47 from RFI;
- 12 from the ANS agencies of Albania;
- 51 from the Technical Aeronautical Institutes in Ragusa (Besta) and Catania (Ferrarin).

The total number of hours of training provided was above 3,090.

To these must be added the activities 16,080 hours devoted to the design of the training that will be allocated in 2014 to the Malaysian controllers. The objective of this activity is important to develop the skills necessary for Malaysian controllers to operate under the new air service and with the new procedures defined with the start of the third runway at Kuala Lumpur.

The courses developed and delivered for foreign agencies have had and will have a character of high specialisation for both the Albanian ANS providers (operational techniques of management information services) and the Malaysian provider (programme start-up and implementation independent parallel approaches and use of third runway).

For the Aeronautical Technical Institutes 2013 has been a year of consolidation and confirmation of a process started in previous years, which is particularly significant in the training of students who are preparing to enter the world of work.

The following points are also worth mentioning:

- The intensification of the activity in the field of Education Funded by the end of 12 training plans in 2013 saw an economic return for Fondimpresa of about 823 thousand euro;
- The shift in operating from the system ESPER supporting the training Academy, using the start of the HR systems will be able to take full advantage of the benefits deriving from it. To that end we conducted user training in the use of the new system, and the data were converted from the previous system, while we also imposed new requirements for the system to adapt to the new needs that have emerged during the last year;
- Continuation of the work of the second building of the Academy of Forlì, to house simulation technologies and multi-purpose classrooms, with the creation of structures and the completion of the roof of the building and the beginning of the construction works of division of the internal spaces.

## OTHER INFORMATION

### CERTIFICATIONS OF ENAV AND THE GROUP

In June 2013, given the positive outcome of the surveillance activities conducted by the Civil Aviation Authority (ENAC) in 2011-2013, ENAV won the third renewal of the certification "Single European Sky" as a provider of air navigation services. In particular, the CAA undertook 29 audits (7 in 2011, 16 in 2012 and 6 in the first half of 2013), both on the operational entities and on the central structures, during which ENAV demonstrated the continued fulfilment of the requirements laid down in Commission Regulation (EU) No. 1035/2011, on general requirements (competency, technical and operative competency, organisation and management structure, safety management and of quality, security, human resources, financial stability, responsibility and risk coverage, quality of services and requirements about communication) and related to the specific needs of various services provided (ATS, MET, AIS and CNS).

In May 2013, ENAV also received certification from the Civil Aviation Authority (ENAC) as an organisation for the design of flight instrument procedures, under the Rules of Procedure Instrumental Flight.

With regard to the certification of Quality Management Systems and Information Security, on 19 December 2013, the International Organisation of GL DNV Business Assurance has successfully completed the first maintenance ISO 9001 audit of ENAV and Techno Sky and the ISO/IEC 27001 of ENAV. In order to achieve maximum effectiveness of the certification audits and at the same time the maximum economy for the ENAV Group we carried out a combined audit of ENAV (ISO 9001 and ISO/IEC 27001) and Techno Sky (ISO 9001).

On 25 November 2013, Techno Sky has also obtained from DNV GL Business Assurance certification under Regulation (EC) N. 303/2008 of the Commission of 2 April 2008 establishing, under Regulation (EC) No. 842/2006 of the European Parliament and of the Council, the minimum requirements and the conditions for mutual recognition for the certification of companies and personnel as regards stationary refrigeration, air-conditioning and heat pump equipment containing certain fluorinated greenhouse gases.

As for the ISO 9001 certification of the SICTA Consortium, in early 2013, the verification was performed of the conversion by the Certification Body GL of the DNV Business Assurance, at the end of which it issued, on 8 March 2013, the new certificate. On 19 December 2013 there was carried out, therefore, by GL DNV Business Assurance the first maintenance check, thus aligning the expiry date of the certificate with those of ENAV and Techno Sky.

As for the Flight Inspection aircraft fleet, ENAV has been subject to a specific audit to verify the maintenance of the "Certificate of Approval for the company for continuing airworthiness management", the "Certificate of Approval of Maintenance" and "Air Operator Certificate of Employment" for direct flights to carry out surveys and observations, the latter being a precondition for the maintenance of the "Operating licence for work aerial" on flights for surveys and observations.

## PROGRAMME AND STATE SERVICE CONTRACTS /ENAV

With regard to the program contracts and services for the three-year period 2010-2012 and 2013-2015, during the year there were technical interventions between ENAV representatives and the representatives of the national institutions in order to finish the negotiation of aforesaid contracts. Based on what was agreed, the text of the contracts and of the related attachments were consolidated and sent to the CIPE for the final check and the subsequent signatures of the contracts. In regard to the ENAV's receivables from the State, the Company received a large part of the receivables accrued and not cashed in the years 2011-2012 which, during this year, brought the credit of said period from 89.5 million euro to 11.3 million euro.

With relation to the economic performance the Company, even without formalization of the Service Contract and Program, continued anyway to work with the institutions, trying to combine the effective financial and economic requirements with the positions of the Ministry in terms of economic efficiency, new community terms (*Performance Scheme*)

In particular, starting on January 1 2012, the regulatory scheme individuated by the Program Contract and its base mechanism was applied only for the terminal activity, of the single airports served by ENAV, for the en-route activities, of the community performance scheme prescribed by the UE Regulation n. 691/2010 e n. 1794/2006, as modified by the UE Regulation n. 1191/2010.

In particular for this last aspect, two new community regulations 691/2010 "Implementing Rule" and 1191/2010 "Charging Regulation" and the subsequent amendments as well as a "Decision" of 21/02/2011 had drastically adjusted the rate determination system and the economic and operative performance for the community air traffic managers. The calculation model, common to all community countries, as well as the measurement of the performance, will be measured by a technical body called PRB (performance review body) directly controlled by the European Commission.

Considering the importance and the impact of the new community regulation on the national and European air traffic control service in the following years and in consideration of the regulatory limitations that dictate the preparation of a National Performance Plan by the State members, it is clear how the next Service and Program Contracts for the areas and the indexes of economic performance, will have to be better aligned with the directives of the Community Regulation and therefore included in the National Performance Plan.

## MILITARY AIRPORTS

With the transfer to ENAV of the air navigation service of the military airports of Verona Villafranca, Roma Ciampino, Treviso S. Angelo, Rimini Miramare and Brindisi, the Company confirmed in the institutional charts the availability to receive the advanced requests by the control bodies to subentries to the Military Aeronautic in the service supply.

In particular, on the basis of what is defined in the Contract drafting the Programme 2013-2015, ENAV will take on the services at the airports Ciampino and Verona before 1 June 2014; while, at



the airports of Brindisi, Rimini and Treviso, the Company will take over within two years after the signature of that Contract.

Under the provisions of the Programme Agreement, the supply of ENAV of air traffic services to the airports of Brindisi, Rimini and Treviso will be conditional on the exclusion, from Annex "D" of the Agreement, of some so-called low-traffic airports or through the use of a more general work of the rescaling the activity levels of the air navigation services provided by ENAV, such that the charge cost reduction is at least equivalent to the cost of military airports covered by the transition.

Pending the conclusion of the 2013-2015 Contract, the necessary coordination is taking place between ENAV, the Air Force, MIT, MEF and ENAC to allow the transit of the services of Rome Ciampino Airport and Verona Villafranca before the deadline of 1 June 2014.

As an essential activity of the service acquisition by the Company on the before said airports, ENAV initiated the preliminary technical activities for the transfer of the services to an update and modernization phase of the equipment will be immediately started, of the systems and of the flight control devices today existing on said airports, in order to adjust the technological level and on the quality and security standard of the service in the airport currently managed by the Company.

## LAW DECREE 231/2001

The CEO, on 15 November 2013, approved the fifth edition of the Organization and Control Management Model (MOG) adopted by ENAV since 2004 and subsequently updated in 2005, 2009 and 2012. The current model, which takes into account both the regulatory norms of the organisation, is made up of a Code of Ethics with a General and twelve Special Parts, the latter prepared for the various types of offences listed in the Decree 231.

In particular, Special Part 1 – Offences against the Public Administration – has been supplemented with the offence of "Illicit inducement to give or promise a benefit" and "Conveyance of improper influence".

In addition, Special Part 1 forms the National Anti-Corruption Plan, adopted by ENAV in accordance with law 190/2012, the implementation of which is the responsibility of the regulatory authority.

Special Part 1 also provides for the creating of the "transparent administration" section on the corporate website, implementing Legislative Decree no. 33/2013, a section created within the deadline.

Special Part 2 has been supplemented with the offence "corruption of private individuals".

The CEO, on 15 November 2013, also approved the fourth edition of the Code of Ethics, which has been upgraded significantly, with the inclusion of the principle of transparency and the introduction of two new sections, one relating to conflict of interest and the other relating to the prevention of the phenomenon of corruption.

## JUDICIAL AFFAIRS AND OTHER EVENTS

The criminal case against the former CEO and a former executive of the Company for the alleged offence under Articles 319 and 321 Italian Criminal Code are continuing following the preliminary



hearing in which the accused were committed for trial before the Criminal Court of Rome for the date of 6 May 2014.

The above proceeding was, for connection, combined with one against the former CEO for alleged participation in the offence under Article 7, paragraphs 2 and 3 of Law No. 194/1975 and Article 4, paragraph 1, of Law No. 659/1981.

There remain, therefore, several charges against the former CEO for the offence of abuse of office under Article 323 Italian Criminal Code and a former executive for the offence of aggravated fraud in art. 640 co. 2 n. 1 Italian Criminal Code for which preliminary investigations are in progress.

It appears that the criminal proceedings are continuing against a senior manager of the company for the offence under Article 378 Italian Criminal Code following the service on the accused, on 29 August 2013, of the notice of preliminary investigations under Article 415 bis, Italian Civil Proceedings Code.

In the context of the proceedings pending against a third party, including the former Director of the company, for an offence referred to in Article 110 Italian Criminal Code, art. 7, paragraphs 2 and 3 L. 195/1974 and Article 4, paragraph 1, L. 659/1981, as well as for the offence under Article 8 L. 74/2000, with specific reference to the subcontracting referred to in the contract for the modernization of the Airport of Palermo, on 8 April 2014 effect was given to the orders of the Court to hand over documents in the possession of ENAV.

In relation to the unlawful removal of ENAV's goods and materials on deposit at the warehouse of a third party, of which cognizance has been taken in January 2014, the Company has proceeded to file a formal criminal complaint, as well as to approach the insurance company for verification regarding the coverage of the claim under the policy.

In addition, in the light of the legal proceedings initiated in the year 2010, the Company has, as is well known, in the year 2012 entrusted a leading consulting firm with the task of assessing the adequacy of the contractual payments relating to the most relevant investment contracts in progress. This examination ended with evidence of certain deviations in the case, and the Company initiated a further phase of internal audit into the cost of equipment for the provision of services of Communication, Navigation and Surveillance, having regard to the object of benchmarking technical configurations, in order to characterise better the results of the above investigation, as well as on a prospective basis for future initiatives in procurement.

On the basis of all the available evidence, including that of the above internal audit completed in August of 2013, we proceeded during the year to the definition of credit and debit batches between ENAV and the supplier in relation to the lapsed investment contracts for the ADS-B system, in full and final settlement of all the claims pertaining to it, and in a precautionary manner for the Company, with the recognition of amounts lower than those originally contracted.

In view of the fact that a portion of the work relating to the above ADS-B contract is the subject of TEN-T funding in favour of the Company, the most transparent reporting to institutional contacts has been ensured on the national and European initiatives undertaken by ENAV in the management of this issue. We are currently waiting to learn the outcome of the investigations undertaken by the competent authorities.

Following the withdrawal of ENAV from the system of the contract for the Multilateration systems at the airports of Bergamo and Venice, which is also the subject of the above Survey, we have



also reached the final adjustment of all disputes with the supplier, taking account of the equitable findings and with the recognition of amounts lower than those originally contracted. With regard to this contract, with respect to which irregularities were found which related to activities of installation not yet implemented but, nevertheless, used as the basis for an assignment of credit, it is also noted that a credit note has been received from the supplier for the invoice in question.

In relation to the terminated contract between ENAV and SELEX ES of 26 June 2009 for the modernisation of the airport system of Palermo Airport, the Company continues to hold, under and for the purposes of the private agreement signed on 24 December 2012, a total of approximately 3.9 million euro, by way of appropriate collateral, pending further investigation as provided therein. Following further investigations carried out by ENAV, which have made it possible to demarcate better the above deviations from equity in relation to the contract in question, negotiations are in progress with the supplier in order to reach the final resolution of the case as a precautionary measure for ENAV.

On 3 July 2013 SELEX ES instigated arbitration proceedings against the subsidiary Techno Sky in order to settle the dispute relating to the respective credit and debit batches on the terminated contractual relationship between them concerning the provision of the weather systems for the modernization of the airport system at Palermo "Falcone Borsellino". This contract, worth 8.1 million euro and commercially connected to the above mentioned contract between ENAV and SELEX ES, consisted of a so-called "base" and a so-called "optional" batch, both being subcontracted almost entirely (about 7 million) from Techno Sky to the company Arc Trade Ltd., now bankrupt.

Downstream of the familiar judicial cases that have affected the latter, in which bankruptcy proceedings Techno Sky, being formally involved, received the award in the amount of approximately 6.5 million euro, to date, the subsidiary has the availability of material supply for the "base" and a portion of that optional batch, while the instrument Wind Tracer Infrared Doppler Lidar System (Radar Lidar), also covered in the "optional" batch, despite having been ordered and paid for almost entirely by the Techno Sky from Arc Trade, has never been delivered by the latter.

In the above arbitration, in which an award is expected by the end of 31 December 2014, Techno Sky has become a party citing the many problems that emerged in relation to each other and the underlying situation, as well as lodging counterclaims designed to recover additional credits from Techno Sky claimed against it. In relation to the overall uncertainty factors related to each other, it was considered appropriate to make a provision in the Contract Risk Fund for an amount considered adequate by the lawyers concerned.

A Ruling of 7 March 2013 of the Director General of Finance at the Ministry of the Economy and Finance, in consultation with the Director of the Department for Transport, Navigation and Information Systems and Statistics at the Ministry of Infrastructures and Transport, has resolved the long process of sale and simultaneous reversion to the State and the State Assets of a first tranche of AVL assets (as well as areas outside the airport grounds), which are no longer needed for the provision of ENAV's institutional services in the new arrangement of powers in the sector. As regards in particular the AVL assets covered by that decree, it should be noted that they were originally capitalised in favour of ENAV by the ruling of 14 November 2000 for the value declared

by the expert in the conversion of ENAV into a joint stock company and in particular at the time of determination of the equity under the final ruling of the Ministry of the Economy and Finance of 7 December 2001, and have never been delivered to ENAV by the respective airport management company; never having had possession of them, ENAV could not use them or gain any economic benefit from formal ownership of these AVL assets, for which reason there has been no depreciation or maintenance cost.

In view of this, the divestiture took the form of an adjustment of the initial capital. For this purpose it was decided, with the approval of the Shareholder, to reset the reserve under Law 292/93 of 9.2 million euro and the extraordinary reserve of 0.9 million euro and partially reduce the reserve for capital grants by 15.5 million euro.

It should be noted that the activities of the bilateral working group ENAC/ENAV are continuing in preparation for the issue of a further provision for the disposal of the other visual and lighting aids which are currently capitalised in favour of ENAV and, unlike the above goods under the ruling of 7 March 2013, still managed and maintained by it.

In relation to all the foregoing, in the light of the investigations carried out to date, it is not believed that there are significant risks that could compromise the solidity of the current and future assets of the Company and the Group.

### LAW DECREE 196/2003

During the year 2013, constant monitoring has been carried out of safety measures for the protection of personal data as provided by the legislation in force.

We have, therefore, checked the distribution of tasks and responsibilities within the corporate structures, the security measures and the technical and IT adjustments made to ensure the integrity and availability of data and, upon a year from their appointment, in accordance with the Provisions of the Guarantor of the Privacy of 27 November 2008, the Administrators of the System have undergone an annual evaluation.

We have monitored the provision of the privacy training course by e-learning to all those who, by virtue of their activities, are required to process personal details and, therefore, must be specially trained to obtain appointment as manager or person in charge of data processing.

The CEO, as the data controller of personal details, has signed the document on minimum safety requirements, prepared in accordance with Articles 31, 34 and 35 of d.lgs.196/2003 – Code on the protection of personal details – which is a minimum security measure to be taken to ensure a minimum level of protection of personal details in the event of processing with or without electronic means and contains appropriate information regarding the security measures relevant to the processing of personal details in the company.

This document includes as an integral part the Analysis of the Risk to which the personal details are exposed.

The above analysis has involved the cooperation of company units at greatest risk with regard to the processing of personal details and identified new measures aimed at improving the level of internal protection adopted in relation to the risks highlighted.

The analysis was carried out through the distribution to certain corporate units of a questionnaire for the census and analysis of risk exposure of ENAV data in paper and electronic form, with the aim of taking stock of the data owned by ENAV and processed within the organisation and/or by a third party on behalf of ENAV, as well as, the countermeasures taken.

## ECONOMIC TREND AND FINANCIAL SITUATION OF ENAV AND OF THE GROUP

### ECONOMIC DATA

#### ENAV S.P.A.

The year 2013 ended with a profit of ENAV for the year of 50.5 million euro, an increase of 4.3 million euro compared to the previous year, even in the absence of the extraordinary event that occurred in 2012 and relevant to the recognition of higher corporate income tax paid in the years 2007/2011 for an amount equal to 23.2 million euro. This outcome is the result of the events reported below.

The following prospect reports the economic data in thousands of euro:

	2013	2012	Variations	
			Amounts	%
Revenues from sales and services	799.630	790.292	9.338	1,2%
Other revenues	42.278	40.972	1.306	3,2%
<b>Total revenues</b>	<b>841.908</b>	<b>831.264</b>	<b>10.644</b>	<b>1,3%</b>
Personnel costs	(397.495)	(394.124)	(3.371)	0,9%
External costs	(205.703)	(208.698)	2.995	-1,4%
Increase for in-house productions	6.502	5.961	541	9,1%
<b>Ebitda</b>	<b>245.212</b>	<b>234.403</b>	<b>10.809</b>	<b>4,6%</b>
Amortisations, depreciations and provisions	(165.705)	(183.052)	17.347	-9,5%
PON Contributions	15.255	16.231	(976)	-6,0%
<b>Ebit</b>	<b>94.762</b>	<b>67.582</b>	<b>27.180</b>	<b>40,2%</b>
Financial income (loss)	(1.738)	(10.715)	8.977	-83,8%
Extraordinary income (loss)	(4.990)	24.344	(29.334)	-120,5%
<b>Profit before taxes</b>	<b>88.034</b>	<b>81.211</b>	<b>6.823</b>	<b>8,4%</b>
Current, prepaid and deferred taxes	(37.506)	(35.020)	(2.486)	7,1%
<b>Net profit</b>	<b>50.528</b>	<b>46.191</b>	<b>4.337</b>	<b>9,4%</b>

Revenues have increased by a total of 1.3% compared to 2012, reaching 841.9 million euro and are determined by: i) revenues which are tending to be stable over the previous year having produced units of service for paying traffic 0.01% lower compared to the total in 2012 considering the same charge applied for 78.83 euro. If the service units are compared with the final service provided, however, in determining the charge for 2013 in conformity with the plan of national performance, it indicates a lower number of service units by -7.6%; ii) terminal revenue recorded an overall decrease of 35.7 million euro and if taken together with the zeroing of the exemptions in the terminal revenue is 50% of the charges which for low-traffic airports and major airports in the first half of 2012 were paid by the Ministry Economy and Finance, subsequently netted as a result of the effects provided by the Stability Law that took effect from 1 July 2012. This result is the combined effect of both the minor service units developed on the terminal for paying traffic, which totalled -3.6% charge reduction applied to that for 2013, in order to support the market in the period of crisis in the industry, which was equal to 246.05 euro for the first eight months of the year and 185.00 euro for the period from September to December (the rate applied in 2012 was 121.50 euro in the first half and in the second half 254.34 euro). This reduction in traffic against the plan affected the determination of the balance recognised in the year, totalled 65.1 million euro, of which that related to route accounted for 51.2 million euro and to terminal 13.9 million euro, an increase of 28.4 million euro compared to 2012, as well as the use of the charge stabilisation fund for 19.8 million euro as provided in the reduction of the terminal charge for the period from September/December which is intended to maintain a charge for ENAV of the amount which is not recovered through charges with the objective of supporting the market in the current period of crisis. With reference to the balance of en-route, it should be noted that for 7.6 million euro it relates to the supplementation of the findings in 2012 in response to requests received from the European Commission mainly related to the calculation of inflation. The balance for en-route, determined in accordance with EU Regulations, includes the risk related to traffic for 24.8 million euro, comprising the amount of ENAV and Eurocontrol, which represents only a portion of the risk as recorded in accordance with the provisions of the performance plan and for the amount of 19.9 million euro has been paid by ENAV, an amount more than offset by the saving on costs against the plan, for about 35 million euro. It should be noted, moreover, that the balance for en-route, in particular, is recorded as a recovery of inflation (8.2 million euro), and the bonus recognised for having achieved a level of delay per flight assisted which is less than the target assigned (8 million euro).

For the costs, there is a small increase in personnel costs for 3.4 million euro compared to 2012 (+0.9%) due both to the increase of the fixed part of the remuneration, and the natural growth of it, and to the salary increase stipulated by the National Labour Agreement with effect from July 2013, as well as the higher value of the variable part of the remuneration from the combined effect of the increase of accrued leave not taken, mainly as a result of the introduction of a different criterion for the calculation of hours in accordance with the union agreement signed in the month November 2012, and the reduction of overtime for personnel in the operational line connected to the lower traffic assisted which was recorded in 2013. This increase was offset by a reduction in personnel costs due to the lower use of retirement incentives, which affected employees in 2013 for 30 units (80 units in 2012).



External costs decreased by 2.9 million euro representing -1.4% compared to the previous year, as a result of the careful policy of cost containment which has led to a general reduction of all items of costs, including in particular the maintenance costs, which have benefited from the reduction of 1.5% by the subsidiary Techno Sky.

As a result of these changes, EBITDA stood at 245.2 million, an increase of 4.6% compared to 2012.

Depreciation, amortisation, impairment losses and provisions recorded a net decrease of 17.3 million euro due to lower depreciation and amortisation of tangible assets and doubtful debts which had a smaller impact compared to 2012, which took account of the insolvency of two national carriers.

As a result of this change, EBIT amounted to 94.8 million euro, an increase of 40.2% compared to 2012.

The operating result also benefited from the strong improvement of financial management for 9 million euro compared to the previous year, as a result of the consolidated decrease of the exposure to the banking system as well as the lower average utilisation of lines of credit in the short term, which stood at -1.7 million euro. Extraordinary operations accounted for -5 million euro, primarily related to a misappropriation of goods and associated materials which occurred in late 2013, and the tax burden for 37.5 million euro.

## ENAV GROUP

With reference to the ENAV Group, we have recorded an EBITDA of 247.5 million euro, with an increase of 12.6 million euro (+5.4%) compared to the previous year. This result was driven by higher revenues recorded by the parent company, for the events previously reported, which offset the modest increase in personnel costs amounting to 2.9 million euro to which should be added the positive effect due to the reduction of external costs for 4.1% compared to 2012, as a result of the careful policy of cost containment implemented at Group level.

EBIT, which stood at 84.9 million euro, was affected by depreciation, write-downs of receivables and fixed assets as well as the risk provisions totalling 177.9 million related primarily to ENAV.

The determination of the result equal to 37.9 million euro, was also affected by: i) the positive impact of financial management which amounts to -2.1 million euro, with a marked reduction compared to the previous year -81.6% through the reduction of the Group's exposure to the banking system; ii) the negative effect of extraordinary items for 5.4 million euro for events related primarily to ENAV and previously commented on; iii) the tax burden for 39.5 million euro.

The following table shows the data recorded (in thousands of euro):

	2013	2012	Variations	
			Amounts	%
Revenues from sales and services	801.331	792.444	8.887	1,1%
Other revenues	42.425	40.921	1.504	3,7%
<b>Total revenues</b>	<b>843.756</b>	<b>833.365</b>	<b>10.391</b>	<b>1,2%</b>
Personnel costs	(458.076)	(455.150)	(2.926)	0,6%
External costs	(165.364)	(172.384)	7.020	-4,1%
Increases from in-house productions	27.188	29.074	(1.886)	-6,5%
<b>Ebitda</b>	<b>247.504</b>	<b>234.905</b>	<b>12.599</b>	<b>5,4%</b>
Amortisation, depreciation and provisions	(177.857)	(198.699)	20.842	-10,5%
PON Contributions	15.255	16.231	(976)	-6,0%
<b>Ebit</b>	<b>84.902</b>	<b>52.437</b>	<b>32.465</b>	<b>61,9%</b>
Financial Income (loss)	(2.069)	(11.275)	9.206	-81,6%
Adjustments to the value of financial activities	1	174	(173)	-99,4%
Extraordinary income (loss)	(5.374)	26.635	(32.009)	-120,2%
<b>Profit before taxes</b>	<b>77.460</b>	<b>67.971</b>	<b>9.489</b>	<b>14,0%</b>
Current, prepaid and deferred taxes	(39.461)	(35.344)	(4.117)	11,6%
<b>Profit (loss) for the fiscal year</b>	<b>37.999</b>	<b>32.627</b>	<b>5.372</b>	<b>16,5%</b>

## EQUITY EURO INFORMATION

### ENAV S.P.A.

(given in thousands of euro)

	2013	2012	Variations
Intangible fixed assets	99.097	96.998	2.099
Tangible fixed assets	1.154.708	1.225.826	(71.118)
Financial fixed assets	114.826	114.699	127
<b>Total fixed assets</b>	<b>1.368.631</b>	<b>1.437.523</b>	<b>(68.892)</b>
Inventory	67.065	68.469	(1.404)
Receivables, other activities, accruals and deferments	500.466	577.061	(76.595)
Other assets held for sale	0	1.607	(1.607)
Payables	(316.186)	(344.327)	28.141
Risks and Charges provisions	(38.113)	(61.924)	23.811
Accruals and Deferments	(164.736)	(148.000)	(16.736)
<b>Working capital</b>	<b>48.496</b>	<b>92.886</b>	<b>(44.390)</b>
<b>Severance Pay</b>	<b>(37.990)</b>	<b>(40.017)</b>	<b>2.027</b>
<b>Net capital invested</b>	<b>1.379.137</b>	<b>1.490.392</b>	<b>(111.255)</b>
<b>Covered by:</b>			
Net equity	1.298.818	1.288.897	9.921
Net Financial position (net liquidity)	80.319	201.495	(121.176)
	<b>1.379.137</b>	<b>1.490.392</b>	<b>(111.255)</b>

The net invested capital of ENAV amounts to 1379.1 million euro and registered a decrease of 111.2 million euro compared to 31 December 2012 due to the variations on the intangible fixed assets and on the capital of the financial year, and it is covered for 94.2% with net equity and for the remaining 5.8% by the net financial debt.

The fixed assets capital, which is 1368.6 million euro, registered a net decrease of 68.9 million euro due both to the amortisation of the period higher than the investments carried out (CAPEX), as effect of the containment applied in the last years on the investment plan and to the decommissioning of AVL plants on six airport sites following the ruling of 7 March 2013, which reassigned these goods to the public Property of the State. Of these goods, which were never delivered by the airport management companies and were charged to the assets of ENAV as a result of the determination of final net equity under a ruling by the Ministry of the Economy and Finance of 7 December 2001 for a total value of 25.6 million euro, ENAV never had possession and they have not been subject to depreciation. The sale was accordingly implemented against the original entry in equity, with the consent of the Shareholder, without having any economic effect.

Working capital, which stood at 48.5 million euro, was reduced by 44.4 million euro, as a result of the combined effect of the following events:

- Reduction in trade receivables 110.9 million euro related primarily to the credit from the Ministry of Economy and Finance for 78.2 million euro;
- Minor tax credits of 5.6 million euro attributable to the collection of the tax credit claimed as a refund in 2012 for an amount including interest amounting to 29.8 million euro, effect mitigated by inclusion of VAT credits accrued during the period for 21.2 million;
- Increase in loans to public entities for 15.2 million euro following the resolution of the Managing Authority of the PON networks and mobility 2007/2013 of December 2013, which permitted the financing of additional investment projects presented by ENAV for an amount equal to 17.7 million euro;
- Decrease in payables to suppliers for 24 million euro following payment within the time stated in the contract as well as to lower billings received because of the careful management of both operating costs and investment;
- Reduction in provisions for risks by 23.8 million euro mainly due to the use of the charge stabilisation fund as a support for the sector during the crisis period for 19.8 million euro.

Equity amounted to 1,298.8 million euro, an increase of 9.9 million compared to 2012 as the net effect of the operating result of EUR 50.5 million and the reduction in reserves of 25.6 million euro, as reported above, and the payment of the dividend in 2012 for 15 million euro.



Net financial debt is as follows (in thousands of euro):

	2013	2012	Variations
<b>Net financial position (net liquidity)</b>			
Short and medium term bank debt	172.382	251.690	(79.308)
Other short term financial payables	281	2.569	(2.288)
Cash and cash equivalents	(92.344)	(52.764)	(39.580)
<b>Net Payables</b>	<b>80.319</b>	<b>201.495</b>	<b>(121.176)</b>

Net debt amounts to 80.3 million euro, and it shows a decrease compared to the previous year for 121.2 million euro, due to the reduction of the exposure to the banking system and the lower utilisation of lines of credit, made possible from the collection of claims against the Ministry of Economy and Finance. The balance of cash and cash equivalents for 92.3 million euro was partly used for the payment of the first tranche of the investment in Aireon, equal to 18.7 million euro and performed in the month of February 2014.

## ENAV GROUP

(given in thousands of euro)

	2013	2012	Variations
Intangible fixed assets	132.798	142.353	(9.555)
Tangible fixed assets	1.138.551	1.212.502	(73.951)
Financial fixed assets	17.745	18.806	(1.061)
<b>Total Fixed Assets</b>	<b>1.289.094</b>	<b>1.373.661</b>	<b>(84.567)</b>
Inventory	68.143	69.871	(1.728)
Receivables, other activities, accruals and deferments	508.432	587.565	(79.133)
Assets held for sale	0	1.607	(1.607)
Payables	(307.414)	(330.930)	23.516
Provisions for risks and charges	(42.015)	(64.925)	22.910
Accrued payment and deferred income	(164.947)	(148.090)	(16.857)
<b>Working capital</b>	<b>62.199</b>	<b>115.098</b>	<b>(52.899)</b>
<b>Severance pay</b>	<b>(57.050)</b>	<b>(59.867)</b>	<b>2.817</b>
<b>Net invested capital</b>	<b>1.294.243</b>	<b>1.428.892</b>	<b>(134.649)</b>
<b>Covered by:</b>			
Net equity	1.212.083	1.214.708	(2.625)
Net financial position (net liquidity)	82.160	214.184	(132.024)
	<b>1.294.243</b>	<b>1.428.892</b>	<b>(134.649)</b>

Net invested capital of the Group amounted to 1,294.2 million euro, and it shows a decrease of 134.6 million euro compared to 31 December 2012, due to changes both in the fixed assets and

the working capital, and is covered for 93.7% by equity and for the remaining 6.3% by net financial debt.

This change is due to: i) the decrease in fixed assets for 84.6 million euro because of depreciation for the year, inclusive of the consolidation difference, higher than the investments made, in addition to the credit financial for the return of part of the pension reserve related to employees during the year and to the personnel which requested the advances; ii) the decrease in working capital for 52.9 million euro, in addition to those already mentioned related to ENAV, including the provision for risks made by Techno Sky.

Shareholders' Equity stood at 1,212.1 million euro, with a decrease of 2.6 million euro compared to the previous year due to both the operating result, which amounted to 37.9 million euro, the payment of the dividend for 15 million euro and a reduction in reserves for 25.6 million euro as a result of decommissioning AVL, as previously reported.

Net debt amounted to 82.2 million euro, with an improvement of 132 million euro, mainly due to the reduction in the Group's exposure to the banking system. The details are shown in the following table (in thousands of euro):

	2013	2012	Variations
<b>Net financial position (net liquidity)</b>			
Short and medium term bank debt	174.875	260.498	(85.623)
Other short term financial payables	1.585	7.649	(6.064)
Cash and cash equivalents	(94.300)	(53.963)	(40.337)
<b>Net payables</b>	<b>82.160</b>	<b>214.184</b>	<b>(132.024)</b>

## FINANCIAL DATA

As of 31 December 2013 the assets of ENAV and the Group was represented as follows:

		ENAV		Enav Group	
		2013	2012	2013	2012
<b>Cash and cash equivalents at the beginning</b>		<b>52.764</b>	<b>14.601</b>	<b>53.963</b>	<b>15.409</b>
Net cash flow from operating activities	a	256.263	444.375	262.653	451.174
Net cash flow from investing/disinvesting activities	b	(121.694)	(147.941)	(117.219)	(144.838)
Net cash flow from financing activities	c	(94.989)	(258.271)	(105.097)	(267.782)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>a+b+c</b>	<b>39.580</b>	<b>38.163</b>	<b>40.337</b>	<b>38.554</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>92.344</b>	<b>52.764</b>	<b>94.300</b>	<b>53.963</b>

The balances of cash and cash equivalents of both ENAV and the Group recorded an improvement over the previous year, generating liquidity for 39.6 million euro for ENAV and 40.3 million euro for the Group. The calculation of this result was affected by the cash flow from operating activities both to collect the receivable owed by the Ministry of Economy and Finance for 78.2 million euro for the collection of the tax credit claimed in reimbursement for 29.8 million euro, which provided liquidity both to pay suppliers on time in contracts and to return, at Group level, to lines of credit with a favourable effect on net debt. The flow of investment activities also affected the determination of cash flow, following the containment of investments as approved in the three-year plan.

For the detail of the variation on the net asset of ENAV and of the Group, please read the prospectus no. 1 enclosed with the additional note of the balance sheet and the prospectus no. 8 enclosed with the additional note on the consolidated balance.

### ECONOMIC DATA OF THE CONTROLLED TECHNO SKY

The fiscal year 2013 closed with a net profit of 556 thousand euro for subsidiary Techno Sky, as highlighted in the following summarized economic prospect (amounts in thousands of euro):

	2013	2012	Variations Values	%
Revenues	85.921	92.230	(6.309)	-6,8%
Change of work in progress	2.970	(385)	3.355	-871,4%
<b>Total Revenues</b>	<b>88.891</b>	<b>91.845</b>	<b>(2.954)</b>	<b>-3,2%</b>
Personnel costs	(60.577)	(61.026)	449	-0,7%
External Costs	(21.507)	(25.600)	4.093	-16,0%
<b>Ebitda</b>	<b>6.807</b>	<b>5.219</b>	<b>1.588</b>	<b>30,4%</b>
Amortisation, depreciation, and provisions	(2.626)	(4.869)	2.243	-46,1%
<b>Ebit</b>	<b>4.181</b>	<b>350</b>	<b>3.831</b>	<b>1094,6%</b>
Financial income (charges)	(335)	(561)	226	-40%
Extraordinary revenues (charges)	(398)	2.291	(2.689)	-117%
<b>Profit before taxes</b>	<b>3.448</b>	<b>2.080</b>	<b>1.368</b>	<b>66%</b>
Current, prepaid deferred taxes	(2.892)	(1.729)	(1.163)	67,3%
<b>Net profit</b>	<b>556</b>	<b>351</b>	<b>205</b>	<b>58%</b>

Revenues amounted to 88.9 million euro, with a decrease compared to the previous year of 3.2% attributable exclusively to the services rendered to the parent company which represent 97.1% of revenues (97% in 2012). The remainder of the revenues of 2.9% relate to activities in the third market. The item revenues mainly consists of: i) the technical management and maintenance of operational systems for ATC for 61.5 million euro; ii) the maintenance of infrastructure and equipment not related to operational functions for 3.2 million euro; iii) revenues for contracts linked to investment projects for ENAV for 16.2 million euro; iv) revenues from external customers for 2.6 million euro.

With regard to costs, there was a decrease in personnel costs of 0.7% compared to 2012 for the policy of cost containment that led to a lower use of overtime and to a greater use of the holiday backlog. In addition, the staff at the end of the year was reduced by 11 units. External costs decreased by 16% mainly due to the reduction of contract costs as a result of the postponement to the next financial year of the start of some projects that also involve the suspension of external costs and to the reduced use of third party services for construction contracts in adherence to the "Client Plan" of ENAV that oriented Techno Sky towards projects viable with internal resources. As a result of these changes, EBITDA stood at 6.8 million euro, with an increase of 30.4% from the previous year due to the major cost reduction that has allowed to compensate the decrease in revenues. This result is eroded by the value of depreciation charge in the year and by the provision for risks totalling 2.6 million euro resulting in an EBIT figure of 4.1 million euro with a net increase compared to 2012.

The determination of net profit, which stood at 556 thousand euro, was affected both by financial management for a negative 0.3 million euro, an improvement compared to the previous year (-0.6 million euro) as a result of the recovery in bank guarantees, and by the tax burden for a total 2.9 million euro.

## RISK FACTORS

Given that, on the date of preparation of this management report, no particular risks and uncertainties are anticipated that could have a significant effect on the economic and financial position of the Company and the Group, in the short term, other than those mentioned in the notes to the accounts, to which reference is made, it should be noted that, due to the nature of its business, the Group is exposed to certain types of risks that are explained briefly below, on which the Management in practice exercises careful monitoring. In fact, the ENAV management recognizes and assesses the type of risks linked to the activities of the Group in order to manage the same and to protect the "value" of the shareholder. The responsibility on the definition and approval of the guidelines related to the internal control system and of the management policy of the Company and of the Group is of the CEO.

## INTERNAL CONTROL SYSTEM

ENAV, in its capacity as parent company, is essentially exposed to the same risks and uncertainties as relate to the business of the Group. In this context, the Company has established an internal control system characterised by a set of rules, procedures and organisational structures designed to prevent or minimise the impact of unexpected events and enable the achievement of the strategic and operational objectives, in compliance with the applicable laws and regulations. In this sense, in addition to the corporate bodies and the parties engaged in institutional controls, during the

year work has continued in support of the organisation performed by the Internal Audit function, to evaluate and improve the processes of control, risk management and corporate governance. The work of this structure is accompanied, moreover, by initiatives of the Manager responsible for preparing the corporate accounting documents, who is ensuring adequate administrative and accounting procedures and certifying, together with the CEO, their effectiveness and operation as well as the accuracy and truthfulness of the financial information. In order to ensure the continued effectiveness of the control system during the year, we have prepared the "Guidelines for the Evaluation of the Internal Control System for Financial Disclosure" and issued the "Regulations of the Manager responsible for preparing the financial statements".

## INFORMATION ON FINANCIAL RISKS

The management of the activity and of the financial liabilities of the Group is due to the operations of the holding and of its subsidiaries. The main financial liability includes the receivables and the bank payables, the commercial debts and different debts, the main objective of this passivity is to finance the operation activity. The Group has commercial and non-commercial credit and cash assets originated by the operation activity.

The main risks recognized and monitored, as described here below, actively managed by ENAV Group are: i) the market risk deriving from being exposed to the interest rate change; ii) the liquidity risk deriving from the lack of financial resources to cover all the short-term financial commitment; iii) the credit risk deriving from the default possibility of a counterparty.

## INTEREST RATE RISK

The fluctuations in the interest rate depend on the net financial obligation of the Group and on the future cash flows. The main source of interest rate risk is a variable rate financial debt, used to cope with institutional activities. The strategy of the Management, in line with the financial structure targets set, aims to limit the volatility of the results through a systematic negotiation activity with the credit institutions, always of primary standing, in order to optimize the costs, articulating the structural mix and the technical forms of the agreed credits. In 2013 the average cost of the bank debt (debt quotient) was around 1.8% with a fall compared to the previous year of about 1.4%, a combined effect of the overall favourable trend of the market interest rates and spreads and a reduction in the level of usage of credit lines available during the reference period. The Group, still in 2013, has pursued a financial strategy of repositioning the structure of the debt towards commitments in the medium/long term, while maintaining adequate covering reserves to cope with the management of requirements within the year.



## LIQUIDITY RISK

The Liquidity risk is intended as the eventuality where ENAV or another company of the Group, even if viable, can find itself in a situation where it is not possible to immediately cover due payments due to the difficulty to find financial resources, prejudicing the daily operations and the financial situations of the Company and of the Group. In this case, the increase of the collection costs could have negative consequences on the economic, financial and capital situation of the Group. With regard to the liquidity of the Group, it is managed by the parent company at a centralized level in order to optimise the overall availability of financial resources, suppressing the cash needs primarily with cash flows generated by the ordinary management and using different financial sources and ensuring, at the same time, a proper management of possible other assets. The Administrative, Financial and Control Function, in relation the general direction determined by the administration of the company, defines the financial structure of short and medium term and the management of the related financial flow. The choices are oriented, not only to manage the available financial resources for the short-term operation commitments, systematically monitored through the planning activity but also to ensure a proper level of flexibility for the long-term development programs of ENAV, related to the investment contracts for the technological modernisation and infrastructure of the flight assistant systems. The Company has, therefore, managed the liquidity risk using financial policies based on the differentiation of financial subjects, on the maintenance of the balanced debt structure in terms of bank fiduciary accounts, characterized by flexibility on the re-entry and re-negotiation, both on expiration and profile, and guaranteeing the maintenance of the sufficient cash funds for a determined time and of cash reserves to face unexpected activities. As evidence of continued capacity to achieve access to credit by the group ENAV, despite the external frame of reference with on-going tough market and tensions on the spread, there were in particular two "committed" loans for a total of 140 million euro extended for a further 5 years, using a spread of absolute advantage, a new medium-term loan of 10 million euro has been awarded, related to the Investment Plan and the redeployment to the medium term of a line due for an amount of 60 million euro, limiting the cost of collection. Finally, again in order to meet temporary liquidity needs, the Company has additional "uncommitted" credit lines granted by the banking system for the various types of operational requirement, for approximately 150 million euro.

The Group monitors constantly the evolution of the debt in relation to the shareholders' equity and in particularly to the net financial position and the cash of the institutional activities.

The suspension of some credit lines is subordinated to some conventional limits, based annually, associated to the following covenants measured on the consolidated balance sheet of the Group:

- Net financial debt/EBITDA
- Net financial debt/NET Capital

The failure to respect these financial parameters entails the suspension by the financial institutions. It is noticed that the said covenants have been fully respected on 31 December 2013. At the current status, the Company and the Group through the diversification of the credit lines available has adequate funds to satisfy the financial needs linked to the operational requirements.

## CREDIT RISK

During the financial and institutional activity, Group ENAV is exposed to the risk that the counterparts will not be able to fulfil their obligations. This risk comes mainly from the commercial credits linked to the operative activities which in turn were affected by the trend in air traffic and the economic and financial-economic conditions of the individual carriers. As of 31 December 2013, the type of clients of the Group is tied to Eurocontrol, agent of the air carriers, to the Ministry of Economy and Finance and to the Ministry of Infrastructures and Transport. At every balance date, an analysis is carried out to estimate the potential losses linked to the most important customers, based on the incentive situation communicated by Eurocontrol (economic/financial difficulty of the carriers) and from internal assessments on the credit rating from the financial statements and from the specialized media. The amount of the activities considered of doubtful eligibility is covered by allocation to the bad debt fund.

## INFORMATION ON OTHER RISKS AND UNCERTAINTIES

With regard to the other risk factors, here a summary of their nature follows.

### EXCHANGE RATE RISK

The ENAV Group is mainly active in the Italian market and therefore exposed only in part to the currency exchange risk. The current exposure to currency risk arises mainly from cash flows related to investments in foreign currencies, in particular the US dollar. The company coverage policy is based on a specific assessment of the operations.

During the year, in compliance with corporate policies of risk management, an appropriate hedging strategy was implemented through the conclusion, on 20 December, of a contract for the purchase of US currency for an amount corresponding to the amount agreed for the acquisition of the participation fee equal to 12.5% in the US Company Aireon LLC. The acquisition will be completed through the payment of four tranches, in the years 2014-2017, for a total of 61.2 million US dollars, for a fixed Euro value of about 44.9 million euro.

### BUSINESS AND OPERATION RISK

The ENAV mission is to guarantee the safety of air traffic to the maximum technical standard of the industry and to optimise the efficiency and economy of its activity, ensuring the continuity of air navigation services and supporting the punctuality of flights. The Group operates in regulated markets and the change of the operation rules and the prescription and obligations can affect the management trend and the results of the Group. The institutional activity is subordinated to the general economic framework that affects it both in terms of traffic and regulations, including laws



that carry out international protocols or conventions. As from 2012, the Company is to operate in relation to the en-route services, subject to the following "targets" in terms of safety, environment, capacity and cost-efficiency, introduced at European level and defined by the National Performance Plan with the consequence that more and more, the maintenance and the improvement of the quality of the services given, the quick adjustments of the market demand and a strong attention to the internal efficiency objectives are the main factors for its success.

## DISPUTES

The Group has carried out an assessment of the risk of an unfavourable outcome, arranging for provisions for the disputes which have been deemed likely to be unsuccessful and for which it has been reasonably possible to make the relative quantification. As of today there is no claim that can cause any important obligation against the Company or the Group, above what already is accounted for in the allowance funds on 31 December 2013 and reflected in the consolidated data.

## IMPORTANT ACCOUNTING APPRAISALS

The preparation of the financial statements requires discretionary evaluations, appraisals and hypotheses that affect the value of the profits, costs, liabilities and assets and the indication of possible liabilities. The results that could differ from these appraisals, the assessments and the hiring are periodically reviewed and the effect of the changes is reflected immediately on the profit and loss statement. This discretion is mostly exercised to:

- Evaluate the possible requirements for the business continuity;
- Evaluate the potential liabilities connected to the risk funds and obligations;
- Evaluate the amount for the prepaid taxed activities that have been accounted, taking into consideration the possible occurrence in time, the amount of the future fiscal taxable income and the planning strategy of the future taxes.

## RELATION WITH THE RELATED PARTIES

For the definition of the related parties, as indicated in the art. 2427 of the Italian Civil Code, it is referred to what is indicated in the international accounting principles IAS 24 as modified by the European Regulation n. 632 of 2010. The Italian Legislator regulated an information requirement only for the operations relevant to normal market conditions and not concluded (art. 2427 cc n. 22-bis).

From the analysis carried out on the operations with the related parties of the exercise 2013, two types have come up: (i) the relation between the related parties outside the ENAV group; ii)



relation with the internal related parties of the ENAV group. The State and public entities are not considered related parties differently from the MEF and MIT and to the controlled entity of MEF. The controlling and monitoring Ministries are considered external related parties of ENAV Group, such as the Ministry of Economy and Finance and the Ministry of Infrastructures and Transport, as well as the entities subject to the control of the Ministry of Economy and Finance. The relation maintained with the controlling and monitoring Ministers are compliant to normative dispositions and are related to i) flight services charged to the Ministry of Economy and Finance; ii) security services of the systems paid by the Ministry of Infrastructures and Transport. These relations are shown in the description of the single balance items in the additional note. It is highlighted that the operations with the related parties are in force in normal market conditions and are included in the ordinary operations of ENAV Group.

With regard to related parties internal to the ENAV Group, these are the subsidiaries and associated entities whether directly or indirectly linked to ENAV. These relations are regulated, if not differently specified, by the market conditions. The operations, on behalf of the Company, concern mainly:

- The exchange of goods and services with the controlled company Techno Sky and Enav Asia Pacific (integrally consolidated) and Consortium Sicta (excluded in the consolidation area);
- Financial relations with the controlled Techno Sky regulated by checking account, without interests, through which the financial statements and service received are balanced.

In particular, the subsidiary (fully incorporated) Techno Sky, whose data related to the shareholders' equity are shown in this report and in the notes, supplies the holding company with services related to the maintenance of flight assistance equipment as well as all the maintenance of the civil infrastructure not tied to operative functions (global service).

The subsidiary Enav Asia Pacific, a company incorporated in Malaysia, carries out business development activities for the ENAV Group in the states included in the continents of Asia and Oceania. In 2013, the year of incorporation of the Company, the activities were carried out entirely by ENAV.

ENAV directly participates, with about 60% of the Fund to Consorzio SICTA (Innovative System for the Air Traffic Control) and indirectly with 100% following the underwriting of 40% of the Fund done by Techno Sky in July 2012. The non-profit consortium research activities, development, experimenting, simulation and validation of innovation concepts in the air navigation services, being a research and experimental laboratory with regard to the CNS/ATM at the national and European level.

The SICTA consortium was not consolidated caused by irrelevance of figures included in the financial statement which are shown in the detailed prospectus no. 7 enclosed with the note to the consolidated financial statement. The main operations are pursuant to rent payment for the offices owned by the holding company as well as payments related to the costs incurred for the development of the main projects of the ATM system at an international level, such as SESAR. The relation has no significant value.

For the summary of all the economic and capital relations, please read the detailed prospectus no. 5 enclosed with the additional note of the balance sheet and the prospectus.



According to the art. 2428, comma 3 and 4 of the Italian Civil Code, it is confirmed that:

- There were no shares or quotes of the holding company in its own name or through monitored companies;
- During the exercise there were no purchases or sales by the Company of its own shares or holding shares.

Transactions with related parties within the group have been adjusted to market value unless otherwise specified.

## SIGNIFICANT FACTS AT THE CLOSING OF THE FISCAL YEAR

In February 2014, the transaction for the purchase of 12.5% of the shares of Aireon, the US company of the Iridium Group, which by 2018 will provide the first global satellite surveillance for air traffic control, was completed by the signature of the Limited Liability Company Agreement and the subsequent payment of the first tranche of the investment, which amounted to 18.7 million euro corresponding to 25.5 million dollars, in accordance with the Subscription Agreement signed in December 2013 which

stipulates a total commitment of 61.2 millions of dollars. The risk of investing in US dollars, covering a period of four years, has been offset by the signature of a contract for purchase of US currency for an amount corresponding to the agreed amount of the investment.

ENAV has entered the capital of Aireon in partnership with the Canadian service provider NAV Canada, which owns 51% of the shares, and with the service providers IAA from Ireland and Naviar from Denmark with 6% each, while 24.5% remains with Iridium. The agreement, which the Company considers strategic, also stipulates that ENAV will have a key role in the development of the service to the service providers in the Mediterranean and South-East Asia where it is already present through its subsidiary in Kuala Lumpur, ENAV Asia Pacific.

The first satellites of the new surveillance platform dedicated to monitoring and air traffic management will be launched as early as 2015, and the service will be fully operational by 2018. With a constellation of 66 orbiting satellites, it will be possible to know the identity, position and altitude of any aircraft around the globe, even in ocean, desert and polar areas where there is currently no active surveillance, and thus to control flights actively.

Through this technology it will also be possible to enhance air traffic, optimise routes and at the same time achieve high levels of safety flight and efficiency. With new routes, in fact, there will be substantial savings in fuel with an immediate effect both on the reduction of costs for airlines and on the environmental impact.

In January 2014, a company was formed under US law in the legal form of a limited liability company organised under the laws of the State of Delaware (USA) called ENAV North Atlantic LCC and entirely owned by ENAV, which has been assigned the securities under the Subscription Agreement and therefore the investment of the stake in Aireon.

## FORESEEABLE EVOLUTION OF THE MANAGEMENT

ENAV, in the latter part of 2013, proposed an amendment to the charging zones of terminal which subsequently entered into force on 1 January 2014. In fact, in view of the fact that, according to the estimates produced by the major national and international economic organisations and given the close link between the evolution of national GDP and domestic air traffic volumes, it is considered likely for 2014 that there will be a continuation of the state of suffering of the air transport sector (not least in consideration of the difficulties of certain airlines operating on the domestic market), and accordingly the Company, in line with the strategy adopted in 2013, has seen fit to take the initiative to introduce for the year 2014 also a charge plan for terminal air navigation services aimed at encouraging the recovery of the market. In this spirit, taking a cue from the new EU Regulations in the sector, the pricing policy proposed by ENAV has planned for as early as 2014 the adoption of the logic of differentiation of terminal charges, making it possible to achieve charges defined by the volumes of cost and revenue developed by homogeneous airport categories. This initiative, which is shared with the competent national and international authorities, was fully implemented in the letter sent to the European Commission by ENAC on 28 January 2014, which reported that,



in accordance with the provisions of Article 4 of Regulation (EC) 1794/2006, Italy had decided to establish three terminal charging zones in the airspace falling under its responsibility, starting from 1 January 2014. In line with the EU regulations for the industry, charging zones have been currently identified as follows:

- a) IT01, including Fiumicino Airport (above 225,000 IFR movements per year), with a charge equal to 195.79 euro;
- b) IT02, which comprises the airports of Milan Malpensa, Milan Linate and Venice Tesserà (all above 70,000 IFR movements), with a charge equal to 214.15 euro;
- c) IT03, which includes all of the remaining 43 airports, with a charge equal to 246.05 euro.

The adoption of differentiated charging groups leads to a natural reduction of charges on national airports belonging to the first and second band. With regard to the third category, the Company has decided to use its internal resources (charge stabilisation fund) in order to maintain the same charge as applied in 2013.

Given that, without the intervention, the natural charge for 2014 would have amounted to 269.78 euro, the proposed action and the effort made by ENAV will mean for airlines that fly to the airports a reduction in costs by 27.4% respectively for the first band, 20.6% for the second band and 8.8% for the third.

ENAV has also initiated a project to rationalise service and cost levels for low-traffic airports- but important for territorial continuity, precisely in order to reduce the terminal charge in the third band over the next few years.

The project includes a series of actions that are planned in 2014 with a major reduction in spending levels through (i) the optimisation of service hours at airports; (ii) the rationalisation of personnel and operational support, in particular through intervention on the operating configurations and defining new salary levels; (iii) standardisation of the technological configurations supplied to airports with a view to optimising cost/performance, with the aim of defining standard uniform technological configurations for each class of ENAV airports while maintaining safety levels, and (iv) the consequent rationalisation of related maintenance activities through the improvement of standard workloads.

No less important, finally, will be the effects of the announced privatisation of the Company in the next few months. At the beginning of 2014, the government announced the privatisation of ENAV, which provides, in accordance with the scheme of the Prime Minister of 24 January 2014, for the disposal of a portion (up to 49%) of the stake held by the Ministry of the Economy and Finance through the use of a public offering and/or direct negotiations to be conducted through competitive procedures aimed at entities which comply with the requirements of Regulation (EU) No. 1035/2011.



## DESTINATION PROPOSAL OF THE PROFITS OF ENAV S.P.A

Dear Shareholder,

The financial statements as of 31 December 2013 submitted to the approval of the Shareholders' meeting show a net profit of 50,527,600.70 euro.

If the criteria followed for the preparation of the financial statements and the accounting principles used are agreed, considering the reports by the Independent Auditors, the Supervisory Board and the Manager in charge of preparing the accounting documents for the Company, the Meeting will approve:

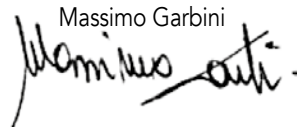
- The report of the CEO on the management trend;
- The balance of the exercise closed on 31 December 2013 overall and on the single items;
- The destination of the profit of the exercise of 50,527,600.70 euro as follows:
  - a) with regard to the amount of 2,526,380.04 euro to Legal Reserve, equal to 5% of the profits according to art. 2430 of the Italian Civil Code
  - b) With regard to the remaining amount of 48,001,220.66 euro in conformity with the deliberations taken by the Shareholders' meeting.

The request is to deliberate on these items.

The current report is part of the  
financial statement approved on 23 April 2014 by the CEO.

The CEO

Massimo Garbini







# FINANCIAL STATEMENTS OF ENAV S.P.A. AS AT 31 DECEMBER 2013





# Financial Statements of ENAV S.p.A. as at 31 December 2013

## BALANCE SHEET - ASSETS

		31.12.2013	31.12.2012
A)	Receivables from shareholders for amounts due	0	0
	<b>Total A)</b>	<b>0</b>	<b>0</b>
B)	<b>Fixed Assets</b>		
I	<b>Intangible fixed assets</b>		
3)	Industrial patent rights and rights to use intellectual property	17.204.248	13.546.649
6)	Fixed assets in progress and payments on account	79.722.514	79.634.525
7)	Others	2.170.436	3.816.902
	<b>Total I)</b>	<b>99.097.198</b>	<b>96.998.076</b>
II	<b>Tangible fixed assets</b>		
1)	Land and buildings	246.876.464	231.890.394
2)	Plant and machinery	436.662.863	424.539.274
3)	Industrial and business equipment	83.009.218	115.564.100
4)	Other assets	54.997.163	56.373.684
5)	Assets under construction and advance payments	333.162.165	397.458.832
	<b>Total II)</b>	<b>1.154.707.873</b>	<b>1.225.826.284</b>
III	<b>Financial fixed assets</b>		
1)	Investments in:		
a)	Subsidiary companies	114.659.272	114.531.981
d)	Other companies	166.666	166.666
	<b>Total III)</b>	<b>114.825.938</b>	<b>114.698.647</b>
	<b>Total B) Fixed Assets</b>	<b>1.368.631.009</b>	<b>1.437.523.007</b>
C)	<b>Current assets</b>		
I	<b>Inventory</b>		
1)	Raw materials, consumables and supplies	67.064.800	68.469.225
	<b>Total I)</b>	<b>67.064.800</b>	<b>68.469.225</b>
II	<b>Receivables</b>		
1)	<b>From customers</b>		
	due within 12 months	226.651.200	337.569.707
2)	<b>From subsidiaries</b>		
	due within 12 months	15.708.197	11.268.209
4 bis)	<b>Tax credits</b>		
	due within 12 months	49.310.747	54.918.773
	due after 12 months	23.164.181	23.164.181
4 ter)	<b>Prpaid taxes</b>		
	due within 12 months	16.097.764	16.384.693
5)	<b>From others</b>		
	due within 12 months	28.780.258	15.066.377
6)	<b>From Eurocontrol Balance</b>		
	due within 12 months	53.272.700	43.650.645
	due after 12 months	85.892.046	74.036.844
	<b>Total II)</b>	<b>498.877.093</b>	<b>576.059.429</b>
III	<b>Financial assets other than fixed assets</b>		
7)	Assets held for sale	0	1.607.478
	<b>Total III)</b>	<b>0</b>	<b>1.607.478</b>
IV	<b>Cash and cash equivalents</b>		
1)	Bank and postal deposits	92.302.387	52.745.846
3)	Cash and cash equivalents	42.001	18.035
	<b>Total IV)</b>	<b>92.344.388</b>	<b>52.763.881</b>
	<b>Total C) Current assets</b>	<b>658.286.281</b>	<b>698.900.013</b>
D)	<b>Accruals and Deferments</b>	1.589.341	1.002.013
	<b>Total D) Accruals and Deferments</b>	<b>1.589.341</b>	<b>1.002.013</b>
	<b>Total Assets</b>	<b>2.028.506.631</b>	<b>2.137.425.033</b>

## BALANCE SHEET - LIABILITIES

		31.12.2013	31.12.2012
<b>A) Shareholders' Equity</b>			
I	Share capital	1.121.744.385	1.121.744.385
IV	Legal reserve	11.409.030	9.099.497
VII	Other reserves:		
	- Reserve under Law 292/93	0	9.188.855
	- Extraordinary reserve	0	960.972
	- Capital reserve account	0	51.815.748
	- Altre	36.358.608	0
	<b>Total VII</b>	<b>36.358.608</b>	<b>61.965.575</b>
VIII	Income (losses) carried forward	78.778.108	49.896.981
IX	Profit (loss) for the tax period	50.527.601	46.190.659
	<b>Total A) Shareholders' Equity</b>	<b>1.298.817.732</b>	<b>1.288.897.097</b>
<b>B) Provisions for risks and charges</b>			
2)	Provision for taxes, including deferred taxes	1.138.459	787.604
3)	Others	36.975.095	61.136.318
	<b>Total B) Provisions for risks and charges</b>	<b>38.113.554</b>	<b>61.923.922</b>
<b>C) Provision for employee severance pay</b>		<b>37.990.312</b>	<b>40.016.669</b>
<b>D) Payables</b>			
4)	<b>To banks</b>		
	due within 12 months	45.381.938	121.689.948
	due after 12 months	127.000.000	130.000.000
5)	<b>To other lenders</b>		
	due within 12 months	280.575	2.569.132
6)	<b>On account</b>		
	due within 12 months	76.059.811	71.336.825
7)	<b>To suppliers</b>		
	due within 12 months	128.993.240	153.022.735
9)	<b>TO subsidiaries</b>		
	due within 12 months	38.389.037	44.549.731
12)	<b>Tax payables</b>		
	due within 12 months	6.098.414	9.534.294
13)	<b>Payables to pension and social security agencies</b>		
	due within 12 months	19.891.195	18.456.421
14)	<b>Other payables</b>		
	due within 12 months	46.755.045	47.427.739
15)	<b>To Eurocontrol Balance</b>		
	due within 12 months	0	0
	<b>Total D) Debts</b>	<b>488.849.255</b>	<b>598.586.825</b>
<b>E) Accruals and Derferments</b>		<b>164.735.778</b>	<b>148.000.520</b>
	<b>Total E) Accruals and Deferments</b>	<b>164.735.778</b>	<b>148.000.520</b>
	<b>Total Liabilities</b>	<b>2.028.506.631</b>	<b>2.137.425.033</b>
<b>Memorandum Accounts</b>			
	Guarantees to third parties	2.125.135	21.926.093
	Guarantees to subsidiaries	27.200.000	27.200.000
	Guarantees received from third parties	130.085.767	129.862.839
	Interim accounts	1	1

## PROFIT AND LOSS STATEMENT

	31.12.2013	31.12.2012
<b>A) Value of production</b>		
1) Revenues from sales and services		
a) Revenues from services	758.360.578	794.849.706
b) Charge changes for balance of tax period	57.504.610	36.844.499
c) Changes to balance	7.623.291	(146.728)
d) Use of balance year n-2	(43.650.645)	(41.255.367)
e) Use of charge stabilizing fund	19.792.000	0
Totale 1)	799.629.834	790.292.110
4) Increase in fixed assets for in-house works	6.501.721	5.961.170
5) Other revenues and income		
a) Other revenues	27.532.985	27.202.827
b) Contributions to operational account	30.000.000	30.000.000
Totale 5)	57.532.985	57.202.827
<b>Total A) Value of production</b>	<b>863.664.540</b>	<b>853.456.107</b>
<b>B) Cost of production</b>		
6) Raw materials, ancillaries consumables and goods	(4.084.578)	(4.227.531)
7) For services	(192.384.749)	(195.760.948)
8) For lease of third party assets	(4.913.648)	(5.005.514)
9) For personnel:		
a) Wages and salaries	(276.185.125)	(272.266.010)
b) Social Security Contributions	(91.614.403)	(88.457.263)
c) Provision for employee severance pay	(17.799.714)	(17.536.485)
e) Other costs	(11.895.406)	(15.863.857)
Totale 9)	(397.494.648)	(394.123.615)
10) Amortisations and depreciations		
a) Amortisations of intangible fixed assets	(16.282.416)	(15.078.525)
b) Amortisations of tangible fixed assets	(137.084.543)	(143.995.541)
c) Other depreciations of fixed assets	(6.753.464)	(3.435.061)
d) Depreciation of receivables included in current assets	(5.500.504)	(16.722.852)
Totale 10)	(165.620.927)	(179.231.979)
11) Change in inventory of raw and ancillary materials, consumables and goods	(1.572.619)	(1.102.889)
12) Provisions for risks	(83.753)	(3.820.217)
14) Other operating expenses	(2.747.457)	(2.601.717)
<b>Total B) Cost of production</b>	<b>(768.902.379)</b>	<b>(785.874.410)</b>
<b>Difference between value and cost of production (A - B)</b>	<b>94.762.161</b>	<b>67.581.697</b>
<b>C) Financial income and expenses</b>		
15) Proventi da partecipazioni	250.000	0
16) Other financial income		
d) revenues other than above	2.787.789	2.072.384
Totale 16)	2.787.789	2.072.384
17) Interest and other financial charges	(4.786.765)	(12.788.899)
17 bis) Gains and losses on foreign currency exchange	11.229	1.945
<b>Total C) Financial income and expenses</b>	<b>(1.737.747)</b>	<b>(10.714.570)</b>
<b>D) Value adjustments to financial assets</b>		
18) Revaluations		
a) of investments	0	0
19) Writedowns		
a) of investments	0	0
<b>Total D) Adjustments to value of financial assets</b>	<b>0</b>	<b>0</b>
<b>E) Extraordinary income and expenses</b>		
20) Extraordinary income	912.162	25.478.602
21) Extraordinary expenses		
a) taxes relating to prior tax periods	(105.171)	(42.455)
b) other charges	(5.797.432)	(1.092.118)
Totale 21)	(5.902.603)	(1.134.573)
<b>Total E) Extraordinary income and expenses</b>	<b>(4.990.441)</b>	<b>24.344.029</b>
<b>Income before taxes (A-B+/-C+/-D+/-E)</b>	<b>88.033.973</b>	<b>81.211.156</b>
22) Taxes on income in the tax period		
a) Current taxes	(36.868.588)	(38.026.761)
b) Deferred taxes	(350.855)	(384.547)
c) Prepaid taxes	(286.929)	3.390.811
Totale 22)	(37.506.372)	(35.020.497)
23) Profit (loss) for the tax period	<b>50.527.601</b>	<b>46.190.659</b>



# Notes to the Financial statements as at 31 December 2013



# Notes to the Financial statements as at 31 December 2013

## 2

### Section 1

#### FORM AND CONTENT OF THE FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2013 comprise the Balance Sheet and the Profit and Loss Account, prepared in accordance with the formats indicated in Art. 2424 and 2425 of the Civil Code, and the Notes whose content is in accordance with the provisions of Art. 2427 of the Civil Code. The annex to the latter gives the Cash Flow Statement. The statements are also accompanied by the management report prepared in accordance with the provisions of Art. 2428 of the Civil Code and compiled into a single document, included for the purposes of the Consolidated Financial Statements.

The financial statements are expressed in euro, while the amounts included in the notes are expressed in thousands of euro, unless otherwise stated. The notes are accompanied with 9 Annexes, which form an integral part of that.

Please note that the audit firm Ernst & Young S.p.A. carries out the statutory audit of the accounts in accordance with Art. 2409 bis of the Civil Code, as amended by Art. 14 of Legislative Decree No. 39/2010.



## Section 2

### BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the provisions of the law as interpreted and supplemented by the Accounting Standards issued by the National Board of Certified Public Accountants and the documents issued by the Italian Accounting Board (OIC), as well as the guiding principles of Eurocontrol, in order to ensure, through appropriate information on the Balance Sheet and Profit and Loss Account, true and correct information about the situation of the Company ENAV S.p.A.

The accounting policies are consistent with those applied in preparing the financial statements for the previous year.

In preparing the financial statements we have observed the general precepts of clarity and true and fair view, as well as the principles of drafting set out in Art. 2423 bis of the Civil Code, and more specifically:

- The evaluation of the entries has been performed according to prudence and the going concern principle, and taking into account the economic function of the active and passive elements considered;
- Income and costs are recognised on an accrual basis regardless of the date of collection or payment;
- Liabilities for contingencies and losses attributable have also been included if known after the end of the year;
- Heterogeneous elements included in the individual items have been evaluated separately.

#### INTANGIBLE ASSETS

These represent costs and expenses with long-term benefits and are recognised based on the actual cost, including accessory charges, adjusted if necessary in the event of impairment losses. The amount is shown in the Balance Sheet net of depreciation calculated systematically in direct relation to the estimated future benefits. In particular, the use of intellectual property rights, which include licences, as well as proprietary software has been amortised over three years on a linear basis. Leasehold improvements are amortised over the remaining term of the related lease contracts. The substitute tax on medium-term loans, classified under the heading of other intangible assets, is amortised on a linear basis over the term of the loan.



## TANGIBLE ASSETS

These are recorded at purchase cost, including incidental expenses, as well as costs related to improvements and extraordinary maintenance of an incremental nature and suitable to extend the remaining useful life. The assets are systematically depreciated on a linear basis using rates which are determined in relation to the residual possibility of use of each individual asset and, in addition, consistent with the guiding principles issued by Eurocontrol.

In the year of acquisition or construction a reduced rate is applied relative to the ordinary rate on the basis of the actual use.

	useful life (years)
Buildings	from 10 to 25
Plants and machinery	from 7 to 11
Industrial and business equipment	from 7 to 10
Other assets	from 4 to 10

The assets that on the closing date of the period have a value permanently lower than that of entry, as determined by the above criteria, are written down to that lower value; if in subsequent years the reasons for the write down cease to apply, there will be a reversal of the impairment to the extent of the write-down.

## FINANCIAL ASSETS – INVESTMENTS

The financial fixed assets, which consist of investments, are recorded at acquisition cost, including accessory charges, adjusted for any impairment loss. If in subsequent years the reasons for this adjustment cease to apply, we will perform a re-evaluation within the limits of the write-down. Holdings in foreign currencies are entered at the exchange rate recorded at the time of purchase.

## INVENTORIES

Inventories, mainly represented by spare parts for specific use relating to facilities and equipment for flight control, are stated at the weighted average cost. These inventories, if they cannot longer be used because obsolete, are written down by a direct adjustment to the inventory write-down provision of the active value.

## RECEIVABLES

Receivables are stated at nominal value adjusted to take account of the estimated realisable value. There are no receivables due after five years.

## FOREIGN CURRENCY TRANSACTIONS

The assets and liabilities arising from transactions in foreign currencies are recorded in the accounts at the exchange rate in effect on the date on which the transaction is performed. At the end of the year, these assets and liabilities are converted at the exchange rate on the balance sheet date and the resulting gains and losses are recorded in the Profit and Loss Account as a component of financial income. If the conversion of foreign currency produces a net gain, this value, in the allocation of the earnings, is allocated to a non-distributable reserve until realised.

## ASSETS THAT ARE NOT FIXED ASSETS

The entry contains the assets intended to be sold in the short term at the lower of the carrying value and the estimated realisable value.

## ACCRUALS AND DEFERMENTS

Accruals and deferred income includes costs and revenues incurred or achieved by the end of the year but relating to future years. The fees incurred at the time of conclusion of the loans are classified under the heading of deferred income and are released to the Profit and Loss Account over the term of the loan.

## PROVISIONS FOR RISKS AND CHARGES

These are intended to cover losses or debts of a specific nature, whose existence is certain or probable but which, at the end of the year, are undetermined in amount or date of occurrence. In particular, the provisions for taxes are divided between funds established to cover probable tax liabilities and provisions for deferred taxes.

## PROVISION FOR SEVERANCE INDEMNITIES

Following the reform of supplementary pensions as per the Law of 27 December 2006, no. 296 (2007 Finance Act) and subsequent Decrees and Regulations, the accounting criteria applied to the

severance indemnities comply with the interpretations defined by the national competent technical bodies. As a result of this reform, the severance indemnities accrued from 1 January 2007, based on the express or implied choices made by the employees, are allocated to supplementary pension funds or transferred by the Company to the treasury fund set up at the National Institute Social Security Institute (INPS). Thus the severance indemnities in the financial statements represent the liability to employees for severance benefits in accordance with the law and employment contracts, taking into account any form of on-going remuneration.

## DEBTS

These are recorded at nominal value.

The advances attributable of the Air Force are recorded when received, while advances registered against the Civil Aviation Authority are proportionate to the share of the revenues accruing during the financial year.

Advance payments received in respect of pre-financing under the SESAR project represent financial facts and are not relevant for the purposes of revenue entry.

Payables to other lenders include the debt to factoring companies to which the providers have sold "without recourse" invoices issued to ENAV.

There are no debts with a maturity of over five years.

## MEMORANDUM ACCOUNTS

These include the amount at the nominal value of the guarantees given to third parties and/or received from third parties as well as transfer accounts.

## PROFIT AND LOSS ACCOUNT

Revenues, income, costs and expenses are recorded on an accrual basis adjusted for the effect of the mechanism that leads to the Eurocontrol Balance of revenues commensurate to the actual costs incurred for the services of terminal air traffic control, for the en-route the entry of the Balance occurs in the cases provided for by EU Regulation 1794/2006 as amended by EU Regulation 1191/2010.

## CONTRIBUTIONS

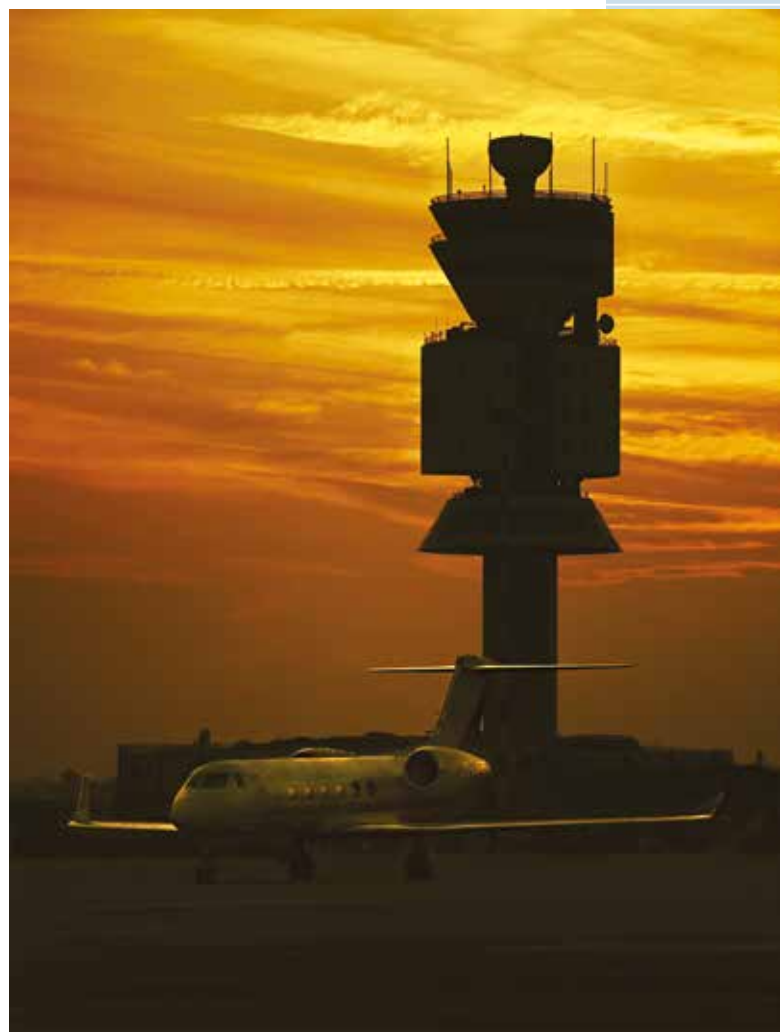
Contributions over the year are recorded in the year in which, with reasonable certainty, the right to receive them arose, regardless of the date of receipt.

Capital account contributions are recorded when there is reasonable assurance that the conditions for the entry of the contribution are met and that the contributions will be disbursed. Capital account contributions are recorded as income progressively in proportion to the amortisation of the related assets through the use of the accounting technique of deferred income.

## TAXES

Income taxes are calculated on an accrual basis, based on the tax rates in effect. In particular, they are treated as an expense incurred by the generation of income and are recorded in the same period as the revenues and costs to which they relate, taking into account the tax position of the Company and the current fiscal legislation.

Deferred tax assets are recorded when there is reasonable certainty of sufficient future taxable income such that they can be recovered. Deferred tax liabilities are always recorded, unless it is considered unlikely that the liability will arise. The value of deferred tax assets to be reported in the financial statements is reviewed on each balance sheet date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.



## Section 3

### ANALYSIS OF BALANCE SHEET ITEMS AND THEIR CHANGES

#### INTANGIBLE ASSETS

This item, amounted to 99,097 thousand euro, recorded over the previous year, a net increase of 2,099 thousand euro. The movements during the year are shown in the following table:

	31.12.2012	Increases	Decreases	Depreciation	31.12.2013
Rights to use intellectual property rights	13.546	17.120	0	(13.462)	17.204
Other intangible fixed assets	3.817	1.174	0	(2.820)	2.171
Assets in progress and accounts	79.635	18.507	(18.420)	0	79.722
<b>Total</b>	<b>96.998</b>	<b>36.801</b>	<b>(18.420)</b>	<b>(16.282)</b>	<b>99.097</b>

The item *rights of utilisation of intellectual property* increased by 17,120 thousand euro for the purchase of licences for both management and operational systems and the installation of application software mainly involving: i) the new software for the document management system for 4,562 thousand euro; ii) the new personnel management system called ESPER for 6,139 thousand euro; iii) the adaptation of the ATC simulation platform software compared to the functionality of the tool AMAN, FDP and data link within SESAR amounting to 1,402 thousand euro.

The decrease relates to the amortisation charge for the year, which amounted to 13,462 thousand euro.

The increase in *other intangible assets* of 1,174 thousand euro covers both leasehold improvements made during the year and the substitute tax on loans taken out in 2013. The decrease of 2,820 thousand euro relates to the amortisation for the year.

*Assets in progress and payments on account* recorded a net increase of 87 thousand euro, due to increases in new investments by 18,507 thousand euro, and decreases by 18,420 thousand euro, deriving both from projects completed and put into use in the year for 18,294 thousand euro, net of investment projects still in progress, and from the decrease of 126 thousand euro relating to the write-down of software which is no longer in operational use.

With reference to the projects in progress, we note the following:

- Coflight that provides for the development of the new generation flight data processing system developed in collaboration with DSNA, a French provider of air navigation services and the Swiss service provider Skyguide. Coflight will be integrated into the programme 4-Flight and will be operational from 2018. The project was increased in 2013 by 3,635 thousand euro, while the total investment at the year-end amounted to 47,093 thousand euro;
- The programme NOAS (New Operational Area System), concerning the optimisation of the systems already developed by ENAV with the Airnas and Athena programmes aimed to

maintaining of certification in the field of the Single European Sky and supplementing the Ais and Weather databases. The increase for the year was 966 thousand euro and it amounted in total to 3,297 thousand euro;

- The new system of in-flight control planning and management called SAPERE for which the investment during the year amounted to 1,076 thousand euro, with a total balance of 1,357 thousand euro.

Breakdown no. 2, attached to these notes, shows the structure of the movements in intangible assets distinguished between historical cost and accumulated depreciation as required by Art. 2427, paragraph 1 point 2) of the Civil Code.

## TANGIBLE ASSETS

The tangible fixed assets amounted to 1,154,707 thousand euro, showing a decrease of net 71,119 thousand euro compared to the previous year.

The following table shows the changes in the balance of tangible fixed assets during the year and breakdown no. 3, attached to these notes, the subdivision of distinct movements between historical cost and accumulated depreciation as required by Art. 2427, paragraph 1 point 2) of the Civil Code:

	31.12.2012	Increases	Decreases	Depreciation	31.12.2013
Land and buildings	231.890	29.398	0	(14.412)	246.876
Plants and machinery	424.539	99.679	(187)	(87.368)	436.663
Industrial and business equipment	115.564	12.206	(25.609)	(19.152)	83.009
Other assets	56.374	14.780	(4)	(16.153)	54.997
Assets in sprogress and accounts	397.459	103.105	(167.402)	0	333.162
<b>Total</b>	<b>1.225.826</b>	<b>259.168</b>	<b>(193.202)</b>	<b>(137.085)</b>	<b>1.154.707</b>

The total increases for the year, amounting to 259,168 thousand euro, relate:

- For 156,063 thousand euro to investments completed and put into operation during the year, among which we highlight: i) the fourth aircraft Piaggio P180 Avant II Flight Inspection, which is able to perform the in-flight monitoring of all procedures and radio, visual and radar supports installed on the national territory and, being equipped to the ICAO and NATO standards, also on foreign territory; ii) the modernisation of the radio assistance systems of several airports, including the ILS approach system for runway 16R at Fiumicino Airport in Rome; iii) the modernisation of APP radar and route radar systems; iv) the realisation of an integrated security system; v) the adjustment of the electricity mains of the ACC in Rome and ACC in Milan; vi) the new technical block of Grottaglie Airport; vii) the adaptation of the ACC and the Tower of Milan Linate; viii) the modernisation and strengthening of the TBT radio centres of the ACC in Rome; ix) the expansion and renovation of the technical block and the Tower of Turin Caselle; x) the modernisation and expansion of the telecommunication systems at Olbia Airport and Rome

Fiumicino; xi) the RVR system of Turin Caselle; xii) the refurbishment of the electrical power system of the ACC in Brindisi; xiii) the evolutionary maintenance of various systems;

- For 103,105 thousand euro to investment projects in progress, among which we highlight, net of the projects coming on stream, the renovation of the new building of the ACC in Rome, the functional adaptation of the SATCAS system at the ACC of ENAV, the expansion of the training school Academy of Forlì which provides for the construction of the new integrated technology centre, the construction of the new technical block and tower of Lampedusa Airport, the implementation of the data link 2000 plus system, the adaptation of the airport weather systems to ICAO Amendment 74, the modernisation of the TBT radio centres of the ACC in Rome and Milan, the modernisation and adaptation of the airport VCS, the construction of the private virtual e-network, the implementation of the programme called “e-TOD New Solution Technology” for the strengthening of the system for eTOD airport mapping, the retrofitting of the aerial photogrammetry station and the development of new technological solutions for obstacle data capture.

The decreases amounting to 193,202 thousand euro relate to the following operations:

- Reclassification to a specific item of investment programmes completed in 2013 for 156,063 thousand euro, which are the subject of a previous comment;
- Cancellation of goods finished, but not in operation, covering electrical systems deposited with a storage centre owned by third parties as a result of the removal of such goods and materials which took place in December. Following the release from seizure of assets, which occurred in February, 2014, it was possible to carry out a physical inventory, which quantified at 4,497 thousand euro the amount of stolen assets. In the case a criminal complaint has been filed and the insurance company concerned has been asked to assess the possible coverage;
- The write-down of certain parts of the Disaster Recovery system for a value of 4,411 thousand euro, which has been closed for several years for connectivity problems and is no longer usable in its initial configuration following the development of new systems that will still ensure a capacity for immediate recovery;
- The cancellation of the AVL plants at six airport sites recorded in the asset item “industrial and commercial equipment” for the value declared by the expert in the context of the conversion of ENAV into a joint stock company and in particular when determining the accounting equity as defined by the decree of the Ministry of Economy and Finance of 7 December 2001 and registered as a counterpart in a separate equity component in accordance with that decree, for a total of 25,607 thousand euro. These goods were never delivered by the respective airport management companies and accordingly ENAV has never had possession of them and has not made them subject to amortisation. In 2013, following the ruling of 7 March 2013, for the part related to AVL systems, which reassigned these public goods to the property of the State and allocated them free of charge to ENAC, we proceeded with the cancellation of the above goods with the counterpart equity reserves;
- The write-down of assets amounting to 2,217 thousand euro on some parts of the systems which are no longer usable, subject, inter alia, to the records of consensual resolution signed during the year and the write off of assets no longer used in the production cycle for 193 thousand euro;

- Reclassifications for allocations to items other than fixed assets amounting to 214 thousand euro, both regarding reclassification to inventories of spare parts of certain components removed from operating systems for 168 thousand euro and the correct classification as intangible assets of certain projects misclassified in the documentation for a total of 46 thousand euro.

The depreciation charge for the year amounted to 137,085 thousand euro.

It should be noted that part of the investments, for a historical cost 215,382 thousand euro, are funded by grants related to assets recorded in the context of the National Operational Programme for Transport (NOP) for the years 2000-2006 and 2007-2013 for interventions at airports in the south and by grants awarded by the Ministry of Infrastructure and Transport for investments in military airports under Law 102/09. These grants for facilities made for these investments have been included in deferred income and released to the Profit and Loss Account in relation to the amortisation of the investments to which they relate, with reference to which the amount pertaining to the Transport PON amounts to 14,366 thousand euro.

The Territorial Agency, in consultation with the relevant company structures, has completed the task of identifying and allocation of certain assets included in Annex F of the D.M. of 14 November 2000, published in G.U. No. 174 28.07.2001, primarily related to light plant and equipment. In this regard, the findings are still pending on the relevant state of use in order to assess the estimated market value for the next entry in the Balance Sheet. At the end of these activities, the assets currently recorded in the memorandum accounts at a symbolic value will be capitalised with the counterpart in net equity of the Company, without additional burdens for tax charges.

## FINANCIAL ASSETS

Financial fixed assets, represented by shares, amounted to 114,826 thousand euro, with an increase of 127 thousand euro compared to the previous year.

Financial assets' main changes are shown below:

	31.12.2012	Increases	Decreases	31.12.2013
Investments				
a) subsidiaries	114.532	127	0	114.659
b) other companies	167	0	0	167
<b>Total</b>	<b>114.699</b>	<b>127</b>	<b>0</b>	<b>114.826</b>

The increase in investments in subsidiaries for 127 thousand euro refers to the establishment of the company ENAV Asia Pacific, located in Kuala Lumpur – Malaysia, entirely owned by ENAV and responsible for the development of the ENAV Group's commercial assets in the states of the continents Asia and Oceania.

The item subsidiaries also includes the entire stake in Techno Sky S.r.l. for 113,827 thousand euro and the share of the 60% stake in the SICTA Consortium for 705 thousand euro. With respect to the subsidiary Techno Sky, it should be noted that the higher value of the investment, compared to the measurement with the equity method and the equity accounting method, is justified by the future



economic benefits identified and assessed in authoritative appraisals at the time of acquisition and substantially confirmed by the results achieved in 2013 and previous years.

The item investments in other companies refers exclusively to the 16.67% stake in the share capital of the company under French law ESSP SaS, which is held by the main European service providers and handles the management of the EGNOS satellite navigation system and the provision of related services, for an amount of 167 thousand euro. In June 2013, the company ESSP approved the allocation of a dividend of which the share of ENAV amounted to 250 thousand euro, received in the first days of the month of July 2013.

Attached to these notes, breakdown no. 4 shows the information required by Art. 2427, paragraph 1 point 5 of the Civil Code, while breakdown no. 5 shows the economic and financial transactions with subsidiaries.

## CURRENT ASSETS

### INVENTORIES

Inventories in stock, which include spare parts, net of the accumulated depreciation, amounted to 67,065 thousand euro, showing a net decrease of 1,405 thousand euro compared to 31 December 2012. The changes in inventories during the year are shown in the following table:

	31.12.2012	Increases	Decreases	31.12.2013
Fiduciary Inventory	70.600	2.975	(2.583)	70.992
Direct Inventory	4.427	653	(660)	4.420
Flight inspection Inventory	743	0	0	743
	<b>75.770</b>	<b>3.628</b>	<b>(3.243)</b>	<b>76.155</b>
Allowance for Inventory losses	(7.300)	(1.790)	0	(9.090)
<b>Total</b>	<b>68.470</b>	<b>1.838</b>	<b>(3.243)</b>	<b>67.065</b>

The increase for the year, net of the provision for impairment of inventories, amounted to 1,838 thousand euro and relates mainly to the bonded warehouse for the purchase of spare parts before allocation to recent supply systems, such as, in particular radar systems and telecommunications systems. Part of the increase is also applicable to spare parts reclassified in this item from the fixed assets for 168 thousand euro. The increase in the provision for impairment of inventories relates to parts that have become obsolete due to technological modernisation of the systems for which they were intended and which are no longer usable for 1,790 thousand euro and reclassified obsolete goods in the warehouse. The decrease amounted to 3,243 thousand euro entirely for releases from the warehouse of spare parts for use in the operating systems.

The spare parts in the bonded warehouse have been deposited with the subsidiary Techno Sky, which manages them on behalf of ENAV.

## LOANS AND ADVANCES TO CLIENTS

Receivables from clients, all with maturities within 12 months, amounted to 226,651 thousand euro with a net decrease compared to the previous year, of 110,919 thousand euro, arising principally from the loan owed by the Ministry of the Economy and Finance for a total 78,174 thousand euro. Specifically, the breakdown is as follows:

	31.12.2013	31.12.2012
Receivables from Eurocontrol	163.382	169.006
Receivables from the Ministry for Economy and Finance	25.488	146.745
Receivables from the Ministry of Infrastructures and Transport	47.800	30.000
Receivables from other clients	33.289	34.236
	<b>269.959</b>	<b>379.987</b>
Provision for bad debts	(43.308)	(42.417)
<b>Total</b>	<b>226.651</b>	<b>337.570</b>

The amount due from Eurocontrol relates to the proceeds from the en-route and terminal sales not yet collected on 31 December 2013 amounting to 122,451 thousand euro and 40,931 thousand euro respectively. The decrease in this item, compared to the previous year, by 5,624 thousand euro is due to higher receipts recorded in the year equal to the en-route revenue and to a greater extent to the increase in turnover for terminal. Of these receivables, 104.7 million euro were collected in the first months of 2014.

The receivable from the Ministry of Economy and Finance amounting to 25,488 thousand euro recorded in the year a net decrease of 121,257 thousand euro, relating for 78,174 thousand euro to the collection of the receivable related to the amount accrued in 2011 and partially in 2012 and for 57,243 thousand euro to the amounts attributable to the Air Force in 2012 with respect to the collections for en-route and the first six months of the terminal charge offset against the receivable from the Ministry of Economy and Finance. The receivable as of 31 December 2013 also includes, in addition to the portion of the receivable for 2012 which amounted to 11,238 thousand euro, fully paid in the month of February 2014, the amount accrued in 2013 for exempted flights for both en-route and terminal for a total of 14,160 thousand euro.

The receivable from the Ministry of Infrastructures and Transport comprises the contribution to income, amounting to 30,000 thousand euro, designed to offset the costs incurred by ENAV to ensure the security of its systems and operational safety, as required by Art. 11f of Law 248/05. The increase for 17,800 thousand euro relates entirely to the share of the 2012 contribution not collected at the end of year, the funds of which are still available from the Ministry as identified in Law 98/2013 Art. 25, paragraph 5; of that amount, 5,029 thousand euro were collected in February 2014.

*Other client receivables* mainly relate to receivables accrued to the airport management company as a result of services provided by ENAV and the recovery of the personnel costs seconded to third parties.

2

The "provision for bad debts" amounting to 43,308 thousand euro sustained during the period a net increase of 891 thousand euro and the following changes:

	31.12.2012	Increases	Decreases cancellations	uses	31.12.2013
Provision for bad debts	42.417	5.501	(3.936)	(674)	43.308

The increase of 5,501 thousand euro relates to doubtful receivables regarding both route and terminal claims as well as some positions relating to management companies. The decrease for a total of 4,610 thousand euro relates for 3,936 thousand euro to cancellations of receivables earned for the route service, written down in prior years and no longer considered recoverable, and for 674 thousand euro to proceeds of positions in credit conservatively written down in prior years.

## RECEIVABLES FROM SUBSIDIARIES

The amounts due from subsidiaries amounted to 15,708 thousand euro and underwent a net increase of 4,440 thousand euro compared to the balance on 31 December 2012 primarily due to the higher credit to the company Techno Sky. Specifically, the amount due from Techno Sky has increased by 4,137 thousand euro and relates to the interest-bearing current account used to offset the invoices received by the Subsidiary, which in the previous year showed a balance of 11,033 thousand euro. The current account has increased in 2013 for advances paid amounting to 96,400 thousand euro and is partially offset by invoices issued for services performed for 92,253 thousand euro, reaching a year-end balance of 15,181 thousand euro. The remaining part of the debt, which amounts to 224 thousand euro, a decrease of 11 thousand euro compared to 2012, mainly relates to ENAV personnel seconded to the subsidiary. The credit to the subsidiary also includes the amount of 140 thousand euro owed by the SICTA Consortium for the rental of offices located in Naples and the 163 thousand euro owed by ENAV Asia Pacific mainly for personnel seconded to the company based in Kuala Lumpur.

## TAX CREDITS

Tax credits amounted to 72,475 thousand euro, of which 23,164 thousand euro were over twelve months, and recorded a net decrease of 5,608 thousand euro compared to the previous year, for the events reported below.

These receivables are as follows:

	31.12.2013	31.12.2012
VAT Receivables	45.174	53.223
Direct Tax receivables	4.137	1.696
<b>Total within twelve months</b>	<b>49.311</b>	<b>54.919</b>
Direct tax receivables	23.164	23.164
<b>Total over twelve months</b>	<b>23.164</b>	<b>23.164</b>
<b>Overall total</b>	<b>72.475</b>	<b>78.083</b>

The receivables from the tax authorities for VAT of 45,174 thousand euro, recording a net decrease of 8,049 thousand euro compared to the previous year, relates entirely to the VAT credit accrued in the period 2011/2013, of which 23,825 thousand euro were claimed in refund varies in the previous year and in 2013 and on which legal interest is payable at 2% on an annual basis. The changes occurred during the year mainly concerned the following events: a) collection of the tax credit claimed as a refund in 2012 for an amount, including interest, of 29,839 thousand euro and collection of 181 thousand euro for the VAT refunds requested on motor vehicles; b) an increase in the tax accrued in 2013 which amounted to 21,252 thousand euro as a result of the ratification of the new EU Directive in the Italian law on value added tax, which stipulates that the management and air traffic control services provided by ENAV in respect of taxable and non-EU entities no longer contribute to the formation of turnover and are not relevant to the determination of the available credit limit that permits the purchase of goods and services without paying VAT (Art. 8, paragraph 1, letter c) of Presidential Decree 633/72). Of this amount, 21 million euro were claimed for reimbursement in the submission of the VAT return, which took place in the month of February 2014. It should be noted that at the time of claim it was decided to issue the virtuous taxpayer statement. It is also reported that the month of September saw the release of the guarantee given to the Inland Revenue in 2010 to guarantee the VAT credit refund requested for the 2007 tax year. Il credito per imposte dirette ammonta a 4.137 migliaia di Euro ed accoglie per 1.662 migliaia di Euro l'imposta richiesta a rimborso, ai sensi dell'art. 6 del D.L. 185/2008 presentata nel 2009, per l'IRES pagata in eccesso negli esercizi precedenti a seguito della mancata deduzione del 10% dell'IRAP dall'imposta sui redditi, deduzione resa possibile dal D.L. 185/2008 con valenza 2008 ed esercizi pregressi, e per la restante parte i seguenti crediti: i) il credito IRES per 1.482 migliaia di Euro, quale effetto netto tra l'imposta di competenza dell'esercizio pari a 14.325 migliaia di Euro e le ritenute subite e gli acconti versati nel 2013 per complessivi 15.807 migliaia di Euro; ii) il credito IRAP pari a 807 migliaia di Euro risultante dalla differenza tra gli acconti versati nel 2013 per 23.351 migliaia di Euro e l'imposta di competenza dell'esercizio pari a 22.544 migliaia di Euro. Il decremento è essenzialmente legato il suddetti crediti di imposta che nell'esercizio precedente risultavano invece a debito.

The direct tax credit amounts to 4,137 thousand euro and for 1,662 thousand euro comprises the tax refund requested, under Art 6 of D.L. 185/2008 filed in 2009, for income tax paid in excess in previous years as a result of the non-deduction of 10% of the income tax exemption, a deduction

made possible by D.L. 185/2008 payable in 2008 and prior years, and for the remaining part two the following credits: i) the IRES credit of 1,482 thousand euro, as the net effect between the tax for the year which amounted to 14,325 thousand euro and withholdings and payments on account in 2013 for a total of 15,807 thousand euro; ii) the IRAP tax credit equal to 807 thousand euro resulting from the difference between the payments made in 2013 for 23,351 thousand euro and the tax for the year amounting to 22,544 thousand euro. The decrease is primarily related to the above tax credits, which in the previous year were, by contrast, in debit.

The direct tax credit over more than twelve months, amounting to 23,164 thousand euro, relates to the credit for the increased IRES paid in the years 2007/2011 due to the lack of IRAP deduction on expenditure incurred for employees and similar, as set out in the application for refund filed on 6 March 2013. In particular, the right to reimbursement is based on Art. 2 of D.L. 201/2011, which admitted the analytical deduction of IRAP from corporate revenue, previously allowed only to the extent of 10 per cent of the tax paid, a ruling subsequently amended by Decree-Law No. Art 16 of 2012, no. 4 Section 12 in order to extend this possibility also to the previous tax periods with effect from tax year 2007. With reference to the timing of the repayment of the credit, and considering that the decision of the Revenue covers reimbursements for tax periods starting with the most remote and in the order of transmission of the telematic flows, setting the criteria in cases in which there is no full capacity of financial resources, it was considered prudent to classify this as a credit over twelve months.

## PREPAID TAX ASSETS

Prepaid tax assets amounted to 16,098 thousand euro and are recorded mainly on tax provisions and inventory write-down. The movements during the year are shown in the following table:

	31.12.2012	Increases	Decreases	31.12.2013
Prepaid tax on taxed provisions for risks	14.138	1.229	(1.786)	13.581
Prepaid tax on inventory devaluation	2.008	492	0	2.500
Other	239	17	(239)	17
<b>Total</b>	<b>16.385</b>	<b>1.738</b>	<b>(2.025)</b>	<b>16.098</b>

The increases amounting to 1,738 thousand euro relate primarily to the entry of prepaid tax on the non-deductible goodwill impairment of receivables and the provision for risks made during the year. The decrease of a total of 2,025 thousand euro relates in particular to the transfer of assets recorded on shares deducted in the provisions allocated, with particular reference to the provisions for risks, and the provision for inventory write-down as a result of the use of them.

We refer to Annex No. 6 attached to these notes for the details of the temporary differences that gave rise to the entry of prepaid tax assets, the changes incurred during the year and the tax rate applied. We specify that these prepaid tax assets have been recorded because it is believed there is a reasonable certainty of achieving future taxable income sufficient to allow recovery of them.

## OTHER RECEIVABLES

Other receivables, all maturing within 12 months, amounted to 28,780 thousand euro, an increase over the previous year of 13,714 thousand euro. The following table shows the composition of the item and the comments on the changes during the year:

	31.12.2013	31.12.2012
Receivables from public entities for plant investment account	21.562	6.317
Receivables from personnel	3.510	3.584
Receivables from various entities for funded projects	4.475	5.922
Security deposits	465	548
Other receivables	2.011	1.960
	<b>32.023</b>	<b>18.331</b>
Bad debt provisions	(3.243)	(3.265)
<b>Total</b>	<b>28.780</b>	<b>15.066</b>

The receivable from public entities for capital grants relates entirely to the contribution of PON networks and mobility 2007/2013 which recorded in the year a net increase of 15,245 thousand euro as a result of both the resolution of the Managing Authority of PON networks and mobility 2007/2013 of 24 December 2013, which admitted to funding more projects submitted by ENAV, which have included only the portion covered by the contract, for a total of 17,743 thousand euro, and the collection made in 2013 downstream of the statements of account, which was equal to 2,497 thousand euro.

The credit to the personnel relates mainly to mission advances paid to seconded employees still not concluded at year-end, of which the majority equal to 3,243 thousand euro of advances was paid to missions already under investigation by the court and prudentially written off in previous years. Following judgments 745/2011 and 966/2012 of the Court of Auditors, which ordered the defendants to pay the amounts, 22 thousand euro were collected, with a corresponding reduction of the provision in respect of repayment plans established for the recovery of the credit. To guarantee it, however, the attachment of a fifth of the pension and severance pay provision was ensured, in addition to the seizure of bank accounts and for certain persons also of real estate.

The amount due from various agencies for funded projects amounted to 4,475 thousand euro and mainly relates to the share of co-financing for the year regarding the SESAR programme which will be reporting in the first months of 2014. During 2013, the Group collected the amount registered during the previous year and equal to 4,714 thousand euro. The group also collected the loans for the Blue Med project, which amounted to 678 thousand euro, and to Fondimpresa for funded training for 356 thousand euro, as well as the inclusion of the portion attributable to 2013 paid to Fondimpresa, which amounted to 336 thousand euro.

The item guarantee deposits recorded a net decrease of 83 thousand euro in the year for both the return of deposits made in previous years and the payment of deposits for participation in tenders, for example in Libya.

## CREDIT BALANCE WITH EUROCONTROL

The credit balance with Eurocontrol amounts to 139,165 thousand euro and recorded a net increase of 21,477 thousand euro in the year as a balance between new assets for 65,128 thousand euro and the transfer to the Profit and Loss Account of a portion of the balance created in 2009, the balance of 2011 and a share of the balance for 2012 for a total of 43,651 thousand euro. This receivable is due within twelve months for an amount equal to 53,273 thousand euro and over more than twelve months for 85,892 thousand euro. It should be noted that during the preparation of the route charge for 2014, the Company, aiming to its financial equilibrium and in order to not further stress the accounts of the carriers at the moment of crisis in the industry, decided not to charge the full balance generated in 2011 and 2012 on the charge of 2014, but to distribute part to 2015 for a total amount of 18.3 million euro. Equally, in the determination of the terminal charge, the balance in 2012 was not considered in the determination of the respective rates of 2014 and deferred to 2015 for the full amount of approximately 10 million euro.

For the composition of the receivable recorded in 2013 and further information, we refer to the appropriate section at the end of these notes.

## ASSETS THAT ARE NOT FIXED ASSETS

This item was set to zero in 2013 following the sale of four Cessna aircraft owned by ENAV in the month of September, for a total amount of 1,607 thousand euro.

## CASH AND CASH EQUIVALENTS

Cash with banks and the Central Treasury amounted to 92,344 thousand euro and includes accrued interest and cash holdings for 42 thousand euro.

The increase in liquidity with banks recorded at year-end compared to the previous year, of 39,556 thousand euro, mainly relates to payments received in December from the European Commission for funding within TEN-T for 11,338 thousand euro in addition to the collection from SESAR JU for 4,847 thousand euro.

The cash and cash equivalents in fact include 10,795 thousand euro relating to the pre-financing received, net of expenses incurred by SESAR JU, to be set against the projects undertaken in the last three years. The total amount of pre-financing received is equal to 6,620 thousand euro and is shown under trade payables. These contributions are tied to the project.

## ACCRUALS AND DEFERMENTS

The balance of this item amounted to 1,589 thousand euro, an increase over the previous year, to

587 thousand euro mainly due to prepayments out of the commissions paid to the bank at the time of entering into new medium term loans and for the exercise of the extension of loans already in place for a total of 1,020 thousand euro. These fees are recorded on the basis of the duration of the loans to which they relate, of which the share for the year amounted to 188 thousand euro. During the year we also proceeded to assign to the Profit and Loss Account the discount entered on the prepaid insurance premiums and contributions recorded in 2012 by the Competition and Markets Authority for 61.7 thousand euro.

The prepaid expenses also include the portion of the premium attributable to future years for a total of 140 thousand euro, recorded on the transaction for hedging forward foreign currency for the purchase of shares in Aireon in US dollars for a period that extends until 2017. For more information, we refer to the comments in the management report.

## SHAREHOLDERS' EQUITY

Shareholders' equity on 31 December 2013 breaks down as follows:

	31.12.2013	31.12.2012
Share capital (*)	1.121.744	1.121.744
Legal reserve	11.409	9.099
Other reserves:		
a) Reserve under Law 292/93	0	9.189
b) Extraordinary reserve	0	961
c) Capital contribution reserve Account	0	51.816
d) Others	36.359	0
Income/(losses) brought forward	78.778	49.897
Income/(loss) for the period	50.528	46.191
<b>Total</b>	<b>1.298.818</b>	<b>1.288.897</b>

(\*) The share capital consists of 1,121,744,385 ordinary shares with a nominal value of 1 euro entirely subscribed by the Ministry of Economy and Finance.

Regarding the analysis of changes in shareholders' equity and the information required by Art. 2427 of the Civil Code, we refer to breakdowns 7 and 8 attached to these Notes.

With reference to the changes occurring in the context of equity, we state the following: 1) the shareholders' meeting held on 16 May 2013 in regular session to approve the 2012 financial statements approved the following allocation of the net profit i) allocation to the statutory reserve of 5% amounting to 2,310 thousand euro; ii) carry-over to retained earnings for 28,881 thousand euro; iii) assignment of the dividend to the shareholder for 15 million euro, paid in the month of June 2013 in accordance with the shareholders' resolution; 2) the ruling of 7 March 2013 of the General Manager of Finance at the Ministry of Economy and Finance, in consultation with the Director of the Department for Transport, Navigation and Information Systems and Statistics at the Ministry of Infrastructure and Transport, among other things, decommissioned the AVL plants at six airport sites



with simultaneous assignment to the property of the State for an amount of 25,607 thousand euro. These assets were recorded as equity of ENAV in 2001 following the final determination of net equity of the Company as per the ruling of the Ministry of Economy and Finance of 7 December 2001 and, in particular, were identified within the reserve under Law 292/93. Given that these goods were never delivered by the airport management companies and therefore ENAV has not been able to derive any advantage or economic benefit from formal ownership of them, for which reason there has been no depreciation or maintenance, the operation of the discontinued activities takes the form of an adjustment of the initial capital. For this purpose it was decided, with the approval of the Shareholder, to reset the reserve under Law 292/93 by 9,189 thousand euro and the extraordinary reserve by 961 thousand euro and partially reduce the reserve for capital grants by 15,457 thousand euro. It should be noted that the reserve for capital grants has been formed by the contributions received during the period 1996/2002 and originally recorded net of deferred taxes that have since been settled, so that the reserve has become freely available. For this purpose, as indicated by the Shareholder, the residual amount of 36,359 thousand euro has been reclassified to "Other reserves".

## PROVISIONS FOR RISKS AND CHARGES

These amounted to 38,114 thousand euro with a decrease of 23,810 thousand euro compared to the previous year as a result of the following changes:

	31.12.2012	Increases	Decreases	31.12.2013
Provision for deferred taxes	788	496	(145)	1.139
<b>Total</b>	<b>788</b>	<b>496</b>	<b>(145)</b>	<b>1.139</b>
Other provisions:				
Risk provision for disputes with personnel	4.733	75	(566)	4.242
Risk provision for other pending disputes	1.340	9	0	1.349
Other provisions for risks	7.087	0	(3.887)	3.200
Charge stabilization fund	47.976	0	(19.792)	28.184
<b>Total other provisions</b>	<b>61.136</b>	<b>84</b>	<b>(24.245)</b>	<b>36.975</b>
<b>Overall total</b>	<b>61.924</b>	<b>580</b>	<b>(24.390)</b>	<b>38.114</b>

The *deferred tax provision* increased by 496 thousand euro due to the entry of deferred tax on interest on arrears collected and not collected in 2013 and decreased by 145 thousand euro mainly due to the reversal of deferred taxes on interest on arrears collected in the previous year following the collection which took place during the year.

We refer to Annex No. 6 attached to these Notes which gives the details of the temporary differences that generated the deferred tax assets, the changes incurred during the year and the tax rate applied.

The provision for litigation with employees increased by 75 thousand euro for new disputes which have a likely degree of risk and decreased by 566 thousand euro as a result of disputes

resolved in the financial year with the personnel and by both judicial and out-of-court conciliation. The total value of the claims and litigation related to ongoing disputes for which the risk of an unfavourable outcome was assessed by the Company's lawyers as possible, is approximately 13.8 million euro.

The provision for *other on-going disputes* remained essentially unchanged in the period in consideration, on the one hand, of the increase of the amount of likely negative interest already set aside in the case pending before the Supreme Court concerning the claim for payment of fair compensation for expropriation as well as damages; and, on the other, the definitive statement of the judgement which, ruling on the objection of jurisdiction raised by ENAV in connection with proceedings relating to revision of prices in a tender previously subject to accrual, asserted the competence of the administrative courts. In this regard, it is noted that the administrative proceedings introduced to that effect by the opposing party have not given rise to a provision because the relative probability of defeat is remote. The provision also covers a case pending before the Territorial Court of Genoa, relating to claims for damages as a result of an event of "bird strike" which occurred in 2007, and this has not changed valuation in 2013.

The estimated charges related to litigation in which the risk of an unfavourable outcome was assessed by the Company's lawyers as possible and for which the same lawyers were able to estimate the amount is equal to 1.3 million euro. There is another dispute, currently under investigation, which is also regarded by the company as possible, but for which the external lawyers, given the start-up phase of the proceedings, have not been able to estimate the amount of any unfavourable outcome. The Company, through the actions of its lawyers, is taking all appropriate actions to safeguard its interests, including with the consideration of any counterclaim to be implemented.

"Other risk provisions", which amounts to 3,200 thousand euro, decreased during the year by 3,887 thousand euro because of the removal of the risk identified in previous years and attached to the contract for the multilateration system at the airports of Bergamo and Venice, a contract subject to withdrawal and the final adjustment of all issues with the supplier. The balance takes into account the liabilities that may arise in connection with the termination of the contract for the modernisation of the flight assistance systems of Parma Airport, subject to withdrawal by ENAV in the first months of 2013.

The management report has given an account of the investigative initiatives conducted by the courts. In this regard, on the basis of the investigations carried out to date, it is believed that the Company is not exposed to additional liabilities beyond what has already been recorded in the provisions for risks.

The charge stabilisation fund amounting to 28,184 thousand euro decreased in the financial year by 19,792 thousand euro and is used for the reduction of the terminal charge applied in September/December 2013. At the meeting held in August 2013, the validity of this provision was extended for the period 2013/2015 with the aim to support the market through the mitigation of the burden on carriers for the flight assistance service.

This provision was created in 2003, in the context of the approval of the 2002 financial statements by the Shareholders' Meeting held on 9 May 2003, through the allocation of the Reserve for the definition of tax credits and their regularisation (Law 289/02) for 72,697 thousand euro. In subsequent years it has increased due to the allocation, approved by the Meeting, of part of the

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operating results achieved by the Company and used in accordance with institutional purposes. The movements are shown in the table below:

	Amounts
<b>Balance at 31 December 2003</b>	<b>72.697</b>
Increases	22.449
Decreases	(43.457)
<b>Balance at 31 December 2004</b>	<b>51.689</b>
Increases	0
Decreases	(9.975)
<b>Balance at 31 December 2005</b>	<b>41.714</b>
Increases	22.809
Decreases	(25.894)
<b>Balance at 31 December 2006</b>	<b>38.629</b>
Increases	0
Decreases	0
<b>Balance at 31 December 2007</b>	<b>38.629</b>
Increases	0
Decreases	(20.653)
<b>Balance at 31 December 2008</b>	<b>17.976</b>
Increases	22.584
Decreases	0
<b>Balance at 31 December 2009</b>	<b>40.560</b>
Increases	7.416
Decreases	0
<b>Balance at 31 December 2010</b>	<b>47.976</b>
Increases	0
Decreases	0
<b>Balance at 31 December 2011</b>	<b>47.976</b>
Increases	0
Decreases	0
<b>Balance at 31 December 2012</b>	<b>47.976</b>
Increases	0
Decreases	(19.792)
<b>Balance at 31 December 2013</b>	<b>28.184</b>

## PROVISION FOR SEVERANCE INDEMNITIES

This relates to the allowances payable on termination of employment accrued in favour of employees on 31 December 2006 and increased by the revaluation in accordance with the provisions on pension reform of Law 296/2006.

The severance indemnity accrued from 1 January 2007 was intended for the company Pension Funds Previndai and Prevaer, the treasury fund set up by INPS or other pension funds due to employees' choices. The severance indemnities not include the debt owed to employees who have not exercised the transition's option from Severance Service (TFS) to employee severance indemnities (retirement benefits), which will be settled by INPDAP.

The movement of the pension provision during the year was as follows:

	31.12.2012	Increases	Decreases	31.12.2013
Severance Pay Reserve	40.017	17.800	(19.827)	37.990
<b>Total</b>	<b>40.017</b>	<b>17.800</b>	<b>(19.827)</b>	<b>37.990</b>

The increase in the pension provision, amounting to 17,800 thousand euro, relates to the provision of post-employment benefits that accrued during the year for a total of 16,220 thousand euro and has been allocated to the company pension funds, Prevaer and Previndai (13,976 thousands of euro), the Social Security Fund (2,182 thousand euro) and other funds (62 thousand euro) on the basis of the choices made by employees.

The decreases of 19,827 thousand euro relate for the majority, amounting to 16,220 thousand euro, to the above provisions covering pension funds, and for the remainder, amounting to 3,607 thousand euro, to the settlement of severance pay as a result of the termination of the employment relationship (2,222 thousand euro, an increase of 1,604 thousand euro compared to 31 December 2012), advances given to personnel who have requested them (485 thousand euro), the contribution of 0.5% and the substitution tax on revaluations.



## PAYABLES

Payables amounted in total to 488,849 thousand euro, of which 361,849 thousand euro due within twelve months and 127,000 thousand euro due in more than twelve months, as shown in the table below:

	31.12.2013	31.12.2012
<i>Within 12 months</i>		
Bank Debt	45.382	121.690
Payables to other lenders	281	2.569
Accounts	76.060	71.337
Payables to suppliers	128.993	153.022
Payables to subsidiaries	38.389	44.550
Tax payables	6.098	9.534
Payables to pension and social security agencies	19.891	18.456
Other payables	46.755	47.428
<b>Total within twelve months</b>	<b>361.849</b>	<b>468.586</b>
<i>Over 12 months</i>		
Bank Debt	127.000	130.000
<b>Total over twelve months</b>	<b>127.000</b>	<b>130.000</b>
<b>Total</b>	<b>488.849</b>	<b>598.586</b>

## BANK DEBTS

The bank debt amounts to 172,382 thousand euro, of which 45,382 thousand euro are due within one year, mainly corresponding to the instalments of loans maturing in 2014, and 127,000 thousand euro are due after more than one year, showing a net decrease compared to the balance on 31 December 2012 of 79,308 thousand euro. The progressive reduction in the exposure to the banking system follows, among other things, from the collections which took place in the months of February and October of portions of the consideration payable by the Ministry of Economy and Finance under the Service Agreement 2010 – 2012, at the overall level of 78.2 million euro. The main switching operations during the year include: i) the extinction of short-term credit lines for a total amount of 31,690 thousand euro; ii) the commencement of a medium-term loan amounting to 10 million euro, with a duration of five years, to be repaid on a semi-annual amortisation schedule; iii) the conversion of a line of credit in the short term, which expires in January 2013, into a medium-term loan for a period of three years of 60 million euro repayable in semi-annual instalments, two instalments amounting to 30 million euro being paid during the year. In addition, we specify that in the first half of the year we exercised the option provided in the contract for the extension by a further 5 years period of two loans from Unicredit, of respectively 100 million euro and 40 million euro. In December the first semi-annual instalment was repaid on the loan of 100 million euro, for an amount of 10 million euro. Borrowing costs incurred during the year amounted

to 3,899 thousand euro, a decrease compared to the previous year by 7,898 thousand euro, which is affected by changes in the consolidated decrease exposure to the banks as well as the lower average utilisation of short-term lines of credit.

Breakdown no. 9 attached to these notes shows information about loans and lines of credit granted.

## PAYABLES TO OTHER LENDERS

This item, amounting to 281 thousand euro, includes payables to factoring companies to which providers have sold claims against ENAV in the form "without recourse". The decrease of 2,288 thousand euro is attributable exclusively to payments made, since there were other sales during the year.

## ADVANCES

These amounted to 76,060 thousand euro, an increase over the previous year of 4,723 thousand euro. Specifically, this item relates for 67,802 thousand euro to payables to the Italian Air Force for the portion of the proceeds received in 2013, respectively attributable to route services (57,404 thousand euro) and terminal services (10,398 thousand euro). With effect from 1 July 2012, in accordance with the provisions of Law 183/2011, the proportion of terminal charge revenues attributable to the Air Force and actually collected are paid to the latter in two annual instalments. In 2013, a total of 16,152 thousand euro was paid for the second half of 2012 and the first half of 2013. The amount of the advance attributable to the Air Force for terminal for the second half of 2013 amounted to 10,398 thousand euro and will be paid in the following year.

With regard to payments received for en-route services, it should be noted that this amount will be subject to an adjustment to capacity with the amount due from the Ministry of Economy and Finance for services rendered under the charge exemption, with the exception of 28 million euro to be paid into the state budget in accordance with the provisions of Art. 13 paragraph 20 of the D.L. 145/2013.

With effect from 2011, in accordance with the provisions of the EU regulations, the determination of the rate for en-route and terminal must also include the costs of supervision by the National Authority for Civil Aviation (ENAC). This new provision has meant that the share of revenues attributable to the Civil Aviation Authority, determined on the basis of cost statements and Service Units developed, represents a debt to the Company, recorded in this entry, of which the share developed in 2013 amounted to 4,517 thousand euro. In February we proceeded to disburse the amount attributable to the Civil Aviation Authority for 2011, equal to 3,427 thousand euro. Overall, the debt to 31 December 2013 amounted to 8,257 thousand euro, including the portion for 2012, which amounted to 3,740 thousand euro.

## PAYABLES TO SUPPLIERS

Payables to suppliers amounted to 128,993 thousand euro, entirely due within twelve months, and recorded a decrease over the year of 24,029 thousand euro, due to the increased liquidity that allowed us to proceed to the payment of suppliers within the contractual deadlines. This item also includes invoices to be received for 26,015 thousand euro and the contributions of pre-financing received on the programmes funded for a total of 7,302 thousand euro relating both to SESAR JU and to other European projects launched during the year. The debt to suppliers declined in the first months of 2014, as a result of payments made for an amount equal to about 32.8 million euro.

## PAYABLES TO SUBSIDIARIES

Amounts payable to subsidiaries amounting to 38,389 thousand euro, a decrease of 6,161 thousand euro compared to 31 December 2012, relate for 33,951 thousand euro to the payable to the subsidiary Techno Sky, for 4,206 thousand euro to the payable to the SICTA Consortium for the activity of specialist support provided on various projects, also funded by the EU, and for 232 thousand euro to the payable to the subsidiary ENAV Asia Pacific primarily for management fees recorded as a result of activities in favour of ENAV in 2013 and complying with the private written agreements between the parties. The decrease compared with the previous year is related to the subsidiary Techno Sky for increased compensation of invoices implemented at year-end as well as partially connected to the lower levels of activities in 2013 by Techno Sky for the launch of project activities postponed to 2014. All debts are due within 12 months.

## TAX LIABILITIES

Tax liabilities, amounting to 6,098 thousand euro, relate almost entirely to the amounts withheld and paid to employees in the month of January 2014. The decrease compared to the previous year of 3,436 thousand euro regards direct taxes, which at the end of 2013 recorded a balance on credit whereas in the previous year they were registered in this item. This position is also generated as a result of the major advances paid during the year for the increase in the rate of the second instalment as per the decree of 30 November 2013.

## PAYABLE TO NATIONAL INSURANCE AND SOCIAL SECURITY

Payable to national insurance and social security amounted to 19,891 thousand euro with a net increase of 1,435 thousand euro compared to the previous year. This item includes charges accrued for social costs for the month of December on employees and paid in the following month, including the INAIL allowance, and the relative contributions of personnel costs recorded on an accrual basis and amounting to 10,814 thousand euro (9,243 thousand euro on 31 December 2012)

whose increase is related to the lack of relief on the payment in 2013, which in 2012 amounted to about 2 million euro.

## OTHER PAYABLES

Other payables amounted to 46,755 thousand euro and breakdown as follows:

	31.12.2013	31.12.2012
Payables to personnel	36.100	38.302
Payables for supplementary pension fund	8.035	7.617
Other	2.620	1.509
<b>Total</b>	<b>46.755</b>	<b>47.428</b>

The amount payable to employees of 36,100 thousand euro includes: i) the liability for accrued vacation not taken for 13,213 thousand euro, an increase compared to the previous year (11,483 thousand euro as at 31 December 2012) to reflect the new calculation for the quantification of the number of days of leave provided for in the union agreement signed on 27 November 2012 ; ii) the provision of personnel costs for the year and for all the items of overtime, bonuses for shift work and performance bonuses amounting to 22,572 thousand euro (26,819 thousand euro as at 31 December 2012).

Payables for supplementary pensions amounting to 8,035 thousand euro for the amount to be paid to the company pension funds such as Prevaer and Previndai and other funds chosen by the employees.

The other payables amounting to 2,620 thousand euro mainly relate to security deposits and sums withheld from employees for payments to third parties.

## ACCRUALS AND DEFERRED INCOME

Accruals and deferred income amounted to 164,736 thousand euro with a net increase over the previous year, of 16,736 thousand euro.



The breakdown is as follows:

	31.12.2013	31.12.2012
Accrued expenses	55	24
Deferred income		
- for PON Contributions	79.454	76.077
- for contributions on military airports	68.550	69.440
- other contributions	15.717	2.438
- other deferred income	960	21
<i>Total deferred income</i>	164.681	147.976
<b>Total</b>	<b>164.736</b>	<b>148.000</b>

Accrued expenses, amounting to 55 thousand euro, relate to the recording of interest expenses accrued on outstanding loans.

Deferred income amounting to 164,681 thousand euro includes the following items:

- Contributions to PON networks and mobility for the period 2000/2006 and 2007/2013 on specific investments in airports in the south for a total of 79,454 thousand euro, which recorded a net increase over the previous year of 3,377 thousand euro as a result of both the entry of new contributions, as approved by the Managing Authority of PON networks and mobility 2007/2013 of 24 December 2013 for an amount equal to 17,743 thousand euro, and a decrease of 14,366 thousand euro for the reversal to the Profit and Loss Account of the deferral of the year related to the amortisation of the investments to which they relate.



The table below gives the changes occurring in the course of the years for the contributions in question (in thousand euro):

	PON amounts 2000/2006	PON amounts 2007/2013
Contributions recorded in 2002	10.969	
Contributions recorded in 2003	22.018	
Usage in 2003	(3.780)	
<b>Balance at 31 December 2003</b>	<b>29.207</b>	
Contributions recorded in 2004	89.229	
Usage in 2004	(5.707)	
<b>Balance at 31 December 2004</b>	<b>112.729</b>	
Contributions recorded in 2005	10.638	
Usage in 2005	(15.569)	
<b>Balance at 31 December 2005</b>	<b>107.798</b>	
Contributions recorded in 2006	30.224	
Usage in 2006	(10.906)	
<b>Balance at 31 December 2006</b>	<b>127.116</b>	
Contributions recorded in 2007	17.695	
Usage in 2007	(9.872)	
<b>Balance at 31 December 2007</b>	<b>134.939</b>	
Contributions recorded in 2008	3.161	
Usage in 2008	(13.302)	
<b>Balance at 31 December 2008</b>	<b>124.798</b>	
Contributions recorded in 2009	0	
Usage in 2009	(15.967)	
<b>Balance at 31 December 2009</b>	<b>108.831</b>	-
Contributions recorded in 2010	0	14.427
Usage in 2010	(15.574)	(313)
<b>Balance at 31 December 2010</b>	<b>93.257</b>	<b>14.114</b>
Contributions recorded in 2011	0	0
Usage in 2011	(15.766)	(164)
<b>Balance at 31 December 2011</b>	<b>77.491</b>	<b>13.950</b>
Contributions recorded in 2012	0	0
Usage in 2012	(13.924)	(1.441)
<b>Balance at 31 December 2012</b>	<b>63.567</b>	<b>12.509</b>
Contributions recorded in 2013	0	17.744
Usage in 2013	(13.010)	(1.356)
<b>Balance at 31 December 2013</b>	<b>50.557</b>	<b>28.897</b>

- Capital account contributions to be asserted against investments for military airports, under the provisions of Law 102/09, amount to 68,550 thousand euro, which recorded a decrease of 890 thousand euro for the reversal to the Profit and Loss Account of the portion attributable to the year for the modernisation of technological systems at Verona Villafranca Airport, a military airport open to civilian traffic, moved to ENAV on 31 July 2010 and for the work carried out at Comiso Airport;

- Other contributions amounting to 15,717 thousand euro, an increase of 13,279 thousand euro, compared to 31 December 2012, primarily due to the receipt of the pre-financing which took place at the end of year on the project "ANSPs Interim Deployment Implementation Programme" funded within TEN-T (Trans European Transport Network) for new technology implementations and procedures related to air transport. In this project, ENAV has the role of coordinator and collected the amount of 11,338 thousand euro of which Transferred in the month of January 2014 to the other participants in the project stood at a total of 8,920 thousand euro net of the amount of 2,418 thousand euro attributable to ENAV. The additional change of 1,941 thousand euro relates to the ILS investment at Crotone Airport funded by the Civil Aviation Authority for an amount equal to the contractual advancement of the project, which was collected in 2013;
- Deferred income amounted to 960 thousand euro and relates mainly to the portion of the fee paid to ENAV for air traffic control activities carried out at Comiso Airport, pertaining to the year 2014.

## MEMORANDUM ACCOUNTS

The memorandum accounts are represented by:

- Guarantees given to third parties in our interest for 2,125 thousand euro which record, compared to the previous year, a net decrease of 19,801 thousand euro. This change concerns both the decrease for the release of sureties amounting to 20,134 thousand euro, of which the largest among corresponds to the guarantee granted in 2010 to the Tax Agency to guarantee the VAT refund requested for 2007 equal to 19,418 thousand euro and the increase to 333 thousand euro following the release to third parties in our interest of sureties mainly related to participation in tenders both nationally, such as for the allocation of services for flight controls by radio assistance for the Air Force, and in international tenders, in particular that for the contract for the development of Dubai World Central Airport and to optimise the flow of air traffic over the area of Dubai;
- Letters of patronage amounting to 27,200 thousand euro, issued on behalf of the subsidiaries Techno Sky and SICTA Consortium in favour of banking institutions as collateral for loans made for amounts equal to 22,200 thousand euro and 5,000 thousand euro respectively;
- Guarantees received from third parties for 130,086 thousand euro substantially in line with the prior year, which relate to guarantees provided by the suppliers against the proper execution of supply contracts, for 4,500 thousand euro relating to the bank guarantee obtained to guarantee the payment obligations given by the company SO.A.CO S.p.A. in relation to the signature of the agreement for the provision of air navigation services at Comiso Airport;
- Transfer accounts for real estate transferred to ENAV in accordance with Annex F of the Decree of 14 November 2000, recorded at a nominal price of one euro, and not reported as assets pending the completion of the process of identification and determination of value by the Territorial Agency.

## PROFIT AND LOSS ACCOUNT

### REVENUES FROM SALES AND SERVICES

Revenues from sales and services amounted to 799,630 thousand euro, an increase of 9,338 thousand euro compared to the previous year.

The composition of this item is as follows:

	31.12.2013	31.12.2012	Variations
En Route revenues	567.638	567.621	17
Terminal revenues	169.312	132.281	37.031
Use balance n-2	(43.651)	(41.255)	(2.396)
<b>Exemptions</b>			
En Route	10.805	12.340	(1.535)
Terminal	3.360	23.755	(20.395)
Low traffic airports and larger airports	0	52.284	(52.284)
<b>Total exemptions</b>	<b>14.165</b>	<b>88.379</b>	<b>(74.214)</b>
En Route balance	51.180	26.660	24.520
Terminal balance	13.948	10.038	3.910
Charge stabilizing fund	19.792	0	19.792
<b>Balance effect</b>	<b>84.920</b>	<b>36.698</b>	<b>48.222</b>
Revenues from complementary businesses	7.246	6.568	678
<b>Total revenues from sales and services</b>	<b>799.630</b>	<b>790.292</b>	<b>9.338</b>

Route revenues amounted to 567,638 thousand euro with a steady trend over the previous year since the rate applied for 2013, of 78.83 euro, remained unchanged compared to 2012, as provided in the national performance plan, and the service units developed during the year were only 0.01% lower than the total for 2012 (-0.67% 2012 against 2011). This decrease amounted to 7.6% when placed in comparison with the provisions for determining the charge.

Revenues from terminal, which amounted to 169,312 thousand euro, saw an increase of 37,031 thousand euro mainly due to the effects introduced by the Stability Law which, from 1 July 2012, led to the amendment of the terminal charge, but this increase is cancelled and becomes negative for 35,730 thousand euro when allowances made the zeroing of the exemptions for both terminal and low-traffic airports and major airports which in the first half of 2012 were paid by the Ministry of Economy and Finance and were subsequently cleared after the effects provided by the Stability Law that took effect from 1 July 2012. In fact, considering the overall performance of terminal revenue there is a reduction from the previous year of the service units developed for paying traffic by -3.6% (-3.02% 2012 against 2011) and a reduction in the charge which was 246.05 euro in the period January/August and from September to December of 185.00 euro (the charge applied in 2012 was 121.50 euro in the first half and 254.34 euro in the second half).

Revenues related to exemptions, amounting to 14,165 thousand euro, underwent a decrease of 74,214 thousand euro due, in addition to the events listed above and related to the introduction

of the Stability Law and consequent resetting of the amounts paid by the Ministry of Economy and Finance, to the reduction of exempted service units for both en-route and terminal because of the reduction of military activities.

The balance and use of the charge stabilisation fund in the year amounted to 84,920 thousand euro, with an increase of 48,222 thousand euro compared to the previous year, and are formed as follows.

The en-route balance entered in 2013 amounted to 51,180 thousand euro and relates for 7,623 thousand euro in additions to the balance recorded in 2012 which became necessary as a result of checks carried out by the European Commission, following the adoption of the 2012 financial statements, which notified and required changes on the determination of certain balances, and for 43,557 thousand euro to the balance for the year. This balance is recorded in accordance with the provisions of the EU regulations and is mainly due to the lower traffic developed than provided in the preparation of the national performance plan and therefore the rate. In accordance with the above regulations, the company has registered the following balance in relation to: i) risk for traffic 24,811 thousand euro, with a portion still payable by the Company amounting to 19,863 thousand euro; ii) the balance associated with non-recovery of the balance n-2 recorded in previous years due to the lower traffic developed, which stood at 2,566 thousand euro; iii) the balance related to the recovery of inflation relative to that expected in the performance plan for 8,180 thousand euro; iv) the bonus recorded in the plan in the event of achieving the capacity target, measured in minutes of delay per flight assisted; relative to the target of 0.14 minutes, ENAV achieved 0.003 minutes of the Labour assisted flight and accordingly proceeded to collect the bonus estimated at 8 million euro.

The terminal balance, equal to 13,948 thousand euro, was determined on the cost cap method, as envisaged in the programme contract and is mainly due to the lower traffic assisted than assumed in the determination of the rate.

In 2013, the company in order to support the market in the current period of crisis, reduced the terminal charge for the period September/December 2013 bringing it to 185 euro and maintaining at its own expense the difference between the two rates, covering it from the charge stabilisation fund. With no increase in the traffic from that expected in the period covered by the charge reduction, the Company has taken steps to use the charge stabilisation fund up to the amount equal to the planned 19,792 thousand euro in accordance with the resolution passed at the General Meeting on the purpose of use of the above fund.

With regard to the balance, the company, with effect from 2012, to promote clarity of budgetary data, and following the introduction of the performance plan as required by EU Regulations, has not recorded the balance attributable to AMI and ENAC because they are subject to different mechanisms than ENAV, the entry of which would have altered the result of the financial statements. This balance will be included exclusively within the determination of the charge.

Finally, in 2013, we recorded in the Profit and Loss Account the n-2 route balance for a total of 36,905 thousand euro and the n-2 terminal balance of 6,746 thousand euro recorded in previous years.

Revenues from the third market stood at 7,246 thousand euro, an increase of 678 thousand euro mainly due to: i) consulting services for the improvement of communication, navigation,

surveillance and air traffic management services at Kuala Lumpur Airport; ii) the flight assistance service provided at Comiso Airport.

## INCREASE IN FIXED ASSETS FOR INTERNAL WORK

This item, amounting to 6,502 thousand euro, underwent an increase of 541 thousand euro compared to the previous year and relates entirely to the capitalisation of personnel costs carrying out activities on investment programmes in progress.

## OTHER REVENUES AND INCOME

Other operating income amounted to 57,533 thousand euro and, compared to the previous year, saw an increase of 330 thousand euro, as shown in the table below:

	31.12.2013	31.12.2012	Variations
Plant investmenets contribution account	15.255	16.231	(976)
Operating contribution account	30.000	30.000	0
Other contributions	3.906	5.618	(1.712)
Recovery of costs of outsourced personnel	1.522	2.977	(1.455)
Use of bad debt reserve	696	201	495
Use of other reserves	3.887	0	3.887
Other revenues	2.267	2.176	91
<b>Total</b>	<b>57.533</b>	<b>57.203</b>	<b>330</b>

Capital account contributions relate to the entry in the Profit and Loss Account of the deferred income commensurate to the amortisation generated by the assets to which the contribution relates for 15,255 thousand euro.

The current-account contribution for 30,000 thousand euro, recorded in accordance with the accounting principles, relates to the amount granted to ENAV under Art. 11f of Law 248/05, in order to offset the costs incurred to ensure the security of its systems and operational safety.

This item other contributions contains the items for the year for both the participation of ENAV in international projects such as the SESAR programme, which amounts to 2,512 thousand euro (3,156 thousand euro as at 2012), the Blue Med project for 250 thousand euro (1,354 thousand euro in 2012), and grants disbursed by Fondimpresa for training courses funded amounting to 823 thousand euro (695 thousand euro in 2012).

## 2

The item cost recovery for seconded personnel relates to the recovery of the personnel costs incurred by ENAV for seconded personnel both to third parties and to its subsidiaries Techno Sky and ENAV Asia Pacific. The decrease of 1,455 thousand euro relates to the termination of certain secondments of employees, in particular, the secondment of personnel to the German provider DFS.

The use of the provision for doubtful accounts for 696 thousand euro relates to the portion of the provision found to be in excess, following the collection of receivables prudentially depreciated in previous years regarding both route and terminal.

The use of other funds for 3,887 thousand euro relates to the provision made in previous years in the provision for risks for the multilateral system contract, as previously reported, and as a result of the zeroing of the associated risk in 2013.

Other revenues, which amounted to 2,267 thousand euro basically in line with the previous year, relates to rental income of 481 thousand euro (570 thousand euro on 31 December 2012) mainly relating to the offices in Naples Airport and penalties applied by ENAV to providers as a result of non-compliance with the contractual deadlines.



## PRODUCTION COSTS

These amounted to 768,902 thousand euro with a net decrease of 16,972 thousand euro compared to the previous year, mainly due to the following events: i) a net decrease in cost of services for 3,377 thousand euro as a result of the careful policy of containment of costs carried out by the Company; ii) a net decrease in depreciation and amortisation and write-downs for 13,612 thousand euro due to both lower amortisation of tangible assets and a reduction of the devaluation of receivables recorded in the period compared to 2012, when the insolvency of two national carriers had resulted in a provision of 16.7 million euro; iii) higher personnel costs for 3,371 thousand euro, for the events commented on below.



The details of the items that make up the production costs and the changes compared to the previous year are shown in the following table:

	31.12.2013	31.12.2012	Variazioni
Costs of raw materials, auxiliary materials, consumables and goods	4.084	4.227	(143)
<i>For services:</i>			
- maintenance costs	73.860	74.506	(646)
- Eurocontrol contribution	41.694	42.181	(487)
- costs of utilities and telecommunications	38.707	37.309	1.398
- Insurance premiums	6.510	6.632	(122)
- cleaning and security	7.022	8.013	(991)
- other costs relating to personnel	9.121	9.705	(584)
- other costs for services	15.470	17.415	(1.945)
<i>Total cost of services</i>	192.384	195.761	(3.377)
For leased assets	4.914	5.005	(91)
For personnel	397.495	394.124	3.371
<i>Amortisations and depreciations:</i>			
- Intangible fixed assets	16.282	15.079	1.203
- tangible fixed assets	137.085	143.996	(6.911)
- depreciation of tangible fixed assets	6.753	3.435	3.318
- bad debts	5.501	16.723	(11.222)
<i>Total amortisations and depreciations</i>	165.621	179.233	(13.612)
Change in inventory	1.573	1.103	470
Provisions for risks	84	3.820	(3.736)
Other operating expenses	2.747	2.601	146
<b>Total cost of production</b>	<b>768.902</b>	<b>785.874</b>	<b>(16.972)</b>

Costs for services recorded a net decrease of 3,377 thousand euro compared to the previous year, through an overall reduction of various types of costs, with the exception of the item telecommunications and utilities as a result of new facilities connected to the e-net, and in particular there has been a reduction of the "maintenance costs" of 646 thousand euro, mainly due to the reduction of 1.5% of the rent paid to the subsidiary Techno Sky, as well as the item cleaning and surveillance services, as a result of new surveillance contracts concluded which led to a cost saving. For the comment on the item depreciation and amortisation, which decreased by a net amount of 13,612 thousand euro, we refer to the comment on the balance sheet items "tangible assets" and "receivables from clients".

With reference to the services of maintenance of technological flight assistance equipment rendered by the subsidiary Techno Sky and under the provisions of the amended Art. 2427-22 bis) of the Italian Civil Code, we report that the level of the fee for the three-year service contract for the initial scope, amounting to 61 million euro, was contractually determined between the parties. This choice, given the strategic importance of the service which was also the reason for the internalisation of the service through the acquisition of the company itself, is due to a Group strategy which aims to optimise financial management while fostering a rigorous charge policy



aimed at mitigating the burdens of unnecessary costs borne by the carriers. In further confirmation of the above, it should be noted that the consideration for the service of maintenance in favour of ENAV has remained unchanged over the period 2007/2011 and was confirmed at the time of renewal of the contract for the next three years 2012/2014, which took place in early of 2012, as equal to the initial scope and in any event lower than that charged by the previous supplier.

## PERSONNEL COSTS

Personnel costs, which amounts to 397,495 thousand euro, saw an increase compared to the previous year of 3,371 thousand euro and is as follows:

	31.12.2013	31.12.2012	Variations
Salaries and wages, including:			
fixed remuneration	227.517	225.185	2.332
variable remuneration	48.669	47.081	1.588
<b>Total wages and salaries</b>	<b>276.186</b>	<b>272.266</b>	<b>3.920</b>
Social security contributions	91.614	88.458	3.156
Provision for employee severance pay	17.800	17.536	264
Other costs	11.895	15.864	(3.969)
<b>Total personnel cost</b>	<b>397.495</b>	<b>394.124</b>	<b>3.371</b>

The item of wages and salaries as a whole increased by 3,920 thousand euro because of the following changes:

- Increase in base salary for 2,332 thousand euro due to both the organic growth of wages and the increase of pay provided by the National Collective Bargaining Agreement with effect from July 2013; the average stood at more than 13 units compared to 2012;
- Higher variable compensation for 1,588 thousand euro due to: i) a reduction in overtime of personnel in operational line which amounted to approximately 51,000 hours against the 70,000 hours of 2012, with a consequent reduction in the cost by 630 thousand euro; this decrease is closely related to the lower traffic levels recorded in 2013; ii) increase of accrued leave not taken for 1,321 thousand euro due both to the lower number of days of leave and to take advantage of the different calculation method to compute the hours for each day of leave as per the union agreement of 27 November 2012; iii) higher costs for coinciding holidays for 557 thousand euro; iv) reduction of allowances for temporary and permanent transfer of 426 thousand euro due to the reduced use of that institution. Social security contributions amounted to 91,614 thousand euro, an increase of 3,156 thousand euro due to an increase in the tax base.

Finally, other personnel costs decreased by a net of 3,969 thousand euro, mainly due to lower use of the retirement incentive with a saving in costs of 4,192 thousand euro which in 2013 affected 30 employees (80 in 2012).

## FINANCIAL INCOME AND COSTS

The financial income and costs amounted on year-end to a negative amount of 1,738 thousand euro recording a marked improvement over the previous year of 8,977 thousand euro. This result is related to the following events: i) collection of the dividend from the company ESSP in which ENAV has a stake of 16.67% for 250 thousand euro; ii) increase in other income of 716 thousand euro related to the interest accrued on the tax credit refund requested for 377 thousand euro on an annual basis by an amount equal to 719 thousand euro, which increased interest income from others in relation to the interest charged on late payments as a result of the delay in payments received from carriers; iii) a decrease in interest expense on loans amounting to 7,899 thousand euro as a result of lower debt to the banking system, as previously commented.

The breakdown of financial income and costs is shown in the following table:

	31.12.2013	31.12.2012	Variations
<i>Equity investments</i>			
Dividends from shares held in other companies	250	0	250
<i>Total equity investments</i>	250	0	250
<i>Other revenues</i>			
Interest income from bank current accounts	170	114	56
Interest income from VAT credit refunds	719	342	377
Other interest income	1.899	1.616	283
<i>Total other revenues</i>	2.788	2.072	716
<i>Interest and other financial charges</i>			
Interest due on loans and on bank current accounts	(3.898)	(11.797)	7.899
Loan fees	(500)	(502)	2
Other interest due	(389)	(490)	101
<i>Total interest and other financial expenses</i>	(4.787)	(12.789)	8.002
Income and losses on foreign currency exchange	11	2	9
<b>Total financial income and expenses</b>	<b>(1.738)</b>	<b>(10.715)</b>	<b>8.977</b>

## EXTRAORDINARY INCOME AND COSTS

This item shows a negative balance of 4,991 thousand euro, a decrease compared to the previous year of 29,335 thousand euro, as was recorded in 2012 in the context of the extraordinary IRES income tax paid in the years 2007/2011 as a result of not deducting IRAP on costs incurred for employees and similar for 23,164 thousand euro.

The extraordinary income and costs are comprised of extraordinary income of 912 thousand euro (25,479 thousand euro as of 31 December 2012) relating to items pertaining to previous years, and extraordinary costs of 5,903 thousand euro (1,135 thousand euro as at 31 December 2012). This last item relates for 4,497 thousand euro to electrical equipment originally deposited at a third party

warehouse and subject to removal in the month of December 2013. We refer on this event to what has already been stated in the context of the commentary on the changes in tangible fixed assets. The remaining amount relates to taxes for previous years for 105 thousand euro and for 1,212 thousand euro to adjustments relating to prior years.

## INCOME TAXES

Revenue taxes, which amounted to 37,507 thousand euro, comprise:

- Current taxes amounting to 36,869 thousand euro of which 14,325 thousand euro for IRES and 22,544 thousand euro for IRAP;
- Deferred tax assets and liabilities amounting to minus 287 thousand euro, as the net effect of new registrations and the reversal of the assets recorded in previous years, and to 351 thousand euro for the entry of deferred tax liabilities on interest for late payment not received net of reversals for the year.

Further details regarding the deferred tax assets can be found in the detailed description in the entries Prepaid tax assets and Deferred tax fund.

We give below the breakdown of current, prepaid and deferred taxes for 2013:

	IRES	IRAP	31.12.2013	31.12.2012
<b>Current taxes</b>	<b>(14.325)</b>	<b>(22.544)</b>	<b>(36.869)</b>	<b>(38.027)</b>
<i>Prepaid taxes</i>				
Taxed funds	(557)	0	(557)	3.997
Write-downs of inventory	492	0	492	(782)
Others	(222)	0	(222)	176
<i>Total prepaid taxes</i>	<i>(287)</i>	<i>0</i>	<i>(287)</i>	<i>3.391</i>
<i>Deferred taxes</i>				
Others	(354)	3	(351)	(385)
<i>Total deferred taxes</i>	<i>(354)</i>	<i>3</i>	<i>(351)</i>	<i>(385)</i>
<b>Total current, prepaid and deferred taxes</b>	<b>(14.966)</b>	<b>(22.541)</b>	<b>(37.507)</b>	<b>(35.021)</b>

The tax changes, for fiscal purposes, produce a difference between the effective tax rate and the theoretical rate, as shown in the following reconciliation table.

	IRES		IRAP	
Profit Before Tax	88.034		88.034	
<b>Ordinary Rate (Theoretical)</b>		<b>27,5%</b>		<b>4,78%</b>
Temporary differences deductible in future tax periods	6.951		0	
Temporary differences taxable in future tax periods	(8.480)		0	
Permanent differences	(34.414)	-10,8%	(28.722)	-1,6%
Permanent differences			412.222	
<i>Taxable income</i>	52.091	16,3%	471.534	25,60%
Current and deferred taxes	(14.966)		(22.541)	
<b>Actual rate</b>		<b>17,00%</b>		<b>25,60%</b>

## BALANCE

At the international level, States that belong to Eurocontrol used until 31 December 2011 a system of charging for the route known as "cost recovery". This system is based on the concept that the amount of revenue is commensurate with the value of the costs incurred for the services of route air traffic control. So if revenues are higher than the costs there is a "negative balance" (over-recovery), which leads to the entry of a liability and the adjustment of the higher revenues in the profit and loss account. However, if revenues are lower than the costs there is a "positive balance" (under-recovery), which leads to the entry of a credit and entry of revenues in the profit and loss account. These debit and credit items are charged to the profit and loss account with the opposite sign from the second year following the year of reference and retrieved at the rate  $n + 2$ . As from 2012, and following the entry into force of the service regime for route air navigation services, in accordance with the EU rules on the Single European Sky, a new management system was introduced based on the measurement and optimisation of operating and economic performance, with the consequent abandonment of the system of full cost recovery. The instrument for the implementation of the service regime is the National Performance Plan approved for the 2012-2014 period which outlines the actions and objectives to be achieved in the first reporting period. These efficiency targets include the introduction of elements of risk borne by the provider on both traffic and costs. In particular, the mechanism of the traffic risk involves the sharing of the traffic risk and thus turnover among providers and airspace users, for which reason the changes included up to 2% of traffic compared to the final scheduled traffic (both positive and negative) are the sole responsibility of the providers, while the changes between 2% and 10% must be allocated to the extent of 70% for the airlines and 30% for the providers. With regard to the cost risk, the possibility of transferring in full to the airspace users any discrepancies between what was planned and what was achieved at the end of year has been eliminated. These changes, both negative and positive, are taken on the balances of the providers.

The costs risk also exists for ENAC and AMI, which, however, are not subject to the traffic risk.

For terminal services, from 2010 onwards a balance is determined in accordance with EU Regulation 1794/2006 which amended the system of determining the rate by equating it to what is already the case for route, as determined by the cost-cap method as specified in the programme contract signed with the competent ministries.

All that being said, the following table shows the changes in the credit and debt balance as at 31 December 2013:

	Year of formation	31.12.2012	Increases	Decreases	31.12.2013
Credit for route balance	2009	24.775	0	(12.387)	12.388
Credit for route balance	2011	49.469	0	(23.069)	26.400
Credit for terminal balance	2011	6.746	0	(6.746)	0
Credit for route balance	2012	26.660	0	(1.449)	25.211
Credit for terminal balance	2012	10.038	0	0	10.038
Credit for route balance	2012	0	7.623	0	7.623
Credit for route balance	2013	0	43.557	0	43.557
Credit for terminal balance	2013	0	13.948	0	13.948
<b>Total credit for Balance</b>		<b>117.688</b>	<b>65.128</b>	<b>(43.651)</b>	<b>139.165</b>
Payable for route balance		0	0	0	0
<b>Total payable for Balance</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

With regard to the credit for the Balance in route generated in 2009 for a total of 52,327 thousand euro, as already reported in previous years, it should be noted that, as a result of the international agreements which bind the other service providers and in line with the principles laid down by Eurocontrol, the amount is included in the determination of the charge in split quotas until 2014. In 2013 there is a reversal of the share for the year, which amounted to 12,387 thousand euro, and for the calculation of the charge of 2014 we considered the residual amount of 12,388 thousand euro.

In the year 2013 there has been a partial return of balance n-2 generated in the course of 2011 in the amount of 23,069 thousand euro and, in the definition of the charge for 2014, it was decided to reverse the remaining amount of 26,400 thousand euro in shares within two years, including 8,938 thousand euro in 2015 in order to not further affect the budget of the carriers at the moment of crisis in the industry. With reference, however, to the terminal balance formed in 2011, it has been completely reversed in 2013 for a total of 6,746 thousand euro.

With reference to the en-route balance recorded in 2012 for 26,660 thousand euro, it was reversed in 2013 for the amount of 1,449 thousand euro in accordance with the law, and for the amount of revenue not collected as a result of the application of the charge provided for in the addendum to the national performance plan only in the month of September 2012. The remainder of the amount equal to 25,211 thousand euro was allocated at the 2014 rate only for the amount of 15,194 thousand euro, with a carry over to 2015 of the remaining amount.

On the approval of the 2013 financial statements and following the communication of the data on the final charge of the European Commission, a different interpretation was notified to the Company for determining certain route balances according to the provisions of the EU Regulations and it was required to adapt these criteria. The above adjustment has resulted in the entry of a balance of 7,623 thousand euro by way of additions to the route balance in 2012. The terminal balance, recorded in 2012 for 10,038 thousand euro, will be reversed in the year 2015, as decided in the determination of the charge of 2014 in order to not further to affect the budget of the carriers. Accordingly, this amount has been reclassified as after twelve months. The en-route balance recorded in 2013 for a total of 43,557 thousand euro, includes: i) the balance for the traffic risk of 24,811 thousand euro (10,017 thousand euro as at 31 December 2012); ii) the share of the unrecovered balance n-2 for 2,566 thousand euro (1,247 thousand euro as at 31 December 2012); iii) the final effect of inflation in 2013 as provided in the definition of the performance plan for 8,180 thousand euro (6,094 thousand euro as at 31 December 2012); iv) the bonus recorded on achievement of the performance target related to delays in minutes of flight assisted by 8 million euro, according to what was observed in the previous year.





## 2

For the terminal balance, which stood at 13,948 thousand euro (10,038 thousand euro as at 31 December 2012), determined according to a cost-cap method, it should be noted that the final costs were lower than expected in the determination of the rates, so that balance is tied to the negative evolution of traffic, which stood, in terms of service units, at -3.7% compared to 2012 and was 15.2% lower than expected in the determination of the charge for 2013, a negative trend that has been covered by the Company for 19,792 thousand euro under the charge stabilisation fund.

The above route and terminal balances have been classified as loans over twelve months.



## Section 4

### FURTHER INFORMATION

#### PERSONNEL

The company's personnel, broken down by job status, underwent the following changes during the year:

	31.12.2013	31.12.2012
Top management	68	67
Middle management	346	363
Employees	2.916	2.828
<b>Final amount at 31 December 2012</b>	<b>3.330</b>	<b>3.258</b>
<b>Average amount</b>	<b>3.297</b>	<b>3.284</b>

The company's personnel, broken down by job status, is composed as follows:

	31.12.2013	31.12.2012
Management and Coordination	414	430
Air Traffic Controllers	1.656	1.627
Flight assistance experts	446	406
Weather service workers	31	27
Flying Personnel	29	20
Administration	484	468
Technical staff	179	189
Computer personnel	91	91
<b>Final amount at 31 December 2013</b>	<b>3.330</b>	<b>3.258</b>

#### COMPENSATION FOR THE CEO AND SUPERVISORY BOARD

The annual compensation for the CEO amounted to 468 thousand euro and that for the Supervisory Board to 73 thousand euro.





# Annexes

# Annexes

2

## Enclosure no. 1

(In thousands of Euro)

BALANCE SHEET		2013	2012
<b>A -</b>	<b>INITIAL NET CASH AND CASH EQUIVALENTS</b>	<b>52.764</b>	<b>14.601</b>
<b>B -</b>	<b><i>Cash flow generated from operating activities</i></b>		
	Operating results for tax period	50.528	46.191
	Depreciation	153.367	159.075
	Losses (gains) from sales and write-downs on intangible assets	11.444	3.447
	Net change in Employee Severance Pay Fund	(2.027)	(91)
	Net change in deferred tax fund	350	385
	Decrease/(Increase) in Inventory	1.572	1.103
	Decrease/(Increase) in Receivables	77.183	246.032
	Decrease/(Increase) in Accrued Income and Deferred Expenses	(588)	(485)
	Net Change in Other Provisions for Risks and Charges	(24.160)	3.018
	Increase/(Decrease) in Payables	(28.142)	(17.704)
	Increase/(Decrease) in Accrued Payments and Deferred Income	16.736	3.404
		<b>256.263</b>	<b>444.375</b>
<b>C -</b>	<b><i>Cash flow absorbed by investment activities</i></b>		
	Investments in:		
	- intangible fixed assets	(18.507)	(15.441)
	- tangible fixed assets	(103.060)	(132.618)
	- financial fixed assets	(127)	118
		<b>(121.694)</b>	<b>(147.941)</b>
<b>D -</b>	<b><i>Cash flow generated from loan activities</i></b>		
	Increase/(Decrease) in loans	(79.308)	(230.912)
	(Increase)/Decrease in loan activities other than fixed assets	1.607	0
	Increase/(Decrease) in payables to other lenders	(2.288)	(19.359)
	Payment of Dividend	(15.000)	(8.000)
		<b>(94.989)</b>	<b>(258.271)</b>
<b>E -</b>	<b>Overall cash flow for the tax period (B+C+D)</b>	<b>39.580</b>	<b>38.163</b>
<b>F -</b>	<b>FINAL NET CASH AND CASH EQUIVALENTS (A+E)</b>	<b>92.344</b>	<b>52.764</b>



## MOVEMENT OF INTANGIBLE FIXED ASSETS



**Enclosure no. 3**  
(In thousands of Euro)

**MOVEMENTS OF TANGIBLE FIXED ASSETS**

Description	Balance as at 31.12.12		Increases		Changes during the period Decreases		Balance as at 31.12.13	
	Historical cost	Amortisation fund			Historical cost	Amortisation fund	Historical cost	Amortisation fund
								Balance as of 31.12.2013
Land and buildings	352.603	(120.713)	29.398	0	0	(14.412)	382.001	(135.125)
Plants and machinery	1.349.266	(924.727)	99.679	(3.510)	(3.510)	(87.368)	1.445.435	(1.008.772)
Industrial and business equipment	298.250	(182.686)	12.206	(25.991)	(25.991)	(19.152)	284.465	(201.456)
Other assets	306.407	(250.033)	14.780	(1.041)	(1.041)	(16.153)	320.146	(265.149)
Fixed assets under construction and payments on account	397.459	0	103.105	(167.402)	(167.402)	0	333.162	0
<b>Total</b>	<b>2.703.985</b>	<b>(1.478.159)</b>	<b>259.168</b>	<b>(197.944)</b>	<b>(197.944)</b>	<b>(137.085)</b>	<b>2.765.209</b>	<b>(1.610.502)</b>
								<b>1.154.707</b>

**Enclosure no. 4**  
(In thousands of Euro)

<b>INVESTMENTS</b>							
Company name	Legal office	Date of reference balance sheet	Share capital/Consortium Fund	Profit (loss) for the tax period	% share of shareholding	Corresponding net assets to balance sheet	Carrying value
<b>Subsidiaries</b>							
Techno Sky S.r.l.	Rome	31.12.2013	1.600	556	100%	6.036	113.827
Consorzio Sicta	Naples	31.12.2013	1.033	1	60%	880	705
Enav Asia Pacific	Kuala Lumpur	31.12.2013	127	11	100%	138	127
<b>Total Investments</b>						<b>114.659</b>	<b>27.770</b>

**Enclosure no. 5**  
(In thousands of Euro)

TRANSACTIONS WITH RELATED PARTIES	Techno Sky Srl		Consorzio Sicta		Enav Asia Pacific		MEF		MIT	
Related party	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<b>Equity effects of transactions with related parties</b>										
Trade receivables	224	235	140	0	0	0	25.488	146.745	69.362	36.317
Financial receivables	15.180	11.033	0	0	0	0	0	0	0	0
Trade payables	(33.951)	(40.347)	(4.206)	(4.203)	(232)	(57.404)	(57.243)	0	0	0
<b>Total</b>	<b>(18.547)</b>	<b>(29.079)</b>	<b>(4.066)</b>	<b>(4.203)</b>	<b>(69)</b>	<b>(31.916)</b>	<b>89.502</b>	<b>69.362</b>	<b>36.317</b>	
<b>Economic effects of transactions with related parties</b>										
Revenues	0	0	0	0	0	0	14.158	86.009	0	0
Other revenues and income	561	641	140	166	163	0	0	0	0	30.000
Cost of services	(61.102)	(61.275)	(1.259)	(1.316)	(232)	0	0	0	0	0
Capitalised costs (*)	(25.200)	(27.828)	(942)	(780)	0	0	0	0	0	0
<b>Total</b>	<b>(85.741)</b>	<b>(88.462)</b>	<b>(2.061)</b>	<b>(1.930)</b>	<b>(69)</b>	<b>14.158</b>	<b>86.009</b>	<b>0</b>	<b>30.000</b>	

(\*) Investments and capitalised maintenance, portion for the reference year

The Company does not carry out transactions with other related parties other than its subsidiaries and entities from parent and supervising Ministries, and unless otherwise specified, conducts regulated intra-group relationships on market terms.

**Endlosure no. 6**  
(In thousands of Euro)

STATEMENT OF PRE-PAID AND DEFERRED TAXES		OPENING BALANCE		CHANGES IN THE TAX PERIOD		FINAL BALANCE	
Type of temporary differences		Temporary differences	Taxes	Temporary differences	Taxes	Temporary differences	Taxes
<b>WITH ALLOCATION TO PROFIT AND LOSS ACCOUNT</b>							
<b>a)</b>	<b>Differences in assets arising from the deferred tax</b>						
	Taxed Funds (*)	51,413	14,138	(2,025)	(557)	49,388	13,581
	Write-down of inventory (*)	7,301	2,008	1,789	492	9,090	2,500
	Others (*)	868	239	(808)	(222)	60	17
	<b>Total</b>	<b>59,582</b>	<b>16,385</b>	<b>(1,044)</b>	<b>(287)</b>	<b>58,538</b>	<b>16,098</b>
<b>b)</b>	<b>Differences in liabilities arising from deferred tax</b>						
	Others (**)	2,853	(788)	1,287	(351)	4,140	(1,139)
	<b>Total</b>	<b>2,853</b>	<b>(788)</b>	<b>1,287</b>	<b>(351)</b>	<b>4,140</b>	<b>(1,139)</b>

(\*) Calculated on the basis of IRES at 27.5%

(\*\*) Calculated on the basis of IRES and IRAP for a total of 32.28%



**Enclosure no. 7**  
(In thousands of Euro)

CHANGES IN SHAREHOLDERS' EQUITY									
Nature/description	Share capital	Legal reserve	Reserve pursuant to Law 292/93	Other reserves			Profit/(losses) carried over	Profit/(loss) for the tax period	Total
				Extraordinary reserve	Capital reserve contribution	Others			
<b>Shareholders' equity as of 31/12/2010</b>	<b>1,121,744</b>	<b>7,702</b>	<b>9,189</b>	<b>961</b>	<b>51,816</b>	<b>0</b>	<b>45,355</b>	<b>15,502</b>	<b>1,252,269</b>
Allocation of net income	0	775	0	0	0	0	14,727	(15,502)	0
Other changes:									
- Allocation of charge stabilization fund	0	0	0	0	0	0	(14,000)	0	(14,000)
Income for the period	0	0	0	0	0	0	0	12,437	12,437
<b>Shareholders' equity as of 31/12/2011</b>	<b>1,121,744</b>	<b>8,477</b>	<b>9,189</b>	<b>961</b>	<b>51,816</b>	<b>0</b>	<b>46,082</b>	<b>12,437</b>	<b>1,250,706</b>
Allocation of net income	0	622	0	0	0	0	11,815	(12,437)	0
Other changes:									
- Allocation of charge stabilization fund	0	0	0	0	0	0	(8,000)	0	(8,000)
Income for the period	0	0	0	0	0	0	0	46,191	46,191
<b>Shareholders' equity as of 31/12/2012</b>	<b>1,121,744</b>	<b>9,099</b>	<b>9,189</b>	<b>961</b>	<b>51,816</b>	<b>0</b>	<b>49,897</b>	<b>46,191</b>	<b>1,288,897</b>
Allocation of net income	0	2,310	0	0	0	0	43,881	(46,191)	0
Other changes:									
- Allocation of charge stabilization fund	0	0	0	0	0	0	(15,000)	0	(15,000)
- Disposal of AVL assets	0	0	(9,189)	(961)	(15,457)	0	0	0	(25,607)
- Reclassification	0	0	0	0	(36,359)	36,359	0	0	0
Income for the period	0	0	0	0	0	0	0	50,528	50,528
<b>Shareholders' equity as of 31/12/2013</b>	<b>1,121,744</b>	<b>11,409</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>36,359</b>	<b>78,778</b>	<b>50,528</b>	<b>1,298,818</b>

**ANALYSIS OF RESERVES**

Reserves	Type	Amount	Possible use
Legal reserve	Utili	11.049	A,B
Other reserves	Capitale	36.359	A,B,C
Earnings carried over	Utili	78.778	A,B,C
<b>Total Capital Reserves</b>		<b>36.359</b>	
<b>Total Deferred Profits Fund</b>		<b>89.827</b>	

A : Increase in share capital;

B : Reserve for losses

C : Distribution to shareholders

**Enclosure no. 8**  
(In thousands of Euro)

2

**Enclosure no. 9**  
(In thousands of Euro)

**BANK DEBTS**

	Amount funded	Amount used as of 31.12.2013	Term	Expiry	Interest rate	Notes
Loan	130.000	130.000	5 years	2018	Euribor + spread	
Loan	10.000	10.000	5 years	2018	Euribor + spread	
Loan	30.000	30.000	3 years	2015	Euribor + spread	
Line of credit	50.000	0	18 months less one day	2014	Euribor + spread	1
Advances to current account	110.000	2.382	uncommitted		Euribor + spread	
<b>Total bank debts</b>	<b>330.000</b>	<b>172.382</b>				

1 Funding with an option to extend for a further 5 years on the same terms.

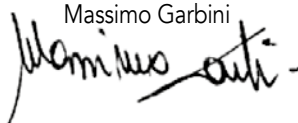
2

The present financial statements, comprising the Management Report, Balance Sheet, Profit and Loss Account, Notes and 9 attached breakdowns, are a true reflection of the accounting records.

Rome, 23 April 2014

These financial statements have been  
approved on the same date  
by the CEO

Massimo Garbini



# Certification of the CEO and the Manager in Charge on the Financial Statements



**ATTESTATION OF THE CHIEF EXECUTIVE OFFICER AND THE MANAGER IN  
CHARGE OF PREPARING THE CORPORATE ACCOUNTING DOCUMENTS OF  
ENAV S.P.A. ON THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2013**

1. The undersigned Massimo Garbini and Loredana Bottiglieri, respectively Chief Executive Officer and manager in charge of preparing the corporate accounting documents of ENAV S.p.A., taking into account:

- the requirements of article 18-bis of the bylaws of ENAV S.p.A.;
- the matter described at point 2 below;

certify the adequacy, in relation to the Company's characteristics, and the effective application of the administrative and accounting procedures for preparing the separate financial statements during 2013.

2. The administrative and accounting procedures used for preparing the separate financial statements for the year ended 31 December 2013 were defined, and the assessment of their adequacy was performed, in compliance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission which is an internationally generally accepted reference framework for internal control systems.

In this respect no significant matters emerged.

3. In addition, it is hereby certified that:

- the separate financial statements:
  - a) correspond to the accounting books and records;
  - b) have been prepared in accordance with legal regulations as interpreted and supplemented by the accounting principles issued by the *Consiglio Nazionale dei Dottori Commercialisti e Ragionieri* (the Italian Accounting Profession) and the documents issued by the *Organismo Italiano di Contabilità* (the OIC - the Italian Standard Setter) and Eurocontrol guidelines, and are suitable for providing a true and fair view of the financial position, results of operations and cash flows of ENAV S.p.A..
  - c) the report on operations contains a reliable analysis of the Company's performance and the result of its operations, as well as the Company's situation, together with a description of the main risks and uncertainties to which it is exposed.

Rome, 23 April 2014

Chief Executive Officer

Manager in charge of preparing the  
corporate accounting documents

Massimo Garbini.

Loredana Bottiglieri

# Report of the Supervisory Board

**ENAV S.p.A.**

**Via Salaria, 716 - 00138 Rome**

**Share capital € 1,121,744,385.00 fully paid**

**Rome Companies Register**

**Tax code and Chamber of Commerce**

**no. 97016000586 – REA 965162**

**Company with a Sole Shareholder**

**Report of the Board of Statutory Auditors**

**on the financial statements for the year ended 31 December 2013**

**(Article 2429, paragraph 2 of the Italian civil code)**

To the Shareholders' Meeting of ENAV S.p.A.

As a premise we would like to state that the assessments and certifications on accounting control, as governed by articles 2409-bis - 2409-septies of the Italian civil code, are excluded from the scope of this report on the annual financial statements of ENAV S.p.A. for the year ended 31 December 2013, as such control is performed by the auditing firm Reconta Ernst & Young which has been engaged to perform an audit of ENAV's financial statements.

During 2013 the Board of Statutory Auditors attended three Shareholders' Meetings and nine meetings of the Sole Director, carried out in the presence of the Magistrate of the Court of Accounts with audit responsibilities.

The above-mentioned Shareholders' Meetings and other meetings

complied with the requirements of the Company's bylaws and the legislative provisions governing the means by which they are conducted, and in relation to such the Board of Statutory Auditors is able to provide reasonable assurance that the actions resolved comply with laws and regulations and the provisions of the Company's bylaws in respect of the principles of proper management as they are not manifestly imprudent, of a risky nature, in potential conflict of interest or such as to jeopardize the integrity of the Company's equity. In particular, we have verified that the organization and accounting system are adequate and that the measures prescribed by Legislative Decree no. 231/01 have been adopted.

The Sole Director provided information on operations and the business outlook as well as on the transactions of significant strategic importance, in terms of their size or features, carried out by the Company and its subsidiaries.

The Board of Statutory Auditors requested and obtained documents concerning the Company's operational and organizational structure, including by gathering information from the heads of the various functions.

The Board of Statutory Auditors also attests that it has not received any denouncements pursuant to article 2408 of the Italian civil code.

The draft annual financial statements for the year ended 31 December 2013, approved by the Board of Directors at its meeting on 23 April 2014 and obtained at that date by the Board of Statutory Auditors, close with net profit for the year of 50,527,600.70 euro.



The report on operations, approved by the Sole Director and prepared in compliance with the requirements of article 2428 of the Italian civil code, provides information on the Company's situation resulting from the operations carried out during 2013, describes operational matters, provides a description of the Company's operating structure and its components and branches, as well as relations with subsidiaries, highlights the most significant events that occurred during the year and finally provides a business outlook.

In particular the result for the year was achieved despite a reduction in revenues, which the Company countered, starting in September, by using the charge stabilisation provision.

The reduction in traffic resulting from the crisis led to adjustments of charges through the "balance" to a far greater extent than in the previous year, given performance targets that were especially unsuitable for the situation that actually occurred.

The reduction in production costs and financial expense made a significant contribution to the positive result.

The Board refers to its report on the consolidated statements for its analysis of the subsidiaries Techno Sky and ENAV Asia Pacific.

The annual financial statements consist of a balance sheet, a profit and loss account prepared in accordance with the formats indicated in articles 2424 and 2425 of the Italian civil code, notes to the financial statements, whose contents comply with the requirements of article 2427 of the Italian civil code, and a cash flow statement attached to

the latter.

The **balance sheet** consists of:

### ASSETS

#### *- Fixed assets*

**Intangible fixed assets** are recognised at the effective cost incurred: the balance is stated net of accumulated amortisation.

**Tangible fixed assets** are stated at purchase cost; assets are depreciated using economic-technical rates consistent with the guidelines issued by Eurocontrol.

**Financial fixed assets** are recognised at acquisition cost.

#### *- Current assets*

**Inventory** is recognised at weighted average cost.

**Receivables** are recognised at nominal value.

#### *- Accruals and deferrals*

These items arise from the income and expense earned or incurred before the year-end but relating to future years or conversely the income and expense relating to the year but not yet received or paid.

### SHAREHOLDERS' EQUITY AND LIABILITIES

#### *- Shareholders' equity*

This consists of **share capital, the legal reserve and other reserves**.

**Share capital** consists of 1,121,744,385 ordinary shares each of nominal value 1 euro fully subscribed by the Ministry of Economy and Finance.

The **legal reserve** consists of the accrual made from profits of previous years.

**Other reserves** consist of the balance remaining on the former **capital grants reserve**.

***- Provisions for risks and charges***

This item, to which the Board paid particular attention, consists of losses or liabilities of a specific nature whose existence is certain or probable. It consists of deferred tax liabilities for 1,139 thousand euro, the “risk provision for disputes with personnel” for 4,242 thousand euro, the “risk provision for other pending disputes” for 1,349 thousand euro, “other risk provisions” for 3,200 thousand euro and the “charge stabilisation provision” for 28,184 thousand euro.

***- Provision for post-employment benefit***

This consists of the compensation payable to employees on termination of the employment relationship, as of 31 December 2006.

Post employment benefits accruing from 1 January 2007 have been transferred to the Previndai and Prevaer pension funds, to the treasury fund held by INPS or to other pension funds on the basis of elections made by employees

These are stated at nominal value.

The **memorandum accounts** are presented at the foot of the balance sheet. These consist of guarantees given to third parties on behalf of the Company for 2,125 thousand euro; letters of patronage amounting to 27,200 thousand euro issued on behalf of subsidiaries in favour of

banking institutions as collateral for loans made for amounts of 22,200 euro for Techno Sky and 5,000 thousand euro for the SICTA Consortium; and guarantees received from third parties of 130,086 thousand which relate to guarantees provided by suppliers against the proper execution of supply contracts, of which 4,500 thousand euro relating to the bank surety obtained to guarantee the payment obligations arising from the agreement for the provision of air navigation services at Comiso airport and one euro as the symbolic amount recognised for real estate transferred to ENAV in accordance with annex F of the Ministerial Decree of 14 November 2000.

#### **Profit and loss account**

##### ***- Value of production***

This consists of the items **revenues from sales and services, increase in fixed assets for internal work and other revenues and income.**

##### ***- Cost of production***

This consists of the items **raw and ancillary materials, consumables and merchandise, services, lease and rental costs, personnel costs, amortization, depreciation and write-downs, change in inventory, provisions for risks and other operating expenses.**

##### ***- Financial income and expense***

This consists of the items **income from investments, other finance income, interest and other financial expense and foreign exchange gains and losses.**

##### ***- Extraordinary income and expense***

This consists of **extraordinary income** and **extraordinary expense**.

**Income taxes**, calculated on an accrual basis using current tax rates, consist of **current taxes**, **deferred tax liabilities** and **deferred tax assets**.

Within its responsibilities, the Board of Statutory Auditors hereby states that it has not identified any matters which may prevent the approval of the annual financial statements for the year ended 31 December 2013, prepared by the Sole Director, and recommends the Shareholders' Meeting to approve such financial statements, which represent the reference point in relation to the announced privatisation process.

Concerning the allocation of net income for the year, which as stated above amounts to 50,527,600.70 euro, the Board of Statutory Auditors agrees with the recommendation of the Sole Director to allocate 5%, or 2,526,380.04 euro, pursuant to article 2430 of the Italian civil code and the balance of 48,001,220.66 euro in accordance with the resolutions to be adopted by the Shareholders' Meeting.

Rome, 5 May 2014

The Board of Statutory Auditors

Paola Ferroni

Vincenzo Donato

Antonio Parente

# Report of the Independent Auditors



**Enav S.p.A.**

Financial Statements as of 31 December 2013

Independent auditors' report  
pursuant to art. 14 of Legislative Decree n. 39 dated 27 January  
2010

(Translation from the original Italian text)



Reconta Ernst & Young S.p.A.  
Via Po, 32  
00198 Roma

Tel: +39 06 324751  
Fax: +39 06 32475504  
ey.com

2

Independent auditors' report  
pursuant to art. 14 of Legislative Decree n. 39 dated 27 January 2010  
(Translation from the original Italian text)

To the Shareholders of  
Enav S.p.A.

1. We have audited the financial statements of Enav S.p.A. as of 31 December 2013 and for the year then ended. The preparation of these financial statements in compliance with the Italian regulations governing financial statements is the responsibility of Enav S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards issued by the Italian Accounting Profession (CNDCEC) and recommended by the Italian Stock Exchange Regulatory Agency (CONSOB). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.  
  
For the opinion on the financial statements of the prior year, which are presented for comparative purposes as required by the law, reference should be made to our report dated 10 April 2013.
3. In our opinion, the financial statements of Enav S.p.A. as of and for the year ended 31 December 2013 have been prepared in accordance with the Italian regulations governing financial statements; accordingly, they present clearly and give a true and fair view of the financial position and the results of operations of Enav S.p.A. as of 31 December 2013 for the year then ended.
4. The management of Enav S.p.A. is responsible for the preparation of the Report on Operations in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements, as required by the law. For this purpose, we have performed the procedures required under auditing standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Report on Operations is consistent with the financial statements of Enav S.p.A. as of and for the year ended 31 December 2013.

Rome, 6 May 2014

Reconta Ernst & Young S.p.A.

Signed by: Mauro Ottaviani, Partner

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

Reconta Ernst & Young S.p.A.  
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# Consolidated Financial Statements of the ENAV Group as at 31 December 2013

# Consolidated Financial Statements as at 31 December 2013

**BALANCE SHEET - ASSETS**

		31.12.2013	31.12.2012
<b>A) Receivables from shareholders for amounts due</b>		0	0
	<b>Total A)</b>	<b>0</b>	<b>0</b>
<b>B) Assets</b>			
<b>I Intangible fixed assets</b>			
3) Industrial patent rights and rights to use intellectual property		17.728.347	14.453.020
4) Concessions, licences, trademarks and similar rights		5.014	8.752
5 bis) Goodwill arising on consolidation		33.243.054	44.324.071
6) Fixed assets in progress and payments on account		79.573.846	79.634.525
7) Others		2.248.118	3.932.407
	<b>Total I)</b>	<b>132.798.379</b>	<b>142.352.775</b>
<b>II Tangible fixed assets</b>			
1) Land and buildings		244.792.541	230.728.793
2) Plant and machinery		425.383.558	416.352.171
3) Industrial and business equipment		82.186.380	115.005.766
4) Other assets		56.255.577	57.693.556
5) Assets under construction and advance payments		329.933.327	392.721.544
	<b>Total II)</b>	<b>1.138.551.383</b>	<b>1.212.501.830</b>
<b>III Financial fixed assets</b>			
1) Investments in:			
a) Subsidiary companies		1.466.526	1.465.614
d) Other enterprises		166.666	166.666
2) Receivables:			
a) Other receivables - due after 12 months		16.111.269	17.174.340
	<b>Total III)</b>	<b>17.744.461</b>	<b>18.806.620</b>
	<b>Total B) Fixed Assets</b>	<b>1.289.094.223</b>	<b>1.373.661.225</b>
<b>C) Current assets</b>			
<b>I Inventory</b>			
1) Raw materials, ancillaries, consumables		67.090.420	68.501.219
3) Works in progress on order		1.052.877	1.369.768
	<b>Total I)</b>	<b>68.143.297</b>	<b>69.870.987</b>
<b>II Receivables</b>			
1) <b>From customers</b>			
due within 12 months		233.369.921	344.103.639
2) <b>From subsidiaries</b>			
due within 12 months		140.132	0
4 bis) <b>Tax credits</b>			
due within 12 months		55.986.880	61.247.332
due after 12 months		25.176.747	25.176.747
4 ter) <b>Prepaid Taxes</b>			
due within 12 months		23.252.151	22.399.417
5) <b>From Others</b>			
due within 12 months		29.594.028	15.828.534
6) <b>From Eurocontrol Balance</b>			
due within 12 months		53.272.700	43.650.645
due after 12 months		85.892.046	74.036.844
	<b>Total II)</b>	<b>506.684.605</b>	<b>586.443.158</b>
<b>III Financial assets other than fixed assets</b>			
7) Assets held for sale		0	1.607.478
	<b>Total III)</b>	<b>0</b>	<b>1.607.478</b>
<b>IV Cash and cash equivalents</b>			
1) Bank and postal deposits		94.238.312	53.932.513
3) Cash and cash equivalents		61.769	30.066
	<b>Total IV)</b>	<b>94.300.081</b>	<b>53.962.579</b>
	<b>Total C) Current assets</b>	<b>669.127.983</b>	<b>711.884.202</b>
<b>D) Accruals and Deferments</b>			
	<b>Total D) Accruals and Deferments</b>	<b>1.747.043</b>	<b>1.121.953</b>
	<b>Total Assets</b>	<b>1.959.969.249</b>	<b>2.086.667.380</b>

# BALANCE SHEET - LIABILITIES

		31.12.2013	31.12.2012
<b>A) Shareholders' Equity</b>			
I	Share capital	1.121.744.385	1.121.744.385
IV	Legal reserve	11.409.030	9.099.497
VII	Other reserves:		
	- Reserve pursuant to Law 292/93	0	9.188.855
	- Extraordinary reserve	0	960.972
	- Capital reserve account	0	51.815.748
	- Conversion reserve	(17.457)	0
	- Other reserves	36.358.608	0
	Total VII	36.341.151	61.965.575
VIII	Income (losses) carried forward	4.589.183	(10.728.547)
IX	Profit (loss) for the tax period	37.999.530	32.627.265
	<b>Total Group Shareholders' Equity</b>	<b>1.212.083.279</b>	<b>1.214.708.175</b>
	Capital and Reserves, minority interests	0	0
	Profit (loss) of minority interests	0	0
	<b>Total third parties shareholders' equity</b>	<b>0</b>	<b>0</b>
	<b>Total A) Consolidated Shareholders' Equity</b>	<b>1.212.083.279</b>	<b>1.214.708.175</b>
<b>B) Provisions for risks and charges</b>			
2)	Provision for taxes, including deferred taxes	1.138.459	787.604
3)	Others	40.876.716	64.137.434
	<b>Total B) Provisions for risks and charges</b>	<b>42.015.175</b>	<b>64.925.038</b>
<b>C) Provision for employment severance pay</b>		<b>57.049.510</b>	<b>59.867.301</b>
<b>D) Payables</b>			
4)	<b>To banks</b>		
	due within 12 months	47.875.044	130.497.726
	due after 12 months	127.000.000	130.000.000
5)	<b>To other lenders</b>		
	due within 12 months	1.585.001	7.648.836
6)	<b>On account</b>		
	due within 12 months	76.059.811	71.548.695
7)	<b>To suppliers</b>		
	due within 12 months	141.835.568	166.932.741
9)	<b>To subsidiaries</b>		
	due within 12 months	4.206.144	4.203.367
12)	<b>Tax payables</b>		
	due within 12 months	8.029.901	11.310.480
13)	<b>Payables to pension and social security agencies</b>		
	due within 12 months	24.538.837	23.182.339
14)	<b>Other payables</b>		
	due within 12 months	52.743.763	53.752.193
15)	<b>To Eurocontrol Balance</b>		
	due within 12 months	0	0
	<b>Total D) Payables</b>	<b>483.874.069</b>	<b>599.076.377</b>
<b>E) Accruals and Deferments</b>			
	<b>Total E) Accruals and Deferments</b>	<b>164.947.216</b>	<b>148.090.489</b>
	<b>Total Liabilities</b>	<b>1.959.969.249</b>	<b>2.086.667.380</b>
<b>Memorandum Accounts</b>			
	Guarantees to third parties	2.526.042	22.215.297
	Guarantees to subsidiaries	5.000.000	5.000.000
	Guarantees received from third parties	146.317.254	146.700.842
	Commitments and contingencies	2.473.111	2.473.111
	Interim accounts	1	1

**PROFIT AND LOSS STATEMENT**

	31.12.2013	31.12.2012
<b>A) Value of production</b>		
1) Revenues from sales and services		
a) Revenues from services	760.378.672	798.765.351
b) Charge changes for balance of tax period	57.504.610	36.844.499
c) Changes for balance	7.623.291	(146.728)
d) Use of balance year n-2	(43.650.645)	(41.255.367)
e) Use pf charge stabilizing fund	19.792.000	0
Total 1)	801.647.928	794.207.755
3) Change in work in progress on order	(316.892)	(1.764.112)
4) Increases in fixed assets for in-house work	27.187.564	29.073.582
5) Other revenues and income		
a) Other revenues	27.680.829	27.151.985
b) Operating contribution accounts	30.000.000	30.000.000
Total 5)	57.680.829	57.151.985
<b>Total A) Value of production</b>	<b>886.199.429</b>	<b>878.669.210</b>
<b>B) Cost of production</b>		
6) For raw materials, ancillary, consumables and goods	(7.810.132)	(7.957.998)
7) For services	(145.953.328)	(152.942.878)
8) For leased assets	(7.346.158)	(7.568.449)
9) For personnel:		
a) Wages and salaries	(320.066.913)	(316.354.098)
b) Social Security Contributions	(104.981.807)	(101.717.906)
c) Provision for employee severance indemnity	(21.089.936)	(21.182.078)
e) Other costs	(11.937.715)	(15.895.777)
Total 9)	(458.076.371)	(455.149.859)
10) Amortisations and Depreciations		
a) Amortisation of intangible assets	(28.244.016)	(27.244.188)
b) Amortisation of tangible assets	(136.324.085)	(143.602.906)
c) Other depreciation of assets	(6.753.464)	(4.360.219)
d) Depreciation of receivables included in current assets	(5.504.687)	(16.840.922)
Total 10)	(176.826.252)	(192.048.235)
11) Change in inventory of raw and ancillary materials, consumables and goods	(1.578.993)	(1.104.404)
12) Provisions for risks	(1.030.963)	(6.650.799)
14) Other operating expenses	(2.675.379)	(2.809.372)
<b>Total B) Cost of production</b>	<b>(801.297.576)</b>	<b>(826.231.994)</b>
<b>Difference between value and cost of production (A - B)</b>	<b>84.901.853</b>	<b>52.437.216</b>
<b>C) Financial revenues and expenses</b>		
15) Proceeds from shareholding	250.000	0
16) Other financial revenues		
a) from receivables posted as fixed assets	43.380	142.280
c) from securities held as current assets other than equity investments	0	0
d) revenues other than the above	2.800.331	2.088.651
Total 16)	2.843.771	2.230.931
17) Interest and other financial charges	(5.176.743)	(13.506.852)
17 bis) Gains and losses on foreign currency exchange	13.942	579
<b>Total C) Financial revenues and expenses</b>	<b>(2.069.090)</b>	<b>(11.275.342)</b>
<b>D) Value adjustments to financial assets</b>		
18) Revaluations		
a) of investments	913	173.821
19) Write-downs		
a) of investments	0	0
<b>Total D) Adjustmments to the value of financial assets</b>	<b>913</b>	<b>173.821</b>
<b>E) Extraordinary revenues and expenses</b>		
20) Extraordinary revenues	1.196.091	28.003.312
21) Extraordinary expenses		
a) taxes relating to prior tax periods	(105.171)	(42.455)
b) other charges	(6.464.967)	(1.325.417)
Total 21)	(6.570.138)	(1.367.872)
<b>Total E) Extraordinary revenues and expenses</b>	<b>(5.374.047)</b>	<b>26.635.440</b>
<b>Earnings before taxes (A-B+/-C+/-D+/-E)</b>	<b>77.459.629</b>	<b>67.971.135</b>
22) Taxes on income for the tax period		
a) Current taxes	(39.961.977)	(40.545.266)
b) Deferred taxes	(350.855)	(91.710)
c) Prepaid taxes	852.733	5.293.106
Total 22)	(39.460.099)	(35.343.870)
23) Profit (loss) for the tax period	37.999.530	32.627.265
Income for the tax period attributable to third parties	0	0
<b>Group income for the tax period</b>	<b>37.999.530</b>	<b>32.627.265</b>





# Notes to the Consolidated Financial Statements as at 31 December 2013



# Notes to the Consolidated Financial Statements as at 31 December 2013

## Section 1

### FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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The Consolidated Financial Statements as at 31 December 2013, prepared in accordance with the provisions contained in the Legislative Decree of 9 April, 1991 no. 127 and taking into account what is indicated by the accounting standards issued by the National Board of Certified Public Accountants and the documents issued by the Italian Accounting Board (OIC), comprise the consolidated Balance Sheet, the consolidated Profit and Loss Account and these notes. We attach the Cash Flow Statement to the latter.

As is well known, the Consolidated Financial Statements make it possible to examine the asset, income and cash situation of all the companies subject to control by the Parent company, in the perimeter of consolidation. For this purpose, in addition to the schemes previously mentioned, we show the reconciliation between net equity and the result of the Parent company and net equity and the result of the consolidated financial year.

The reference date of the Consolidated Financial Statements is that of the financial statements of the Parent ENAV S.p.A.; for the subsidiaries we have used, for the purposes of consolidation, the financial statements as at 31 December 2013 specially prepared and approved by the respective Boards of Directors of the Companies.

The financial statements are expressed in euro, while the amounts included in the notes are expressed in thousands of euro, unless otherwise stated. The notes are accompanied with 8 breakdowns which form an integral part of them.

Given the marginal significance of the changes resulting from the consolidation process, it was considered sufficient only to comment on the consolidated balances that show significant changes compared to the balances of the financial statements of ENAV S.p.A. For the comments of the other balances reference is made to the notes to the financial statements of ENAV S.p.A. Regarding additional data on significant events which occurred during and after the year-end, reference is made to what is described in the Management Report.

We specify that the audit firm Ernst & Young S.p.A carries out the statutory audit under Art. 2409 bis of the Civil Code, as amended by Art. 14 of Legislative Decree No. 39/2010.

## PERIMETER OF CONSOLIDATION

The Consolidated Financial Statements as at 31 December 2013 include the financial statements of the Parent company ENAV and of Techno Sky and ENAV Asia Pacific held 100% by ENAV which regularly performs control, appropriately reclassified, where necessary to align them with the policies for valuation and exposure adopted by the Parent.

For the subsidiaries Techno Sky and ENAV Asia Pacific the methodology of consolidation has been adopted while the SICTA Consortium is excluded from consolidation because of the insignificance of its financial statements and consolidated with the equity method.

Annex 1 shows information about the companies included and excluded from the consolidation, and the reasons for exclusion.

## BASIS OF CONSOLIDATION

In the consolidation of the financial statements of the Company we have used the following criteria in accordance with OIC 17:

- The carrying value of the investment with the corresponding portion of net equity at the date of acquisition or establishment. The difference between these values is analysed in order to allocate it to the assets and liabilities of the subsidiary in relation to the actual accounting nature and the value that was allocated to them on acquisition. If part of the purchase price has been recorded as goodwill, it is recorded in the assets as intangible assets under the heading of "Consolidation difference", and amortised over the estimated life of the economic benefits inherent in the acquired asset;
- Elimination from the Balance Sheet and the consolidated Profit and Loss Account of assets and liabilities as well as revenues and costs relating to transactions between companies included in the consolidation;
- Elimination of significant gains and losses resulting from transactions between consolidated companies;
- Entry of tax effects of the consolidation.

## CHANGE IN PERIMETER OF CONSOLIDATION

The perimeter of consolidation of the ENAV Group has undergone a change from the previous year through the entry of the Company ENAV Asia Pacific based in Kuala Lumpur, Malaysia in 2013 which is 100% controlled by ENAV. The consolidation of that company did not have any significant impact on the net equity because the scale of the data is not significant.

## TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN COMPANIES

The financial statements of each subsidiary have been prepared using the currency of the place in which it operates. The rules for the translation of the financial statements of the Company denominated in currencies other than the euro are as follows:

- Assets and liabilities are translated using the exchange rates on the date of the financial statements;
- Revenues and costs are translated at the average exchange rate;
- Shareholder's equity is translated at the historical exchange rates;
- The "translation reserve", included among the items of the consolidated net equity, includes both the exchange differences arising from the translation of economic amounts at a rate different from that of the closing and those generated from the translation of the opening net equity at a rate of exchange rate different from the closing of the reporting period. This reserve is transferred to the profit or loss account on the sale of the relevant stake.

The exchange rates used for the translation of the financial statements of the company ENAV Asia Pacific were as follows: the average exchange rate in April 2013 was Ringgit/Euro 4.2237; the rate as at 31 December 2013 was Ringgit/Euro 4.5221.



## Section 2

### GROUP VALUATION CRITERIA

The valuation criteria are determined in accordance with the provisions of the Civil Code and Legislative Decree no. 127/91 and are consistent with those applied in preparing the Consolidated Financial Statements of the previous year.

The following are the accounting policies adopted in the preparation of the Consolidated Financial Statements.

#### INTANGIBLE ASSETS

These represent costs and expenses with long-term benefits and are recorded based on the actual cost, including accessory charges, adjusted if necessary in the event of impairment losses. The amount is shown in the Balance Sheet net of depreciation in the account calculated systematically in relation to the estimated future benefits. In particular: i) costs of plant and expansion are amortised over five years; ii) concession rights and the rights of use of intellectual property, which include licences, are amortised over three years on a linear basis, as also proprietary software; iii) leasehold improvements are amortised over the remaining term of the related lease contracts; iv) the substitute tax on medium-term loans is amortised on a linear basis over the term of the loan. The consolidation difference, related to the book value, which is higher than the corresponding fraction of net equity, is systematically amortised over ten years.

#### TANGIBLE ASSETS

These are recorded at purchase cost, including incidental costs, as well as costs related to improvements and extraordinary maintenance of an incremental nature and likely to extend the remaining useful lifetime. These assets are systematically depreciated on a linear basis using rates which are determined in relation to the residual possibility of use of each individual asset. In the year of acquisition or construction a reduced rate is applied compared with the ordinary rate according to the actual use.

The assets which on the closing date of the period are of a value permanently lower than that of entry determined by the above criteria are written down to this lower value; if in subsequent years the reasons for the write-down cease to apply, there will be a reversal of the impairment to the extent of the write-down.

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## FINANCIAL ASSETS

The stake in unconsolidated subsidiary is recorded according to the equity method, in accordance with the provisions of Art. 2426, paragraph 1 point 4 of the Civil Code. With the equity method, the carrying value of the investment is adjusted to a value corresponding to the proportion of equity held in the financial statements of the subsidiary after the adjustments required by the principles of the Consolidated Financial Statements. The revaluations or devaluations carried out in application of the above criterion are recorded in the Profit and Loss Account under Section D) value adjustments of financial assets.

Investments in other companies are valued at acquisition cost, including accessory charges, adjusted for any impairment loss. If in subsequent years the reasons for such adjustment cease to apply, we will proceed to a re-valuation within the limits of the write-down.

Receivables are stated at nominal value. Financial receivables related to post-employment benefits are recorded at their nominal value plus accrued interest and decreased in relation to the advance and/or settlement paid to employees.

## INVENTORIES

Inventories, mainly represented by spare parts for specific use relating to facilities and equipment for flight control, are stated at weighted average cost. These inventories, if they can no longer be used because obsolete, are depreciated through direct adjustment to the inventory write-down for the value of the asset.

Work in progress is valued on the basis of the amounts contractually due, taking into account the percentage of completion method, determined on the basis of actual costs compared to overall costs planned.

## RECEIVABLES

Receivables are stated at nominal value adjusted to take account of the estimated realisable value. There are no receivables due after five years.

## FOREIGN CURRENCY TRANSACTIONS

The assets and liabilities arising from transactions in foreign currencies are recorded in the accounts at the exchange rate in effect on the date on which the transaction is made. At the end of the year, these assets and liabilities are given at the exchange rate on the balance sheet date and the resulting gains and losses are recorded in the Profit and Loss Account as a component of financial income. If the conversion of foreign currency leads to a net gain, this value is, in the allocation of the result, appropriated to a non-distributable reserve until realised.

## ASSETS THAT ARE NOT FIXED ASSETS

The entry contains the assets intended to be sold in the short term at the lower of the carrying value and the estimated realisable value.

## CASH AND CASH EQUIVALENTS

Cash on hand and bank deposits are stated at the nominal value representative of the value of construction.

## ACCRUALS AND DEFERMENTS

Accruals and deferred income include costs and revenues incurred or achieved by the end of the year but relating to future years. The fees incurred at the time of conclusion of the financing are classified under the heading of deferred income and are released to the Profit and Loss Account over the term of the funding.

## PROVISIONS FOR RISKS AND CHARGES

These are intended to cover losses or debts of a specific nature, whose existence is certain or probable but of which, however, at year-end either the amount or date of occurrence are indeterminate. In particular, the provision for taxes is divided between funds established to cover probable tax liabilities and provisions for deferred taxes.

## PROVISION FOR SEVERANCE INDEMNITIES

Following the reform of supplementary pensions under the Law of 27 December 2006 no. 296 (2007 Finance Act) and subsequent Decrees and Regulations, the accounting criteria applied to the severance indemnities comply with the interpretations defined by the national competent technical bodies. As a result of this reform, the personnel severance indemnities accrued up to 31 December 2006 will remain in the company and be calculated in accordance with Art. 2120 of the Italian Civil Code, while the amounts accrued as from 1 January 2007, on the basis of implicit and explicit choices made by the employees, have been allocated to supplementary pension funds or transferred by the Company to the treasury fund set up at the National Institute Social Security Institute (INPS). Thus the severance indemnities in the financial statements represent the liability to employees for severance benefits in accordance with the law and employment contracts, taking into account any form of on-going remuneration.

## DEBTS

These are recorded at nominal value. The advances attributable of the Air Force are recorded when received, while advances registered against the Civil Aviation Authority are commensurate to the portion of revenues accruing during the financial year. Advance payments received in respect of pre-financing under the SESAR project are financial facts and are not relevant for the purposes of revenue entry.

Payables to other lenders cover debts to factoring companies to which providers have sold "without recourse" invoices issued in respect of the Group.

There are no debts with a maturity of over five years.

## MEMORANDUM ACCOUNTS

These include the amount of the nominal value of the guarantees given to third parties and/or received from third parties, commitments and transfer accounts.

## PROFIT AND LOSS ACCOUNT

Revenues, income, costs and expenses are recorded on an accrual basis adjusted for the effect of the mechanism that leads to the Eurocontrol Balance of revenues commensurate to the actual costs incurred for the services of air traffic control terminal, while for route the entry of Balance occurs in the cases provided by EU Regulation 1794/2006 as amended by EU Regulation 1191/2010.

## CONTRIBUTIONS

Contributions over the year are recorded in the year in which with reasonable certainty the right arose to receive them, regardless of the date of collection.

Capital account contributions are recorded in the Balance Sheet when there is reasonable assurance that the conditions for the entry of the contribution are met and that the grants will be disbursed. Capital account contributions are recorded as income progressively in proportion to the amortisation of the related assets through the use of the accounting technique of deferred income.

## TAXES

Revenue taxes are calculated on an accrual basis, based on the tax rates in effect. In particular, they are treated as an expense incurred by the generation of income and are recorded in the same period that revenues and costs to which they relate are recorded, taking into account the tax position of the Company and tax law.

Prepaid tax assets are recorded when there is reasonable certainty of sufficient future taxable income such that they can be recovered. Deferred tax liabilities are always recorded, unless it is considered unlikely that the liability will arise. The value of deferred tax assets to be reported in the financial statements is reviewed on each balance sheet date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled.

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## Section 3

### ANALYSIS OF BALANCE SHEET ITEMS AND THEIR CHANGES

#### INTANGIBLE ASSETS

This item, which amounts to 132,798 thousand euro, records a decrease of equity by 9,555 thousand euro and is composed as follows:

	31.12.2012	Increases	Decreases	Amortisation	31.12.2013
Rights to use intellectual property	14.453	17.561	0	(14.286)	17.728
Concessions, licences, trademarks and similar rights	9	5	0	(9)	5
Goodwill arising on consolidation	44.324	0	0	(11.081)	33.243
Assets in progress and accounts	79.635	18.507	(18.568)	0	79.574
Other intangible fixed assets	3.932	1.184	0	(2.868)	2.248
<b>Total</b>	<b>142.353</b>	<b>37.257</b>	<b>(18.568)</b>	<b>(28.244)</b>	<b>132.798</b>

The difference arising on consolidation represents the excess acquisition value of the Subsidiary Techno Sky representative of future economic benefits. This difference, which amounted to 110,810 thousand euro, is systematically amortised over a ten year period considered consistent with the main assumptions made in the appraisals on acquisition. The depreciation charge for the year amounted to 11,081 thousand euro.

The remaining balances are primarily attributable to the Parent.

Breakdown no. 2 attached to these notes, shows the composition of the movements in intangible assets divided between historical cost and accumulated depreciation as required by Art. 2427, paragraph 1 point 2) of the Civil Code.

#### TANGIBLE ASSETS

Tangible fixed assets amounted to 1,138,551 thousand euro with a net decrease of 73,951 thousand euro. This item is composed as follows:

	31.12.2012	Increases	Decreases	Amortisation	31.12.2013
Land and buildings	230.729	28.406	0	(14.343)	244.792
Plant and machinery	416.352	95.518	(187)	(86.299)	425.384
Industrial and business equipment	115.006	11.896	(25.609)	(19.106)	82.187
Other assets	57.694	15.141	(4)	(16.576)	56.255
Assets in progress and accounts	392.721	101.138	(163.926)	0	329.933
<b>Total</b>	<b>1.212.502</b>	<b>252.099</b>	<b>(189.726)</b>	<b>(136.324)</b>	<b>1.138.551</b>

The tangible assets include the balance of capital investment made by the Subsidiary in 2013 and the evolutionary maintenance of proprietary software systems, net of inter-company profits, for a total value of 20,686 thousand euro. The main changes are related to ENAV and we refer to the notes on tangible fixed assets for the analysis of changes.

The depreciation charge for the year amounted to 136,324 thousand euro.

Breakdown no.3 attached to these notes, shows the composition of the movements in tangible assets distinguished between historical cost and accumulated depreciation as required by Art. 2427, paragraph 1 point 2) of the Civil Code.

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## FINANCIAL ASSETS

This item amounted to 17,744 thousand euro with a decrease in equity in the period of 1,063 thousand euro after the following changes:

	31.12.2012	Increases	Decreases	31.12.2013
Investments				
a) subsidiaries	1.466	1	0	1.467
b) other companies	167	0	0	167
Receivables	17.174	70	(1.133)	16.111
<b>Total</b>	<b>18.807</b>	<b>71</b>	<b>(1.133)</b>	<b>17.745</b>

The item participation in subsidiaries relates entirely to the investment in Consortium SICTA, which increased during the year due to the revaluation of the investment using the equity method.

Financial receivables relate for 15,748 thousand euro (16,838 thousand euro as at 31 December 2012) to the credit to the company from which the stake in Techno Sky was acquired, corresponding to the severance indemnities to employees included in the business area transferred from the seller to the Subsidiary, which decreased during the year as a result of repayments made, commensurate with the benefits and advances paid in respect of severance indemnities paid in 2013 and partly in 2012 to employees of Techno Sky for a total of 1,133 thousand euro.

This loan bears interest at 3-month Euribor (base 360) plus a spread of 0.05 percentage points and is repayable in full on maturity 15 years from the date of signing or on simple request from Techno Sky if employees were to terminate the employment relationship or demand the advances. The credit is secured by a first call bank guarantee. The increases in the period relate to interest for Euro 43 thousand euro.

## INVENTORIES

Inventories amounted to 68,143 thousand euro, net of allowance for doubtful accounts during the year, and record a net decrease of 1,728 thousand euro. This item includes the parts of the first allocation of air traffic control systems primarily related to the Parent (67,065 thousand euro) and

the work in progress related entirely to the Subsidiary Techno Sky on orders for third-party clients for the modernisation of certain national airports and weather systems. The net change for the year is shown in the following table:

Description	31.12.2012	Net change	31.12.2013
Inventory for:			
- raw materials, ancillaries and consumables	75.802	379	76.181
- work in progress	1.369	(317)	1.052
	<b>77.171</b>	<b>62</b>	<b>77.233</b>
Accumulated depreciation, inventory	(7.300)	(1.790)	(9.090)
<b>Total</b>	<b>69.871</b>	<b>(1.728)</b>	<b>68.143</b>

## RECEIVABLES

Accounts receivable amounting to a total of 506,685 thousand euro, of which 111,069 thousand euro maturing over more than twelve months, recorded an overall decrease of 79,758 thousand euro and are as follows:

	31.12.2013	31.12.2012
<i>Within the calendar year</i>		
Receivable from Customers	233.370	344.104
Receivables from subsidiaries	140	0
Tax credits	55.987	61.247
Prepaid tax credits	23.252	22.399
Receivables from others	29.594	15.828
Receivables for Eurocontrol balance	53.273	43.651
<b>Total credits within the calendar year</b>	<b>395.616</b>	<b>487.229</b>
<i>Beyond the calendar year</i>		
Tax receivables	25.177	25.177
Receivables for Eurocontrol balance	85.892	74.037
<b>Total receivables beyond the calendar year</b>	<b>111.069</b>	<b>99.214</b>
<b>Total</b>	<b>506.685</b>	<b>586.443</b>

## RECEIVABLES FROM CLIENTS

Receivables from clients, all with maturities within 12 months, amounted to 233,370 thousand euro and mainly relate to the Parent Company for an amount of 226,651 thousand euro (337,570 thousand euro as at 31 December 2012), recording a decrease over the year following the collection of part of the claims against the Ministry of Economy and Finance. We refer to the notes of ENAV S.p.A. for the composition and variation. The remainder of 6,719 thousand euro

(6,534 thousand euro as at 31 December 2012) relates to receivables due from Techno Sky for services rendered in relation to third-party clients, and is increased by the activities of installation of weather stations in the territory of Rwanda, not yet paid for at year-end.

## RECEIVABLES FROM SUBSIDIARIES

The amount due from subsidiaries amounting to 140 thousand euro relates to the SICTA Consortium for the rent of the offices owned by ENAV.

## TAX CREDITS

Tax credits amounting to 81,164 thousand euro (86,424 thousand euro as at 31 December 2012) have a maturity of more than twelve months for 25,177 thousand euro relating to the credit for the increased IRES tax paid in the years 2007/2011 due to the lack of IRAP deduction on expenditure incurred for employees and similar. This portion is related to ENAV for 23,164 thousand euro and Techno Sky 2,013 thousand euro. Tax receivables due within twelve months equal to 55,987 thousand euro relate to: i) claims for VAT 51,850 thousand euro (59,204 thousand euro as at 31 December 2012) with a decrease in equity in the period for 7,354 thousand euro following the collection of part of the VAT refunds requested by the Parent; ii) the IRES and IRAP credit amounting to 4,137 thousand euro related entirely to the Parent. We refer for the comment on tax credits to the notes of ENAV S.p.A. for the composition of the above credit.

## PREPAID TAX ASSETS

This item amounts to 23,252 thousand euro with a net increase of 853 thousand euro, compared to the previous year, because of entry of prepaid tax assets primarily of provisions for risks and taxed on the elimination of inter-company profits. We specify that these prepaid tax assets have been recorded because it is believed there is a reasonable certainty of achieving future taxable income sufficient to allow recovery of them.

The following table shows the movements during the year (amounts in thousands euro):

	31.12.2012	Increases	Decreases	31.12.2013
Prepaid taxes on taxed provisions for risks	15.206	1.624	(1.987)	14.843
Prepaid taxes on write-downs of inventory	2.009	492	0	2.501
Others	5.184	1.480	(756)	5.908
<b>Total</b>	<b>22.399</b>	<b>3.596</b>	<b>(2.743)</b>	<b>23.252</b>

We refer to Annex No. 4 attached to these notes which shows the details of the temporary differences that gave rise to the entry of deferred tax assets, the changes during the year and the tax rate applied.

### OTHER RECEIVABLES

Other receivables amounted to 29,594 thousand euro (15,828 thousand euro as at 31 December 2012) and mainly relate to the Parent, and the increase compared to the previous year is mainly attributable to the admission to the financing of investment projects presented by ENAV and allowed by the Managing Authority of PON networks and mobility 2007/2013 under the decision of 24 December 2013, for a total of 17,743 thousand euro. For other changes, we refer to the reasons already discussed in the notes to the financial statements.

### CREDITS FOR EUROCONTROL BALANCE

The balance equal to 139,165 thousand euro, of which 85,892 thousand euro due after more than twelve months, is entirely attributable to the Parent and we refer for detailed information to the notes to the financial statements of the company.

### ASSETS THAT ARE NOT FIXED ASSETS

This item has been cleared during the year (1,607 thousand euro as at 31 December 2012) following the sale of four Cessna aircraft owned by ENAV, which took place in September. The economic effects of this divestment were recorded in 2012 in accordance with the terms stated in the contract of purchase of the fourth Piaggio aircraft signed in December 2012, with which the company is committed specifically to buy these aircraft in exchange in 2013.

### CASH AND CASH EQUIVALENTS

The item includes cash with banks and the Central Treasury for a total 94,300 thousand euro including accrued interest and cash holdings of 62 thousand euro.

It should be noted, as pointed out in 2012, that the cash and cash equivalents comprise 1,117 thousand euro paid into a bank account tied as a "pledge" in favour of a credit institution and on the payment of certain invoices issued to Techno Sky and sold "without recourse" to a factoring company, which is the subject of litigation. The maturity of the bond is expected in the next year.

## ACCRUALS AND DEFERMENTS

Accrued income and prepaid expenses amounted to 1,747 thousand euro (1,222 thousand euro as at 31 December 2012) and relates to accrued income for 1 thousand euro and prepaid for 1,746 thousand euro. The prepaid expenses include the fees paid to the bank at the time of signing of new medium-term loans and to exercise the option to extend the funding already in place, for an amount, net of the reversal share for the year, of 918 thousand euro. In addition, this item includes the premium element relating to future years, for 140 thousand euro, recorded on the transaction for hedging forward foreign currency for the purchase, in US dollars, of the shares of Aireon for a period that extends until 2017.

## SHAREHOLDERS' EQUITY

The shareholders' equity of the Group is as follows:

	31.12.2013	31.12.2012
Share capital (*)	1.121.744	1.121.744
Legal reserve	11.409	9.099
Other reserves:		
a) Reserve pursuant to Law 292/93	0	9.189
b) Extraordinary reserve	0	961
c) Reserve for capital payments	0	51.816
d) Conversion reserve	(17)	0
e) Others	36.359	0
Profit/(losses) brought forward	4.589	(10.728)
Profit/(loss) for the tax period	37.999	32.627
<b>Group equity</b>	<b>1.212.083</b>	<b>1.214.708</b>
Capital and reserves, third party	0	0
Profit/(loss) of third party	0	0
<b>Consolidated equity</b>	<b>1.212.083</b>	<b>1.214.708</b>

(\*) The share capital consists of 1,121,744,385 ordinary shares with a nominal value of 1 euro entirely subscribed by the Ministry of Economy and Finance

The changes that occurred in equity in 2013 relate not only to the payment of a dividend for 15,000 thousand euro in the month of June and to the reserve for conversion of -17 thousand euro resulting from the translation into euro of the financial statements of the Subsidiary ENAV Asia Pacific but also to the disposal of AVL assets as noted in the context of the financial statements of ENAV in the comment of the same item, to which we refer.

With regard to the reconciliation between net equity and results of the Parent company and the consolidated equity and the consolidated results of operations, as well as changes in net equity during the year, reference should be made to Annexes 5 and 6 attached to these notes.

### PROVISIONS FOR RISKS AND CHARGES

This item amounts to 42,016 thousand euro with a net decrease of 22,909 thousand euro compared to the previous year.

The following table shows the changes that occurred during the year:

	31.12.2012	Increases	Decreases	31.12.2013
Provision for taxes, including deferred taxes	788	496	(145)	1.139
<b>Total</b>	<b>788</b>	<b>496</b>	<b>(145)</b>	<b>1.139</b>
Other provisions:				
Provision for risks of disputes with personnel	5.092	476	(566)	5.002
Provision for risks of other ongoing disputes	1.381	9	0	1.390
Other provisions for risks	9.687	546	(3.933)	6.300
Charge stabilization fund	47.977	0	(19.792)	28.185
<b>Total other provisions</b>	<b>64.137</b>	<b>1.031</b>	<b>(24.291)</b>	<b>40.877</b>
<b>Overall total</b>	<b>64.925</b>	<b>1.527</b>	<b>(24.436)</b>	<b>42.016</b>

The deferred tax provision, amounting to 1,139 thousand euro, recorded a net increase of 351 thousand euro, mainly due to the entry of deferred tax assets related to interest accrued and not yet received in 2013 and decreased by Euro 145 thousand euro mainly due to the reversal of deferred taxes on interest on arrears recorded in the previous year following the collection which took place during the year.

We refer to Annex No. 4 attached to these notes which shows the details of the temporary differences that generated deferred tax assets, the changes during the year and the tax rate applied.

The provision for litigation with employees had an increase of 476 thousand euro, which was mainly due to provisions made by Techno Sky to take into account the probable liabilities related to the causes of working course. The decrease of 566 thousand euro relates, on the other hand, to ENAV for the settlement of disputes which also occurred through out of court settlements.

The other risk provisions increased by 546 thousand euro primarily to take account of the potential liability arising from the termination of the contract for the provision of weather systems for the modernisation of Palermo Airport with the SELEX ES, because of the unavailability of certain materials covered by the contract. It should be noted that during the year an arbitration board has been assigned, by contract, to define the credit and debit batches of the case in question. The decrease for a total of 3,933 thousand euro mainly relates to ENAV and regards the closure of a dispute related to the multilateral contract for the airports of Bergamo and Venice.

We refer for this purpose to what has been extensively described in the management report.

For the changes in the stabilisation rates, we also refer to the above contents of the notes to the financial statements of the company.

## PROVISION FOR SEVERANCE INDEMNITIES

The severance indemnities amounted to 57,050 thousand euro and relate to the compensation payable on termination of employment accrued in favour of employees as at 31 December 2006 increased by the revaluation in accordance with the law on pension reform of Law 296/2006. The movements during the year are shown in the following table:

	31.12.2012	Increases	Decreases	31.12.2013
Provision for employee severance pay	59.867	21.090	(23.907)	57.050
<b>Total</b>	<b>59.867</b>	<b>21.090</b>	<b>(23.907)</b>	<b>57.050</b>

The pension reserve was equal to 21,090 thousand euro, of which the allowances allocated to the Pension Funds of the company Previndai, Prevaer and Comet, to the Treasury Fund set up at INPS or other pension funds on the basis of the choices made by the employees, amounted to 18,913 thousand euro and are included in the scope of the decreases during the year. The further decreases were related both to the provision of settlement of severance pay following the termination of the employment relationship and to the advances made to personnel who had made requests for a total of 4,125 thousand euro.

## PAYABLES

Payables amounted to 483,874 thousand euro, of which due within twelve months 356,874 thousand euro and in more than twelve months for 127,000 thousand euro. These debts are related for 454,666 thousand euro to the Parent and for the remainder to Techno Sky for 29,185 thousand euro and to ENAV Asia Pacific for 23 thousand euro.



The following table shows the composition of the debts:

	31.12.2013	31.12.2012
<i>Within 12 months</i>		
To banks	47.875	130.498
To other lenders	1.585	7.649
Accounts	76.060	71.549
To suppliers	141.836	166.933
To subsidiaries	4.206	4.203
Tax payables	8.030	11.310
Payables to pension and social security agencies	24.539	23.182
Other payables	52.743	53.752
<b>Total within twelve months</b>	<b>356.874</b>	<b>469.076</b>
<i>After 12 months</i>		
To banks	127.000	130.000
<b>Total over twelve months</b>	<b>127.000</b>	<b>130.000</b>
<b>Total</b>	<b>483.874</b>	<b>599.076</b>

The Bank debts recorded an overall decrease comparing to the previous year, of 82,623 thousand euro through the extinction of funding lines to the ENAV Group, due to higher cash generated during the year. The portion due in more than twelve months relates to the rate of medium-term financing to be redeemed in 2015.

The payables to other lenders, relating to the supply of credit with the formula "without recourse" carried out by the suppliers of the Group, shows a net decrease of 6,064 thousand euro compared to 2012 and consists of payments made by ENAV for 2,288 thousand euro and by Techno Sky 3,776 for thousand euro.

For comments on the changes of the advances, we refer to the notes to the financial statements. Trade payables, which amounted to 141,836 thousand euro, decreased by a net amount of 25,097 thousand euro, as a result of both the lower volume of purchases during the year and the higher payments made by the Group to realign the timing of normal maturity due to the greater liquidity flows during the year.

The payables to subsidiaries amounting to 4,206 thousand euro concern the amount due to the SICTA Consortium for the activity of specialist support provided on various projects in which the Group participates, funded by the EU.

Tax liabilities amounted to 8,030 thousand euro and relate to: i) withholding income tax on wages paid to employees in January 2014 for 7,551 thousand euro; ii) IRAP of 11 thousand euro, being the balance of payments on account of tax paid in 2013 by Techno Sky for 2,024 thousand euro and the tax for the year which amounted to 2,035 thousand euro; iii) the IRES debt of 384 thousand euro determined by the difference between the advances paid during the year for 592 thousand euro, withholding taxes and the credit for taxes paid abroad for a total of 77 thousand euro and the tax for the year which amounted to 1,053 thousand euro relating to Techno Sky.

The payables to pension and social security amount to 24,539 thousand euro comprises social charges accrued for the month of December and paid to employees in January 2014 for 12,032

thousand euro and contributions on personnel costs recorded in accrual for 12,507 thousand euro. Other payables amounting to 52,743 thousand euro mainly relate to the "debt to the personnel" of 41,342 thousand euro (44,259 thousand euro as at 31 December 2012), for leave accrued but not taken, amounting to 14,569 thousand euro and provisions recorded on the accrual of the variable part of the remuneration for 26,773 thousand euro.

## ACCRUALS AND DEFERMENTS

Accruals and deferred income amounted to 164,947 thousand euro (148,090 thousand euro as at 31 December 2012) with a net increase of 16,857 thousand euro compared to the previous year, primarily due to the Parent Company. For the analysis of the changes we refer to the comments on the appropriate entry in the notes to the financial statements of the company.

## MEMORANDUM ACCOUNTS

The memorandum accounts are represented by:

- Guarantees given by third parties on behalf of the group for 2,526 thousand euro (22,215 thousand euro as at 31 December 2012) which recorded a net decrease over the previous year of 19,689 thousand euro mainly concerning the release of the guarantees given in favour of the Revenue Agency to guarantee repayment of the tax credit for the year 2007, which amounted to 19,418 thousand euro. Among the new registered interests, there was an overall increase of 445 thousand euro for sureties for participation in tenders including the development of Dubai World Central Airport for the optimisation of air traffic flow over the entire area of Dubai and the development of ATM systems to the international airport in Accra (Ghana);
- Guarantees received from third parties for an amount of 146,318 thousand euro relating to: i) guarantees received in respect of the proper execution of supply contracts for 125,586 thousand euro; ii) a bank guarantee obtained as security for the payment obligations assumed by the Company S.p.A SO.A.CO. in relation to the signature of the agreement for the provision of air navigation services at Comiso Airport for 4,500 thousand euro; iii) a bank guarantee on first demand obtained as a guarantee of the obligations of repayment of the loan entered among the financial assets of these financial statements, for 15,749 thousand euro, the amount of which was reduced during the year for 1,089 thousand euro as a result of disbursements of advances and settlements of severance indemnities carried out in 2013;
- Letter of patronage issued on behalf of the Subsidiary SICTA Consortium and in favour of a banking institution to guarantee the pledge of the group for 5,000 thousand euro;
- Commitments and contingencies of 2,473 thousand euro for material in stock at the central warehouse in Techno Sky, waiting to be delivered to an industrial counterpart, after the resolution of ongoing contractual issues;
- Transfer accounts for real estate transferred to ENAV in accordance with Annex F of the Decree of 14 November 2000, recorded at a nominal price of one euro, and not reported as assets

pending the completion of the identification process and the determination of value by the Territorial Agency.

## PROFIT AND LOSS ACCOUNT

### VALUE OF PRODUCTION

The value of production amounted to 886,199 thousand euro, showing an increase of 7,530 thousand euro compared to the previous year. The breakdown is as follows:

	31.12.2013	31.12.2012	Variations
Revenues from sales and services	801.648	794.208	7.440
Change in work in progress on order	(317)	(1.764)	1.447
Increase in fixed assets for in-house work	27.187	29.073	(1.886)
Operating payment account	30.000	30.000	0
Other revenues	27.681	27.152	529
<b>Total value of production</b>	<b>886.199</b>	<b>878.669</b>	<b>7.530</b>

Revenues from sales and services relate for 799,630 thousand euro mainly to the Parent and the revenues from institutional control of route and terminal air traffic, and for the remainder, equal to 2,018 thousand euro, to revenues achieved by Techno Sky for services performed on the third-party market, down 1,913 thousand euro compared to the previous year, relating to the construction of equipment and installation of systems of weather stations and systems of measurements of the wind in the territory of Rwanda.

The change in work-in-progress relates entirely to the Subsidiary Techno Sky, chiefly concerning the execution of orders for the modernisation of certain domestic airports and weather systems as well as support and integration services carried out in the national territory.

Increases in capitalised internal construction costs relate for 6,502 thousand euro to the capitalisation of personnel costs for the work done on investment projects in progress and for 20,686 thousand euro to the internal implementation of investment projects, including in particular: evolutionary maintenance on the software of the control of air traffic; renovations, completion and extension of the technical block of Catania Airport; the modernisation of the SATCAS system; adjustment of airport weather systems to ICAO Amendment 74.

The operating grants and other revenues are primarily attributable to the Parent. We refer to the notes for the details of the items in question.

## PRODUCTION COSTS

Production costs amounted to 801,297 thousand euro, a net decrease from the previous year of 24,935 thousand euro. The composition of this item is shown in the following table:

	31.12.2013	31.12.2012	Variations
Costs for raw and ancillary materials, consumables and goods	7.810	7.958	(148)
<i>For services:</i>			
- maintenance costs	20.548	23.835	(3.287)
- Eurocontrol contribution	41.694	42.181	(487)
- costs for utilities and telecommunications	39.102	37.790	1.312
- insurance premiums	7.034	7.046	(12)
- cleaning and security	7.348	8.382	(1.034)
- other costs relating to personnel	11.333	12.054	(721)
- other expenses for services	18.894	21.655	(2.761)
<i>Total cost of services</i>	145.953	152.943	(6.990)
For leased assets	7.346	7.568	(222)
For personnel	458.076	455.150	2.926
<i>Amortisations and depreciations</i>			
- intangible fixed assets	28.244	27.244	1.000
- tangible fixed assets	136.324	143.603	(7.279)
- other depreciations of tangible fixed assets	6.753	4.360	2.393
- bad debts	5.505	16.841	(11.336)
<i>Total amortisations and depreciations</i>	176.826	192.048	(15.222)
Change in inventories	1.579	1.104	475
Provisions for risks	1.031	6.651	(5.620)
Other operating expenses	2.676	2.810	(134)
<b>Total cost of production</b>	<b>801.297</b>	<b>826.232</b>	<b>(24.935)</b>

The cost of services, as detailed above, amounted to 145,953 thousand euro, a decrease compared to the previous year by 6,990 thousand euro, which is attributable to the careful policy of containment of costs carried out at Group level and to the reduction in the use of benefits from third parties for contracts managed by Techno Sky in adherence to the Client Plan of ENAV, which has directed the Subsidiary to projects viable with internal resources.

The amortisation of intangible assets includes, for 11,081 thousand euro, the portion resulting from the depreciation difference on consolidation.

For the changes that have occurred in the context of the provision for risks we refer to the previously comment.

Personnel costs amounted to 458,076 thousand euro and mainly relate to the Parent Company for 397,495 thousand euro. The increase relates entirely to ENAV for the events already listed in the Notes to the company accounts, while the personnel costs of Techno Sky has decreased by 449 thousand euro due to both the renewal of the 2013-2016 supplementary contract which is not envisaged cost increases for the first year and to the reduction of the workforce by 11 units

compared to the previous year.  
This item is composed as follows:

	31.12.2013	31.12.2012	Variations
Salaries and wages, including:			
fixed remuneration	263.362	260.812	2.550
variable remuneration	56.705	55.542	1.163
<b>Total wages and salaries</b>	<b>320.067</b>	<b>316.354</b>	<b>3.713</b>
Social security contributions	104.982	101.718	3.264
Provision for employee severance pay	21.090	21.182	(92)
Other costs	11.937	15.896	(3.959)
<b>Total personnel cost</b>	<b>458.076</b>	<b>455.150</b>	<b>2.926</b>

The table below shows the personnel of the group divided by professional status.

	31.12.2013	31.12.2012
Top management	85	86
Middle management	386	402
Employees	3.676	3.597
<b>Final amount</b>	<b>4.147</b>	<b>4.085</b>



## FINANCIAL INCOME AND COSTS

The finance income and costs have a negative net balance for 2,069 thousand euro (11,275 thousand euro as at 31 December 2012) and show an improvement compared to the previous year of 9,206 thousand euro primarily related to lower interest expense on borrowings as a result of extinction and reduction of them at the Group level.

The composition is shown in the following table:

	31.12.2013	31.12.2012	Variations
<i>Financial revenues</i>			
From receivables posted as assets	250	0	250
<i>Totale proventi da partecipazioni</i>	250	0	250
<i>Financial revenues</i>			
From receivables posted as assets	43	142	(99)
Interest receivable on bank current accounts	174	122	52
Interest income on VAT credit refunds	719	342	377
Other interest income	1.908	1.625	283
<i>Total financial revenues</i>	2.844	2.231	613
<i>Interest and other financial charges</i>			
Interest expense on loans and lines of credit	(4.214)	(12.490)	8.276
Loan fees	(500)	(502)	2
Other interest expense	(463)	(515)	52
<i>Total interest and other financial expenses</i>	(5.177)	(13.507)	8.330
Profit and losses on foreign currency exchange	14	1	13
<b>Total financial income and expenses</b>	<b>(2.069)</b>	<b>(11.275)</b>	<b>9.206</b>

## VALUE ADJUSTMENT OF FINANCIAL ASSETS

This item shows a positive balance of 1 thousand euro and relates entirely to the method of valuation of the net assets of the Subsidiary SICTA excluded from the consolidation.

## EXTRAORDINARY INCOME AND COSTS

The balance of this account shows a net negative amount of 5,374 thousand euro (+26,635 thousand euro as at 31 December 2012) and is composed of extraordinary income for 1,196 thousand euro and extraordinary costs for 6,570 thousand euro. It should be noted that the previous year was recorded in extraordinary income IRES tax paid in previous years as a result of not deducting IRAP on personnel costs for an amount of 25,177 thousand euro. For the comment on the changes of this item we refer to the information already provided in the context of the notes to the financial statements.

## INCOME TAXES

Revenue taxes amounted to 39,460 thousand euro and consist of current IRES and IRAP taxes for 39,962 thousand euro and the net positive effect of the deferred tax assets and liabilities for 502 thousand euro.

We give below the breakdown of current taxes and deferred taxes for 2013:

	IRES	IRAP	31.12.2013	31.12.2012
<b>Current taxes</b>	<b>(15.383)</b>	<b>(24.579)</b>	<b>(39.962)</b>	<b>(40.545)</b>
<i>Prepaid taxes</i>				
Taxed funds	(363)	0	(363)	4.806
Write-down of inventory	492	0	492	(782)
Others	593	131	724	1.269
<i>Total prepaid taxes</i>	<b>722</b>	<b>131</b>	<b>853</b>	<b>5.293</b>
<i>Deferred taxes</i>				
Others	(354)	3	(351)	(92)
<i>Total deferred taxes</i>	<b>(354)</b>	<b>3</b>	<b>(351)</b>	<b>(92)</b>
<b>Total current, prepaid and deferred taxes</b>	<b>(15.015)</b>	<b>(24.445)</b>	<b>(39.460)</b>	<b>(35.344)</b>

## Section 4

### FURTHER INFORMATION

#### INFORMATION UNDER ART. 2427, PARAGRAPH 1, 16-BIS)

The following table, prepared under Art. 2427, paragraph 1, 16-bis) of the Civil Code, shows the payments made in 2013 for services of statutory audit and other non-audit services provided by the independent auditors Ernst & Young to the Group companies.

Description	Recipient	31.12.2013
Independent audit	Parent company ENAV S.p.A.	116
	Subsidiaries	54
Other certification services (1)	Parent company ENAV S.p.A.	214
	Subsidiaries	0
<b>Total</b>		<b>384</b>

(1) financial audit of the statements of costs incurred in connection with international projects financed by the European Commission, with certification of the financial covenants.







# Annexes

# Annexes

**Enclosure no. 1**  
(In thousands of Euro)

## INVESTMENTS AND CONSOLIDATION METHOD

Company Name	Registered Office	Consolidation	Activities carried out	Share Capital	<div> <div> % of holding </div> <div> <div>direct</div> <div>group</div> </div> </div>	Net equity per share	Profit for the tax period	Notes
Subsidiaries								
Techno Sky S.r.l.	Rome	Full	Services	1.600	100%	6.036	556	
Enav Asia Pacific	Kuala Lumpur	Full	Services	127	100%	121	11	
Consorzio Sicta	Naples	Equity	Services	1.033	60%	1.467	1	(1)

(1) The SICTA Consortium is excluded from consolidation pursuant to Article 28 of Legislative Decree 127/91 due to the non-relevance of its balance sheet data

**Enclosure no. 2**  
(In thousands of Euro)

**MOVEMENTS OF INTANGIBLE FIXED ASSETS**

Description	Balance as at 31.12.12		Changes during the period		Balance as at 31.12.13	
	Historical cost	Accumulated depreciation	Increases	Decreases Historical cost      Accumulated depreciation	Historical cost	Accumulated depreciation
Plants and expansion costs	3	(3)	0	0	3	(3)
Rights to use intellectual property rights	86.845	(72.392)	17.561	0	104.406	(86.678)
Concessions, licences and trademarks	33	(24)	5	0	38	(33)
Goodwill on consolidation	110.810	(66.486)	0	0	110.810	(77.567)
Other intangible fixed assets	23.280	(19.348)	1.184	0	24.464	(22.216)
Fixed assets in progress and payments on account	79.635	0	18.507	(18.568)	79.574	0
<b>Total</b>	<b>300.606</b>	<b>(158.253)</b>	<b>37.257</b>	<b>(18.568)</b>	<b>319.292</b>	<b>(186.497)</b>
				<b>0</b>		<b>0</b>
				<b>(28.244)</b>		<b>0</b>
						<b>132.798</b>

**Enclosure no. 3**  
(In thousands of Euro)

**MOVEMENTS OF TANGIBLE FIXED ASSETS**

Description	Balance as at 31.12.12		Changes during the period		Balance as at 31.12.13	
	Historical cost	Depreciation fund	Increases	Decreases	Historical cost	Depreciation fund
				Historical Cost		Balance as of 31.12.2013
				Depreciation fund		
Land and buildings	351.386	(120.657)	28.406	0	379.792	(135.000)
Plants and machinery	1.340.793	(924.441)	95.518	(3.520)	1.432.791	(1.007.407)
Industrial and business equipment	297.971	(182.965)	11.896	(25.992)	283.875	(201.688)
Other assets	311.658	(253.964)	15.141	(1.106)	325.693	(269.438)
Assets under construction and payments on account	392.721	0	101.138	(163.926)	329.933	0
<b>Total</b>	<b>2.694.529</b>	<b>(1.482.027)</b>	<b>252.099</b>	<b>(194.544)</b>	<b>2.752.084</b>	<b>(1.613.533)</b>
				<b>4.818</b>		<b>1.138.551</b>

**Enclosure no. 4**  
(In thousands of Euro)

**STATEMENT OF PRE-PAID AND DEFERRED TAXES**

Type of temporary differences	OPENING BALANCE		CHANGES IN THE TAX PERIOD		FINAL BALANCE	
	Temporary differences	Taxes	Temporary differences	Taxes	Temporary differences	Taxes
<b>WITH ALLOCATION TO PROFIT AND LOSS ACCOUNT</b>						
<b>a) Differences in assets arising from the deferred tax</b>						
Taxed Funds (*)	55.299	15.206	(1.321)	(363)	53.978	14.843
Write-down of inventory (*)	7.301	2.009	1.789	492	9.090	2.501
Others (**)	16.374	5.184	2.159	724	18.533	5.908
<b>Total</b>	<b>78.974</b>	<b>22.399</b>	<b>2.627</b>	<b>853</b>	<b>81.601</b>	<b>23.252</b>
<b>b) Differences in liabilities arising from deferred tax</b>						
Others (*)	2.853	(788)	1.287	(351)	4.140	(1.139)
<b>Total</b>	<b>2.853</b>	<b>(788)</b>	<b>1.287</b>	<b>(351)</b>	<b>4.140</b>	<b>(1.139)</b>

(\*) Calculated on the basis of IRES at 27.5%

(\*\*) Calculated on the basis of IRES and IRAP for a total of 32,28%

Enclosure no. 5

(In thousands of Euro)

**STATEMENT OF RECONCILIATION BETWEEN SHAREHOLDERS' EQUITY AND PROFITS IN THE TAX PERIOD OF ENAV S.P.A.. AND GROUP SHAREHOLDERS' EQUITY AND PROFITS**

	31.12.2013		31.12.2012	
	Result in the tax period	Shareholders' Equity	Result in the tax period	Shareholders' Equity
Parent company	50.528	1.298.818	46.191	1.288.897
Amortisation of goodwill on consolidation	(11.081)	(77.567)	(11.081)	(66.486)
Elimination of intragroup economic effects	(2.959)	(18.397)	(3.488)	(15.438)
Prepaid taxes on elimination of intragroup economic effects	944	5.870	1.113	4.926
Shareholders' Equity assessment of the SICTA Consortium	0	346	173	346
Conversion reserve	0	(17)	0	0
Techno Sky income for the tax period	556	3.019	352	2.463
Enav Asia Pacific income for the tax period	11	11	0	0
<b>Group total</b>	<b>37.999</b>	<b>1.212.083</b>	<b>33.260</b>	<b>1.214.708</b>

Enclosure no. 6  
(In thousands of Euro)

CHANGES IN CONSOLIDATED EQUITY

Nature/description	Share capital	Legal reserve	Reserve pursuant to Law 292/93	Other reserves			Conversion reserve	Others	Gains/(losses) carried over	Profit/(loss) for the tax period	Total
				Extraordinary reserve	Capital reserve contribution						
<b>Group shareholders' equity at 31.12.2010</b>	<b>1.121.744</b>	<b>7.702</b>	<b>9.189</b>	<b>961</b>	<b>51.816</b>		<b>0</b>	<b>0</b>	<b>11.916</b>	<b>2.147</b>	<b>1.205.475</b>
Allocation of income for tax period	0	775	0	0	0		0	0	1.372	(2.147)	0
Other changes: issue of dividend	0	0	0	0	0		0	0	(14.000)	0	(14.000)
Income for the tax period	0	0	0	0	0		0	0	0	(1.394)	(1.394)
<b>Group shareholders' equity at 31.12.2011</b>	<b>1.121.744</b>	<b>8.477</b>	<b>9.189</b>	<b>961</b>	<b>51.816</b>		<b>0</b>	<b>0</b>	<b>(712)</b>	<b>(1.394)</b>	<b>1.190.081</b>
Allocation of income for the tax period	0	622	0	0	0		0	0	(2.016)	1.394	0
Other changes: issue of dividend	0	0	0	0	0		0	0	(8.000)	0	(8.000)
Income for the tax period	0	0	0	0	0		0	0	0	32.627	32.627
<b>Group shareholders' equity at 31.12.2012</b>	<b>1.121.744</b>	<b>9.099</b>	<b>9.189</b>	<b>961</b>	<b>51.816</b>		<b>0</b>	<b>0</b>	<b>(10.728)</b>	<b>32.627</b>	<b>1.214.708</b>
Allocation of income for the tax period	0	2.310	0	0	0		0	0	30.317	(32.627)	0
Other changes											
- Issue of dividend	0	0	0	0	0		0	0	(15.000)	0	(15.000)
- Disposal of AVL assets	0	0	(9.189)	(961)	(15.457)		0	0	0	0	0
- Reclassification and updated entry	0	0	0	0	(36.359)		(17)	36.359	0	0	(17)
Income for the tax period	0	0	0	0	0		0	0	0	37.999	37.999
<b>Shareholders' Equity at 31.12.2013</b>	<b>1.121.744</b>	<b>11.409</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>(17)</b>	<b>36.359</b>	<b>4.589</b>	<b>37.999</b>	<b>1.212.083</b>
This parties Capital and Reserves	0	0	0	0	0		0	0	0	0	0
Profit/(loss) of third parties	0	0	0	0	0		0	0	0	0	0
<b>Consolidated shareholders' equity</b>	<b>1.121.744</b>	<b>11.409</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>(17)</b>	<b>36.359</b>	<b>4.589</b>	<b>37.999</b>	<b>1.212.083</b>



Enclosure no. 7 a  
(In thousands of Euro)

**SICTA CONSORTIUM**

**BALANCE SHEET AS OF 31 DECEMBER 2012**

ASSETS	2013	2012
<b>Assets</b>		
Intangible fixed assets	11	79
Tangible fixed assets	135	124
<b>Total fixed assets</b>	<b>146</b>	<b>203</b>
<b>Current assets</b>		
Inventory	0	25
Receivables due within 12 months	6.921	6.988
Cash and cash equivalents	1	4
<b>Total current assets</b>	<b>6.922</b>	<b>7.017</b>
Accrued income and deferred payments	7	17
<b>TOTAL ASSETS</b>	<b>7.075</b>	<b>7.237</b>
<b>LIABILITIES</b>		
Shareholders' equity	1.467	1.466
Severance Pay	352	296
Provisions for risks and charges	0	0
Amounts payable within 12 months	5.256	5.475
Accrued payments and deferred income	0	0
<b>TOTAL LIABILITIES</b>	<b>7.075</b>	<b>7.237</b>
<b>Memorandum Accounts</b>	<b>0</b>	<b>188</b>

Enclosure no. 7 b  
(In thousands of Euro)

**SICTA CONSORTIUM**

**PROFIT AND LOSS ACCOUNT AS OF 31 DECEMBER 2012**

	2013	2012
<b>A VALUE OF PRODUCTION</b>		
Revenues from sales and services	1.778	2.184
Change in work in progress order	(25)	(174)
Contributions for operating expenses Law 488	2.208	2.554
<b>Total value of production</b>	<b>3.961</b>	<b>4.564</b>
<b>B COST OF PRODUCTION</b>		
Raw materials, consumables, goods	5	47
For services	799	1.648
For leased assets	71	132
For personnel	2.731	2.358
Amortisation and depreciation	95	146
Other operating expenses	21	60
<b>Total cost of production</b>	<b>3.722</b>	<b>4.391</b>
<b>Difference A-B</b>	<b>239</b>	<b>173</b>
<b>C FINANCIAL INCOME AND EXPENSES</b>		
Other financial income	0	0
Interest and other financial charges	(186)	(156)
<b>Total financial income and expenses</b>	<b>(186)</b>	<b>(156)</b>
<b>E EXTRAORDINARY INCOME AND EXPENSES</b>		
Income	78	68
Expenses	(28)	(11)
<b>Total extraordinary items</b>	<b>50</b>	<b>57</b>
<b>PROFIT BEFORE TAX (A-B+C+E)</b>	<b>103</b>	<b>74</b>
Taxes	(102)	(73)
<b>PROFIT FOR THE TAX PERIOD</b>	<b>1</b>	<b>1</b>

Attachment no. 8  
(In thousands of Euro)

### CONSOLIDATED FINANCIAL STATEMENT

	2013	2012
<b>A - INITIAL NET CASH AND CASH EQUIVALENTS</b>	<b>53.963</b>	<b>15.409</b>
<b>B - Cash flow generated from operating activities</b>		
Income for the tax period	37.999	32.627
Depreciation	164.568	170.847
Losses (gains) on sales	11.444	4.373
Net change in the Employee Severance Pay Fund	(2.818)	(713)
Net change in deferred tax fund	350	92
Decrease/(Increase) in Inventory	1.896	2.869
Decrease/(Increase) in Receivables	79.758	255.914
Decrease/(Increase) in Accrued Income and Deferred Payments	(625)	(491)
Net change in Other Provisions for Risks and Charges	(23.260)	5.843
Increase/(Decrease) in Payables	(23.516)	(23.597)
Increase/(Decrease) in Accrued Payments and Deferred Income	16.857	3.410
	<b>262.653</b>	<b>451.174</b>
<b>C - Cash flow absorbed by investment activities</b>		
Investments in:		
- Intangible fixed assets	(18.815)	(16.155)
- tangible fixed assets	(99.466)	(129.163)
- financial fixed assets	1.062	480
	<b>(117.219)</b>	<b>(144.838)</b>
<b>D - Cash flow generated from loan activities</b>		
Increase/(decrease) in loans	(85.623)	(243.675)
(Increase)/Decrease in loan activities other than fixed assets	1.607	0
Increase/(Decrease) in payables to other lenders	(6.064)	(16.107)
Increase/(Decrease) in reserves	(17)	0
Payment of Dividend	(15.000)	(8.000)
	<b>(105.097)</b>	<b>(267.782)</b>
<b>E - Overall cash flow for the tax period (B+C+D)</b>	<b>40.337</b>	<b>38.554</b>
<b>F - FINAL NET CASH AND CASH EQUIVALENTS (A+E)</b>	<b>94.300</b>	<b>53.963</b>

# Certification of the CEO and the Manager in Charge on the Consolidated Financial Statements



**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER AND THE MANAGER IN CHARGE OF PREPARING THE CORPORATE ACCOUNTING DOCUMENTS OF ENAV S.p.A. ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

1. The undersigned Massimo Garbini and Loredana Bottiglieri, respectively Chief Executive Officer and manager in charge of preparing the corporate accounting documents of ENAV S.p.A., taking into account:
  - the requirements of article 18-bis of the bylaws of ENAV S.p.A.;
  - the matter described at point 2 below;

certify the adequacy, in relation to the characteristics of the business, and the effective application of the administrative and accounting procedures for preparing the consolidated financial statements during 2013.
2. In this respect representation is made that in addition to representation letters the manager in charge of preparing the corporate accounting documents of ENAV S.p.A. has also obtained information from the principal companies included in the consolidation scope on the activities performed preparatory to issuing the attestations.
 

On the basis of the information obtained no significant matters emerged.

These activities were performed in compliance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission which is an internationally generally accepted reference framework for internal control systems.
3. In addition, it is hereby certified that the consolidated financial statements:
  - a) correspond to the accounting books and records;
  - b) have been prepared in accordance with legal regulations as interpreted and supplemented by the accounting principles issued by the *Consiglio Nazionale dei Dottori Commercialisti e Ragionieri* (the Italian Accounting Profession) and the documents issued by the *Organismo Italiano di Contabilità* (the Italian Standard Setter – the OIC) and Eurocontrol guidelines;
  - c) are suitable for providing a true and fair view of the financial position, results of operations and cash flows of the companies included in the consolidation of the ENAV Group.

Rome, 23 April 2014

Chief Executive Officer

Manager in charge of preparing the  
corporate accounting documents

Massimo Garbini.

Loredana Bottiglieri



# Report of the Supervisory Board on the Consolidated Financial Statements



**REPORT OF THE BOARD OF STATUTORY AUDITORS  
OF ENAV S.p.A.  
ON THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

As is known, the responsibility for the audit of the consolidated financial statements falls to the Bodies or parties to which the audit of the annual financial statements of the parent company is assigned (article 41, paragraph 3 of Legislative Decree no. 127 of 9 April 1991), which in the case of companies required to prepare consolidated financial statements (article 25 of Legislative Decree no. 127 of 9 April 1991) is not the Board of Statutory Auditors but the independent auditor or auditing firm engaged to perform the legal audit (Reconta Ernst & Young in the case in question), and this independent auditor or auditing firm must issue an audit report.

Despite this, the Board of Statutory Auditors believes it opportune to present a short report based on its duty to supervise observance of the law and the Company's bylaws and in connection with compliance with the principles of good administration, to which management is generally bound (article 2403, paragraph 1 of the Italian civil code), as well as in accordance with the principle by which the arguments and documents submitted by the directors to the Shareholders' Meeting must be examined by the Board of Statutory Auditors. As a consequence, therefore, the Board believes it appropriate to report to the Shareholders' Meeting on matters of the greatest importance such as the consolidated financial statements.

The Board has examined the draft consolidated financial statements for the year ended 31 December 2013 prepared in accordance with Legislative Decree no. 127 of 9 April 1991, approved by the Sole Director on 23 April 2014 and obtained by the Board of Directors at that date.

These financial statements, prepared by taking into account the accounting principles issued by the *Consiglio Nazionale dei Dottori Commercialisti e Ragionieri* (the Italian Accounting Profession) the documents issued by the *Organismo Italiano di Contabilità* (the Italian Standard Setter – the OIC), consist of a consolidated balance sheet, a consolidated profit and loss account and notes to the consolidated financial statements and refer to the year ended 31 December 2013.

The consolidated financial statements close with net profit for the year of 37,999 thousand euro.

Transactions leading to economic effects affected the consolidated financial statements. The main items in this respect were the following:

- the amortisation of goodwill of 11,081 thousand euro, calculated on a balance of 110,810 thousand euro amortised on a straight line basis over ten years;
- the elimination of intragroup margins at a consolidated level, generated on investment contracts for which the Company engaged Techno Sky, measured in accordance with the accounting standard, which amounted to 2,015 thousand euro in 2013, net of the tax effect.



These transactions led to costs totalling 13,096 thousand euro, which together with others reduce the parent company's result but in any case lead to a profit at a consolidated level.

The consolidated financial statements include the financial statements of the parent company ENAV S.p.A., those of its wholly owned subsidiary Techno Sky over which ENAV exercises permanent control and whose activity almost exclusively consists of rendering services to the parent, entrusted directly to a company subject to similar control, and those of ENAV Asia Pacific, established in 2013 and wholly owned by ENAV.

The financial statements of Techno Sky and ENAV Asia Pacific were consolidated on a line-by-line basis; ENAV also has an indirect 100% holding in the SICTA Consortium whose financial statements are not included in the consolidation on the grounds of immateriality and which is accounted for using the equity method.

The balance sheet and profit and loss account present comparative figures for the previous year.

The Board ensured the following:

- the correctness of the means used to identify the consolidation scope;
- compliance of the measurement criteria used to prepare the consolidated financial statements with current laws and regulations and the accounting standards;

- compliance of the elimination of income and expense and receivables and payables between consolidated companies with consolidation principles.

The Board additionally noted that:

- the criteria used for the measurement of the various items of the consolidated financial statements were determined in accordance with the provisions of the Italian civil code and Legislative Decree no. 127/91, save the effects of specific laws;
- the figures used in the preparation of the consolidated financial statements were those included in the financial statements of ENAV, Techno Sky and ENAV Asia Pacific, prepared by the respective directors.

Rome, 5 May 2014

The Board of Statutory Auditors

Paola Ferroni

Vincenzo Donato

Antonio Parente

# Report of the Independent Auditors on the Consolidated Financial Statements



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**Independent auditors' report  
pursuant to art. 14 of Legislative Decree n. 39 dated 27 January 2010  
(Translation from the original Italian text)**

To the sole Shareholders of  
Enav S.p.A.

1. We have audited the consolidated financial statements of Enav S.p.A. and its subsidiaries, (the "Enav Group") as of 31 December 2013 and for the year then ended. The preparation of these financial statements in compliance with the Italian regulations governing financial statements is the responsibility of Enav S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards issued by the Italian Accounting Profession (CNDCEC) and recommended by the Italian Stock Exchange Regulatory Agency (CONSOB). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the [consolidated] financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.  
  
For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes as required by the law, reference should be made to our report dated 10 April 2013.
3. In our opinion, the consolidated financial statements of the Enav Group at 31 December 2013 have been prepared in accordance with the Italian regulations governing financial statements; accordingly, they present clearly and give a true and fair view of the financial position and the results of operations of the "Enav Group for the year then ended.
4. The Directors of Enav S.p.A. are responsible for the preparation of the Report on Operations in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements, as required by the law. For this purpose, we have performed the procedures required under auditing standard 001 issued by the

Reconta Ernst & Young S.p.A.  
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Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Report on Operations is consistent with the consolidated financial statements of the Enav Group at 31 December 2013.

Rome, May, 6 2014

Reconta Ernst & Young S.p.A.

Signed by: Mauro Ottaviani partner

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



# Glossary

Acronym	Description
ACC	Area Control Centre
ACS	Advanced Cockpit Simulator
ADS-B	Automatic Dependent Surveillance - Broadcast
AENA	Aeropuertos Espanoles y Navegacion Aérea
AFD	ATC Full Datalink
AFTN	Aeronautical Fixed Telecommunication Network
AMI	Italian Air Force
ANSP	Air Navigation Service Providers
AOIS	Aeronautical Operational Information System
ASI	Italian Space Agency
ENAV	Air Traffic Control
ATFCM	Air Traffic Flow and Capacity Management
ATFM	Air Traffic Flow Management
ATM	Air Traffic Management
ATS	Air Traffic Services
CAAV	Airport Flight Assistance Centre
CANSO	Civil Air Navigation Service Organisation
CIDIN	Common ICAO Data Interchange Network
CIPE	Interministerial Committee for Economic Planning
CNS	Communication Navigation and Surveillance
CTA	Air Traffic Controller
CUP	Product Unit Cost
CUT	Coefficient of Unit Pricing
DFS	Deutsche Flugsicherung GmbH
DNV	Det Norske Veritas
DSNA	Direction des Services de la Navigation Aérienne
EAV	Flight Assistance Expert
EASA	European Aviation Safety Authority
EATMN	European Air Traffic Management Network
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EBIT	Earnings Before Interest and Taxes
EGNOS	European Geostationary Navigation Overlay System
ENAC	National Authority for Civil Aviation
ESARR	Eurocontrol Safety Regulatory Requirement
ESSP	European Satellite Services Provider
FAB	Functional Airspace Block
FAS	Fund for Underdeveloped Areas

<b>FDP</b>	Flight Data Processing
<b>EFF</b>	Flight Efficiency Plan
<b>GNSS</b>	Global Navigation Satellite System
<b>IATA</b>	International Air Transport Association
<b>IACA</b>	International Air Carriers Association
<b>IAS</b>	International Accounting Standard
<b>IBAR</b>	Italian Board Airline Representatives
<b>ICAO</b>	International Civil Aviation Organisation
<b>IFR</b>	Instrument Flight Rules
<b>IFRS</b>	International Financial Reporting Standards
<b>ILS</b>	Instrument Landing System
<b>POS</b>	National Institute for Insurance against Accidents at Work
<b>INPS</b>	National Institute of Social Security
<b>INPDAP</b>	National Institute of Social Security for Employees of the Public Administration
<b>IRAP</b>	Regional Tax on Productive Assets
<b>IRES</b>	Tax on Corporate Income
<b>LMS</b>	Learning Management System
<b>NAAV</b>	Airport Flight Assistance Nucleus
<b>NATS</b>	National Air Traffic Service
<b>NORACON</b>	North European and Austria Consortium
<b>NOTAM</b>	Notice to Airmen
<b>OIC</b>	Italian Accounting Authority
<b>PON-T</b>	National Operational Programme for the Transport Sector
<b>RWY</b>	Runway
<b>SAAV</b>	Airport Flight Assistance System
<b>SES</b>	Single European Sky
<b>SESAR</b>	Single European Sky ATM Research
<b>SICTA</b>	Advanced Systems for Air Traffic Control
<b>TBT</b>	Ground On-Board Ground
<b>TFR</b>	Severance Indemnities
<b>TFS</b>	Severance Benefit
<b>TLC</b>	Telecommunications
<b>UAAV</b>	Airport Flight Assistance Unit
<b>UDS</b>	Service Unit
<b>VFR</b>	Visual Flight Rules





#### **Registered Office**

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#### **Corporate Information**

Singly held Company  
Share Capital € 1.121.744.385,00 i.v.  
VAT 02152021008  
Business Register of Roma - Tax ID and CCIAA 97016000586  
REA 965162

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