

ENAV's Board of Directors approves the 2019 draft Financial Statements and the 2019 Group's Consolidated Financial Statements

- **En-route and terminal traffic** grew 6.5% and 3.5% respectively, in terms of service units¹ vs. 2018;
- **Consolidated Net Revenue** at 902.9 million euro (+1.5% vs. 2018);
Revenue from operations at 951.8 million euro, up 2.9% YoY, offset by negative *balance*²;
- **Consolidated EBITDA** at 302.9 million euro (+1.8% vs. 2018);
- **Consolidated Net Profit** of 118.3 million euro, up. 3.4% vs. 2018;
- Proposed **dividend distribution of 0.2094 euro** per share (+4.8%), in line with dividend policy;
- **2019 Sustainability Report approved.**

Rome, 12 March 2020 - The ENAV SpA Board of Directors, held today under the chairmanship of Nicola Maione, approved the draft Financial Statements of the Company and the Consolidated Financial Statements of the Group at December 31, 2019.

The CEO Roberta Neri stated: *The traffic dynamics witnessed in 2019 confirmed the trend of strong growth already recorded in 2018. Thanks to our people and the planning of our investments in technology and training, we have managed the significant increase in traffic flows while guaranteeing, once again, an excellent quality of service in terms of safety and punctuality. The acquisition of IDS AirNav last July represents a key investment in the enhancement of technological solutions and has opened up new opportunities in untapped markets such as Australia, Argentina and Brazil as well as in other countries in which we were not present. In relation to the Coronavirus emergency, we have put in place all the necessary safeguards to protect our staff and to ensure the continuity of operations of the strategic services we provide. We are monitoring, in coordination with all the relevant authorities, the impact on traffic arising from the evolution of the situation but we believe that it is premature to provide reliable estimates for 2020. It is worth noting, however, that thanks to our regulation, which provides protection against traffic risk, and thanks to the significant part of our revenues generated from overflight traffic, with no stopovers in Italian airports, the effects of a reduction in traffic will be, in part, mitigated.*

2019 was characterised by a sharp increase in service units for both en-route and terminal traffic.

¹ A conventional weighted measurement unit which takes into account the aircraft certified take-off weight and, in case of en-route traffic, the distance travelled in the Italian airspace.

²The mechanism that allows ENAV to recover from or return to carriers, the amounts resulting from the difference between the planned air traffic and the actual traffic, as well as the recovery of costs and traffic for services provided to Terminal Zone 3 airports – those with less than 70,000 movements per year.

In 2019, en-route traffic, in terms of service units, **grew 6.5%** vs. 2018, delivering **the highest yearly growth rate amongst the main European countries such as France (+1.5%), Germany (+1.3%), the UK (+3.3%) and Spain (+3.9%).**

The growth of en-route traffic over Italian skies in 2019 involved both domestic traffic (+2.9%) and international traffic (+5.7%) and, above all, overflights (flights that do not take off or land at Italian airports), which displayed a 9.3% increase in terms of service units. In absolute terms, this was the highest result in the last ten years. Such growth resulted from an increase in flows between Europe and three other continents (Africa, Asia and the Americas) and was attributable to the excellent punctuality as well as to the implementation of the Free Route procedure, which helped the airlines flying over Italian skies in 2019 save 53 million kg of fuel thereby reducing Co2 emissions by 167 million kg.

Despite the high traffic volumes, the Company once again recorded **the best operating performance among the main European countries** in terms of punctuality, with an average delay per assisted flight almost 5 times lower than the assigned target (0.021 minutes vs. a target of 0.11 minutes). This value compares favourably with the major European partners' average of 0.9 minutes of delay per flight.

The performance delivered by ENAV also entailed an economic benefit for the airlines. Recent industry studies quantified at 100 euro the average value of the cost that carriers incur for each minute of delay generated by service providers. The punctuality ensured by ENAV therefore resulted in the airlines' saving around 15 million euro.

En-route traffic (service units)	2019	2018	Change	
			no.	%
Domestic	1.770.738	1.720.567	50.171	2,9%
International	4.078.394	3.857.879	220.515	5,7%
Overflight	4.061.356	3.715.143	346.213	9,3%
Paying total	9.910.488	9.293.589	616.899	6,6%
Military	122.763	127.207	(4.444)	-3,5%
Other exempt	12.527	13.070	(543)	-4,2%
Total exempt	135.290	140.277	(4.987)	-3,6%
Total reported by Eurocontrol	10.045.778	9.433.866	611.912	6,5%
Exempt not reported to Eurocontrol	2.605	2.446	159	6,5%
Total	10.048.383	9.436.312	612.071	6,5%

In 2019, **terminal traffic**³ increased 3.5% vs. 2018 in terms of service units. This increase was led by the positive performance in all national airports and, in particular, in the international traffic component (up 4.8% YoY). Traffic in the main Italian airports showed a generalised increase in terms of service units: Fiumicino +1.6%, Milan Malpensa +16.3% (largely due to the closure of Milan Linate airport for 3 months), Venice +1.4%, Bergamo +6.6%, and Bologna +8.5%. Airports in southern Italy also posted a strong performance: Naples +7.9%, Catania +2%, Palermo +5.9% and Bari +9.2%.

³ which covers the take-off and landing activities within a radius of about 20 km from the airport runway.

Terminal traffic (service units)	2019	2018	no.	Change %
Domestic				
Chg. Zone 1	62.175	62.932	(757)	-1,2%
Chg. Zone 2	77.014	73.932	3.082	4,2%
Chg. Zone 3	194.273	192.149	2.124	1,1%
Total domestic SUs	333.462	329.013	4.449	1,4%
International				
Chg. Zone 1	171.323	166.878	4.445	2,7%
Chg. Zone 2	267.167	256.016	11.151	4,4%
Chg. Zone 3	237.433	221.941	15.492	7,0%
Total international SUs	675.923	644.835	31.088	4,8%
Paying total	1.009.385	973.848	35.537	3,6%
Exempt				
Chg. Zone 1	132	182	(50)	-27,5%
Chg. Zone 2	392	388	4	1,0%
Chg. Zone 3	7.489	8.302	(813)	-9,8%
Total exempt SUs	8.013	8.872	(859)	-9,7%
Total reported by Eurocontrol	1.017.398	982.720	34.678	3,5%
Exempt not reported to Eurocontrol				
Chg. Zone 1	0	0	0	0,0%
Chg. Zone 2	21	37	(16)	-43,2%
Chg. Zone 3	912	813	99	12,2%
Total exempt SUs not reported to Eurocontrol	933	850	83	9,8%
Total by Chg. Zone				
Chg. Zone 1	233.630	229.992	3.638	1,6%
Chg. Zone 2	344.594	330.373	14.221	4,3%
Chg. Zone 3	440.107	423.205	16.902	4,0%
Total	1.018.331	983.570	34.761	3,5%

FINANCIAL PERFORMANCE

Total consolidated Net Revenue in 2019 amounted to 902.9 million euro, up 1.5% compared to 2018, driven by a strong growth in Revenue from Operations, partly offset by negative *balance*.

Revenue from Operations reached 951.8 million euro, up 2.9% compared to 2018. This performance was driven by a 2.1% increase in revenues from en-route services, which grew to 689.4 million euro, and a 3.8% increase in revenues from terminal services, which rose to 231.1 million euro. In particular, the increase in traffic fully compensated the reduction in tariffs applied in 2019.

Revenues from non-regulated business grew by 42.1% over 2018 to 19.2 million euro mainly thanks to the revenues generated by IDS AirNav, the company acquired by ENAV in July 2019, for approximately 10 million euro and related to international contracts for the sale of software, and its maintenance, and services provided for the management of aeronautical information.

The *balance*⁴ had a negative impact on revenues for 86.9 million euro, an amount 6.3 million euro higher compared to 2018, due to the lower positive balances recorded in the period and to the higher incidence of negative balances related to inflation balance, to traffic balance, due to the higher traffic in terminal zone 2 compared to the level estimated in the performance plan, and a higher balance reversal in the 2019 tariff.

Operating costs amounted to 600 million euro, up 1.3% compared to 2018. The ENAV Group continued to streamline its external costs by acting on specific cost components and optimising processes between its companies. In particular, Other operating expenses were reduced by 5.6% over 2018 to 134.2 million euro driven by efficiencies in a number of costs, including those related to telecommunications, thanks to the implementation of the E-NET network. The reduction was also due, in part, to the effects of the application of IFRS 16 on rental and lease costs.

Personnel costs reached 497.1 million euro, up 3.3% compared to 2018. The marginal increase in the fixed salary component (+1%) was due to the combined effects of the labor contract renewal of the Parent Company, the adoption by Techno Sky of the national collective labor contract for the air transport sector, and the inclusion of IDS AirNav personnel in the Group's perimeter. At the end of 2019, the ENAV Group's headcount consisted of 4,195 employees in total and 4,148 employees on average, with a reduction of 102 employees on average, excluding IDS AirNav, over the previous year. As for the variable salary component, the 19.2% increase recorded in the year reflected the economic impact of the agreement for the summer season of 2019, whose purpose was to manage the significant increase in traffic flows in the summer period and which resulted in ENAV maintaining an excellent level of punctuality.

The above figures contributed to a 1.8% increase in **EBITDA**, compared to 2018, which reached 302.9 million euro, with an EBITDA margin of 33.5%.

The 2019 consolidated **EBIT** grew to 170.6 million euro, up 3.8% compared to 2018. The EBIT margin was 18.9%, with a 0.4 percentage points improvement over 2018.

Net Profit in 2019 reached 118.3 million euro, up 3.4% compared to 2018.

The Net Financial Position at 31 December 2019 was positive for 126.4 million euro, delivering a significant improvement over the negative 1.9 million euro recorded at 31 December 2018. The positive change of 128.3 million euro in the Net Financial Position was mainly due to the dynamics of cash-ins and payments relating to the ordinary course of business, driven by the significant increase in traffic, which produced a positive cash flow, to the net cash-in linked to certain funded projects and to the receipt of a VAT credit refund. The Net Financial Position was also affected by the dividend payment of 108 million euro.

Sustainability Report 2019

The Board of Directors held today also approved ENAV Group's 2019 Sustainability Report and Consolidated Non-Financial Statement, drafted in accordance with the GRI (Global Reporting Initiative) standards, which provides an account of the ESG initiatives deployed by the Company, the progress of the 2018-2020 three-year Sustainability Plan and the new

⁴ The mechanism that allows ENAV to recover from or return to carriers, the amounts resulting from the difference between the planned air traffic and the actual traffic, as well as the recovery of costs and traffic for services provided to Terminal Zone 3 airports – those with less than 70,000 movements per year.

objectives that the Company has set for 2020 in the areas of climate change, diversity & inclusion, human rights and green supply chain.

2020 Outlook

The scenario in which ENAV will be operating in 2020 is evolving rapidly, mainly as a result of the emergency relating to the spread of cases of contagion from COVID-19 viruses (so-called Coronavirus) and the respective mitigating measures, that are determining a global scenario in constant evolution, also in relation to air traffic flows.

The latest forecasts of the Eurocontrol statistical bodies which foresee an increase in air traffic on Italy of 4.3% for 2020 (in terms of service units) compared to 2019, will presumably need to be revised in relation to the duration and the effects on air traffic of the development of the national and international scenario on the spread of the COVID-19 virus. This update will be linked to the likely reduction in the volume of Service Units depending on the number of airlines involved, the duration of the emergency, the restrictions implemented and which may be further envisaged by and for Italy, as well as the effects on the economy that this emergency will determine in the coming months. Nonetheless, so far there has been an upward trend in air traffic in Italy both in January and February 2020, compared to the same period of the previous year.

It should also be noted that the EU economic-tariff regulation to which ENAV is subject provides for traffic risk sharing mechanisms that allow the company to partially mitigate the effect of lower revenues deriving from the likely traffic reduction.

Given that the scenario unfolding at national and international level is continuously evolving, and that the effects on the general economy and, more specifically, on the air traffic sector are still difficult to quantify, at the current date, March 12, 2020, it is not possible to precisely assess the overall impact on ENAV. Thus, it is necessary to wait and see how the global scenario will evolve in relation to the recent events in order to be able to provide more reliable estimates on the effect on company's activities, which could possibly be materially affected.

SHAREHOLDERS' MEETING

An ordinary of the General Shareholders' Meeting in single call will be held on 5 May 2020 for the approval of the Financial Statements at 31 December 2019. The Shareholders will be called on to vote, amongst other items, on the appointment of the members of the Board of Directors. The BoD outgoing issued the guidelines on the composition pursuant to application criterion 1.C.1, lett. h) of the Corporate Governance Code, available in the Governance section of the Company's website.

Corporate Governance

At today's meeting, the Board of Directors approved the Remuneration Report, prepared in compliance with the requirements of Article 123-ter of the Consolidated Finance Act and Article 84-quater of the Italian Securities and Exchange Commission (Consob) Regulations approved by resolution no. 11971 of 14 May 1999 (the "Regulations for Issuers").

The Board of Directors also approved a Corporate Governance and Ownership Structure Report, as prescribed by art. 123-bis of legislative decree no. 58 of 24 February 1998 ("Consolidated Act on Finance" or 'TUF'). Both reports will be available to the public in the ways and within the time limits established by law, also on the Company's website at www.enav.it.

Long term incentive plan and share buy-back

The Board of Directors of ENAV resolved today to adopt a share-based long-term incentive plan for the management of the Group for the period 2020-2022. The document outlining the key elements of the long-term incentive plan will be proposed for approval in the Shareholders Meeting and will be made available on the company's website (www.enav.it), as per applicable legislation.

The Board of Directors of ENAV also resolved to submit a proposal to the Shareholders' Meeting to authorize a buy-back of up to 1,200,000 own shares to be allocated to service the remuneration policies adopted by the Company. The authorization for the purchase of own shares is requested for a maximum period of 18 months.

The request provides for an authorization to purchase, and also allows to operate on the stock market with a medium to long term investment view or, in any case, to capture the opportunities to maximize the value that can be derived from market outperformance.

Dividend proposal

The Board of Directors of ENAV S.p.A. resolved to propose to the Shareholders' Meeting to approve a total dividend payment of 113.2 million euro, corresponding to 0.2094 euro per share (+4.8% compared to 2018) outstanding on the ex-dividend date, excluding the treasury shares held by the Company at that date, in line with the dividend policy.

The dividend will be paid on 27 May 2020, with the ex-dividend date on 25 May 2020 and the record date on 26 May 2020.

CONSOLIDATED RECLASSIFIED INCOME STATEMENT

	2019	2018	Amount	Change %
Revenues from operations	951.767	924.585	27.182	2,9%
Balance	(86.975)	(80.687)	(6.288)	7,8%
Other operating income	38.099	45.842	(7.743)	-16,9%
Total revenues	902.891	889.740	13.151	1,5%
Personnel costs	(497.118)	(481.356)	(15.762)	3,3%
Capitalised costs	31.262	31.101	161	0,5%
Other operating expenses	(134.164)	(142.104)	7.940	-5,6%
Total operating costs	(600.020)	(592.359)	(7.661)	1,3%
EBITDA	302.871	297.381	5.490	1,8%
EBITDA margin	33,5%	33,4%	0,1%	
Net amortisation of investment grants	(130.462)	(128.731)	(1.731)	1,3%
Writedowns, impairment (reversal of impairment) and provisions	(1.822)	(4.259)	2.437	-57,2%
EBIT	170.587	164.391	6.196	3,8%
EBIT margin	18,9%	18,5%	0,4%	
Financial income/(expense)	(4.618)	(3.192)	(1.426)	44,7%
Income before taxes	165.969	161.199	4.770	3,0%
Income taxes	(47.700)	(46.809)	(891)	1,9%
Profit (loss) for the year	118.269	114.390	3.879	3,4%
Profit (loss) attributable to Shareholders of the Parent Company	118.433	114.390	4.043	3,5%
Profit (loss) attributable to non-controlling interests	(164)	0	(164)	n.a

CONSOLIDATED RECLASSIFIED BALANCE SHEET

	31.12.2019	31.12.2018	Change	
Property, plant and equipment	976.272	1.000.063	(23.791)	-2,4%
Right-of-use assets	8.857	0	8.857	n.a.
Intangible assets	171.567	122.368	49.199	40,2%
Investments in other entities	63.225	60.306	2.919	4,8%
Non-current trade receivables and payables	(39.804)	(16.394)	(23.410)	142,8%
Other non-current assets and liabilities	(124.343)	(113.258)	(11.085)	9,8%
Net non-current assets	1.055.774	1.053.085	2.689	0,3%
Inventories	60.690	61.001	(311)	-0,5%
Trade receivables	213.321	268.076	(54.755)	-20,4%
Trade payables	(138.754)	(126.122)	(12.632)	10,0%
Other current assets and liabilities	(115.855)	(74.714)	(41.141)	55,1%
Assets held for sale net of related liabilities	1.402	1.458	(56)	-3,8%
Net working capital	20.804	129.699	(108.895)	-84,0%
Gross capital employed	1.076.578	1.182.784	(106.206)	-9,0%
Employee benefit provisions	(52.509)	(52.280)	(229)	0,4%
Provisions for risks and charges	(1.778)	(2.707)	929	-34,3%
Deferred tax assets net of liabilities	7.376	11.720	(4.344)	-37,1%
Net capital employed	1.029.667	1.139.517	(109.850)	-9,6%
Shareholders' equity attributable to Parent Company shareholders	1.153.543	1.137.559	15.984	1,4%
Shareholders' equity attributable to non-controlling interest	2.500	0	2.500	n.a.
Shareholders' equity	1.156.043	1.137.559	18.484	1,6%
Net financial position	(126.376)	1.958	(128.334)	n.a.
Total funding	1.029.667	1.139.517	(109.850)	-9,6%

Pursuant to art. 154-bis, par. 2, of the Consolidated Finance Act (TUF), the manager in charge of drafting the Company's accounting records, Loredana Bottiglieri hereby declares that the disclosures made in this press release match the company's accounting records, books and documents.

It is hereby informed that the 2019 Annual Financial Report, pursuant to art. 154-ter, paragraph 2, of Legislative Decree no. 58 of 24 February 1998 together with the independent auditor's report attached thereto, the Remuneration Report and the Report on Corporate Governance and Ownership Structure will be available for public consultation at the Company's registered office, via Salaria 716, Rome, on the Company's website (www.enav.it), and on the "Info" authorised storage system webpage (www.info.it) on the dates prescribed by the law.

Alterative performance indicators

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): an indicator of the financial result before the effects of financial management, taxation, depreciation, amortisation, write-downs on tangible/intangible assets, receivables and provisions, as reported in the financial statements and adjusted for investment subsidies directly associated with the investments being amortised to which they relate;

EBITDA margin: the percentage incidence of EBITDA on total revenues, adjusted for investment subsidies as specified above;

EBIT (Earnings Before Interest and Taxes): EBITDA less depreciation and amortisation adjusted for investment subsidies and write-downs of tangible and intangible assets, receivables and provisions;

EBIT margin: the percentage incidence of EBIT on total revenues net of investment subsidies as specified above;

Net fixed capital: a capital parameter equal to net fixed capital employed in business operations, which includes items such as tangible assets, intangible assets, investments, non-current trade receivables and payables and other non-current assets and liabilities;

Net working capital: the capital employed in business operations, which includes items such as inventory, trade receivables and other non-financial current assets net of trade payables and other current liabilities – except financial liabilities – plus assets held for disposal net of related liabilities;

Gross invested capital: the sum of net fixed capital and net working capital;

Net invested capital: the sum of gross invested capital net of the termination benefits provision, the provision for risks and charges and deferred tax assets net of deferred tax liabilities;

Net financial debt: the sum of current and non-current financial liabilities, current and non-current financial receivables net of non-current financial liabilities related to the fair value of derivative financial instruments and cash and equivalents.

Free cash flow: the sum of cash flow generated, or absorbed, by operating activities and cash flow generated, or absorbed, by investing activities.

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