

PRESS RELEASE

ENAV DELIVERS EBITDA GROWTH IN FIRST QUARTER 2017 DRIVEN BY EFFICIENCY

Interim Financial Report at 31 March 2017 approved by Board of Directors

- **En-route and terminal traffic decline marginally by 1% and 0.6% respectively in terms of service units**
- **Consolidated net revenue at 176.4 million euro (-0.5% vs. Q1 2016)**
- **Consolidated EBITDA grows 2.6% YoY to 28.7 million euro**
- **Consolidated net result negative for 4.2 million euro, significant improvement – over net loss of 8.8 million euro in Q1 2016**

Rome, 10 May 2017 – The Board of Directors of ENAV S.p.A. held today under the chairmanship of Mr. Roberto Scaramella approved the Preliminary Financial Report at 31 March 2017.

The first quarter 2017 results were solid, despite the typical seasonality of traffic flows, which in this period of the year marks the lowest level of activity, while costs normally tend to remain linear throughout the year. It is worth noting that Q1 2017, compared to last year, was characterised by one day less (2016 was a leap year) and the absence of traffic flows during Easter holidays, as this year Easter fell in April, whereas in 2016 it fell in March, with a consequential impact on en-route and terminal traffic.

Despite the positive trend in international traffic, which increased by 0.6%, total **en-route traffic** in terms of service units (a conventional weighted measurement unit which takes in to the aircraft weight at take-off and, in case of en-route traffic, the distance travelled in Italian airspace) declined by 1%, mainly as a result of the weak domestic traffic, which fell 2.9%, and the 2% decline in overflight traffic due to the persistence of a no-fly zone over Libya, which negatively affects the routes between Europe and Africa – leading to a loss of traffic flying through the Italian airspace.

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Terminal traffic, in terms of service units (i.e. takeoff and landing activities within a radius of 20 km from runway) declined marginally by 0.6% over Q1 2016. By contrast, the major north Italian airports (Milan Malpensa, Milan Linate, Bergamo Orio al Serio and Venice Tessera) saw an overall 2.6% growth in service units.

FINANCIAL PERFORMANCE

Total consolidated net revenue at 31 March 2017 fell 0.5% vs. 2016 to 176.4 million euro.

Revenue from operations grew 2.5% to 161.5 million euro, driven by ENAV's core business revenue which reached 158.3 million, up 2.3% compared to Q1 2016. This increase is mainly attributable to the positive performance of service units in the larger north Italian airports as well as the different tariff dynamics applied to low traffic airports. The terminal revenue grew a strong 7.5% to 43.4 million. The growth of revenue from operations was also driven by the 16% increase in revenue from **non-regulated activities** which reached 3.1 million euro.

The balance – whereby ENAV recovers from, or returns to, carriers the effects arising from the difference between air-traffic level estimated in the charging scheme and the actual level, and totally recovers traffic level and costs for services provided in low traffic airports - contributed 6.3 million euro to total revenue (45.2% below last year's contribution).

In the first quarter of 2017, ENAV continued to deliver on its efficiency-improvement plan by optimizing specific cost items and streamlining the processes between the Group companies.

Operating costs were reduced by 1.1% to 147.7 million euro over last year. In particular, personnel costs fell 0.1% following a reduction in the Group headcount by 18 average units and 36 units in absolute terms. This personnel cost trend was all the more significant considering the training costs incurred for the implementation of the Free Route Platform, an innovative service which reduces flight distances, launched by ENAV last December ahead of all other European service providers. Thanks to Free Route, airlines flying through the Italian airspace save approximately 162,000 kg of fuel on a daily basis.

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External costs declined by 3.2% YoY to 36.1 million mainly as a result of the savings achieved from the renegotiation of insurance costs and a more efficient spare parts management on maintenance.

Consolidated EBITDA at 31 March 2017 grew 2.6% over the previous year to 28.7 million euro, with a 16.3% EBITDA margin, an increase of 0.5 p.p. over the margin of 15.8% recorded at 31 March 2016.

Consolidated EBIT was negative for 2.9 million euro with a significant improvement over the negative 6.7 million euro of Q1 2016.

ENAV closed the first quarter of 2017 with a negative **net result** of 4.2 million euro, a material improvement compared to the 8.8 million-euro loss of the first quarter 2016. As noted, the first quarter reflects the typical negative impact of air traffic seasonality on top-line, while costs remain linear throughout the period.

In Q1 2017, ENAV's **net financial debt** reached 125.6 million euro, an increase of 25.5 million euro compared to Q1 2016. This negative variation in net financial position is mainly attributable to the payment of the third instalment of the investment in Aireon - the company developing the first global air traffic satellite surveillance system scheduled to be launched in 2018 - and to the lower cash balance following payments to suppliers.

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CONSOLIDATED INCOME STATEMENT

| | 1st quarter 2017 | 1st quarter 2016 | Variations | |
|---|------------------|------------------|--------------|---------------|
| | | | Values | % |
| Revenues from operations | 161.452 | 157.505 | 3.947 | 2,5% |
| Balance | 6.317 | 11.535 | (5.218) | -45,2% |
| Other operating income | 8.652 | 8.323 | 329 | 4,0% |
| Total revenues | 176.421 | 177.363 | (942) | -0,5% |
| Personnel costs | (118.177) | (118.245) | 68 | -0,1% |
| Capitalisation of internal work | 6.626 | 6.208 | 418 | 6,7% |
| Other operating costs | (36.135) | (37.321) | 1.186 | -3,2% |
| Total operating costs | (147.686) | (149.358) | 1.672 | -1,1% |
| EBITDA | 28.735 | 28.005 | 730 | 2,6% |
| EBITDA margin | 16,3% | 15,8% | 0,5% | 3,2% |
| Net amortisation of investment contributions | (31.656) | (34.027) | 2.371 | -7,0% |
| Write-downs, losses (write-backs) of value and provisions | (4) | (742) | 738 | -99,5% |
| EBIT | (2.925) | (6.764) | 3.839 | -56,8% |
| EBIT margin | -1,7% | -3,8% | 2,2% | -56,5% |
| Financial income (expenses) | (159) | (1.862) | 1.703 | -91,5% |
| Pre-tax income | (3.084) | (8.626) | 5.542 | -64,2% |
| Income taxes for the period | (1.103) | (187) | (916) | 489,8% |
| Profit/(loss) for the period | (4.187) | (8.813) | 4.626 | -52,5% |

Value in thousands of Euro

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RECLASSIFIED CONSOLIDATED BALANCE SHEET

| | 31.03.2017 | 31.12.2016 | Variations |
|---|------------------|------------------|----------------|
| Tangible assets | 1.041.472 | 1.056.281 | (14.809) |
| Intangible assets | 123.900 | 123.084 | 816 |
| Investments in other companies | 51.707 | 36.468 | 15.239 |
| Non-current trade receivables and payables | 123.956 | 136.770 | (12.814) |
| Other non-current assets and liabilities | (70.991) | (73.036) | 2.045 |
| Net fixed capital | 1.270.044 | 1.279.567 | (9.523) |
| Inventories | 60.267 | 60.895 | (628) |
| Trade receivables | 230.009 | 226.651 | 3.358 |
| Trade payables | (117.341) | (132.512) | 15.171 |
| Other current assets and liabilities | (154.468) | (166.459) | 11.991 |
| Assets held for disposal net of related liabilities | (126) | 13 | (139) |
| Net working capital | 18.341 | (11.412) | 29.753 |
| Gross net fixed capital | 1.288.385 | 1.268.155 | 20.230 |
| Employee severance indemnity and other benefits | (56.535) | (57.388) | 853 |
| Provisions for risks and charges | (11.034) | (11.029) | (5) |
| Deferred tax assets net of liabilities | 19.962 | 20.209 | (247) |
| Net invested capital | 1.240.778 | 1.219.947 | 20.831 |
| Shareholders' equity | 1.115.139 | 1.119.826 | (4.687) |
| Net Financial Indebtness | 125.639 | 100.121 | 25.518 |
| Total coverage sources | 1.240.778 | 1.219.947 | 20.831 |

Value in thousand of Euro

The manager in charge of compiling the company's accounting documents, Loredana Bottiglieri hereby declares, pursuant to art. 154-bis, par. 2, of the Consolidated Act on Finance, that the accounting information contained in this press release tallies with the information set forth in the company's accounting documents, books and records.

The Interim Financial Report at 31 March 2017 does not represent an interim financial statements prepared in accordance with international accounting standard IAS 34, and has not been audited by the independent auditors.

The consolidation principles used to prepare the Interim Report on Operations at 31 March 2017 conform to those used to prepare the Consolidated Financial Statements at 31 December 2016, approved on 16 March 2017.

The Interim Financial Report at 31 March 2017 is available on the company web site www.enav.it - "Investor Relations" – "Financial Statements & Reports" and on the authorized storage system "Info" (www.info.it).

Alternative performance indicators

- **EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization):** is an indicator of profit before the effects of financial management and taxation, as well as depreciation, amortisation and write-downs on fixed assets and receivables and provisions, adjusted for investment subsidies directly related to the investments in depreciation and amortisation to which they refer;
- **EBITDA margin:** is EBITDA expressed as a percentage of total revenues and adjusted for investment subsidies as specified above;
- **EBIT (Earnings Before Interest and Taxes):** is EBITDA less depreciation and amortisation adjusted for investment subsidies and write-downs of fixed assets and receivables and provisions;
- **EBIT margin:** is EBIT expressed as a percentage of total revenues less investment subsidies as specified above;
- **Net fixed capital:** is a capital parameter which is equal to the net fixed capital employed in business operations and includes items relating to tangible assets, intangible assets, investment in other companies, non-current trade receivables and payables, and other non-current assets and liabilities;
- **Net working capital:** is the capital employed in business operations which includes the line items inventory, trade receivables, and other non-financial current assets, net of trade payables and other current liabilities excluding those of a financial nature, plus assets held for disposal net of related liabilities;
- **Gross net fixed capital:** is the sum of Net fixed capital and Net working capital;
- **Net invested capital:** is the sum of the Gross net fixed capital, less the employee severance indemnity and other benefits, the provision for risks and charges and the deferred tax assets net of liabilities;
- **Net financial indebtedness:** is the sum of the current and non-current financial debt, current financial receivables net of non-current financial liabilities referred to the fair value of the derivative financial instruments and cash and cash equivalents;
- **Free cash flow:** is the sum of the cash flow generated or absorbed from operating activities and the cash flow generated or absorbed from investing activities.

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