

PRESS RELEASE

ENAV: EBITDA GROWS IN Q1 2018 DRIVEN BY EFFICIENCY INCREASE IN AIR TRAFFIC

Interim financial report at 31 March 2018 approved by Board of Directors

- **En-route and terminal traffic increased by 7.6% and 5.2% respectively, in terms of service units vs. Q1 2017**
- **Consolidated net revenue at 175.5 million euro (-0.5% vs. Q1 2017). Revenue from operations up by 5.9% offset by negative balance**
- **Consolidated EBITDA grows 4.3% YoY to 30 million euro**
- **Consolidated net result at €-4.4 million substantially stable compared to Q1 2017, due to seasonality effect.**

Rome, 14 May 2018 – The Board of Directors of ENAV SpA held today under the chairmanship of Mr. Roberto Scaramella and approved the interim financial report at 31 March 2018.

The first quarter 2018 recorded a solid performance in terms of growth in air traffic with a positive impact on revenue from operations, despite the typical seasonality of traffic flows, which in this period of the year mark the lowest level of activity, while costs remain linear throughout the year.

En-route traffic in 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) delivered an increase of 7.6% over the same period of 2017. The growth in en-route traffic over Italian airspace involved both domestic and international traffic, and, in particular, over-flight traffic, which increased 11.7% in terms of service units. This performance is also attributable to the implementation of the *Free Route* procedure that allows all aircraft flying at an altitude above 11,000 metres, to cross national airspace following a direct route thus enabling airlines to plan the shortest trajectories with no restrictions and to save on fuel, lower operating costs and reduce CO₂ emissions.

The positive trend in en-route traffic, despite the ongoing limitations of the Libyan airspace, is also attributable to the increase in medium and long-haul air traffic flows from Italy's neighbouring countries such as Turkey, Greece, Egypt and Tunisia, and to the increase in the average distance flown within Italian airspace.

Terminal traffic (i.e. takeoff and landing activities within a radius of 20 km from runway) grew 5.2% in terms of service units with a positive contribution from the majority of airports throughout the country. Also with regard to terminal traffic, the international component proved to be the most significant growth driver with an increase in service units of 6.3%.

FINANCIAL PERFORMANCE

Total consolidated net revenue at 31 March 2018 declined marginally by 0.5% vs. 2017 to 175.5 million euro driven by an increase in revenue from operations offset by negative balance.

Revenues from operations, grew 5.9% to 170.9 million euro, driven by en-route revenues (+8.1% at €120.5 million) and terminal revenues (+1.7% at €44.2 million). The **non-regulated activities** were substantially stable compared to the same period in 2017 and amounted to 3.1 million euro.

The balance in the first quarter of 2018 (i.e. 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) had a detrimental impact on revenues posting a negative amount of 4 million euro compared to a positive balance of 6.3 million euro recorded at 31 March 2017, due to lower en-route traffic balance - as a result of strong growth in traffic - and to the higher balance recorded in previous years reversed into the 2018 tariff.

In the first quarter of 2018 the ENAV Group continued to deliver on its efficiency plan by optimizing a number of cost items and by streamlining the processes between the Group companies. **Operating costs** were 1.5% lower than the previous year at 145.5 million euro. The personnel costs were substantially stable compared to the same period of 2017 (-0,1%). **External costs** declined by 4.9% YoY to 34.4 million euro mainly driven by the decrease in utilities and telecommunications costs, the reduction in lease costs related to office buildings as well as lower external services costs thanks to the process of internalisation and productivity increase of the Group personnel.

The consolidated **EBITDA** as at 31 March 2018 grew by 4.3% compared with the same period of the previous year, and reached 30 million euro, with an EBITDA *margin* of 17.1% (16.3% in 1Q 2017).

The consolidated **EBIT** was negative for 1.7 million euro, with an improvement of 1.2 million euro compared to 1Q 2017.

Net results in the first quarter of 2018 was negative for 4.4 million euro, substantially in line with the result of the first quarter of 2017 (-4.2 million euro) as a result of the higher financial income recorded in the first quarter of 2017 related to the positive accounting effect of balance receivables actualization for 1.1 million euro.

It is worth noting that the first quarter of the year is typically affected by the negative seasonality effect in air traffic trends compared to the linearity of costs.

In Q1 2018, ENAV's **net financial debt** stood at €83.3 million, with an improvement of €34.2 million compared to 31 December 2017, due to the positive cash flow generated from operations

Guidance for 2018 confirmed

For 2018 the Company confirms the guidance communicated to the market in March with net revenue growth expected to be flat to ‘low-single digit’, as a result of the decrease in the performance plan regulated tariff of 2018 compensated by growth in traffic, and with an EBITDA margin around 32%, in-line with 2017. In terms of Capex, the Company plans to invest approximately 125 million euro, higher than the 115 million euro recorded in 2017. ENAV also confirms its guidance on the dividend for 2019 which is expected to increase by 4% over the dividend of 2018 approved by the AGM held on April 27, 2018, in line with our dividend policy of paying out no less than 80% of equity free cash flow.

The Board of Directors ascertained, on the basis of the declarations released by the Directors and of the information available to the Company, the possession of the requirements provided for under Article 148, paragraph 3, TUF for the Chairman of the Board of Directors, as well as of those provided for under Article 148, paragraph 3, TUF and under Principle 3 of the Corporate Governance Code for Directors Giuseppe Acierno, Nicola Maione, Fabiola Mascardi, Carlo Paris and Antonio Santi.

The Board of Statutory Auditors verified the correct application of the criteria and assessment procedures adopted by the Board of Directors to evaluate the independence of its members.

CONSOLIDATED INCOME STATEMENT

	1st quarter 2018	1st quarter 2017	Variations	
			Values	%
Revenues from operations	170.918	161.452	9.466	5,9%
Balance	(3.971)	6.317	(10.288)	-162,9%
Other operating income	8.561	8.652	(91)	-1,1%
Total revenues	175.508	176.421	(913)	-0,5%
Personnel costs	(118.035)	(118.177)	142	-0,1%
Capitalisation of internal work	6.877	6.626	251	3,8%
Other operating costs	(34.374)	(36.135)	1.761	-4,9%
Total operating costs	(145.532)	(147.686)	2.154	-1,5%
EBITDA	29.976	28.735	1.241	4,3%
EBITDA margin	17,1%	16,3%	0,8%	
Net amortisation of investment contributions	(31.725)	(31.656)	(69)	0,2%
Write-downs, losses (write-backs) of value and provisions	3	(4)	7	-175,0%
EBIT	(1.746)	(2.925)	1.179	-40,3%
EBIT margin	-1,0%	-1,7%	0,7%	
Financial income (expenses)	(1.302)	(159)	(1.143)	718,9%
Pre-tax income	(3.048)	(3.084)	36	-1,2%
Income taxes for the period	(1.342)	(1.103)	(239)	21,7%
Profit/(loss) for the period	(4.390)	(4.187)	(203)	4,8%

Value in thousands of Euro

RECLASSIFIED CONSOLIDATED BALANCE SHEET

	31.03.2018	31.12.2017	Variations
Tangible assets	1.010.885	1.027.516	(16.631)
Intangible assets	123.811	124.414	(603)
Investments in other companies	49.858	51.217	(1.359)
Non-current trade receivables and payables	70.207	64.526	5.681
Other non-current assets and liabilities	(66.798)	(68.394)	1.596
Net fixed capital	1.187.963	1.199.279	(11.316)
Inventories	60.780	60.986	(206)
Trade receivables	281.684	285.810	(4.126)
Trade payables	(135.660)	(130.854)	(4.806)
Other current assets and liabilities	(155.671)	(134.635)	(21.036)
Assets held for disposal net of related liabilities	1.363	695	668
Net working capital	52.496	82.002	(29.506)
Gross net fixed capital	1.240.459	1.281.281	(40.822)
Employee severance indemnity and other benefits	(54.701)	(55.636)	935
Provisions for risks and charges	(9.480)	(9.479)	(1)
Deferred tax assets net of liabilities	21.158	21.281	(123)
Net invested capital	1.197.436	1.237.447	(40.011)
Shareholders' equity	1.114.167	1.119.965	(5.798)
Net financial indebtedness	83.269	117.482	(34.213)
Total coverage sources	1.197.436	1.237.447	(40.011)

Value in thousands 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 2018 does not represent 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 2018 conform to those used to prepare the Consolidated Financial Statements at 31 December 2017, approved on 12 March 2018.

The Interim Financial Report at 31 March 2018 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 absorb