

ENAV's Board of Directors approves the results for the first nine months of 2019

Operating performance among the best in Europe in a context of strong traffic growth

- **En-route and terminal traffic** grew by 7.6% and 4.4% YoY respectively, in terms of service units¹;
- **Consolidated Net Revenue** of 691.3 million euro (+2.3% YoY). **Revenue from operations** up 3.2% to 737.8 million euro;
- **Consolidated EBITDA** increased 0.8% to 236.9 million euro;
- **Consolidated Net Profit** of 98.8 million euro;
- **2019 guidance confirmed;**
- **Hiring of 100 young talents over the coming months.**

Rome, November 13, 2019 – The ENAV SpA Board of Directors meeting held today under the chairmanship of Nicola Maione approved the preliminary results at 30 September 2019.

The Chief Executive Officer Roberta Neri said: *The first nine months of 2019 confirm the growth in air traffic over Italy at higher rates than those seen in other major European countries. ENAV has invested significant resources to ensure excellent service quality levels with a punctuality ranking among the best internationally. The long-term sustainability of our business also depends on innovation and, with this in mind, we are in the process of hiring about 100 young talents over the coming months, both in our air traffic control activities, to maintain our focus on providing excellent services to airlines, as well as in our commercial activities. As for the non-regulated market, I am particularly proud of our acquisition of IDS AirNav, which has allowed us in a very limited timeframe to enter new markets such as South America and sub-Saharan Africa.*

The first nine months of 2019 displayed a strong increase in service units, for both en-route traffic and terminal traffic.

En-route traffic, in terms of service units, **grew by 7.6%** vs 2018.

Even after the 2019 summer season, Italy continues to deliver the highest growth rate among the largest European countries: France +3%, Germany +2%, Great Britain +3.4% and Spain +5%.

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.

| En-route traffic (service units) | 3rd Quarter 2019 | 3rd Quarter 2018 | Change | |
|--------------------------------------|------------------|------------------|----------------|--------------|
| | | | no. | % |
| Domestic | 1.356.563 | 1.296.847 | 59.716 | 4,6% |
| International | 3.191.618 | 2.997.410 | 194.208 | 6,5% |
| Overflight | 3.229.958 | 2.926.090 | 303.868 | 10,4% |
| Paying total | 7.778.139 | 7.220.347 | 557.792 | 7,7% |
| Military | 91.350 | 93.682 | (2.332) | -2,5% |
| Other exempt | 9.315 | 9.647 | (332) | -3,4% |
| Total exempt | 100.665 | 103.329 | (2.664) | -2,6% |
| Total reported by Eurocontrol | 7.878.804 | 7.323.676 | 555.128 | 7,6% |
| Exempt not reported to Eurocontrol | 2.306 | 2.096 | 210 | 10,0% |
| Total | 7.881.110 | 7.325.772 | 555.338 | 7,6% |

Despite the continuing growth in en-route traffic over Italian airspace, the Company achieved the best performance among European countries in terms of service quality.

The growth in en-route traffic in the first nine months of 2019 was driven by both domestic and international traffic (+4.6% and +6.5% respectively) and, in particular, by overflight traffic (flights that do not take off or land in the country), which showed an increase of 10.4% in terms of service units. In addition to the solid results on punctuality, this performance was also attributable to the positive effects of the Free Route procedure that allows all aircraft at an altitude of over 9,000 metres, to cross national airspace following a direct route, thus permitting airlines to plan the shortest trajectories with no restrictions, saving fuel and operating costs and also reducing CO2 emissions.

Terminal traffic² rose by 4.4% in the first nine months of 2019 in terms of service units compared to the same period of 2018. The growth was driven by the solid air-traffic performance on all national airports, mainly thanks to international traffic, which showed an increase of 5.4%. The main Italian airports recorded an increase, in terms of service units, in line with the national average: Fiumicino +3.1%, Malpensa +17%, Venice +2.7%, Bergamo +5.4%. The considerable growth at Milan Malpensa was partly due to the closure of Milan Linate from 27 July, for extraordinary maintenance. Airports in southern Italy also showed an excellent growth: Naples +8.5%, Catania +4.3%, Palermo +7.4% and Bari +11%.

² which covers the take-off and landing activities within a radius of about 20 km from the airport runway.

| Terminal traffic (service units) | 3rd Quarter 2019 | 3rd Quarter 2018 | Change no. | % |
|---|------------------|------------------|---------------|---------------|
| Domestic | | | | |
| Chg. Zone 1 | 47.790 | 47.121 | 669 | 1,4% |
| Chg. Zone 2 | 58.725 | 55.735 | 2.990 | 5,4% |
| Chg. Zone 3 | 149.623 | 146.070 | 3.553 | 2,4% |
| Total domestic SUs | 256.138 | 248.926 | 7.212 | 2,9% |
| International | | | | |
| Chg. Zone 1 | 131.995 | 127.178 | 4.817 | 3,8% |
| Chg. Zone 2 | 202.796 | 193.538 | 9.258 | 4,8% |
| Chg. Zone 3 | 187.875 | 175.021 | 12.854 | 7,3% |
| Total international SUs | 522.666 | 495.737 | 26.929 | 5,4% |
| Paying total | 778.804 | 744.663 | 34.141 | 4,6% |
| Exempt | | | | |
| Chg. Zone 1 | 94 | 155 | (61) | -39,4% |
| Chg. Zone 2 | 268 | 295 | (27) | -9,2% |
| Chg. Zone 3 | 5.560 | 6.436 | (876) | -13,6% |
| Total exempt SUs | 5.922 | 6.886 | (964) | -14,0% |
| Total reported by Eurocontrol | 784.726 | 751.549 | 33.177 | 4,4% |
| Exempt not reported to Eurocontrol | | | | |
| Chg. Zone 1 | 0 | 0 | 0 | 0,0% |
| Chg. Zone 2 | 17 | 30 | (13) | -43,3% |
| Chg. Zone 3 | 744 | 659 | 85 | 12,9% |
| Total exempt SUs not reported to Eurocontrol | 761 | 689 | 72 | 10,4% |
| Total by Charging Zone | | | | |
| Chg. Zone 1 | 179.879 | 174.454 | 5.425 | 3,1% |
| Chg. Zone 2 | 261.806 | 249.598 | 12.208 | 4,9% |
| Chg. Zone 3 | 343.802 | 328.186 | 15.616 | 4,8% |
| Total | 785.487 | 752.238 | 33.249 | 4,4% |

FINANCIAL PERFORMANCE

Total consolidated Net Revenue at 30 September 2019 amounted to 691.3 million euro, with an increase of 2.3% YoY, driven by a strong performance in Revenue from operations which was partly offset by the negative effect of the balance³.

Revenue from operations increased by 3.2% YoY to 737.8 million euro, mainly as a result of an increase of 3.1% in revenue from en-route services, which reached 541.1 million euro, and in terminal revenue, which rose by 4.8% to 178.6 million euro. Revenue from the non-regulated business amounted to 9.1 million euro, compared to 10 million euro in the same period of 2018, and include 2.4 million euro delivered by the subsidiary IDS AirNav, acquired by ENAV on 18 July this year.

The **balance** was negative for 75.9 million euro, 4.7% higher than the negative amount recorded in the same period of 2018. In more detail, the balance related to en-route was negative for 61.7 million euro, mainly due to the reversal in the 2019 tariff of the balance recorded in previous years, to inflation balance and to the traffic balance recorded in the period to be returned to the airlines as a result of the higher service units actually produced compared to the performance plan (+2.54%). The balance on terminal services was also negative for 14.2 million due to the higher service units generated in the first and second tariff zones compared to the planned amount and also to the negative effect of the inflation balance.

³ 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.

Operating costs stood at 454.5 million euro, up 3.1% compared with the first nine months of 2018.

The ENAV Group continued to deliver on its external cost-efficiency path, through actions on specific expenditure items and on the optimization of processes among the Group companies. **External costs** declined by 4.0% compared to 30 September 2018, to 100.5 million euro, as a result of the decrease in telecommunications expenses, due to the use of the E-NET network, and of a reduction in the use of outsourced services and professional consultancies. The reduction was also partly due to effects on lease and rental costs arising from the application of IFRS 16.

Personnel costs stood at 374.8 million euro, with an increase of 4.4% over the previous year. Fixed remuneration increased by a marginal 0.6% due the combined effect of the contract renewal costs for ENAV, of the adoption by the subsidiary Techno Sky of the air transport collective labour agreement and of the acquisition of IDS AirNav, with the addition of 148 employees; these movements were almost fully offset by the exit, mainly due to retirements, of 109 employees compared to the same period in 2018. As regards the variable remuneration component, the increase recorded in the first nine months of the year reflects the financial impact of the agreement on the services provided by controllers relating to the summer season 2019, with the goal of dealing with the considerable increase in traffic in the summer season while maintaining ENAV's excellent punctuality levels.

These above dynamics contributed to a 0.8% increase in **EBITDA** to 236.9 million euro compared to 30 September 2018, with an EBITDA margin of 34.3%.

The consolidated **EBIT** in the first nine months of 2019 reached 142.5 million euro, up 1.1% compared to the same period in 2018, with an EBIT margin of 20.6%.

Consolidated Net Profit in the first nine months of 2019 stood at 98.8 million euro, in line with the Net Profit recorded as of 30 September 2018.

The **Net Financial Position** was positive for 54.6 million euro, with an improvement of 56.6 million euro over the amount recorded at 31 December 2018.

This positive change in the net financial position was due to the dynamics of cash-ins and payments relating to the ordinary course of business, with a significant increase in traffic, which produced a positive cash flow, and also to the net cash-in linked to certain funded projects, as well as the receipt of a VAT credit refund and cash received from the share capital increase of D-Flight.

2019 Guidance confirmed

For 2019 the Company confirms the guidance communicated in March 2019 with net revenue growth expected to be flat to 'low-single digit', as a result of the decrease in the performance plan regulated tariff compensated by growth in traffic, and an EBITDA margin around 32%. In terms of Capex, the Company plans to invest approximately 115-120 million euro. ENAV also confirms the guidance to increase its dividend by 4% year on year in 2020, relative to the 2019 financial year, in line with its dividend policy.

CONSOLIDATED INCOME STATEMENT

| | 3rd Quarter 2019 | 3rd Quarter 2018 | Change | |
|---|------------------|------------------|-----------------|-------------|
| | | | Amount | % |
| Revenues from operations | 737.818 | 715.055 | 22.763 | 3,2% |
| Balance | (75.915) | (72.496) | (3.419) | 4,7% |
| Other operating income | 29.428 | 33.061 | (3.633) | -11,0% |
| Total revenues | 691.331 | 675.620 | 15.711 | 2,3% |
| Personnel costs | (374.803) | (358.869) | (15.934) | 4,4% |
| Capitalised costs | 20.842 | 22.857 | (2.015) | -8,8% |
| Other operating expenses | (100.504) | (104.670) | 4.166 | -4,0% |
| Total operating expenses | (454.465) | (440.682) | (13.783) | 3,1% |
| EBITDA | 236.866 | 234.938 | 1.928 | 0,8% |
| EBITDA margin | 34,3% | 34,8% | -0,5% | |
| Net amortisation of investment grants | (94.769) | (94.521) | (248) | 0,3% |
| Writedowns, impairment (reversal of impairment) and provisions | 367 | 455 | (88) | -19,3% |
| EBIT | 142.464 | 140.872 | 1.592 | 1,1% |
| EBIT margin | 20,6% | 20,9% | -0,3% | |
| Financial income/(expense) | (3.144) | (1.786) | (1.358) | 76,0% |
| Income before taxes | 139.320 | 139.086 | 234 | 0,2% |
| Income taxes | (40.525) | (40.316) | (209) | 0,5% |
| Profit (loss) for the period | 98.795 | 98.770 | 25 | 0,0% |
| Profit (loss) for the period pertaining to the Group | 98.914 | 98.770 | 144 | 0,1% |
| Profit (loss) for the period pertaining to non-controlling interests | (119) | 0 | (119) | n.a. |

(thousands of euros)

RECLASSIFIED CONSOLIDATED BALANCE SHEET

| | 30.09.2019 | 31.12.2018 | Change | |
|--|-------------------|-------------------|-----------------|---------------|
| Property, plant and equipment | 953.687 | 1.000.063 | (46.376) | -4,6% |
| Right-of-use assets | 9.306 | 0 | 9.306 | n.a. |
| Intangible assets | 164.264 | 122.368 | 41.896 | 34,2% |
| Investments in other entities | 66.022 | 60.306 | 5.716 | 9,5% |
| Non-current trade receivables and payables | (43.558) | (16.394) | (27.164) | 165,7% |
| Other non-current assets and liabilities | (126.573) | (113.258) | (13.315) | 11,8% |
| Net non-current assets | 1.023.148 | 1.053.085 | (29.937) | -2,8% |
| Inventories | 60.979 | 61.001 | (22) | 0,0% |
| Trade receivables | 313.431 | 268.076 | 45.355 | 16,9% |
| Trade payables | (108.905) | (126.122) | 17.217 | -13,7% |
| Other current assets and liabilities | (161.818) | (74.714) | (87.104) | 116,6% |
| Assets held for sale net of related liabilities | 1.409 | 1.458 | (49) | -3,4% |
| Net working capital | 105.096 | 129.699 | (24.603) | -19,0% |
| Gross capital employed | 1.128.244 | 1.182.784 | (54.540) | -4,6% |
| Employee benefit provisions | (55.480) | (52.280) | (3.200) | 6,1% |
| Provisions for risks and charges | (2.142) | (2.707) | 565 | -20,9% |
| Deferred tax assets net of liabilities | 11.738 | 11.720 | 18 | 0,2% |
| Net capital employed | 1.082.360 | 1.139.517 | (57.157) | -5,0% |
| Shareholders' equity pertaining to Parent Company shareholders | 1.134.419 | 1.137.559 | (3.140) | -0,3% |
| Shareholders' equity pertaining to non-controlling interest | 2.545 | 0 | 2.545 | n.a. |
| Shareholders' equity | 1.136.964 | 1.137.559 | (595) | -0,1% |
| Net financial position | (54.604) | 1.958 | (56.562) | n.a. |
| Funding of net capital employed | 1.082.360 | 1.139.517 | (57.157) | -5,0% |

(thousands of euros)

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 release tallies with the information set forth in the company's accounting documents, books and records.

ENAV informs that preliminary results at 30 September 2019 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 website of the "Info" authorized storage system www.info.it in accordance with the applicable legislation.

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 writedowns 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.

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