2018 Full Year Financial Results

March 11, 2019

2018 Highlights

- **Strong traffic growth** in 2018, with **en-route traffic up 9.3% YoY**, making ENAV the top performer among big 5 European countries

- **Net Revenue increases by 0.9% YoY to €889.7m, with Revenue from Operations and Other Operating Income growth** largely offset by a negative Balance:

    - Revenue from Operations up 7.1% YoY to €924.6m, driven by en-route revenue up 9.8% to €675.4m, as well as terminal revenue up 1.4% to €222.6m

    - Significant negative impact from Balance of -€80.7m in 2018 vs -€17.2m in 2017, mainly due to higher balance reversal in tariff in 2018 vs previous year and no en-route traffic balance creation as a consequence of strong traffic

    - Non-regulated revenue at €13.5m

- **EBITDA increases by 4.9% YoY to €297.4m**, driven by top-line growth and cost efficiency focus, delivering a 126bps **improvement in margin to 33.4%**

- **Net profit of €114.4m, up 12.7%** over previous year

- **Capex of €117.0m** in 2018

- Net debt / EBITDA of 0.01x enables significant flexibility, such as the recently announced **acquisition of the Air Navigation Division of Ingegneria Dei Sistemi (IDS)**

- **Completion of capital increase of D-flight**, the NewCo set up by ENAV and industrial partners to develop an **ATM system for UAV (UTM)**

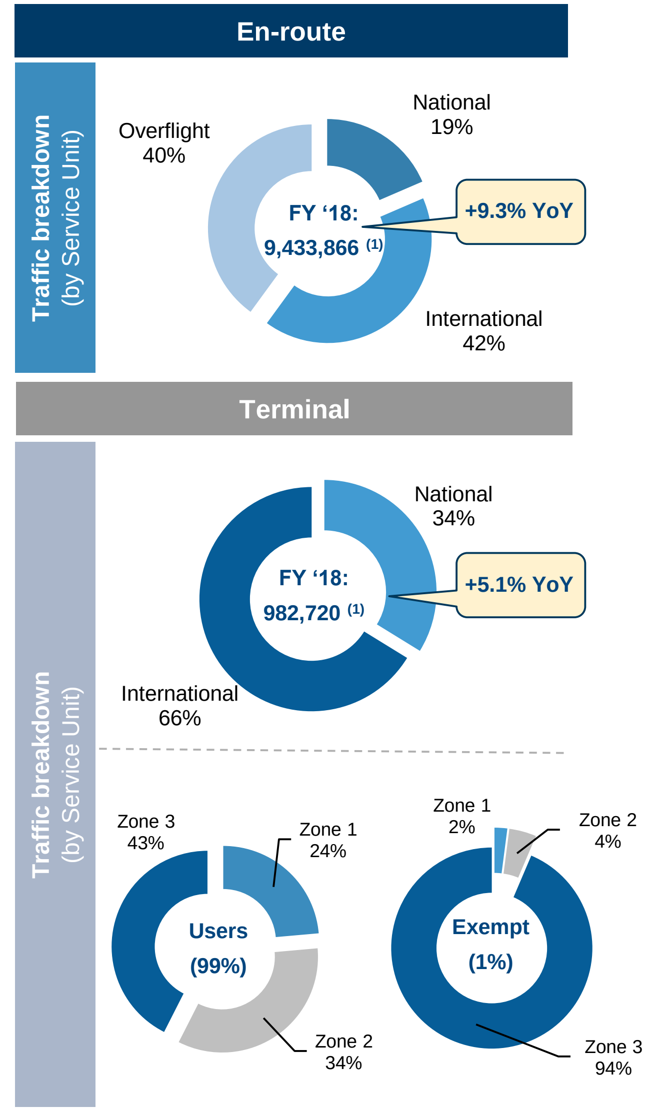
- **Dividend per share of €0.1998** proposed for 2018 financial year (+7.2% over previous year)

2018 Main Traffic Trends

- **Strong En-route** performance with service units **up 9.3%**(1) YoY driven by:
  - Double-digit growth in Overflight traffic, with service units growing 14.0% YoY
  - Confirmed strong growth in International traffic, with service units up 7.7% YoY
  - Solid rebound in National traffic, with service units increasing 4.7% YoY

- Robust growth trends in **Terminal traffic** with service units up **5.1%**(1) YoY:
  - Growth in International traffic, up 5.9% YoY, in particular in TZ3 (+7.3%) and TZ1 (+6.9%)
  - Acceleration in National traffic (+3.7%) driven by service units growth in all charging zones, with a boost recorded in TZ2 (+9.7%), as well as a positive contribution from both TZ1 (+2.6%) and TZ3 (+1.9%)

Italy remains an attractive market for air transport, with a business mix of routes exposed to international traffic trends, as demonstrated by more than 80% of our en-route services being related to international flights and overflights. Similarly, 2/3 of terminal services are represented by the international segment

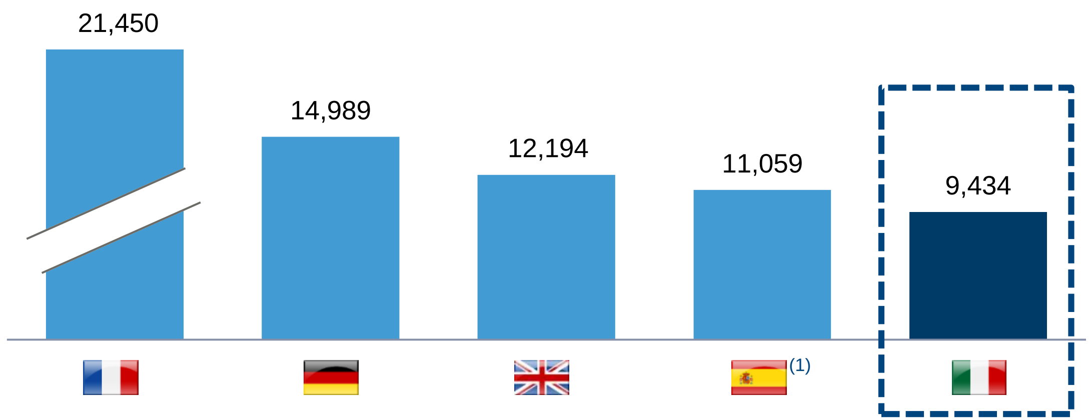


(1) Excluding exempt flights not communicated to Eurocontrol (for 2018 en-route 2,446 SUs, terminal 850 SUs)

Consistently Delivering Best in Class Performance

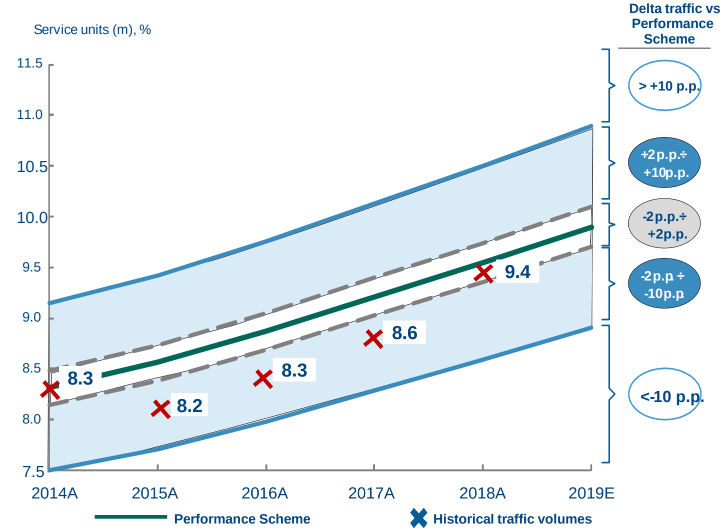
5th Largest Air Navigation Service Provider in Europe

2018 En-route Service Units ('000)

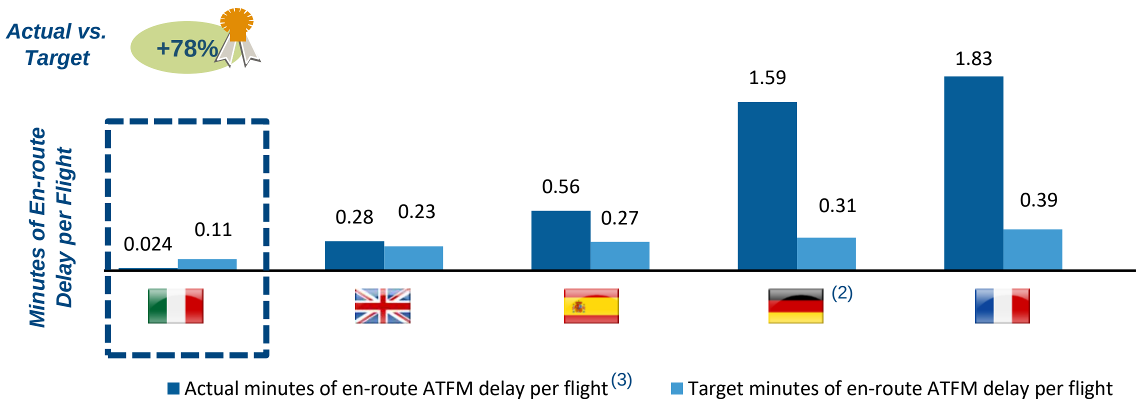


Source: Eurocontrol

En-route Planned Traffic vs Actual Traffic



Performance Quality Leader in Europe (2018)



Source: ENAV elaborations on third parties data

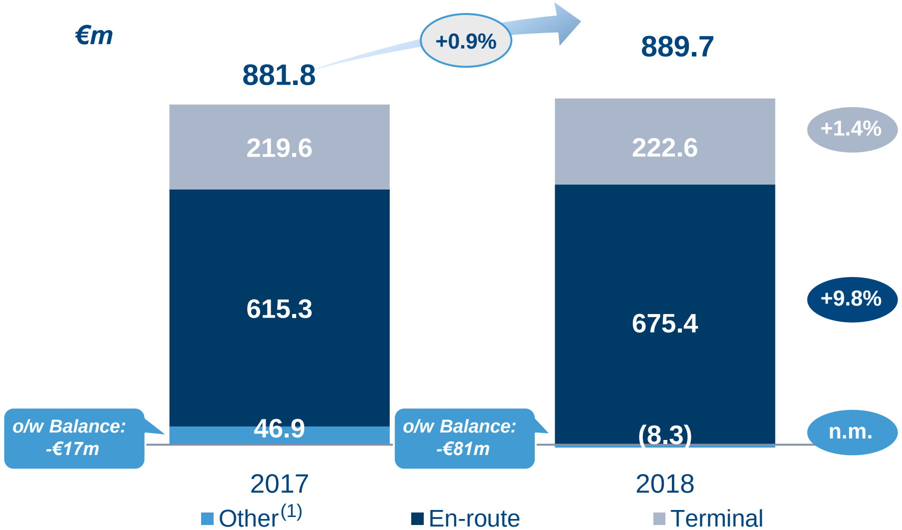
Highlights

- **5th Largest** Air Navigation Service Provider in **Europe**
- **Best-in-class performance** in terms of quality and safety of services

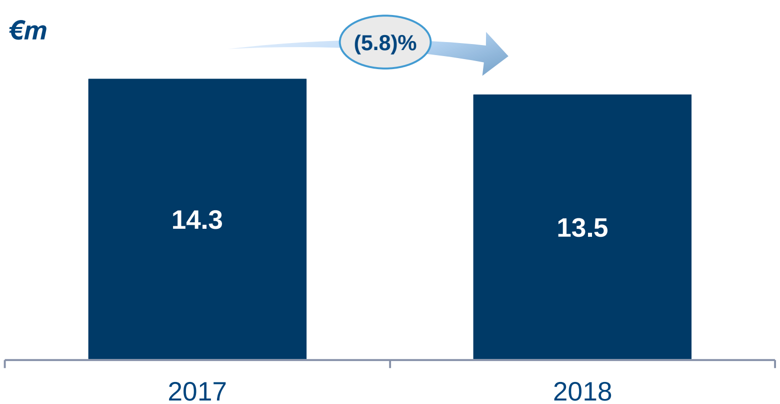
(1) Refers to continental Spain
(2) Refers to DFS only
(3) Preliminary data to be confirmed by the PRB

Net Revenue Performance

Net Revenue breakdown



Non-regulated Revenue

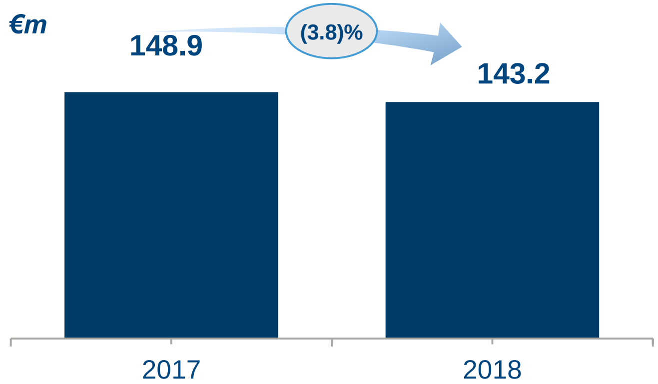


- Net Revenue +0.9% YoY driven by strong increase in Revenue from Operations, up 7.1%, and by Other Operating Income, up 27.7%, largely offset by negative Balance
- Significant en-route revenue growth of 9.8% YoY driven by very high Overflight and International traffic, as well as growth in National traffic
- Robust terminal revenue growth of 1.4% as a result of solid increase in terminal traffic (+5.1%) and lower tariffs applied in all zones
- Revenue increase mostly offset by negative Balance of -€80.7m, vs a smaller negative Balance of -€17.2m in 2017, mainly as a combination of:
  - Higher balance reversal applied in 2018 tariffs for a negative amount of €55.2m (vs -€24.1m in 2017)
  - No new balance created for en-route traffic, since the delta between actual and planned SUs in 2018 within dead-band range of +/-2%
  - Negative balance of €4.6m related to Eurocontrol costs, as well as negative balance from inflation and from terminal zone 2 and zone 3
- Other Operating Income mainly includes opex contributions for Safety and Security (under law 248/05) of €30m and other revenue components
- Revenue from non-regulated business at €13.5m, with an increase from contracts in Libya and Malaysia, more than offset by the lower contribution of the contracts in UAE and by the end of training activities provided to Libyan controllers

(1) Other includes balance, non-regulated activities, opex contributions, exemptions and other income

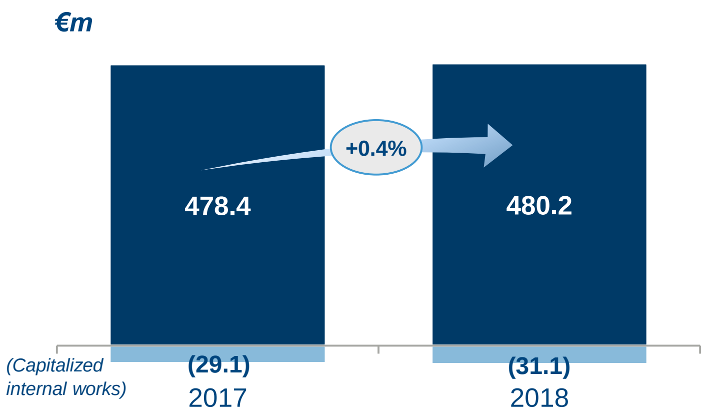
Cost Efficiency on Track

Delivering strong external cost efficiency



- **External opex optimization** continuing to deliver significant results with reduction of €5.7m YoY (-3.8% vs 2017):
  - Decrease in utilities and telecommunication costs of €6.0m, down by 16%, driven by contract renegotiation and adoption of new E-NET fiber network
  - Increased insourcing of facilities services, such as reception services, and reduction by 11.5% of external consultancies
  - Lower lease costs following closure of certain office rental contracts and use of owned premises
  - Partially offset by higher equipment purchases to upgrade ATM and airport sites, as well as increased costs to pursue activities in Libya

Personnel Costs Under Control

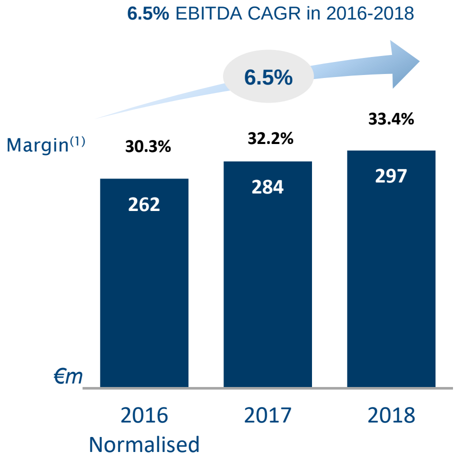


- **Personnel Costs** increased slightly (+€1.8m, +0.4% YoY):
  - Marginal reduction by 0.3% in salaries, as a combined effect of increase in remuneration in line with contract renewal agreement, more than compensated by headcount reduction (-67 employees YoY, headcount as of Dec.31, 2018 is 4,114)
  - Relevant increase in overtime related to significant traffic growth over the year
  - Increase in voluntary redundancy costs in 2018
- **Increase in capitalized internal works** (+€2.0m, +6.8% YoY), mainly related to investment projects including 4-Flight data processor and transfer of Olbia and Alghero approaches to Ciampino ACC

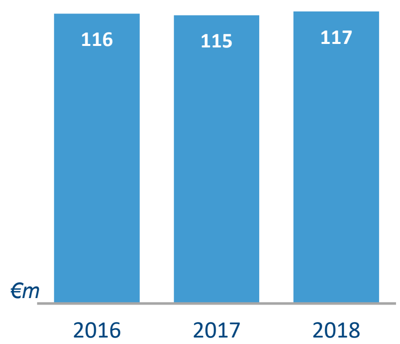
Strong Cash Flow Dynamics Underpin Solid Dividend Capacity

Growing and Resilient Cash Flow Generation

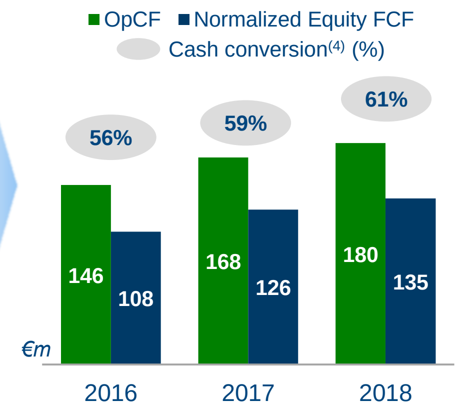
Growing EBITDA and Profitability



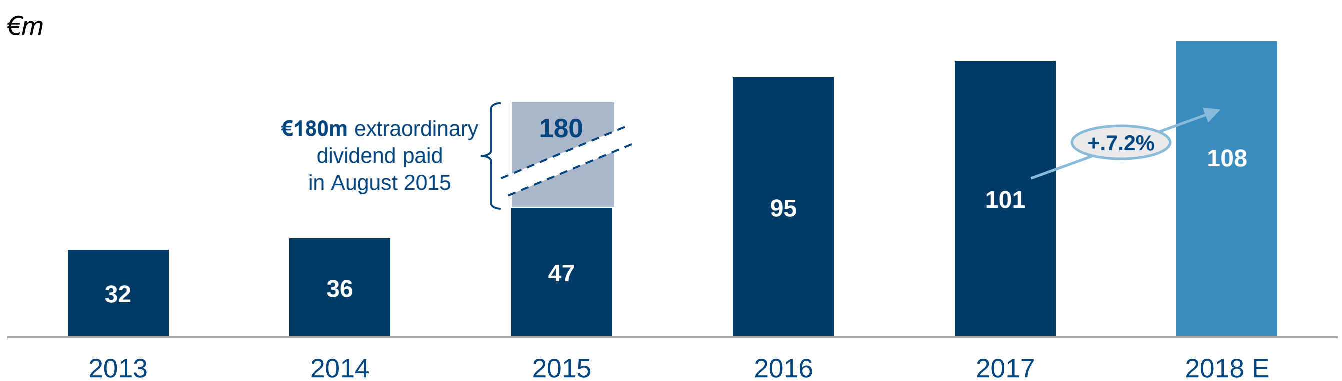
Capex



Operating Cash-Flow[2] and Normalized Equity FCF[3] Evolution



Increasing Historical Dividend Distribution



- **Significant EBITDA growth** over last 3 years, with growing EBITDA and margin despite the weak macroeconomic environment
- **Capex** at levels around €115-120m
- Resulting in a **strong** and **increasing operating cash flow**[2]
- **Growing** historical **dividend** distribution with **clear dividend policy** going forward of **no less than 80% of Equity FCF** [3]

- **€108.2m dividend proposed for 2019 (€0.1998 per share)** on 2018 results

Source: ENAV. Note: (1) Margin based on revenues net of capex contribution. (2) Measured as EBITDA minus non financial capex. (3) Normalized Equity FCF calculated as normalized net Income (net of IPO costs post tax) + D&A gross of capex contribution – non financial capex. (4) Cash conversion defined as (EBITDA – non financial capex) / EBITDA

Update on RP3 Regulatory Framework

- In February 2019 the **EC published the new Regulatory Framework for RP3**, valid for all SES countries and covering the **period 2020-2024**
- **New regulatory framework** (RP3, 2020-2024) broadly in **line with the current regulatory framework** (RP2, 2015-2019):
  - Traffic protection mechanism as per RP2
  - Significant room for upside on Opex efficiency
- Increased **focus on capacity performance**, with **bonus/malus incentive mechanism raised to +/-2%** of revenues vs +/-1% in RP2
- The new regulation ensures that **actual and planned investments/capex are aligned**
- **Next Steps**:
  - **EU-wide performance targets** to be delivered in the coming weeks (i.e. targets for Safety, Capacity, Cost Efficiency, and Environment)
  - **Country-specific Performance Plans** to be finalized in the second half of 2019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II

(Non-legislative acts)

REGULATIONS

COMMISSION IMPLEMENTING REGULATION (EU) 2019/317

of 11 February 2019

laying down a performance and charging scheme in the single European sky and repealing Implementing Regulations (EU) No 390/2013 and (EU) No 391/2013

(Text with EEA relevance)

MOBILITY AND TRANSPORT

D – Flight, for Drones Air Traffic Management

Timing

Aug 2016

Based on **agreement with national regulator (ENAC)** in August 2016, **ENAV is entrusted to authorise and control UAV flights** within the airspace, charging a tariff for these services

May 2018

In May 2018, following a public tender, ENAV selected its **industrial partners – Leonardo SpA, Telespazio and IDS** – to take part in the development of the UAV business

Nov 2018

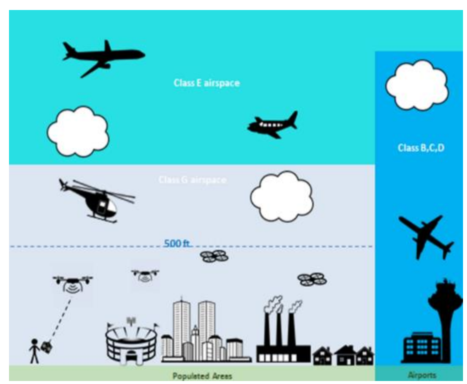
Set up of the **NewCo, called D-Flight**, fully owned by ENAV, aimed at pursuing the UAV business

Feb 2019

Following the **share capital increase of €6.6m** fully subscribed **by the partners**, **ENAV** holds **60% of D-Flight**, while the remaining **40%** is held **by the partners**

Mission

- D-Flight will develop and implement a specific air traffic control system for UAVs (Unmanned Aerial Vehicles), by setting up a platform (U-space platform) for the safe handling of registered unmanned aircraft, as well as for monitoring them before and during the flight, offering support in planning their missions, managing emergencies, and recording flight data
- Certain basic services are already available (www.d-flight.it), including the registration of professional drones and "geo-awareness" services
- By the end of 2019, following the publication of the new EASA regulations, registration will be possible for all recreational and professional drones operators



- An app for mobile devices will be launched to provide services for electronic identification, flight intention validation and support to the authorization process
- In order to provide for all operations beyond visual line of sight (BVLOS), by 2020 D-Flight will also develop solutions for real-time drone tracking, similar to traditional air traffic control

M&A Opportunities, Acquisition of IDS Air Navigation Division

ENAV signed an agreement for the acquisition of 100% of the Air Navigation Division of IDS (Ingegneria Dei Sistemi)

IDS Overview

- IDS in one of the leading providers of select ATM products and services, serving over 100 clients worldwide, including ENAV
- The Air Navigation Division, which is our target, is active in the development of software solutions for aeronautical information management and air traffic management. It has its main headquarter in Italy and owns subsidiaries abroad, such as in Canada and Australia

Rationale

Major synergies:

- Strengthening of ENAV ATM services and technologies portfolio in the non-regulated business, in terms of product line-up and geographical footprint
- Integration of the activities and personnel of IDS to reinforce the competitiveness and distinctive positioning of ENAV
- Benefits also for ENAV regulated business (e.g. synergies with Techno Sky activities)

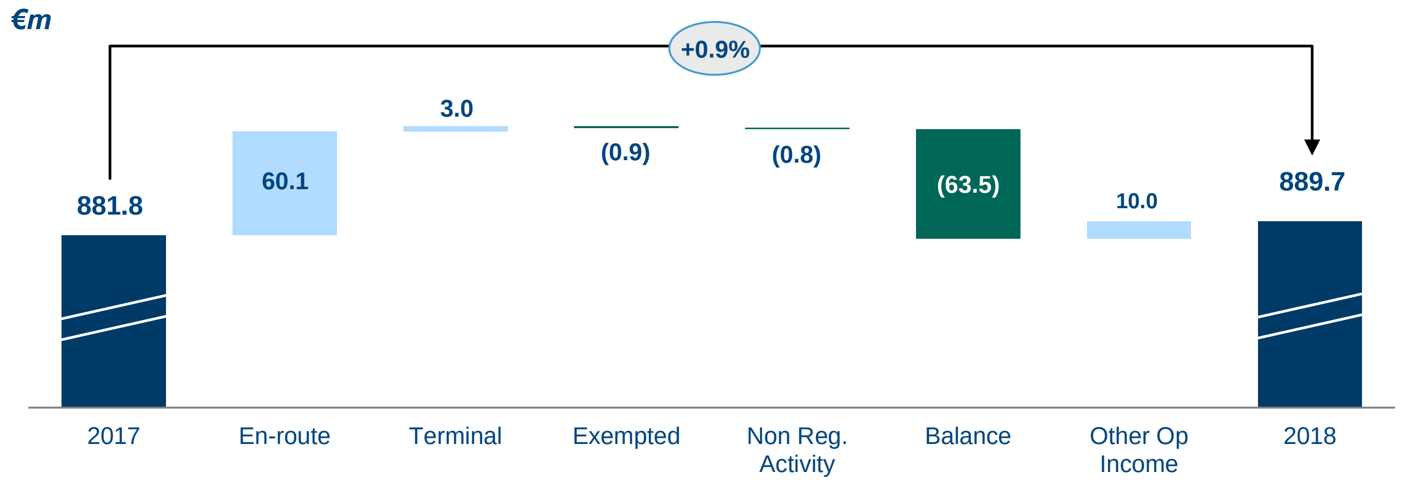
Deal details

- The target division expected to generate €24m of revenue in 2018, with an EBITDA margin in line with that of the ENAV group
- The acquisition of 100% of the share capital of the Air Navigation Division of IDS, valued at a multiple of 7.0x 2018 EBITDA
- The transaction will be funded by ENAV through cash on the balance sheet
- The deal is supposed to be closed within the summer of the current year, subject to the positive outcome of the due diligence as well as to specific conditions and approvals

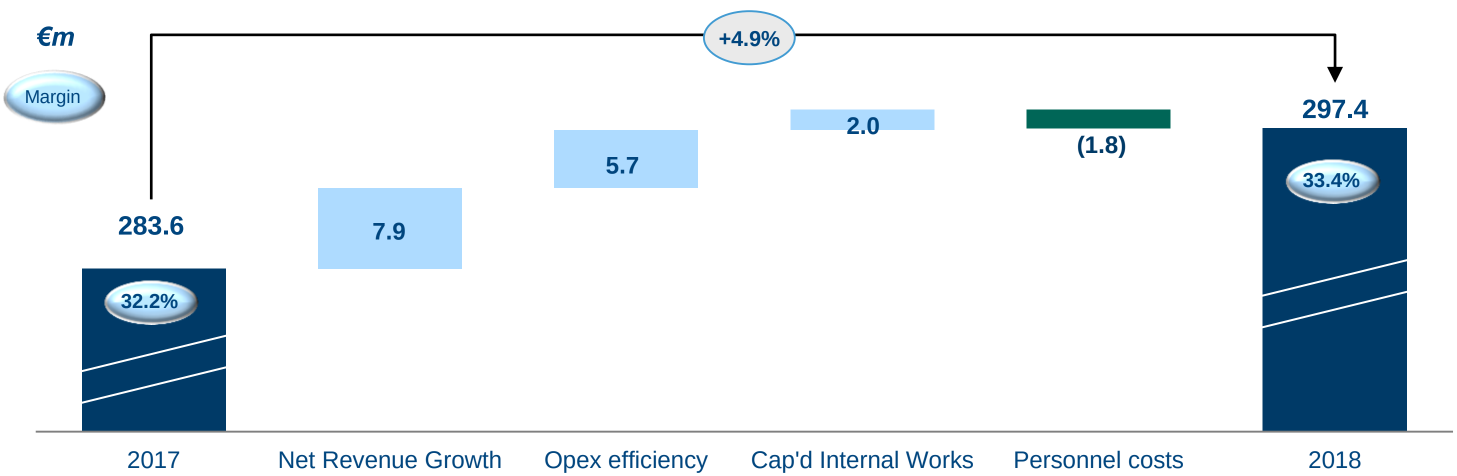
2018 Financials Overview

Net Revenue and EBITDA Development

Net Revenue



EBITDA



- **Solid Net Revenue increase of 0.9%** YoY driven by strong Operating revenue performance, particularly in the en-route business, partly offset by negative impact of Balance
- **€63.5m higher negative Balance vs 2017** mainly due to higher balance reversal in 2018 tariffs
- **EBITDA up 4.9%** to **€297.4m** driven by top line growth and cost efficiency; **EBITDA margin increases by 126 bps YoY to 33.4%,** in line with the 2018 guidance increase

Consolidated P&L and Main Movements Below EBITDA

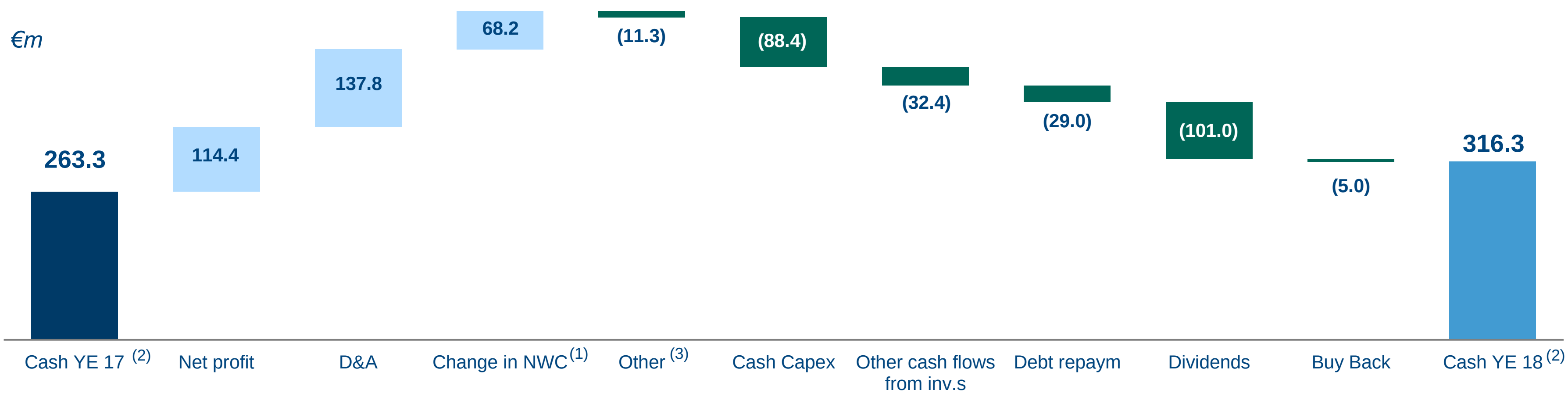
€ mln	2018	2017	Change Amount	%
Revenue from operations	924,585	863,161	61,424	7.1%
Balance	(80,687)	(17,223)	(63,464)	368.5%
Other operating income	45,842	35,886	9,956	27.7%
Total Net Revenue	**889,740**	**881,824**	**7,916**	**0.9%**
Personnel costs	(480,216)	(478,422)	(1,794)	0.4%
Capitalized internal works	31,101	29,133	1,968	6.8%
Other net operating costs	(143,244)	(148,940)	5,696	(3.8)%
Total operating costs	**(592,359)**	**(598,229)**	**5,870**	**(1.0)%**
EBITDA	**297,381**	**283,595**	**13,786**	**4.9%**
EBITDA margin	**33.42%**	**32.16%**		
D&A (net of capex contributions)	(128,731)	(130,330)	1,599	(1.2)%
Provisions and writedowns	(4,259)	(6,583)	2,324	(35.3)%
EBIT	**164,391**	**146,682**	**17,709**	**12.1%**
EBIT margin	**18.5%**	**16.6%**		
Financial income / (expenses)	(3,192)	(2,929)	(263)	9.0%
Profit before income taxes	**161,199**	**143,753**	**17,446**	**12.1%**
Income taxes for the period	(46,809)	(42,255)	(4,554)	10.8%
Net Income for the period	**114,390**	**101,498**	**12,892**	**12.7%**

- Reduction in D&A of 1.2% YoY
- Reduction in provisions and write-downs mainly due to certain positive settlements in 2018, partially offset by the impairment loss for Alitalia credit related to terminal services
- Financial income and expenses negative for €3.2m (-€2.9m in 2017), mainly as a combined effect of higher interest paid, due to EIB facility drawdown, and lower financial income from Balance receivables actualization in 2018 vs 2017
- Income taxes higher than previous year, mainly due to increase in taxable income
- Net Income of €114.4m, up 12.7% YoY

Cash Flow and Capitalization

- **Cash balance** increases by €53m YoY mainly as a result of:
  - Net Profit of €114.4m, almost fully offset by dividends paid, amounting to €101.0m, and shares buy back, amounting to €5.0m
  - Capex of €117.0m (cash Capex of €88.4m), compensated by €137.8m D&A and by the cash-in from the disposal of a building in Forlì
  - Positive Net Working Capital[1] contribution of €68.2m, mainly due to the dynamics of Trade Receivables and Payables
  - Debt repayment of €29.0m
- **Net debt of €2.0m** as of December 31, 2018 providing significant financial and operating flexibility

	Maturity		Total debt outstanding/cash (€m)
	Current (<1 year)	Non-current	
Total Debt	15	337	352
Cash & Equivalents			316
Financial Receivables	9	25	34
Net Debt			2
Net Debt / 2018 EBITDA			0.01x



(1) Change in trade payables, trade receivables and Inventories
(2) Net of cash & cash equivalents held by the SICTA Consortium
(3) Includes Change in Other current and non-current assets and liabilities, change in income tax payables, social security payables, provisions for risks & charges, change in liabilities for employee benefits, changes resulting from FX, provisions for stock grants, impairments of tangible and intangible assets

2019 Guidance

Flat to low single-digit Net Revenue growth, with decrease in regulated tariff offset by expected growth in traffic

EBITDA margin ~ 32%

Capex of ~ €125m

2020 DPS expected to grow by 4% over 2019

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