



2019 Full Year Financial Results

March 12, 2020



We look up to cleaner
and safe skies.



2019 Highlights

- **Strong traffic growth** in 2019, en-route up 6.5% YoY, terminal up 3.5%
- **Top performer** among big 5 European countries in terms of both traffic growth and **quality of service**
- **Net Revenue increases by 1.5% YoY to €902.9m**, with Revenue from Operations growth partly offset by a higher negative Balance and lower Other Operating Income:
 - Revenue from Operations up 2.9% YoY to €951.8m, driven by en-route revenue up 2.1% to €689.4m, and terminal revenue up 3.8% to €231.1m
 - Significant negative impact from Balance of -€87m in 2019 vs -€80.7m in 2018
 - **Non-regulated revenue at €19.2m, up 42.1% YoY**, mainly thanks to the integration of IDS AirNav
- **EBITDA increases by 1.8% YoY to €302.9m**, driven by top-line growth, combined with opex efficiency, delivering a 12bps improvement in margin to 33.5%
- **Net profit up 3.4% over previous year at €118.3m**, doubled vs Net profit of €66.1m in 2015 (pre-IPO)
- Capex of €116.3m in 2019
- Net Cash / EBITDA of 0.4x
- **Dividend per share of €0.2094** proposed for 2019 financial year (+4.8% over previous year)¹

1. DPS calculated on total outstanding net of 1.2 million treasury shares

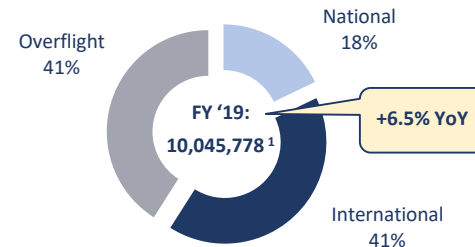
2019 Main Traffic Trends

- Strong En-route performance with service units up 6.5%¹ YoY** driven by:
 - High single-digit growth in Overflight traffic, with service units up 9.3% YoY
 - Confirmed strong growth in International traffic, with service units up 5.7% YoY
 - Resilient National traffic, with service units increasing 2.9% YoY

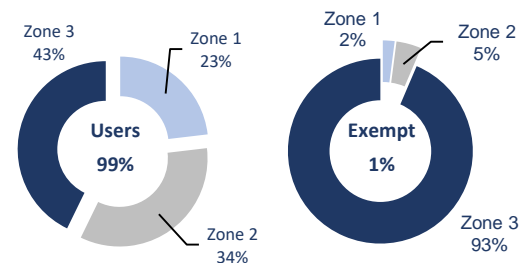
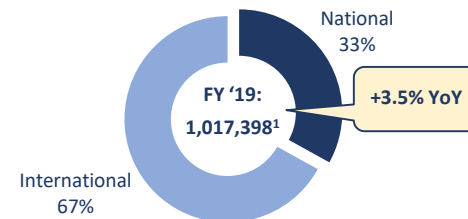
- Solid growth trends in Terminal traffic with service units up 3.5%¹ YoY:**
 - Growth in International traffic, up 4.8% YoY, in particular in TZ3 (+7%) and TZ2 (+4.4%)
 - Increase in National traffic (+1.4%) driven by service units growth in TZ2 (+4.2%) and TZ3 (+1.1%), slightly offset by declining service units in TZ1 (-1.2%)

The business mix of the Italian market is attractive, 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

En-route (traffic breakdown by service units)



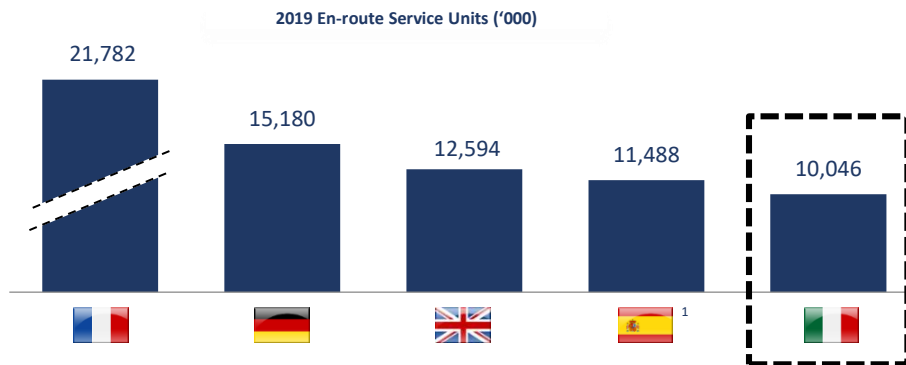
Terminal (traffic breakdown by service units)



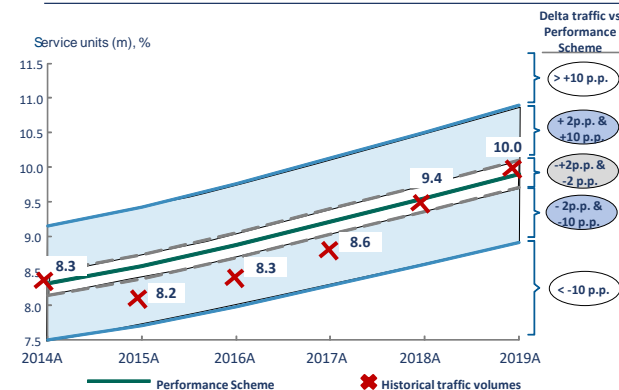
1. Excluding exempt flights not communicated to Eurocontrol (for 2019 en-route 2,605 SUs, terminal 933 SUs)

Consistently Delivering Best in Class Performance

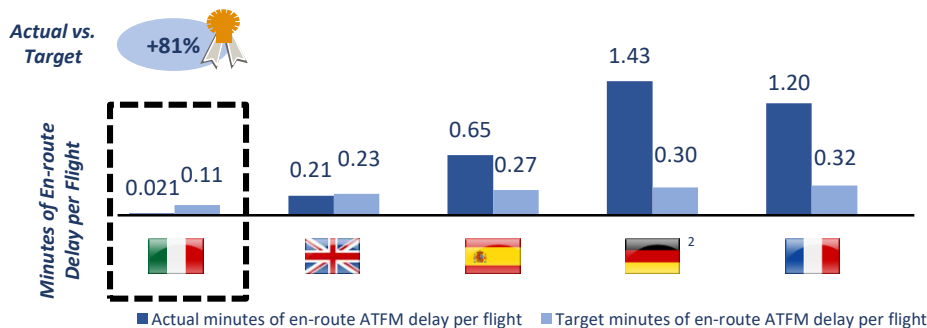
5th Largest Air Navigation Service Provider in Europe



RP2 En-route Planned Traffic vs Actual Traffic



Performance Quality Leader in Europe (2019)



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

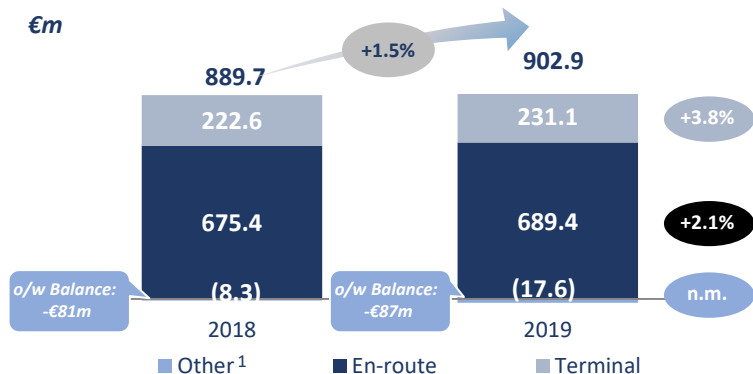
Source: ENAV elaborations on third parties data

1. Refers to continental Spain

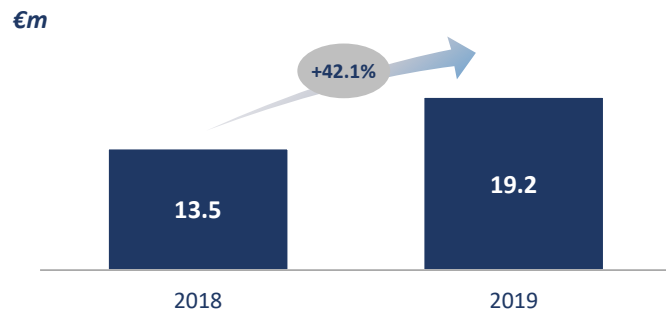
2. Refers to DFS only

Net Revenue Performance

Net Revenue breakdown



Non-regulated Revenue

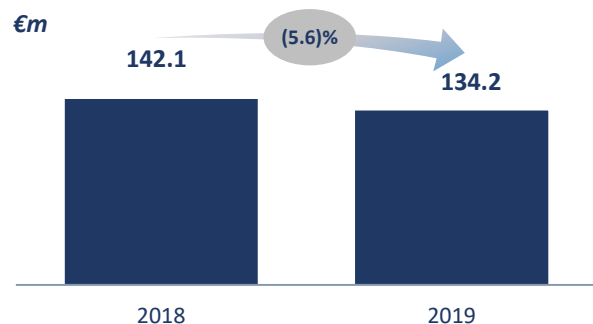


- **Net Revenue +1.5% YoY** driven by moderate increase in **Revenue from Operations, up 2.9%**, partially offset by lower Other Operating Income and higher negative Balance
- **Solid en-route revenue growth of 2.1% YoY** driven by high Overflight and International traffic, as well as by a positive contribution by National traffic
- **Robust terminal revenue growth of 3.8%** as a result of increase in terminal traffic (+3.5%), partly offset by lower tariffs applied in terminal zone 2 and 3
- Revenue increase slightly offset by **negative Balance of -€87.0m**, vs a smaller negative Balance of -€80.7m in 2018, mainly as a combination of:
 - Slightly higher balance reversal applied in 2019 tariffs of -€56.9m (vs -€55.2m in 2018)
 - Higher negative balance from terminal zone 2 traffic higher than expected
 - Higher negative balance from inflation, given an actual inflation of 0.6% vs a forecast inflation of 1.6%
- **Revenue from non-regulated business at €19.2m, up 42.1%** vs 2018, due to revenue from IDS AirNav that more than compensated the slowdown determined by the delayed projects in Libya
- **Other Operating Income lower by €7.7m**, mainly due to a lower level of EU projects financing in 2019 vs 2018

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

Cost Efficiency on Track

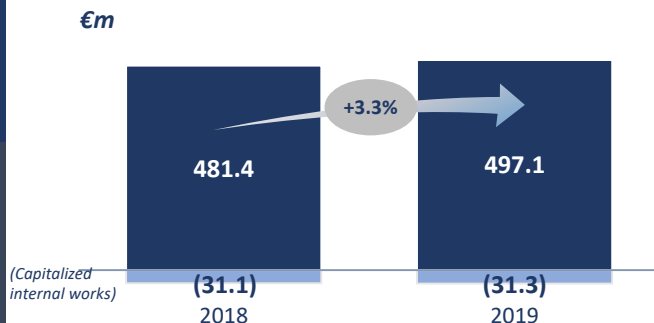
Delivering strong external cost efficiency



- **External opex optimization** continuing to deliver significant results with reduction of €7.9m YoY (-5.6% vs 2018):

- Reduction of utilities and telecommunication costs (-8.4%) through full IP network and fee renegotiation with supplier
- Lower costs (-14.3%) related to activities performed abroad by our subsidiary TechnoSky
- Settlement of a dispute with a positive effect of €1.3m
- Lower leases and rentals costs as a result of adoption of IFRS 16

Personnel Costs



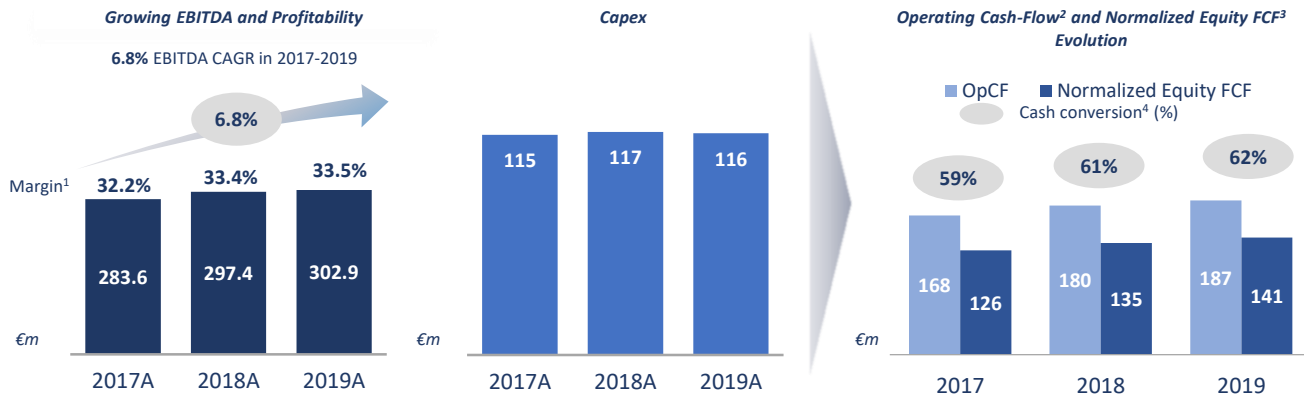
- Increase in **Personnel Costs** (+€15.8m, +3.3% YoY):

- **Marginal increase in fixed pay** as a net effect of 2018 labour contract renewal, the adoption by TechnoSky of the ENAV contract and the inclusion of employees from IDS AirNav, partly offset by headcount reduction
- **Increase in variable pay and social securities costs**, as a consequence of 2019 Summer Season agreement and overtime due to high traffic growth, only partly offset by reduction in voluntary redundancy costs

- **Stable capitalized internal works**

Strong Cash Flow Dynamics Underpin Solid Dividend Capacity

Growing and Resilient Cash Flow Generation

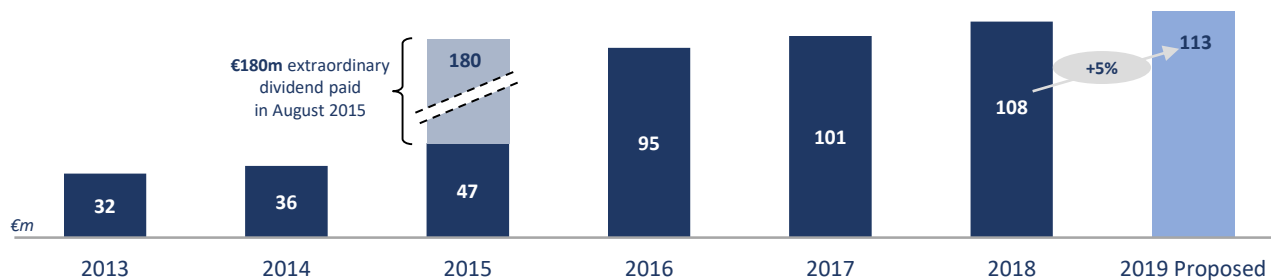


- **Significant EBITDA growth** over last 3 years, with growing EBITDA and margin despite the weak macroeconomic environment

- **Capex** at €116.3m

- Resulting in a **strong and increasing operating cash flow²**

Increasing Historical Dividend Distribution



- **Growing historical dividend** distribution with **clear dividend policy** of **no less than 80% of Equity FCF³**

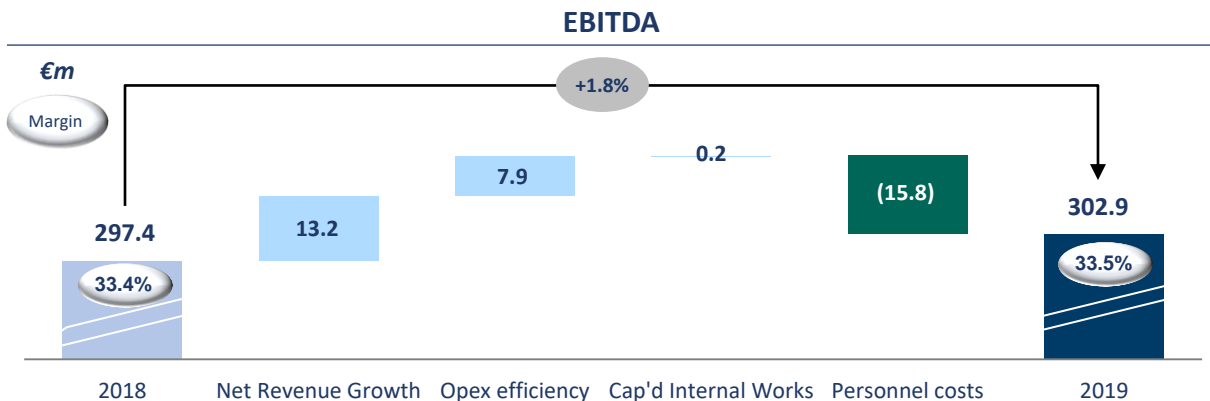
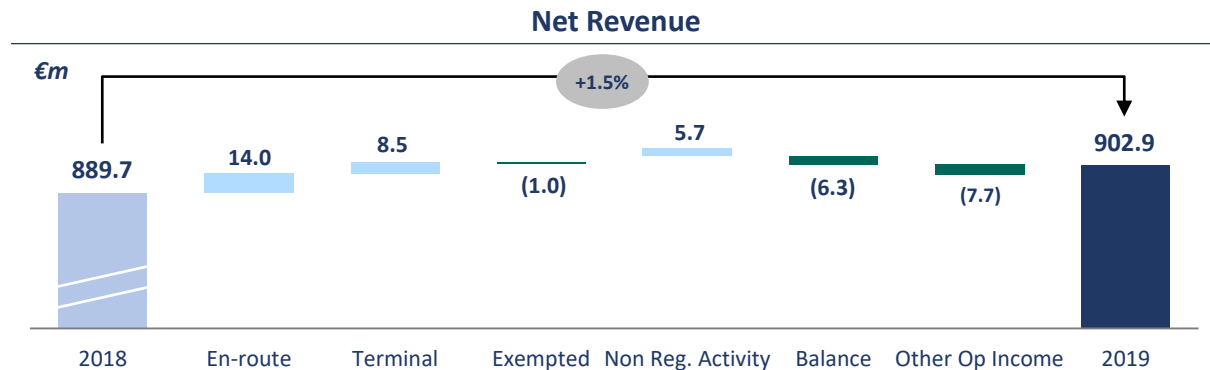
- **€113.2m proposed dividend in 2020 (€0.2094 per share)** on 2019 results (+4.8% DPS)

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

2019 Financials Overview



Net Revenue and EBITDA Development



- Solid Net Revenue increase of 1.5% YoY driven by
 - +€14m in en-route revenue and +€8.5m in terminal revenue; marginal decline in revenue from exempted flights (-€1m)
 - Higher Revenue from non-regulated activities by €5.7m, mostly due to the integration of IDS business
 - €6.3m higher negative Balance vs 2018 mainly due to higher negative balance from inflation and for terminal zone 2
 - Lower Operating Income by €7.7m, mainly due to lower EU financed projects
- EBITDA up 1.8% to €302.9m driven by top line growth and cost efficiency; EBITDA margin increases slightly to 33.5%, higher than guidance

Consolidated P&L and Main Movements Below EBITDA

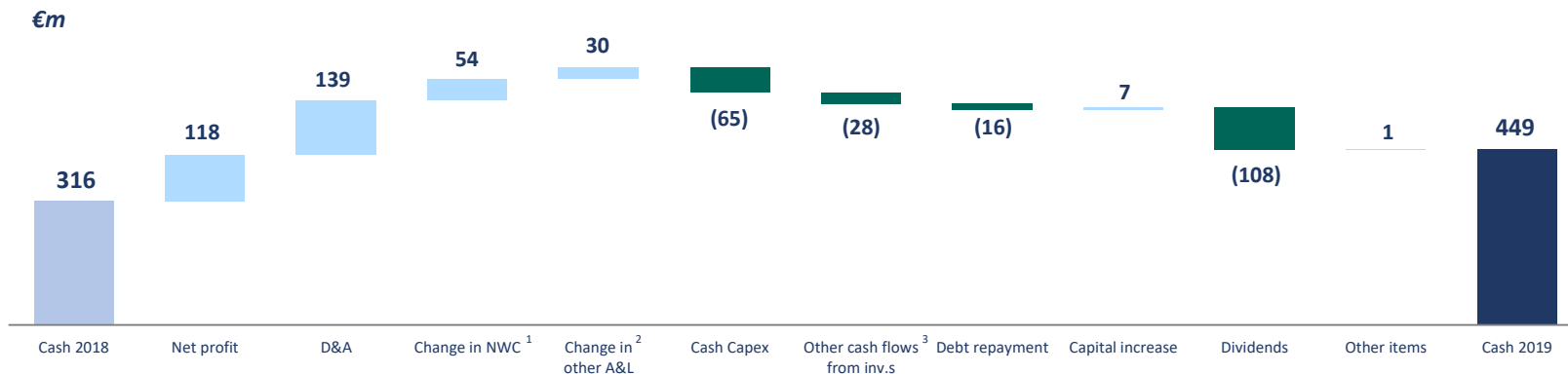
<i>€ mln</i>	2019	2018	Change Amount	%
Revenue from operations	951,767	924,585	27,182	2.9%
Balance	(86,975)	(80,687)	(6,288)	7.8%
Other operating income	38,099	45,842	(7,743)	(16.9)%
Total Net Revenue	902,891	889,740	13,151	1.5%
Personnel costs	(497,118)	(481,356)	(15,762)	3.3%
Capitalized internal works	31,262	31,101	161	0.5%
Other net operating costs	(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%	
D&A (net of capex contributions)	(130,462)	(128,731)	(1,731)	1.3%
Provisions and writedowns	(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 / (expenses)	(4,618)	(3,192)	(1,426)	44.7%
Profit before income taxes	165,969	161,199	4,770	3.0%
Income taxes for the period	(47,700)	(46,809)	(891)	1.9%
Net Income/(Loss) for the period	118,269	114,390	3,879	3.4%
Net Income/(Loss) pertaining to the Group	118,433	114,390	4,043	3.5%
Minority interests	(164)	0	(164)	n.a

- D&A increase of €1.7m, mainly due to higher amortization of intangibles derived from the PPA of IDS AirNav
- Negative, although decreasing, provisions and write-downs, mainly due to the lack in 2019 of certain write offs recorded in 2018
- Increase in net financial expenses vs previous year, mainly due to higher financial income in 2018 (i.e. balance actualization, settlements)
- Marginal increase in income taxes in 2019 due to higher taxable income and due to P&L effect of deferred tax items
- Net Profit increase to €118.3m, up 3.4% YoY

Cash Flow and Capitalization

- **Cash balance increases by €133m in 2019 vs 2018**, as a result of:
 - Net Profit of €118.3m, almost fully offset by €108m dividends paid
 - Capex of €116.3m (cash Capex of €64.8m) and acquisition of IDS AirNav for €41.1m, compensated by €139.5m D&A
 - Debt repayments and a minor variation in LT liabilities of €15.5m, compensated by the €6.6m capital increase related to d-flight
 - Positive contribution from Net Working Capital¹ and A&L², mainly driven by the dynamics of Trade Receivables and Payables
- **Net Cash of €126.4m as of December 31, 2019**

	Maturity		Total debt outstanding/cash (€m)
	Current (<1 year)	Non-current	
Total Debt	17	331	348
Cash & Equivalents			449
Financial Receivables	25	0	25
Net Debt (Net Cash)			(126)
Net Cash / 2019 EBITDA			0.4x



1. Change in trade payables, trade receivables and Inventories
2. Change in Other current and non-current assets and liabilities, change in income tax payables and social security payables, as well as some other minor items
3. Including €41m payment for the acquisition of IDS AirNav

2020 Outlook Variables



Covid-19

ENAV is **currently assessing the potential implications** on the traffic performance for the full year 2020. Due to the recent and short period of impact of the Coronavirus on the Italian air traffic sector the **data points available**, and uncertainties on the potential developments, **are insufficient at this point to determine the potential impact on the full year results**. It is worth noting that the **European regulation** applicable to ANSPs includes a **traffic risk mitigation mechanism** in the cases where traffic is significantly below the traffic planned for the five-year regulatory period.

RP3

The **negotiation process** with the regulator is **still under way**. Based on the formal submission by Italy, the applied 2020 tariffs are the following: €66.02 per service unit for en-route, €167.33 per terminal zone 1, €167.56 for terminal zone 2, and €298.93 for terminal zone 3.

The Company will provide its guidance for 2020 in its first quarter results release on May 14, 2020

2019 Take-aways

2019 Facts

- **Strong Traffic trends**, especially over the **summer season**, with peaks of over 9% growth in June and July, and for the **overflight segment**, up 9.3% YoY
- ENAV remains at the **forefront of new technologies development** and **quality of service**, thanks to **ongoing investments**

Sustainable Business

- Firm commitment to pursuing a **socially and environmentally sustainable business model**
- Hiring of about **70 new employees** over past months, among which several **young controllers and engineers**

Non-regulated business

- Successful integration between non-regulated products offered by **IDS AirNav** and the rest of ENAV Group
- **d-flight** started to generate its first revenues
- **Aireon** recently signed a new agreement with **Eurocontrol** to enhance Air Traffic Flow Management in Europe, on top of many other contracts signed over the year, such as the one with the **Dutch Caribbean** and the one with **India**
- At the beginning of February we submitted our bid for the provision of terminal services in **12 Spanish control towers**; the outcome of this competitive bid will be disclosed within the summer by AENA

Dividends

- **Proposed dividend of 0.2094 euro per share, up 4.8%** vs 0.1998 euro per share in 2019



THANK YOU

ir@enav.it



We look up to cleaner
and safe skies.

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