

## **ENAV's Board of Directors approves the Preliminary Results at December 31, 2018**

### ***Strong operating performance in a context of robust traffic growth***

- **En-route and terminal traffic grow 9.3% and 5.1% YoY respectively, in terms of service units<sup>1</sup>;**
- **Consolidated Net Revenue of 889.7 million euro (+0.9% YoY). Revenues from Operations of 924.6 million euro, up 7.1%, offset by negative balance<sup>2</sup>;**
- **Consolidated EBITDA at 297.4 million euro (+4.9% YoY);**
- **Consolidated Net Profit of 114.4 million euro, up 12.7% YoY;**
- **Proposal for dividend distribution of 0.1998 euro per share (+7% YoY) in line with dividend policy;**
- **2018 Sustainability report and Consolidated Non-Financial Statement approved by the BoD**

Rome, March 11, 2019 - The ENAV SpA Board of Directors, held today under the chairmanship of Nicola Maione, approved the stand-alone Financial Statements of the Company and the Consolidated Financial Statements of the Group at December 31, 2018.

**The Chief Executive Officer Roberta Neri** said: *2018 was characterized by a strong increase in traffic in Italy that went well beyond our expectations. Thanks to the quality and professionalism of ENAV's people and to the continuous investments in innovation and training, we managed to satisfy the high traffic flows while guaranteeing an excellent quality of service in terms of safety and punctuality. The high volatility of the sector has become a reality and service providers have to act promptly to increase the capacity of the airspace by investing in people, infrastructure and innovative technologies that are strategic for the Italy and for Europe. We remain fully committed to maintain our market-leading operational performance also going forward, continuing to deliver safety and punctuality to passengers in a growing air traffic sector. To achieve this, we have initiated a recruiting program for young, highly qualified talents which, together with the growing resources that we will allocate to new technologies, will guarantee the long-term success and sustainability of our company.*

2018 was characterised by a marked increase in service units both in terms of en-route and terminal traffic.

---

<sup>1</sup> 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.

<sup>2</sup> 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.

**En-route traffic in Italy**, in terms of service units, **grew 9.3%** vs. 2017, delivering the **highest growth rate among the largest European countries: France +2.8%, Germany +4.3%, Great Britain +3.6%, Spain +5.9%**.

The growth in en-route traffic over Italian airspace was driven by both domestic and international traffic (+4.7% and +7.7% respectively) and, in particular, by over-flight traffic (flights that do not take off or land in the country), which showed an increase of 14% in terms of service units. This performance was attributable, in addition to the strong results on punctuality, also to the implementation of the Free Route procedure thanks to which, airlines crossing Italian skies in 2018 saved a total of 43 million kg of fuel, with a reduction in CO2 emissions of approximately 135 million kg.

Despite the high volumes of traffic, the Company's operating performance was also once again one of the strongest amongst the largest European service providers with average minutes of delay per assisted flight in 2018 almost five times lower than the target assigned by the regulator (0.024 minutes vs. 0.11 minutes of the target).

This performance delivers a further economic benefit for the airlines, as recent sector studies quantify in 100 euro the average cost that carriers sustain for each minute of delay generated by service providers. The punctuality guaranteed by ENAV has therefore delivered savings of around 15 million euro for the benefit of the airlines.

Traffic en-route (service units)	2018	2017	no.	Change %
Domestic	1.720.567	1.642.819	77.748	4,7%
International	3.857.879	3.581.084	276.795	7,7%
Overflight	3.715.143	3.257.728	457.415	14,0%
<b>Paying total</b>	<b>9.293.589</b>	<b>8.481.631</b>	<b>811.958</b>	<b>9,6%</b>
Military	127.207	136.436	(9.229)	-6,8%
Other exempt	13.070	13.749	(679)	-4,9%
<b>Total exempt</b>	<b>140.277</b>	<b>150.185</b>	<b>(9.908)</b>	<b>-6,6%</b>
<b>Total reported by Eurocontrol</b>	<b>9.433.866</b>	<b>8.631.816</b>	<b>802.050</b>	<b>9,3%</b>
Exempt not reported to Eurocontrol	2.446	2.855	(409)	-14,3%
<b>Total</b>	<b>9.436.312</b>	<b>8.634.671</b>	<b>801.641</b>	<b>9,3%</b>

**Terminal traffic<sup>3</sup>** rose by 5.1% in 2018 in terms of service units compared to the 2017, with growth driven by the positive performance on all national airports, in particular related to international traffic which showed an increase of 5.9%. The main Italian airports recorded an increase, in terms of service units, in line with the national average: Rome Fiumicino +5.6%, Milan Malpensa +8.9%, Venice +6.4%, Bergamo +4.2%, Genoa +15%. Milan Linate airport was the only major Italian airport to report a decline of 2.9%, due to Air Berlin ceasing operations and Air Italy having reduced its flights. Airports in southern Italy and islands also showed a significant increase: Naples +9%, Catania +9.9%, Palermo +12.7%, Bari +5.8% and Olbia +6.3%.

<b>Terminal traffic (service units)</b>	<b>2018</b>	<b>2017</b>	<b>no.</b>	<b>Change %</b>
<b>Domestic</b>				
Chg. Zone 1	62.932	61.338	1.594	2,6%
Chg. Zone 2	73.932	67.404	6.528	9,7%
Chg. Zone 3	192.149	188.520	3.629	1,9%
<b>Total domestic SUs</b>	<b>329.013</b>	<b>317.262</b>	<b>11.751</b>	<b>3,7%</b>
<b>International</b>				
Chg. Zone 1	166.878	156.146	10.732	6,9%
Chg. Zone 2	256.016	245.966	10.050	4,1%
Chg. Zone 3	221.941	206.783	15.158	7,3%
<b>Total international SUs</b>	<b>644.835</b>	<b>608.895</b>	<b>35.940</b>	<b>5,9%</b>
<b>Paying total</b>	<b>973.848</b>	<b>926.157</b>	<b>47.691</b>	<b>5,1%</b>
<b>Exempt</b>				
Chg. Zone 1	182	347	(165)	-47,6%
Chg. Zone 2	388	435	(47)	-10,8%
Chg. Zone 3	8.302	7.998	304	3,8%
<b>Total SUs exempt</b>	<b>8.872</b>	<b>8.780</b>	<b>92</b>	<b>1,0%</b>
<b>Total reported by Eurocontrol</b>	<b>982.720</b>	<b>934.937</b>	<b>47.783</b>	<b>5,1%</b>
<b>Exempt not reported to Eurocontrol</b>				
Chg. Zone 1	0	0	0	0,0%
Chg. Zone 2	37	41	(4)	-9,8%
Chg. Zone 3	813	883	(70)	-7,9%
<b>Total exempt SUs not reported to Eurocontrol</b>	<b>850</b>	<b>924</b>	<b>(74)</b>	<b>-8,0%</b>
<b>Total by Chg. Zone</b>				
Chg. Zone 1	229.992	217.831	12.161	5,6%
Chg. Zone 2	330.373	313.846	16.527	5,3%
Chg. Zone 3	423.205	404.184	19.021	4,7%
<b>Total</b>	<b>983.570</b>	<b>935.861</b>	<b>47.709</b>	<b>5,1%</b>

<sup>3</sup> which covers the take-off and landing activities within a radius of about 20 km from the airport runway.

## **FINANCIAL PERFORMANCE**

**Total consolidated net revenue** at December 31, 2018 amounted to 889.7 million euro, with an increase of 0.9% YoY, driven by a strong performance in revenues from operations, offset by negative *balance*.

**Revenues from operations** increased 7.1% YoY to 924.6 million euro, mainly driven by the increase of 9.8% of revenues from en-route services which reached 675.4 million euro. Terminal revenues rose by 1.4% to 222.6 million euro due to the combined effect of the increase in service units and the reduction in the applied tariffs.

**Revenues from the non-regulated business** amounted to 13.6 million euro, down by around 800,000 euro compared to 2017, due to the completion of certain contracts in the Middle East and in Africa. The revenues from non-regulated business refer to national and international flight inspection services for a total of 2.6 million euro, training activities and consultancy activities carried out mainly abroad, including: i) consulting for the Air Traffic Control Center of Kuala Lumpur in Malaysia for 2.6 million euro; and ii) the construction of the new control tower of the Mitiga airport in Libya for 3.7 million euro.

The effect of the **balance** on Net Revenue was negative for 80.7 million euro mainly as a result of: i) the lower positive en-route balance recorded in 2018, compared with 2017, for a total of 21.5 million euro, due to the difference between the actual service units in the 2018 compared to the estimates in the performance plan reaching -1.25%. This value falls within the +/- 2% band of variation that remains the responsibility of the service provider, thus not generating any balance for the period, which instead amounted to €17.2 million euro in the 2017; ii) a negative balance of 4.6 million euro referring to the difference in Eurocontrol costs of 2017; and iii) higher balance reversal in the 2018 tariff for a negative amount of 55.2 million euro, compared to a negative amount of 24.1 million euro in 2017.

**Operating costs** decreased by 1% YoY to 592.4 million euro.

The ENAV Group continued to deliver on its cost-efficiency plan, through actions on specific expenditure items and on the optimization of processes among the Group companies.

**Personnel costs** stood at 480.2 million euro, increasing marginally over 2017. The slight decrease of 0.3% of the fixed remuneration, as a result of the lower headcount of 67 actual resources and 61 resources on average, was offset by the higher cost deriving from the labour contract renewal and salary inflation as well as an increase in overtime related to the increase in traffic.

**External costs** recorded a reduction of 3.8% compared to December 31, 2017, reaching 143.2 million euro, thanks to a decrease in utilities and telecommunications expenses, and to a reduction of external consultancies and professional services through a greater use of insourcing.

These initiatives contributed to a 4.9% YoY increase in **EBITDA** to 297.4 million euro, with an EBITDA margin of 33.4%, up 1.2 p.p. compared to December 31, 2017.

The consolidated **EBIT** in 2018 reached 164.4 million euro, up 12.1% compared to December 31, 2017. EBIT margin at December 31, 2018 reached 18.9%, up by 1.9%.

**Consolidated Net Profit** in 2018 increased to 114.4 million euro, up 12.7%.

The **Net Financial Position** at December 31, 2018 is negative for 1.9 million euro, improving significantly over the negative amount of 117.5 million euro recorded as of December 31, 2017. This result was due to the dynamics of cash-ins and payments relating to the ordinary course of business that produced a positive cash flow, also as a result of the increase in turnover driven by the growth in traffic, to the payment of the dividend of 100.9 million euro and to the balance and first advance payment of IRES and IRAP tax amounting to 43.5 million euro, the payment of the debt to the Ministry of the Economy and Finance for 45.9 million euro and to the 4.9 million euro purchase of treasury shares.

### **2018 Sustainability Report and Consolidated Non-Financial Statement**

Today the Sustainability Report and Consolidated Non-Financial Statement at December 31, 2018, has been approved by the BoD.

The Sustainability Report incorporates the sustainability plan for 2018-2020, based on the different objectives for Sustainable Development (SDGs) of the United Nations, and outlines a series of actions to address specific environmental and social issues.

### **Guidance for 2019**

For 2019 the Company expects net revenue growth to be flat to ‘low-single digit’, as a result of the decrease in the performance plan regulated tariff of 2019 compensated by growth in traffic, and an EBITDA margin around 32%, marginally lower than that reported in 2018 as a result of certain costs expected to be sustained during 2019 in the implementation of the Company’s Business Plan. In terms of Capex, the Company plans to invest approximately 125 million euro, higher than the 117 million euro recorded in 2018 mainly due to the start of certain infrastructure investments. Thanks to the solidity of its balance sheet, ENAV expects to increase its dividend by 4% year on year in 2020, relative to the 2019 financial year, in line with its dividend policy.

### **SUBSEQUENT EVENTS**

On February 28, 2019 the grouping of companies led by Leonardo, in partnership with Telespazio and IDS-Ingegneria dei Sistemi, subscribed a share capital increase of D-Flight, the company created by ENAV to develop the U-space platform which provides Unmanned Aerial Vehicles, commonly referred to as drones, Traffic Management (UTM) services.

Following the share capital increase, amounting to 6.6 million euro, ENAV holds 60% of D-Flight’s capital and 40% is held by the grouping formed by Leonardo, Telespazio and IDS.

On March 4, 2019 ENAV has signed an agreement to acquire 100% of the Air Navigation Division of IDS - Ingegneria dei Sistemi S.p.A. The Air Navigation division is active in the development of software solutions for aeronautical information management and air traffic management. The Air Navigation division of IDS is estimated to have generated 24 million of revenue in 2018 with an EBITDA margin in-line with that of the ENAV group. The agreement currently values 100% of the share capital of the Air Navigation Division of IDS, prior to the completion of due diligence, at a multiple of 7.0x 2018 EBITDA. The transaction is expected to complete within the summer of 2019.

## **SHAREHOLDERS' MEETING**

An ordinary and extraordinary Shareholders' Meeting will be held in single call on April 26, 2019 to approve the yearly financial report at December 31, 2018. The Shareholders' Meeting will also include an additional extraordinary item on the agenda, relative to the amendment of article 7.2 of the Company's Articles of Association in relation to the call of the ordinary Shareholders' Meetings for the approval of the yearly financial report, an ordinary item relative to the appointment of the Board of Statutory Auditors for the three-year period 2019-2021 and the determination of its remuneration, as well as the other items mentioned in the following section.

### **Corporate Governance**

In today's meeting the Board of Directors approved a *Remuneration Report*, drafted in compliance with the requirements of art. 123-ter of TUF and art. 84-quater of the Regulations of the Italian Securities and Exchange Commission (Consob) approved by resolution no. 11971 of 14 May 1999 (the "Regulations for Issuers").

The Board of Directors also approved a *Corporate Governance and Ownership Structure Report*, as prescribed by art. 123-bis of legislative decree no. 58 of 24 February 1998 ("Consolidated Act on Finance" or 'TUF').

The Board of Directors, following its internal review, also voted in favor of submitting to the Shareholders' Meeting the resolution for the reinstatement of the composition of the board in the number fixed by the Shareholders' Meeting held on April 28, 2017 with the appointment of the new director, as well as the resolutions regarding the Chairman of the Board Directors.

In today's session, the Board of Directors also carried out the annual assessment of the existence of the requisites of independence of its members pursuant to Legislative Decree February 24, 1998 n. 58 and of the Corporate Governance Code, confirming the requisite for the board members Giuseppe Acierno, Fabiola Mascardi, Carlo Paris and Antonio Santi. The Board of Statutory Auditors verified the correct application of the procedure adopted by the Board of Directors.

### **Dividend proposal**

The Board of Directors of ENAV S.p.A resolved to propose to the AGM the distribution of a dividend of 0.1998 euro per share for the financial year 2018, amounting to 108.2 million euro, which will be payable on May 22, 2019 (ex-dividend date on May 20, 2019 and record date on May 21, 2019).

### **Purchase of treasury shares**

As already communicated to the market, with the last transactions carried out on October 12, 2018, ENAV has completed the purchase of treasury shares to be allocated to service the remuneration policies adopted by the Company, pursuant to the authorization granted by the Shareholders' Meeting held in April 2018. ENAV holds 1,200,000 treasury shares, equal to 0.22151% of its share capital.

## CONSOLIDATED INCOME STATEMENT

<i>(thousands of euros)</i>	2018	2017	Amount	Change %
Revenues 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%
<b>Total revenues</b>	<b>889.740</b>	<b>881.824</b>	<b>7.916</b>	<b>0,9%</b>
Personnel costs	(480.216)	(478.422)	(1.794)	0,4%
Capitalised costs	31.101	29.133	1.968	6,8%
Other operating expenses	(143.244)	(148.940)	5.696	-3,8%
<b>Total operating costs</b>	<b>(592.359)</b>	<b>(598.229)</b>	<b>5.870</b>	<b>-1,0%</b>
<b>EBITDA</b>	<b>297.381</b>	<b>283.595</b>	<b>13.786</b>	<b>4,9%</b>
<b>EBITDA margin</b>	<b>33,4%</b>	<b>32,2%</b>	<b>1,2%</b>	
Net amortisation of investment grants	(128.731)	(130.330)	1.599	-1,2%
Writedowns, impairment (reversal of impairment) and provisions	(4.259)	(6.583)	2.324	-35,3%
<b>EBIT</b>	<b>164.391</b>	<b>146.682</b>	<b>17.709</b>	<b>12,1%</b>
<b>EBIT margin</b>	<b>18,5%</b>	<b>16,6%</b>	<b>1,9%</b>	
Financial income/(expense)	(3.192)	(2.929)	(263)	9,0%
<b>Income before taxes</b>	<b>161.199</b>	<b>143.753</b>	<b>17.446</b>	<b>12,1%</b>
Income taxes	(46.809)	(42.255)	(4.554)	10,8%
<b>Profit (loss) for the year</b>	<b>114.390</b>	<b>101.498</b>	<b>12.892</b>	<b>12,7%</b>

## **RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<i>(thousands of euros)</i>	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>Change</b>
Property, plant and equipment	1.000.063	1.027.516	(27.453)
Intangible assets	122.368	124.414	(2.046)
Investments in other entities	60.306	51.217	9.089
Non-current trade receivables and payables	(16.394)	64.526	(80.920)
Other non-current assets and liabilities	(113.258)	(68.394)	(44.864)
<b>Net non-current assets</b>	<b>1.053.085</b>	<b>1.199.279</b>	<b>(146.194)</b>
Inventories	61.001	60.986	15
Trade receivables	268.076	285.810	(17.734)
Trade payables	(126.122)	(130.854)	4.732
Other current assets and liabilities	(74.714)	(134.635)	59.921
Assets held for sale net of related liabilities	1.458	695	763
<b>Net working capital</b>	<b>129.699</b>	<b>82.002</b>	<b>47.697</b>
<b>Gross capital employed</b>	<b>1.182.784</b>	<b>1.281.281</b>	<b>(98.497)</b>
Employee benefit provisions	(52.280)	(55.636)	3.356
Provisions for risks and charges	(2.707)	(9.479)	6.772
Deferred tax assets net of liabilities	11.720	21.281	(9.561)
<b>Net capital employed</b>	<b>1.139.517</b>	<b>1.237.447</b>	<b>(97.930)</b>
Shareholders' equity	1.137.559	1.119.965	17.594
Net financial debt	1.958	117.482	(115.524)
<b>Total funding</b>	<b>1.139.517</b>	<b>1.237.447</b>	<b>(97.930)</b>

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 December 31, 2018, as per art. 154-ter, par. 2, of leg. Decree no. 58 of 24 February 1998 – and the independent auditor's report – the Remuneration Report and the Corporate Governance and Ownership Structure Report, will be available for public consultation at the company's registered office, via Salaria 716, Rome, on the company's website [www.enav.it](http://www.enav.it), and on the website of the "Info" authorized storage system [www.info.it](http://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 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.

### **Communication and Investor Relations**

Stefano Songini

[stefano.songini@enav.it](mailto:stefano.songini@enav.it)

### **Communication**

Nicoletta Tomiselli

[nicoletta.tomiselli@enav.it](mailto:nicoletta.tomiselli@enav.it)

### **Media Relations Manager**

Simone Stellato

[simone.stellato@enav.it](mailto:simone.stellato@enav.it)