

ENAV's Board of Directors approves the Preliminary Results at December 31, 2017 and the 2018 – 2022 Business Plan

- **En-route and terminal traffic in terms of service units up 4% and 3% respectively YoY;**
- **Consolidated Net revenue at 881.8 million euro (+1.9% YoY);**
- **Consolidated EBITDA at 283.6 million euro (+11.3% YoY);**
- **Consolidated Net Income reaches 101.5 million euro (+32.9% YoY);**
- **6.5 million euro bonus recognised by the Regulator, for punctuality achieved in 2017;**
- **Proposal for dividend distribution of 0.1864 euro per share, +6% vs. previous year;**
- **2018 – 2022 Business Plan: new operating model, 650 million euro of investments in technology and innovation (separate PR);**
- **2017 Consolidated Non-Financial Statements approved**

Rome, 12 March 2018 – The Board of Directors of ENAV S.p.A., held today, under the chairmanship of Mr. Roberto Scaramella, approved the stand-alone Financial Statements of the Company and the Consolidated Financial Statements of the Group at December 31, 2017, the 2018 – 2022 Business Plan and the 2017 Consolidated Non-Financial Statement.

The **CEO Roberta Neri** declared: *Our 2017 results went beyond expectations. ENAV's new operating procedures, such as Free Route, combined with quality of service delivered, allowed us to capture a significant number of air routes and to increase our revenues. The focus on cost efficiency and an optimum use of our people contributed to further improve our overall financial performance. Looking ahead, we believe that the new organizational model outlined in our Business Plan will provide significant momentum to the Italian air transport system, with clear benefits in terms performance, productivity and competitiveness. The introduction of new technologies will also further increase the professional service of our operational staff and provide professional growth and new career opportunities.*

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ENAV's performance in 2017 was strong, with a record net profit driven by a material traffic increase (in terms of service units, a conventional weighted measurement unit based on the aircraft weight at take-off and, in case of en-route traffic, the distance run by an aircraft), partly attributable to the implementation of innovative air traffic management procedures such as Free Route, and the ongoing cost-efficiency improvements achieved through the optimisation of internal processes between the Group companies.

The Free Route procedures, which enable airlines to plan shorter routes, coupled with the quality performance of ENAV, in terms of punctuality, allowed the Company to attract, in 2017, many routes which did not cross the Italian airspace in 2016.

En-route traffic, in terms of service units, grew 4% vs. 2016. This result was achieved despite the ongoing limitations of the Libyan airspace, and is mainly attributable to an increase in the overflight component (i.e. aircraft crossing the airspace without taking off or landing in Italy), which was up 5.9%, as a result of increased traffic and the increased average distance travelled. Domestic and international traffic also delivered a solid growth in terms of service units, up 2.8% and 2.9% respectively.

Traffic en-route (service units)	2017	2016	Variations	
			no.	%
Domestic	1,642,819	1,597,509	45,310	2.8%
International	3,581,084	3,478,877	102,207	2.9%
Overflight	3,257,728	3,076,031	181,697	5.9%
Paying total	8,481,631	8,152,417	329,214	4.0%
Military	136,436	134,954	1,482	1.1%
Other exempt	13,749	12,299	1,450	11.8%
Total exempt	150,185	147,253	2,932	2.0%
Total reported by Eurocontrol	8,631,816	8,299,670	332,146	4.0%
Exempt not reported to Eurocontrol	2,855	3,331	(476)	-14.3%
Total	8,634,671	8,303,001	331,670	4.0%

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Terminal traffic (i.e. take-off, approach and landing activities within a radius of 20 km from runway), increased by 3% in terms of service units compared to 2016. The increase was largely attributable to the growth in the international traffic component, up 3.9%, and solid traffic performance in main domestic airports.

Terminal traffic (service units)		2017	2016	Variations	
				no.	%
Domestic					
	Chg.Zone 1	61,338	65,657	(4,319)	-6.6%
	Chg.Zone 2	67,404	64,771	2,633	4.1%
	Chg.Zone 3	188,520	181,474	7,046	3.9%
	Total domestic SUs	317,262	311,902	5,360	1.7%
International					
	Chg.Zone 1	156,146	159,797	(3,651)	-2.3%
	Chg.Zone 2	245,966	235,331	10,635	4.5%
	Chg.Zone 3	206,783	191,110	15,673	8.2%
	Total international SUs	608,895	586,238	22,657	3.9%
Paying total		926,157	898,140	28,017	3.1%
Exempt					
	Chg.Zone 1	347	242	105	43.4%
	Chg.Zone 2	435	546	(111)	-20.3%
	Chg.Zone 3	7,998	8,048	(50)	-0.6%
	Total SUs exempt	8,780	8,836	(56)	-0.6%
Total reported by Eurocontrol		934,937	906,976	27,961	3.1%
Exempt not reported to Eurocontrol					
	Chg.Zone 1	0	0	0	0.0%
	Chg.Zone 2	41	68	(27)	-39.7%
	Chg.Zone 3	883	1,886	(1,003)	-53.2%
Total exempt SUs not reported to Eurocontrol		924	1,954	(1,030)	-52.7%
Total for chg Zone					
	Chg.Zone 1	217,831	225,696	(7,865)	-3.5%
	Chg.Zone 2	313,846	300,716	13,130	4.4%
	Chg.Zone 3	404,184	382,518	21,666	5.7%
Total		935,861	908,930	26,931	3.0%

FINANCIAL PERFORMANCE

Total consolidated net revenues at December 31, 2017 reached 881.8 million euro, up 1.9% vs. 31 December 2016, driven by the strong growth in revenues from operations, partially offset by a negative effect of the balance (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).

Revenues from operations amounted to 863.2 million euro, rising 7.0% compared to 2016, as a result of revenues from en-route and terminal services - respectively growing 5.5% to 615.3 million euro and 12.4% to 219.6 million euro. In particular, the growth of revenues from terminal services was mainly driven by the traffic increase in most domestic airports and to the higher Terminal Zone 3 tariff applied.

The **balance** was negative for 17.2 million euro, compared to a positive balance of 16.4 million in 2016.

It is worth noting that the item 'Balance' includes 6.5 million euro of bonus received for our 2017 **punctuality** performance, which confirmed ENAV as one of the best performing service providers in Europe, with an average delay per controlled flight close to zero.

Non-regulated revenue, at 14.3 million euro, was substantially in line with the 14.6 million euro of 2016 on a reported basis. On a comparable basis, excluding 2.7 million euro of control tower services provided at a few low-traffic airports in 2016, and included in the *Contratto di Programma* in 2017, and 1 million euro related to a settlement between Techno Sky and Leonardo S.p.A. in 2016, the growth in non-regulated business is 32%.

This growth was mainly driven by international projects and services, i.e. the redesign of the airspace in the **UAE**, the services performed at the Air Traffic Control Centre of Kuala Lumpur in **Malaysia**, the beginning of the construction of the control tower and technical block of the Mitiga airport in **Libya**, the flight-inspection services provided in **Saudi Arabia**, and a study of instrumental flight procedures and an airspace design project in **Morocco**.

In 2017 ENAV continued its cost-efficiency efforts leading to an increase in margins through target initiatives on specific cost items and through the optimisation of processes between the Group companies. **Operating costs** were reduced by 2% year on year to 598.2 million euro. In particular, **external operating costs** saw a 7.8% reduction attributable to the renegotiation of certain contracts and to the insourcing of activities. The comparison includes the effect of 7.5 million euro of costs related to the IPO process in 2016, net of which the external operating costs declined by a solid 3.3% in 2017.

Personnel costs remained stable vs. 2016 at 478.4 million euro, with a 6.5% increase of the fixed and variable wage components – mainly attributable to additional overtime associated

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with the training of air traffic controllers for the implementation of the Free Route platform - offset by a headcount reduction of 46 average units.

In 2017, **consolidated EBITDA** grew 11.3% to 283.6 million euro, compared to 254.9 million euro in 2016, with an EBITDA margin increasing 2.7 percentage points to 32.2%.

Consolidated EBIT increased by 25.5% to 146.7 million euro vs. 116.9 million euro in 2016.

Consolidated **net profit** in 2017 grew 32.9% over the previous year, to 101.5 million euro, the strongest result in ENAV's history.

As of December 31, 2017, **net financial debt** was equal to 117.5 million euro, 17.4 million euro above the level measured at 31 December 2016.

Dividend proposal

The Board of Directors of ENAV S.p.A resolved to propose to the AGM the distribution of a dividend of 0.1864 euro per share, amounting to 101 million euro, for the financial year 2017, which will be payable on May 23, 2018 (ex-dividend date on May 21, 2018 and record date on May 22, 2018).

Guidance for 2018

For 2018 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 2018 compensated by growth in traffic, and 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 mainly due to the start of certain infrastructure investments foreseen in our business plan. Thanks to the solidity of its balance sheet, ENAV expects to increase its dividend by 4% in 2019, in line with our dividend policy of paying out no less than 80% of equity free cash flow.

2017 Consolidated non-financial statement

Pursuant to Decree no. 254/2016, the Board of Directors also approved the 2017 consolidated non-financial statements, which include an overview of the Company's model as well as the description of policies, performance levels and risks related to key environmental matters, social matters (the Group's human resources), human rights, and the actions against active and passive corruption. The Free Route project is among the most significant projects developed by the Group in 2017 as it allowed airlines to annually save around 30 million kg of fuel, corresponding to a reduction of CO2 emissions of almost 95 million kg.

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SHAREHOLDERS' MEETING

An ordinary Shareholders' Meeting in single call will be held on April 27, 2018 to approve the yearly financial report at December 31, 2017.

Corporate Governance

In today's meeting the Board of Directors 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 Report was drafted as a separate document and will be disclosed on the dates and in the manner prescribed by the law. Its disclosure will also be made on the Company's website www.enav.it, in the *governance* section.

The Board of Directors also 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"). This report will be publicly disclosed on the dates and in the manner prescribed by the law, as well as on the Company's website www.enav.it, in the *governance* section.

Share Buy-back

The Board of Directors of ENAV, having revoked the previous resolution to authorize a share buy-back taken by the Shareholders' Meeting of 28 April 2017, resolved today to submit a proposal to the Shareholders' Meeting to authorize a buy-back of up to 1,200,000 own shares to be destined to the long term management incentive plan of the Company and/or its subsidiaries.

The request provides for an authorization to purchase, and also allows to operate on the stock market with a medium to long term investment view or, in any case, to capture the opportunities to maximize the value that can be derived from market outperformance.

The authorization for the purchase of own shares is requested for a maximum period of 18 months.

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Consolidated income statement

	2017	2016	Variations	
			Values	%
Revenues from operations	863,161	806,410	56,751	7.0%
Balance	(17,223)	16,428	(33,651)	-204.8%
Other operating income	35,886	42,433	(6,547)	-15.4%
Total revenues	881,824	865,271	16,553	1.9%
Personnell costs	(478,422)	(478,134)	(288)	0.1%
Capitalisation of internal work	29,133	29,273	(140)	-0.5%
Other operating expenses	(148,940)	(161,531)	12,591	-7.8%
Total operating costs	(598,229)	(610,392)	12,163	-2.0%
EBITDA	283,595	254,879	28,716	11.3%
EBITDA margin	32.2%	29.5%	2.7%	9.2%
Net amortisation of investment contributions	(130,330)	(132,769)	2,439	-1.8%
Write-downs, losses (write-backs) of value and provisions	(6,583)	(5,226)	(1,357)	26.0%
EBIT	146,682	116,884	29,798	25.5%
EBIT margin	16.6%	13.5%	3.1%	23.1%
Financial income/(expenses)	(2,929)	(2,180)	(749)	34.4%
Pre-tax income	143,753	114,704	29,049	25.3%
Income taxes	(42,255)	(38,359)	(3,896)	10.2%
Profit (loss) for the year	101,498	76,345	25,153	32.9%

Value in thousands of Euro

Revenues from operations

	2017	2016	Variations	%
En route revenues	615,331	583,297	32,034	5.5%
Terminal revenues	219,554	195,275	24,279	12.4%
En route and terminal exemptions	13,930	13,201	729	5.5%
Revenues from non-regulated market	14,346	14,637	(291)	-2.0%
Total revenues from operations	863,161	806,410	56,751	7.0%

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Consolidated balance sheet

	31.12.2017	31.12.2016	Variations
Tangible assets	1,027,516	1,056,281	(28,765)
Intangible assets	124,414	123,084	1,330
Investments	51,217	36,468	14,749
Non-current trade receivables and payables	64,526	136,770	(72,244)
Other non-current assets and liabilities	(68,394)	(73,036)	4,642
Net fixed capital	1,199,279	1,279,567	(80,288)
Inventories	60,986	60,895	91
Trade receivables	285,810	226,651	59,159
Trade payables	(130,854)	(132,512)	1,658
Other current assets and liabilities	(134,635)	(166,459)	31,824
Assets held for disposal net of related liabilities	695	13	682
Net working capital	82,002	(11,412)	93,414
Gross net fixed capital	1,281,281	1,268,155	13,126
Employee severance indemnity and other benefits	(55,636)	(57,388)	1,752
Provisions for risks and charges	(9,479)	(11,029)	1,550
Deferred tax assets net of liabilities	21,281	20,209	1,072
Net invested capital	1,237,447	1,219,947	17,500
Shareholders' equity	1,119,965	1,119,826	139
Net Financial Indebtedness	117,482	100,121	17,361
Total coverage sources	1,237,447	1,219,947	17,500

Value in thousand of Euro

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Consolidated cash flow statement

	31.12.2017	of which related parties	31.12.2016	of which related parties
A - CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (*)	231.811		174.141	
Net cash flow generated/(absorbed) by operating activities				
Profit (loss) for the year	101.498	0	76.345	0
Amortisations	140.060	0	142.516	0
Net change in liabilities for employee benefits	(2.114)	0	(2.193)	0
Change resulting from currency exchange	(3.536)	0	925	0
Loss on sale of tangible assets and depreciation of tangible and intangible assets	1.189	0	71	0
Other income/expense on non-monetary flows	837	0	55	0
Provision for stock grant plans	456	0	0	0
Provisions for risks and charges	(1.549)	0	(3.122)	0
Net change of deferred taxes and deferred tax liabilities	(840)	0	2.116	0
Decrease (increase) in inventories	463	0	1.549	0
Decrease/(increase) in current and non-current trade receivables	6.188	(881)	(22.416)	7.314
Decrease/(Increase) Income tax and tax and social security debts	10.719	0	46.616	0
Change in other current assets and liabilities	(42.173)	(43.778)	(3.731)	7.884
Change in other non-current assets and liabilities	(5.630)	0	(905)	0
Increase/(decrease) in current and non-current trade payables	(11.930)	102	(12.620)	(7.089)
B - TOTAL CASH FLOW FROM OPERATING ACTIVITIES	193.638		225.206	
		of which Taxes paid		of which
	(36.547)	0	(37.637)	0
		of which Interest paid		0
	(3.650)	0	(6.151)	0
Net cash flow generated/(absorbed) by investing activities				
Investments in tangible assets	(106.889)	0	(105.701)	0
Investments in intangible assets	(8.488)	0	(10.485)	0
Increase/(Decrease) in trade payables	17.251	(10.737)	26.740	6.217
Investments in other shares	(16.890)	0	0	0
C - TOTAL CASH FLOW FROM INVESTING ACTIVITIES	(115.016)		(89.446)	
Net cash flow generated/(absorbed) by financing activities				
Medium and long term loans	80.000	0	0	0
(Repayments) of medium and long term loans	(31.333)	(3.310)	(31.200)	(3.291)
Net change in short-term financial liabilities	220	0	0	0
Bond issue	0	0	0	0
Net change in short-term financial liabilities	0	0	(166)	0
(Increase)/Decrease in current financial assets	(304)	0	0	0
(Increase)/Decrease in non-current financial assets	670	0	1.048	0
Change in Capital	0	0	0	0
Dividend distribution	(95.347)	(50.890)	(47.326)	(47.326)
D - TOTAL CASH FLOW FROM FINANCING ACTIVITIES	(46.094)		(77.644)	
E - Total cash flow (B+C+D)	32.528		58.116	
F - Exchange rate differences on cash	(64)		(446)	
G - CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+E+F) (**)	264.275		231.811	

value in thousands of Euro

(*) Cash and cash equivalents at end of year include 804 thousands of euro of the liquidity of Sicta Consortium in liquidation, reclassified as part of the activities held for disposal.

(**) Cash and cash equivalents at end of year include 950 thousands of euro of the liquidity of Sicta Consortium in liquidation, reclassified as part of the activities held for disposal.

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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 the Financial Report at 31 December 2017, as per art. 154-ter, par. 2, of leg. Decree no. 58 of 24 February 1998 – and the independent auditor's 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, and on the website of the "Info" authorised storage system www.info.it in accordance with the applicable legislation.

The criteria used to create the indicators are provided below, pursuant to the Consob Communication:

EBITDA: an indicator of profit before the effects of financial management and taxation, as well as depreciation, amortisation and write-downs of fixed assets and receivables and provisions, as reported in the financial statements and adjusted for investment subsidies directly related to the investments in depreciation and amortisation to which they refer;

EBITDA margin: equal to EBITDA as a percentage of total revenues, adjusted for investment subsidies as specified above;

EBIT: corresponds to EBITDA less depreciation and amortisation adjusted for investment subsidies and writedowns" of fixed assets and receivables and provisions;

EBIT margin: corresponds to EBIT as a percentage of revenues minus investment subsidies as specified above;

Net fixed capital: a capital amount equal to the fixed capital used for business operations, which includes entries relating to tangible assets, intangible assets, equity interests and other noncurrent assets, excluding the fair value of the derivative included in the non-current financial assets item, net of other non-current liabilities and the provision for employee benefits;

Net working capital: equal to the capital employed in ordinary operations, which includes inventories, trade receivables and other non-financial current assets, net of trade payables, provisions for risks and charges and other current liabilities excluding financial current liabilities;

Net invested capital: the sum of net fixed capital and net working capital;

Net financial position: the sum of financial liabilities, financial assets referred to the fair value of the derivative and cash and cash equivalents;

Free cash flow: equal to the sum of the cash flow generated or absorbed by operations and cash flows generated or used in investment activities.

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