1H 2020 Financial Results

September 29, 2020

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1H 2020 Highlights

- **Severe impact of Covid-19 emergency on aviation sector**, starting from March 2020, with **1H en-route traffic down 58.4% YoY;** negative traffic peak in April and May (approx. -90% YoY). First signs of improving trend in June, confirmed during summer season with traffic in July down 67% YoY and August down 56% YoY

- Traffic evolution remains volatile and difficult to predict for last part of the year hence **Company is withdrawing 2020 Outlook**, communicated in Q1 2020 results, for mid-single digit Net Revenue decline YoY and high-single digit Net Income decline YoY; Capex outlook confirmed at approx. €80m

- **1H Net Revenue declines 10.7% YoY to €372.5m** due to reduction of revenue from operations, down 61.7% YoY, as a result of severe traffic reduction caused by Covid-19, largely offset by positive balance

- **Non-regulated revenue nearly tripled YoY reaching €11.7m** (from €4.1m in 1H 2019) mainly thanks to IDS AirNav, acquired in July 2019

- **EBITDA at €88.0m (-23.5% YoY)**, with significant cost efficiency measures partially offsetting revenue decline

- **Net Profit of €15.6m** despite Covid-19 effect on the aviation sector

- Capex of €27.8m in 1H 2020

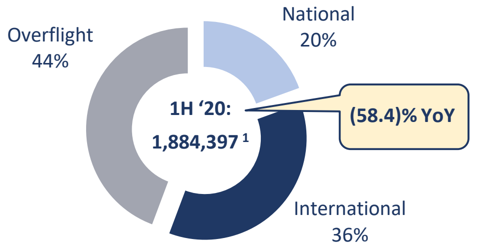
- **Net Financial Position of €98.5m** driven by NWC absorption; **Strong liquidity profile**, with cash balance of €218m and additional credit lines available to the Company

1H 2020 Main Traffic Trends

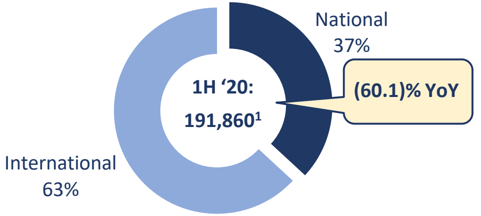
Material impact from Covid-19, starting from March after a strong traffic growth recorded in January and February

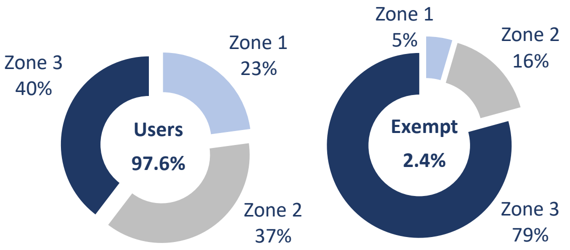
- **En-route service units down 58.4%[1] YoY** as a combined result of:
  - Overflight service units down 53.9%
  - International and National service units down 64.4% and 58.2% YoY, respectively
- **Terminal traffic service units down 60.1%[1] YoY** due to:
  - Decrease in both International and National traffic, down 62.6% and 57.1% YoY, respectively
  - Decline in traffic in all three charging zones
- Decrease in traffic in Italy in 1H 2020 is **in line with the performance of the other major countries in Europe; signs of recovery seen in July and August** with YoY decline easing vs. the decrease shown in the second quarter

En-route (traffic breakdown by service units)



Terminal (traffic breakdown by service units)

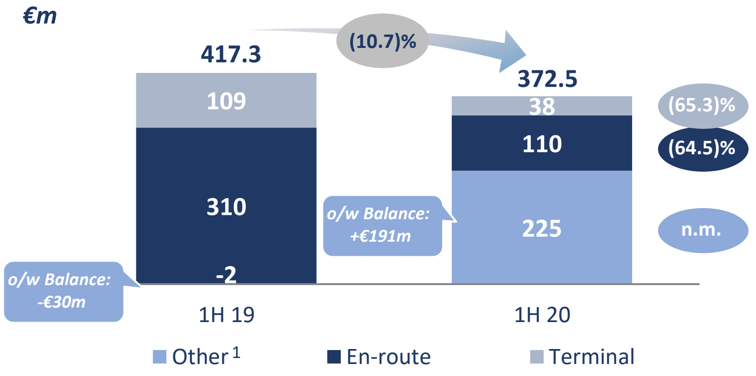




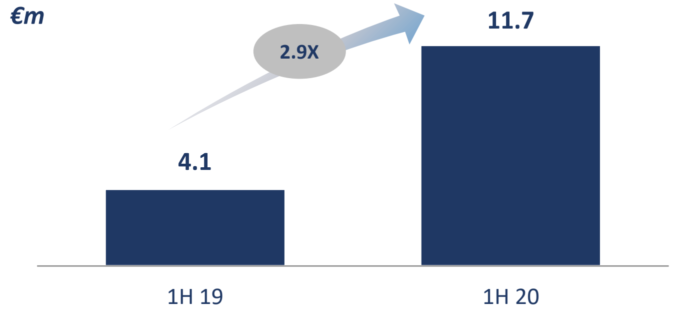
1. Excluding exempt flights not communicated to Eurocontrol (for 1H en-route 572 SUs, terminal 294 SUs)

Net Revenue Performance

Net Revenue breakdown



Non-regulated Revenue

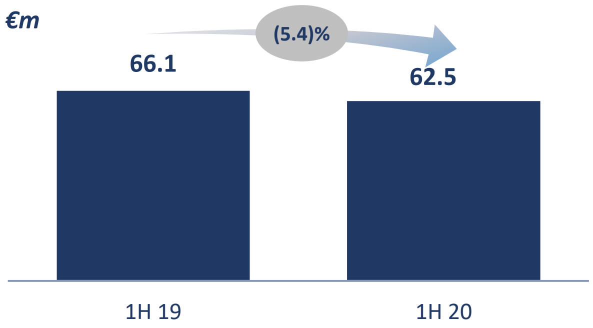


- **Net Revenue down 10.7% YoY**, due to decline in **Revenue from Operations (-61.7%),** largely offset by positive Balance
- Material **decrease in both en-route and terminal revenue, down 64.5% and 65.3%,** respectively, as a result of **Covid-19 outbreak** (impacting from March to June), combined with **lower 2020 tariffs** vs 2019
- Revenue decrease largely offset by **positive balance created in the period,** amounting to **€191.4m**, vs a negative Balance of -€29.8m in 1H 2019, mainly driven by en-route and terminal traffic significantly lower than forecast as a consequence of Covid-19 outbreak; Balance recorded in H1 2020 includes Company assumption on effect of EC proposal for temporary derogation to RP3 performance scheme for 2020 and 2021
- **Revenue from non-regulated business at €11.7m,** almost tripled compared to same period last year, mainly driven by IDS AirNav
- **Other Operating Income at €16.6m**, lower by €1.3m vs 1H 2019, mainly due to a lower level of EU funded projects

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

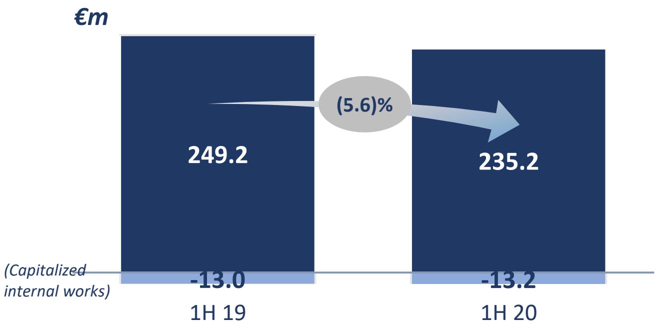
Mitigating revenue decline through cost efficiency

Delivering further external cost efficiency



- **External opex optimization** continuing to deliver results with reduction of €3.6m YoY (-5.4%, -10.9% YoY on a comparable basis*), as a combination of:
  - Reduction of utilities and telecommunication costs (-21%), also due to lower consumption driven by most employees working from home, and due to lower costs of our full IP digital network
  - Lower maintenance costs (-6%) also related to the lower activity performed in the period due to lock-down
  - Increase in costs for external services and insurance, both due to Covid 19-specific initiatives (extraordinary sanitization, more frequent ordinary cleaning and additional health insurance)

Discipline on personnel costs

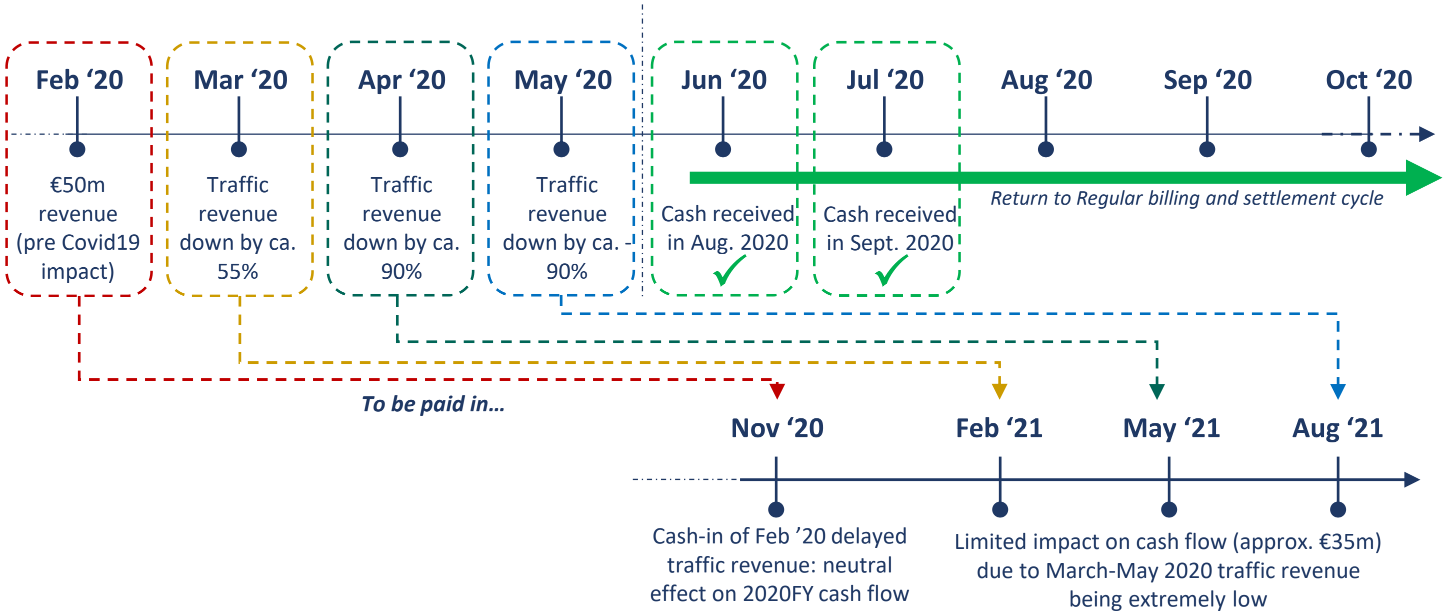


- Material decrease in **Personnel Costs** (-€13.9m, -5.6% YoY), as a result of:
  - **Significant decrease in variable pay and social securities costs**, as a consequence of material reduction in overtime and use of outstanding vacation balances, given the drastic slowdown in traffic starting in March.
  - **Marginal increase in fixed pay**, as effect of labor contract and the inclusion of IDS AirNav employees
- **Stable capitalized internal works**

* Excl. IDS AirNav, not consolidated in 1H 2019 accounts

Eurocontrol measures for Air Traffic sector

Agreement with Eurocontrol and member states to defer en-route and terminal traffic charges due by airlines for the period Feb-May 2020



RP3 Regulation status

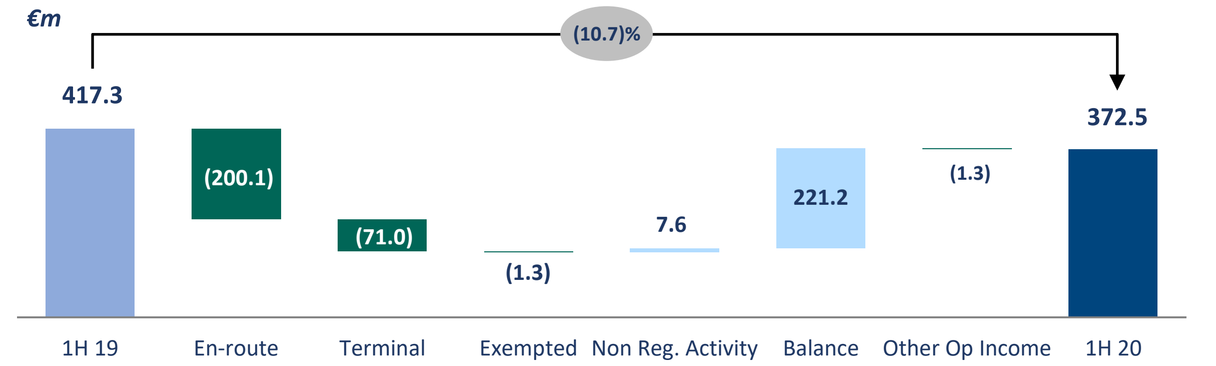
RP3 Timing and EC temporary derogation proposal for 2020 and 2021

- RP3 regulatory framework approved in February 2019 and cost efficiency targets set in May 2019
- Approval by European Commission (EC) of country-specific performance plans for RP3, originally scheduled for around March 2020, put on hold due to Covid-19 pandemic. 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
- In July 2020 EC published a proposal for a temporary derogation for 2020 and 2021 to the Single European Sky performance and charging scheme, allowing for special rules for the setting of revised Union-wide performance targets for 2020 and 2021, to mitigate the significant impact on the air transport sector caused by the Covid-19 pandemic and ensure long-term viability of the sector
- Commission expect national supervisory authorities to provide cost data and information about traffic forecasts for 2020 and 2021 by November 2020, as inputs for the setting of the revised Union-wide performance targets for RP3
- The Commission should adopt the revised Union-wide performance targets for RP3 not later than April 2021. National supervisory authorities should then submit new performance plan to the Commission within July 2021 that the Commission should approve by year end 2021.

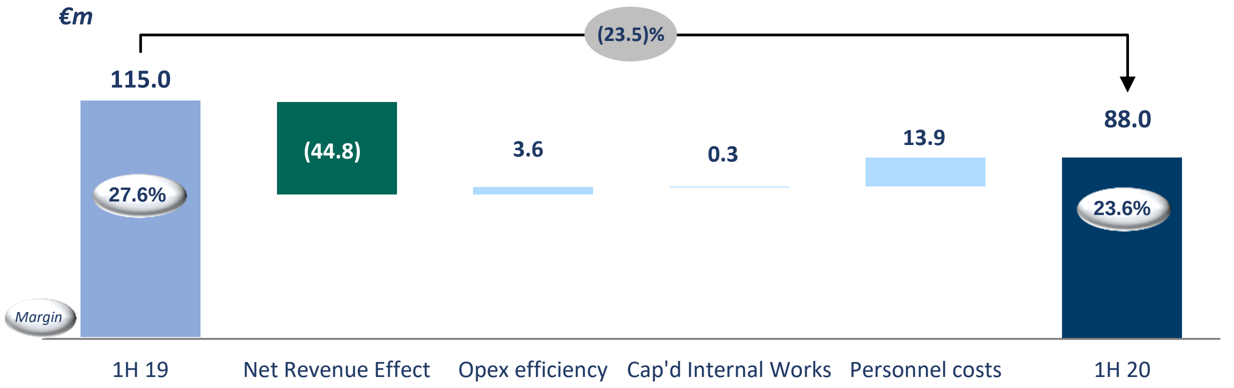
1H 2020
Financials Overview

Net Revenue and EBITDA Development

Net Revenue



EBITDA



- Net Revenue decrease of 10.7% YoY due to:
  - Reduction of €200.1m in en-route revenue and of €71.0m in terminal revenue, marginal decline in revenue from exempted flights (-€1.3m), all Covid-19 related
  - Higher Revenue from non-regulated activities by €7.6m, driven by the integration of IDS AirNav business
  - €221.2m positive contribution from balance, almost entirely related to new balance creation from traffic risk sharing mechanism as consequence of the Covid-19 outbreak, including Company estimate on effect of temporary derogation to SES proposal
  - Lower Operating Income of €1.3m, mainly due to lower EU financed projects
- EBITDA declines to €88.0m with material reduction in top-line partially offset by opex efficiency and lower personnel costs; EBITDA margin at 23.6%

Consolidated P&L and Main Movements Below EBITDA

€ mln	1H 2020	1H 2019	Change Amount	%
Revenue from operations	164,482	429,244	(264,762)	-61.7%
Balance	191,432	(29,814)	221,246	n.a.
Other operating income	16,577	17,868	(1,291)	-7.2%
Total Net Revenue	**372,491**	**417,298**	**(44,807)**	**-10.7%**
Personnel costs	(235,235)	(249,175)	13,940	-5.6%
Capitalized internal works	13,239	12,979	260	2.0%
Other net operating costs	(62,473)	(66,064)	3,591	-5.4%
Total operating costs	**(284,469)**	**(302,260)**	**17,791**	**-5.9%**
EBITDA	**88,022**	**115,038**	**(27,016)**	**-23.5%**
EBITDA margin	**23.6%**	**27.6%**	**-4.0%**	0.0%
D&A (net of capex contributions)	(65,229)	(64,872)	(357)	0.6%
Provisions and writedowns	(2,310)	(596)	(1,714)	287.6%
EBIT	**20,483**	**49,570**	**(29,087)**	**-58.7%**
EBIT margin	**5.5%**	**11.9%**	**-6.4%**	**0.0%**
Financial income / (expenses)	(2,538)	(2,609)	71	-2.7%
Profit before income taxes	**17,945**	**46,961**	**(29,016)**	**-61.8%**
Income taxes for the period	(2,310)	(12,838)	10,528	-82.0%
Net Income/(Loss) for the period	**15,635**	**34,123**	**(18,488)**	**-54.2%**
Net Income/(Loss) pertaining to the Group	15,720	34,170	(18,450)	-54.0%
Minority interests	(85)	(47)	(38)	80.9%

- D&A substantially stable vs. 1H 2019 (+0.6% YoY)
- Provisions and write-downs increased by €1.7m due to provisions accounted for in the period in relation to the increased business risk resulting from Covid-19
- Financial expenses vs previous year remained stable
- Decrease in income taxes in 1H 2020 was mainly driven by lower taxable income and positive impact of deferred taxes on balance actualization
- Net Profit of €15.6m in 1H 2020, despite Revenue from Operations decreasing by 61.7% due to Covid-19

Cash Flow and Capitalization

- **ENAV's liquidity and financial position remain solid**, notwithstanding the effect of Covid-19 emergency
- **Cash balance decreases by €231m over 2019FY to €218m** due to approx. no cash-in from March to June
- **Net Financial Position reflects a Net Debt of €98.5m**
- In **order to ensure the financial stability of our company**, we have put in place the following initiatives:

	Maturity		Total debt outstanding/ cash (€m)
	Current (<1 year)	Non-current	
Total Debt	19	323	342
Cash & Equivalents			218
Financial Investments	25	0.2	25
Net Debt (Net Cash)			99
Net Debt / 2019 EBITDA			0.3 x

- **En-route and terminal charges for February to be cashed-in in November 2020**, while charges related to **March, April and May 2020 to be cashed in 2021**, as agreed with Eurocontrol
- En-route and terminal **charges from June onwards cashed-in regularly.** June and July traffic have been cashed-in in August and September 2020
- **Average cost run-rate reduced from approx. €50m per month to approx €45m per month**, thanks to further cost cutting initiatives as shown in previous slides
- **Additional liquidity buffer** through **postponement of €40m of Capex**
- **Availability of undrawn credit lines of €247.5m plus €70m EIB financing**
- **No material debt maturities until 2022**

2020 Outlook update

- **Traffic,** after reaching lowest point **in April and May,** gradually recovered over the June to September period to levels approx. 50% below 2019; it is worth noting that 2019 was a record year in terms of traffic for ENAV

- Concerns on “second wave” of Covid are growing and a number of countries have introduced limitations on travel (quarantine, lock-downs, etc.) which could have a negative effect on air traffic in the last part of the year and into early 2021

- In light of this uncertainty, **Company is withdrawing its FY 2020 Outlook provided in May 2020 of mid-single digit decline in net revenue vs. 2019 and high-single digit decline in net income; Capex outlook for 2020 confirmed at approx. €80m**

- Decision on 2020 financial year dividend will be taken by ENAV’s Board of Directors with the approval of the full year 2020 results, based on the cash flow dynamics at that point and business outlook for 2021

THANK YOU

ir@enav.it

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