



## **ENAV's Board of Directors approves the 2020 draft Financial Statements and the 2020 Group's Consolidated Financial Statements**

*Guaranteed the continuation of service at the highest level of safety and without any reduction in the quality of the performance offered*

*Kept unchanged employment levels in a moment of difficulty in the air transport sector*

- **En-route and terminal traffic** dropped by around 60% in terms of service units<sup>1</sup> YoY;
- **Consolidated Net Revenue** at 771.3 million euro a drop of only -14.6% YoY thanks to protection provided by European regulation and the cost containment initiatives implemented by the Company;
- **Revenue from operations** at 352.2 million euro, down by 63%, offset by negative *balance*<sup>2</sup>;
- **Consolidated EBITDA** at 210.8 million euro (-30.4% YoY);
- **Consolidated Net Profit** of 54 million euro, down. 30.4% YoY;
- **Dividend and dividend policy:** Due to the uncertainty surrounding the speed of recovery of the air traffic, the Board of Directors proposed not to distribute the dividend for 2020, confirming the previous dividend policy for the future years, starting from 2021;
- **2020 Sustainability Report approved.**

Rome, 20 April 2021 - The ENAV SpA Board of Directors, held today under the chairmanship of Francesca Isgrò, approved the draft Financial Statements of the Company and the Consolidated Financial Statements of the Group 2020.

2020 was characterised by large drop in air traffic due to the Covid-19 pandemic. Compared to the increase of nearly 10% recorded in the first two months of the year, in the months immediately after this the air traffic plunged with high points of 90% compared to 2019 to then increase in summer and finish 2020 with a decrease of around 60%. The same situation was seen in Europe where, with reference again to service units, the average 2020 data for Eurocontrol member States was -57.9%. In particular: Germany -54,6%, Great Britain -59,5%, Spain -61,4% e France -60,8%.

<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 partially 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.



The CEO Paolo Simioni stated: *2020 is without doubt the worst year ever for aviation due to the pandemic. In fact, ENAV recorded significant drops in air traffic with peaks even higher than 90%, closing the year with a 63% reduction in operating revenues. However, the partial protection provided by the regulatory framework and the cost containment initiatives implemented by the Company, limited the negative economic effects, reaching a consolidated Ebitda of 210.8 million euro and a net profit of 54 million euro. Considering the strategic role that ENAV plays in the country we have continued to guarantee a regular and efficient service using all necessary methods to continue to invest in the professionalism of the staff, on the digitalisation of the systems and on sustainability. ENAV is a smart company with many challenges to deal with, from integrating Artificial Intelligence, to the new operating model of air traffic management, to developing the so-called U-Space, the air space dedicated to drones. The Board of Directors also confirmed the dividend policy for future years, proposing at the same time not to distribute the dividend for this year. In this scenario, I believe it is a responsible choice and I am sure that all our stakeholders will support us, aware of the capacity and solidity that the Company can guarantee in the medium and long term.*

**En-route traffic**, in terms of service units, saw a reduction of 60.3% vs. 2019. Specifically, the international commercial traffic (traffic taking off or landing from an Italian airport) saw a decrease of 67.2%. Overflight traffic (flights that do not take off or land at Italian airports) showed a drop of 60.2%. Domestic traffic (flights both taking off and landing within the Italian territory) suffered less from the effect of the pandemic than other types of traffic. The drop was in fact 48.7%

<b>En-route traffic (service units)</b>	<b>2020</b>	<b>2019</b>	<b>no.</b>	<b>Change %</b>
Domestic	908,068	1,770,738	(862,670)	-48.7%
International	1,336,127	4,078,394	(2,742,267)	-67.2%
Overflight	1,618,124	4,061,356	(2,443,232)	-60.2%
<b>Paying total</b>	<b>3,862,319</b>	<b>9,910,488</b>	<b>(6,048,169)</b>	<b>-61.0%</b>
Military	114,869	122,763	(7,894)	-6.4%
Other exempt	12,656	12,527	129	1.0%
<b>Total exempt</b>	<b>127,525</b>	<b>135,290</b>	<b>(7,765)</b>	<b>-5.7%</b>
<b>Total reported by Eurocontrol</b>	<b>3,989,844</b>	<b>10,045,778</b>	<b>(6,055,934)</b>	<b>-60.3%</b>
Exempt not reported to Eurocontrol	2,208	2,605	(397)	-15.2%
<b>Total</b>	<b>3,992,052</b>	<b>10,048,383</b>	<b>(6,056,331)</b>	<b>-60.3%</b>

**Terminal traffic<sup>3</sup>** decreased 60.2% vs. 2019 in terms of service units, in line with the figure for en-route traffic. The drop in terminal traffic is generalised across all the Italian territory.

<b>Terminal traffic (service units)</b>	<b>2020</b>	<b>2019</b>	<b>no.</b>	<b>Change %</b>
<i>Domestic</i>				
Chg. Zone 1	27,347	62,175	(34,828)	-56.0%
Chg. Zone 2	39,743	77,014	(37,271)	-48.4%
Chg. Zone 3	102,698	194,273	(91,575)	-47.1%
<b>Total domestic SUs</b>	<b>169,788</b>	<b>333,462</b>	<b>(163,674)</b>	<b>-49.1%</b>
<i>International</i>				
Chg. Zone 1	45,707	171,323	(125,616)	-73.3%
Chg. Zone 2	102,314	267,167	(164,853)	-61.7%
Chg. Zone 3	77,644	237,433	(159,789)	-67.3%
<b>Total international SUs</b>	<b>225,665</b>	<b>675,923</b>	<b>(450,258)</b>	<b>-66.6%</b>
<b>Paying total</b>	<b>395,453</b>	<b>1,009,385</b>	<b>(613,932)</b>	<b>-60.8%</b>
<i>Exempt</i>				
Chg. Zone 1	330	132	198	150.0%
Chg. Zone 2	1,084	392	692	176.5%
Chg. Zone 3	7,445	7,489	(44)	-0.6%
<b>Total exempt SUs</b>	<b>8,859</b>	<b>8,013</b>	<b>846</b>	<b>10.6%</b>
<b>Total reported by Eurocontrol</b>	<b>404,312</b>	<b>1,017,398</b>	<b>(613,086)</b>	<b>-60.3%</b>
<i>Exempt not reported to Eurocontrol</i>				
Chg. Zone 1	0	0	0	0.0%
Chg. Zone 2	28	21	7	33.3%
Chg. Zone 3	754	912	(158)	-17.3%
<b>Total exempt SUs not reported to Eurocontrol</b>	<b>782</b>	<b>933</b>	<b>(151)</b>	<b>-16.2%</b>
<b>Total by Charging Zone</b>				
Chg. Zone 1	73,384	233,630	(160,246)	-68.6%
Chg. Zone 2	143,169	344,594	(201,425)	-58.5%
Chg. Zone 3	188,541	440,107	(251,566)	-57.2%
<b>Total</b>	<b>405,094</b>	<b>1,018,331</b>	<b>(613,237)</b>	<b>-60.2%</b>

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

## **FINANCIAL PERFORMANCE**

**Total consolidated Net Revenue** in 2020 amounted to 771.3 million euro, down 14.6% compared to 2019, because of the drop in air traffic due to the health emergency and to the relative lower revenue from tariffs, compensated mainly by the component in the financial report that allows for the partial offset of lower traffic rate shown in the final figure. **Revenue from operations**, amounted to 352.2 million euro, a reduction of 63% compared to 2019 suffering also from a 15.3% reduction of tariffs of en-route traffic compared to 2019.

The effect of **balance<sup>4</sup>**, an essential part of the Revenue from Operations, was positive for 383.4 million euro. The value of the *balance* was calculated in line with the new rules of the European Commission published 4<sup>th</sup> November 2020, a temporary waiver for 2020-2021 on the tariff system of the Single European Sky to tackle with the crisis that the pandemic has created throughout the sector.

**Revenues from non-regulated business** amounted to 26.9 million euro with an increase of 40.3% compared with 2019, mainly due to revenue from the subsidiary IDS AirNav which effects the whole financial year of 2020 compared to 2019, when it was only present for around six months. The revenues refer to the sale of software, to revenue for the provision of services and for maintenance connected to products sold to various clients present throughout the world.

With the aim of safeguarding profit margins, cashflow and employment within the Company in a period of crisis throughout the sector, from the month of March onwards a series of cost-efficiency initiatives were put in place which brought the **total operational costs** to 560.5 million euro, a reduction of 6.6% compared to 2019. **The external operational costs** show a reduction of 5.1% compared to 2019, reaching 127.3 million euro thanks mainly to the reduction in costs for utilities and telecommunications down 13.9%, costs for purchasing goods and services, and expenses relative to travel and transfer allowances, and increased costs for the purchase of protective equipment for the virus, extraordinary cleaning and sanitization carried out on all ENAV sites to protect the staff.

**Personnel costs** were 460.9 million euro, down 36.1 million euro (-7,3%) compared to 2019, thanks mainly to the reduction of the variable component of compensation for operations carried out following the COVID-19 health emergency, such as increased use of unused holidays and less overtime. A series of initiatives were also put together to create forms of solidarity. In particular, the management agreed a cut of 50% on short-term variable remuneration (MBO) relative to the year 2020 in which the amount will be given to scientific research against Covid-19.

Fixed salary showed an increase of 1.5% attributable mainly to the increased weight of IDS AirNav over the whole year (+1.1%) while it accounted for only 6 months of 2019. The effective Group workforce at the end of 2020 was 4,147 units a decrease of 48 in respect to 2019.

The cost efficiency efforts helped to contain the decrease in the **EBITDA**, which stood at 210.8 million euro with a decrease of 30.4% compared to 2019.

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<sup>4</sup> The mechanism that allows ENAV to partially 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.

The 2020 consolidated **EBIT** was 71.1 million euro, a drop of 58.3% compared to 2019. The EBIT margin in 2020 was 9.2%

Consolidated **Net Profit** in 2020 is 54 million euro, a drop of 54.4% in respect to 2019.

**The Net Financial Position** at 31 December 2020 showed a balance of 236.6 million euro, a drop of 363 million compared to 2019. The variation of the net financial position is due to the flow of incomings and outgoings connected to ordinary operations which produced a negative cashflow, tied to lower revenue due to the reduction of air traffic and to postponement of payment offered to airline companies for flights relative to the months of February to May 2020, in which the first month was received in November. The dividend payment of 2019 for 113.2 million euro also influenced this position.

The Group used external financing more frequently, taking advantage of favourable market conditions, obtaining funds which they were able to employ in daily operations.

Among the financing sources we can mention two *ESG Sustainability Linked Term Loans*, taken out in October 2020, for a total amount of 150 million euro at an interest rate subject to reaching a specific target in the area of ESG (*Environmental, Social, Governance*) that falls within the scope already taken by ENAV of integrating sustainability into their own industrial strategy which aims at uniting growth with sustainable development.

It should be noted that the Group has credit facilities of 292 million euro which has not been used since 31 December 2020.

### **Sustainability Report 2020**

The Board of Directors meeting held today approved ENAV Group's 2020 Sustainability Report and Consolidated Non-Financial Statement.

### **Management's Foreseeable Development**

The activity of managing in the course of 2020 showed irregular trends in the various three-monthly periods. That irregular tendency presented genuine difficulties in the ability of forecasting when air traffic could get back to normal operations. According to the latest estimate by STATFOR of Eurocontrol in their *Five-Year Forecast 2020-2024* in the month of November 2020, the year 2021, even if characterised by an upswing of traffic, should result for Italy in a volume of service units of around 50% of that recorded during 2019. This forecast foresees that the vaccination campaign could define a substantial slowdown of infection already in 2021, up to attaining a potential weakening of COVID-19 already by the summer season of 2022. It will therefore be important to see the developments in the traffic trend, and in the relative income in the following months, also with the traffic estimates that STATFOR will update in the month of May 2021.

### **SHAREHOLDERS' MEETING**

The General Shareholders' Meeting in single call will be held on 28 May 2021 for the approval, among others, of the Financial Statements at 31 December 2020.

### **Corporate Governance**

At today's meeting, the Board of Directors approved the Report on Corporate Governance and Ownership Structure prepared in compliance with the requirements of Article 123-bis of the Legislative decree number 58 of 24<sup>th</sup> February 1998 ("Consolidated Act on Finance" or 'TUF').



The Board of Directors also approved the Remuneration Report, prepared in compliance with the requirements of Article 123-ter of the Consolidated Finance Act which will be submitted for the approval at the shareholders meeting being of a binding nature as prescribed by clause 3.bis of the afore mentioned article in the second section.

Both reports, together with relevant meeting documents, will be available to the public in the ways and within the time limits established by law, also on the Company's website at [www.enav.it](http://www.enav.it).

In today's meeting, the ENAV Board of Directors also took note of the positive outcome of the self-assessment process of the Board of Statutory Auditors, periodically carried out pursuant to art. 21.1 of the Statute and Regulations of the Board of Statutory Auditors.

#### **Dividend proposal for the year 2020 and dividend policy for the years 2021-2024**

The Board of Directors of ENAV, given the air transport crisis caused by the pandemic and given the persistent uncertainty about the speed of recovery of air traffic linked to the spread of vaccination campaigns all over the world, to continue to guarantee an adequate financial strengths to the Company, the current employment perimeter and all the investments necessary for the development of the Group, resolved to propose to the Shareholders' Meeting not to distribute the dividend for the year 2020. The Board of Directors, for the following years included in the Third Regulatory Period (from 2021 to 2024) still under approval, also confirmed the previous dividend policy which provides for the distribution of a percentage of not less than 80% of the normalized cash flow defined as consolidated net profit with the addition of depreciation (gross of plant grants) and net of normalized investments (thus excluding financial investments) expressed gross of grants on plant account<sup>5</sup>.

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<sup>5</sup> The confirmed dividend policy, as well as the previous one published in the Stock Listing Prospectus available on [www.enav.it](http://www.enav.it) to which we refer, states among other things that: the ability of ENAV to make dividend distributions will remain subject to, inter alia, (i) the operational and financial results of ENAV, (ii) the capacity to generate profits and distributable reserves (iii) the occurrence of negative contingencies (iv) the need to retain financial flexibility in order to pursue its corporate purpose (v) the requirement of and its compliance with the legal and regulatory provisions applicable to it (vi) the market conditions (vii) the general state of the economy and of the sectors in which the Group operates.



## CONSOLIDATED INCOME STATEMENT

	2020	2019	Amount	Change %
Revenues from operations	352,216	951,767	(599,551)	-63.0%
Balance	383,378	(86,975)	470,353	n.a.
Other operating income	35,701	38,099	(2,398)	-6.3%
<b>Total revenues</b>	<b>771,295</b>	<b>902,891</b>	<b>(131,596)</b>	<b>-14.6%</b>
Personnel costs	(460,957)	(497,118)	36,161	-7.3%
Capitalised costs	27,727	31,262	(3,535)	-11.3%
Other operating expenses	(127,280)	(134,164)	6,884	-5.1%
<b>Total operating costs</b>	<b>(560,510)</b>	<b>(600,020)</b>	<b>39,510</b>	<b>-6.6%</b>
<b>EBITDA</b>	<b>210,785</b>	<b>302,871</b>	<b>(92,086)</b>	<b>-30.4%</b>
<b>EBITDA margin</b>	<b>27.3%</b>	<b>33.5%</b>	<b>-6.2%</b>	
Net amortisation of investment grants	(128,501)	(130,462)	1,961	-1.5%
Writedowns, impairment (reversal of impairment) and provisions	(11,160)	(1,822)	(9,338)	n.a.
<b>EBIT</b>	<b>71,124</b>	<b>170,587</b>	<b>(99,463)</b>	<b>-58.3%</b>
<b>EBIT margin</b>	<b>9.2%</b>	<b>18.9%</b>	<b>-9.7%</b>	
Financial income/(expense)	(6,125)	(4,618)	(1,507)	32.6%
<b>Income before taxes</b>	<b>64,999</b>	<b>165,969</b>	<b>(100,970)</b>	<b>-60.8%</b>
Income taxes	(11,027)	(47,700)	36,673	-76.9%
<b>Profit (loss) for the year</b>	<b>53,972</b>	<b>118,269</b>	<b>(64,297)</b>	<b>-54.4%</b>
<b>Profit (loss) for the year pertaining to Shareholders of the Parent Company</b>	<b>54,283</b>	<b>118,433</b>	<b>(64,150)</b>	<b>-54.2%</b>
<b>Profit (loss) for the year pertaining to non-controlling interests</b>	<b>(311)</b>	<b>(164)</b>	<b>(147)</b>	<b>89.6%</b>

(thousands of euros)

## RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.12.2020	31.12.2019	Change	
Property, plant and equipment	922,623	976,272	(53,649)	-5.5%
Right-of-use assets	6,910	8,857	(1,947)	-22.0%
Intangible assets	175,629	171,567	4,062	2.4%
Investments in other entities	50,122	63,225	(13,103)	-20.7%
Non-current trade receivables and payables	377,465	(39,804)	417,269	n.a.
Other non-current assets and liabilities	(139,434)	(124,343)	(15,091)	12.1%
<b>Net non-current assets</b>	<b>1,393,315</b>	<b>1,055,774</b>	<b>337,541</b>	<b>32.0%</b>
Inventories	61,561	60,690	871	1.4%
Trade receivables	136,582	213,321	(76,739)	-36.0%
Trade payables	(149,812)	(138,754)	(11,058)	8.0%
Other current assets and liabilities	(88,119)	(115,855)	27,736	-23.9%
Assets held for sale net of related liabilities	1,427	1,402	25	1.8%
<b>Net working capital</b>	<b>(38,361)</b>	<b>20,804</b>	<b>(59,165)</b>	<b>-284.4%</b>
<b>Gross capital employed</b>	<b>1,354,954</b>	<b>1,076,578</b>	<b>278,376</b>	<b>25.9%</b>
Employee benefit provisions	(49,943)	(52,509)	2,566	-4.9%
Provisions for risks and charges	(3,341)	(1,778)	(1,563)	87.9%
Deferred tax assets net of liabilities	20,419	7,376	13,043	176.8%
<b>Net capital employed</b>	<b>1,322,089</b>	<b>1,029,667</b>	<b>292,422</b>	<b>28.4%</b>
Shareholders' equity pertaining to Parent Company shareholders	1,083,278	1,153,543	(70,265)	-6.1%
Shareholders' equity pertaining to non-controlling interests	2,189	2,500	(311)	-12.4%
<b>Shareholders' equity</b>	<b>1,085,467</b>	<b>1,156,043</b>	<b>(70,576)</b>	<b>-6.1%</b>
Net financial position	236,622	(126,376)	362,998	n.a.
<b>Funding of net capital employed</b>	<b>1,322,089</b>	<b>1,029,667</b>	<b>292,422</b>	<b>28.4%</b>

*(thousands of euros)*

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*The manager in charge of compiling the company's accounting documents, Luca Colman 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.*

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*It is hereby informed that the 2020 Annual Financial Report, pursuant to art. 154-ter, paragraph 2, of Legislative Decree no. 58 of 24 February 1998 together with the independent auditor's report attached thereto, the Remuneration Report and the Report on Corporate Governance and Ownership Structure 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 "Info" authorised storage system webpage ([www.info.it](http://www.info.it)) on the dates prescribed by the law.*





### 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 position:** 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.

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