



PRESS RELEASE

ENAV'S BOARD OF DIRECTORS APPROVES THE INTERIM FINANCIAL REPORT AT 31 MARCH 2021

- **En-route and terminal traffic** declined by -65.1% and -66.9% respectively, in terms of service units¹ vs. the first quarter of 2020;
- **Consolidated revenue** of 189.0 million euro (+10.2% YoY) also thanks to the protection provided by European regulation;
- **Revenue from operations** of 49.3 million euro (-63.4% YoY), more than offset by the effect of *balance*²;
- **Consolidated EBITDA** at 44.7 million euro (+54.8% YoY), also due to control initiatives on external costs put in place by the Company;
- **Consolidated net result** at 11.8 million euro vs. a negative result of 6.2 million euro in Q1 2020, mainly due to a different mechanism of evaluation of *balance* throughout the period.

Rome, 13 May 2021 – The ENAV S.p.A. Board of Directors meeting, held today under the chairmanship of Francesca Isgrò, approved the interim financial report as of 31 March 2021.

Traffic volumes across Italy for Q1 2021 are consistent with those recorded in late 2020. A decrease of nearly 65% was recorded in Q1 2021 compared to Q1 2020 which was mostly unaffected by the negative impact of the pandemic and was even characterized by an increase of nearly 10% in the months of January and February compared to the same period in 2019.

Flights over Italian airspace were in line with data recorded for other European countries where, with reference again to service units, Q1 2021 recorded a decrease of 60.4%. In particular: France -67.2%, Germany -61.4%, Great Britain -67.1%, and Spain -69.5%. Conversely, positive performances were seen for cargo traffic, which recorded a significant growth in the volumes of freight (+12.3% vs. the same period in 2020).

Q1 2021 results were significantly affected by the temporary adjustment to standard regulation implemented by the European Commission in November 2020 for 2020-21. The *balance* in Q1 2021 was determined based on the new mechanism of evaluation where the main calculation driver is given by final costs and not by the conventional *traffic risk sharing* mechanism. The system applied in Q1 2021 reflects an increased linearity in the

¹ 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.

² 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.

evolution of costs over traffic and overrides the traditional «business seasonality» effect, which reflects reduced income from traffic during winter compared to summer.

However, the new regulation do not lessen the effects on cash flows, given final *balance* generated in 2020-21 will not be cashed-in on fares before 2023.

The CEO Paolo Simioni stated: *“The European regulations and the initiatives implemented by ENAV to soften the impact of the Covid pandemic are safeguarding us from the effects of a marked decrease in air traffic. However, we cannot rely on the indemnity that the Community’s regulation is guaranteeing; we are developing a set of initiatives – from the infrastructures’ digitization to the modernization of operational platforms and to the development of drone-related services – that will allow ENAV to emerge sooner and better from the crisis created by the pandemic. Despite though times are still in front of us, we expect to retrieve at least 50% of the flights flown in 2019 starting from next summer, thanks to the progress of the vaccination campaign.”*

En-route traffic, in terms of service units, decreased by 65.1% in the first quarter of 2021, compared to the same period of 2020. Specifically, the international commercial traffic (traffic taking off or landing from an Italian airport) saw a decrease of 76.7%. Overflight traffic (flights that do not take off or land at Italian airports) showed a drop of 61.9%. 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 of 56.7%.

En-route traffic (service units)	1st Quarter 2021	1st Quarter 2020	no.	Change %
Domestic	130.422	300.879	(170.457)	-56,7%
International	136.984	588.179	(451.195)	-76,7%
Overflight	256.682	673.007	(416.325)	-61,9%
Paying total	524.088	1.562.065	(1.037.977)	-66,4%
Military	28.601	27.465	1.136	4,1%
Other exempt	3.235	3.003	232	7,7%
Total exempt	31.836	30.468	1.368	4,5%
Total reported by Eurocontrol	555.924	1.592.533	(1.036.609)	-65,1%
Exempt not reported to Eurocontrol	280	256	24	9,4%
Total	556.204	1.592.789	(1.036.585)	-65,1%

Terminal traffic³ decreased by 66.9% in Q1 2021 in terms of service units, in line with the figure for en-route traffic. The drop in terminal traffic is generalized across all the Italian territory.

Terminal traffic (service units)		1st Quarter 2021	1st Quarter 2020	Change	
				no.	%
Domestic					
	Chg. Zone 1	4.221	10.739	(6.518)	-60,7%
	Chg. Zone 2	6.117	13.158	(7.041)	-53,5%
	Chg. Zone 3	13.930	32.425	(18.495)	-57,0%
	Total domestic SUs	24.268	56.322	(32.054)	-56,9%
International					
	Chg. Zone 1	5.166	25.623	(20.457)	-79,8%
	Chg. Zone 2	17.007	45.486	(28.479)	-62,6%
	Chg. Zone 3	5.157	32.701	(27.544)	-84,2%
	Total international SUs	27.330	103.810	(76.480)	-73,7%
Paying total		51.598	160.132	(108.534)	-67,8%
Exempt					
	Chg. Zone 1	47	42	5	11,9%
	Chg. Zone 2	196	249	(53)	-21,3%
	Chg. Zone 3	1.762	1.635	127	7,8%
	Total exempt SUs	2.005	1.926	79	4,1%
Total reported by Eurocontrol		53.603	162.058	(108.455)	-66,9%
Exempt not reported to Eurocontrol					
	Chg. Zone 1	0	0	0	n.a.
	Chg. Zone 2	7	5	2	40,0%
	Chg. Zone 3	179	145	34	23,4%
Total exempt SUs not reported to Eurocontrol		186	150	36	24,0%
Total by Charging Zone					
	Chg. Zone 1	9.434	36.404	(26.970)	-74,1%
	Chg. Zone 2	23.327	58.898	(35.571)	-60,4%
	Chg. Zone 3	21.028	66.906	(45.878)	-68,6%
Total		53.789	162.208	(108.419)	-66,8%

FINANCIAL PERFORMANCE

Total consolidated net revenue in Q1 2021 reached 189.0 million euro, with an increase of 10.2% compared to the same period in 2020, as an effect of the different mechanism of enhancement of balance recently implemented by the temporary derogation of the EU regulation for 2020-21.

Revenue from operations in Q1 2021 reached 49.3 million euro, with a decrease of 63.4% as an effect of the decline in air traffic due to the Covid-19 epidemiological emergency. Specifically, compared to Q1 2020 revenue from en-route services amounted to 30.1 million euro (with a decrease of 68.1%), and revenue from terminal services amounted to 11.7 million euro (down 63.8%).

Revenues from non-regulated business amounted to 4.9 million euro, with a decrease of 0.8 million euro vs. Q1 2020, mainly due to the health emergency.

The effect of **balance⁴** on net revenue in Q1 2021 was positive for 131.1 million euro; it was determined by considering final cost coverage, to which a cost-efficiency percentage was

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

⁴ 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.



applied in compliance with the European Commission regulation implemented in November 2020. This new mechanism of *balance* calculation will be in force throughout 2021, while 2022 will see a return to the traditional *traffic risk sharing* system.

As a result of the efficiency initiatives adopted, **operating costs** remained substantially stable compared to Q1 2020 and stood at 144.4 million euro.

In more detail, **external costs**, amounting to 29.9 million euro, decreased by 7.3% vs. Q1 2020, mainly due to a decline in utilities and telecommunication costs, partly offset by an increase in the expenses for cleaning and extraordinary disinfection of ENAV's premises since the beginning of the Covid-19 emergency.

Personnel costs stood at 120.4 million euro, with an increase of 2.8% compared to Q1 2020. This was mainly due to an increase in staff's vacation time accrued but not yet utilized, vs. Q1 2020.

These data determined an **EBITDA** of 44.7 million euro, with an increase of 54.8% vs. Q1 2020 and an EBITDA margin of 23.6%, also thanks to the external-cost control initiatives enacted by the Company.

The **EBIT** amounted to 15.2 million euro.

ENAV Group closed the first quarter of 2021 with a **consolidated net profit** of 11.8 million euro, compared to the negative result of 6.2 million euro of Q1 2020.

The **net financial position** stood at 285.9 million euro as of 31 March 2021, with an increase of 49.3 million euro compared to the figure recorded as of 31 December 2020. This variation was due to the collection and payment dynamics related to the ordinary course of business that has produced a negative cash flow linked to a reduction in the income from core business activities.

CONSOLIDATED INCOME STATEMENT

	1st Quarter 2021	1st Quarter 2020	Amount	Change %
Revenues from operations	49.321	134.885	(85.564)	-63,4%
Balance	131.156	28.390	102.766	n.a.
Other operating income	8.562	8.341	221	2,6%
Total revenues	189.039	171.616	17.423	10,2%
Personnel costs	(120.364)	(117.041)	(3.323)	2,8%
Capitalised costs	5.928	6.572	(644)	-9,8%
Other operating expenses	(29.926)	(32.281)	2.355	-7,3%
Total operating costs	(144.362)	(142.750)	(1.612)	1,1%
EBITDA	44.677	28.866	15.811	54,8%
EBITDA margin	23,6%	16,8%	6,8%	
Net amortisation of investment grants	(30.389)	(32.038)	1.649	-5,1%
Writedowns, impairment (reversal of impairment) and provisions	948	(58)	1.006	n.a.
EBIT	15.236	(3.230)	18.466	n.a.
EBIT margin	8,1%	-1,9%	10,0%	
Financial income/(expense)	1.341	(1.342)	2.683	n.a.
Income before taxes	16.577	(4.572)	21.149	n.a.
Income taxes	(4.746)	(1.634)	(3.112)	n.a.
Profit (loss) for the period	11.831	(6.206)	18.037	n.a.
Profit (loss) for the period attributable to shareholders of the Parent Company	11.905	(6.148)	18.053	n.a.
Profit (loss) for the period attributable to non-controlling interests	(74)	(58)	(16)	27,6%

(thousands of euros)

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.03.2021	31.12.2020	Amount	Change %
Property, plant and equipment	903.874	922.623	(18.749)	-2,0%
Right-of-use assets	6.385	6.910	(525)	-7,6%
Intangible assets	176.617	175.629	988	0,6%
Investments in other entities	52.448	50.122	2.326	4,6%
Non-current trade receivables and payables	505.022	377.465	127.557	33,8%
Other non-current assets and liabilities	(144.905)	(139.434)	(5.471)	3,9%
Net non-current assets	1.499.441	1.393.315	106.126	7,6%
Inventories	61.629	61.561	68	0,1%
Trade receivables	118.112	136.582	(18.470)	-13,5%
Trade payables	(154.383)	(149.812)	(4.571)	3,1%
Other current assets and liabilities	(107.689)	(88.119)	(19.570)	22,2%
Assets held for sale net of related liabilities	0	1.427	(1.427)	-100,0%
Net working capital	(82.331)	(38.361)	(43.970)	114,6%
Gross capital employed	1.417.110	1.354.954	62.156	4,6%
Employee benefit provisions	(48.154)	(49.943)	1.789	-3,6%
Provisions for risks and charges	(3.058)	(3.341)	283	-8,5%
Deferred tax assets net of liabilities	20.796	20.419	377	1,8%
Net capital employed	1.386.694	1.322.089	64.605	4,9%
Shareholders' equity attributable to Parent Company shareholders	1.098.639	1.083.278	15.361	1,4%
Shareholders' equity attributable to non-controlling interests	2.115	2.189	(74)	-3,4%
Shareholders' equity	1.100.754	1.085.467	15.287	1,4%
Net financial debt	285.940	236.622	49.318	20,8%
Funding of net capital employed	1.386.694	1.322.089	64.605	4,9%

(thousands of euros)

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.

The Interim Financial Report at 31 March 2021 does not represent interim financial statements prepared in accordance with international accounting standard IAS 34, and has not been audited by the independent auditors. The consolidation principles used to prepare the Interim Report on Operations at 31 March 2021 conform to those used to prepare the Consolidated Financial Statements at 31 December 2020, approved on 20 April 2021. The Interim Financial Report at 31 March 2021 is available on the company web site www.enav.it - "Investor Relations" - "Financial Statements & Reports" and on the authorized storage system "Info" (www.info.it).

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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