enav group

INNOVATING THE SKY

1H 2021 Financial Results

August 3, 2021

sustainabilityenav

We look up to cleaner and safe skies.

1H 2021 Highlights

- **Covid-19 emergency on the aviation sector** impacting 1H 2021: **en-route traffic reduced 16.6% YoY** and **terminal traffic declined 20.8% YoY**
- **Net revenue in 1H 2021 slightly increased by 0.7% YoY to €375.0m** mainly driven by non-regulated business performance coupled with the net effect from balance increase which almost completely offset the reduction in revenue from operations which declined 13.5% YoY as a result of traffic decrease caused by Covid-19
- **EBITDA in 1H 2021 at €76.6m (-13.0% YoY)** mainly as a result of higher personnel costs coupled with a different balance calculation
- **EBITDA margin at 20.4%**
- **Net profit of €13.5m** despite Covid-19 impact on the aviation sector
- **Capex of €30.5m** in 1H 2021, compared to €27.8m recorded in 1H 2020
- **Net financial debt of €389.6m** driven by NWC absorption due to non-cash balance generated in the period

1H 2021 Main Traffic Trends

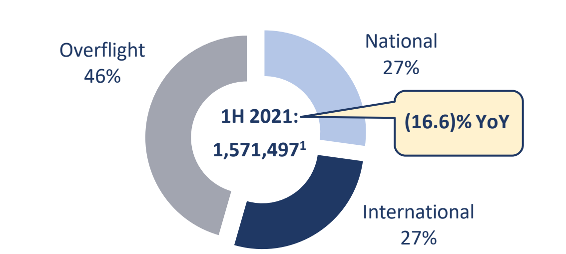
Covid-19 still impacting first half 2021 traffic, on both en-route and terminal

- **En-route service units down 16.6%[1] YoY** as a combined result of:
  - International service units down 38.0% YoY
  - Overflight service units down 15.4% YoY
  - <u>*National service units up 15.1% YoY*</u>
- **Terminal service units down 20.8%[1] YoY**, showing a decline in traffic in all three charging zones, due to:
  - International traffic down 37.6% YoY
  - <u>*National traffic up 7.1% YoY*</u>
- 1H 2021 traffic recovery in Italy was **slightly better than other major countries in Europe**

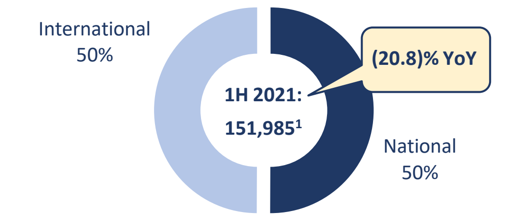
2021 quarterly trend, <u>compared with 2019 pre-Covid traffic levels</u>, **shows a substantial recovery** on both en-route and terminal

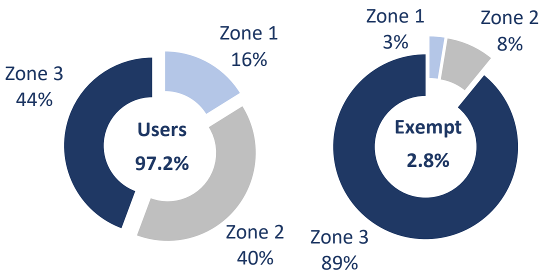
- **En-route service units:** 1Q'21 down 69.4%; 2Q'21 down 62.6% with June down 53.0%
- **Terminal service units** (excluding exempts)**:** 1Q'21 down 75.1%; 2Q'21 down 64.3%

En-route (traffic breakdown by service units)



Terminal (traffic breakdown by service units)





1. Excluding exempt flights not communicated to Eurocontrol (for en-route 1,017 SUs, terminal 393 SUs)

Regulatory update

RP3 Regulation Update

RP3 as per European Commission Proposed Timing Derogation for RP3 Performance Plan Definition

What Happened

- The RP3 regulatory framework was approved in February 2019 and cost efficiency targets were set in May 2019 with performance plans submitted by year end 2019
- Approval by European Commission (EC) of country-specific performance plans for RP3 (2020-2024), originally scheduled for March/April 2020, was put on hold due to the Covid-19 pandemic
- In mid 2020, the entire RP3 process (target definition, performance plans development and tariffs set-up) restarted and is expected to be completed by the end of 2021
- To manage the one year and half period needed to remake the RP3 performance plans, some special rules for 2020 and 2021 have been adopted

New Timing for RP3

- National supervisory authorities to provide European Commission with cost data and air traffic forecasts for RP3 by **December 2020**, as inputs for setting the revised Union-wide performance targets for RP3
- The European Commission published revised Union-wide performance targets for RP3 in **June 2021**
- National supervisory authorities to submit new performance plans to the Commission by **October 2021**
- European Commission to approve new performance plans by **year-end 2021/early 2022**

Countermeasures to Support Air Transport Sector

1 **Agreement with Eurocontrol and member states to defer February-to-May billing due from airlines**

Feb 2020	Mar 2020	Apr 2020	May 2020
€50m revenue (pre Covid-19 impact)	Traffic revenue down by about 55%	Traffic revenue down by about 90%	Traffic revenue down by about 90%

Cash received in:

Nov 2020 ✓ **Feb 2021** ✓ **May 2021** ✓

To be paid in:

Aug 2021

From June 2020 onward

Return to regular billing and settlement cycle

Airline payments are regular, with 99.5% recovery rate on billed amounts (*)

2 **2020/2021 Tariffs**

2020 and 2021 tariffs kept "low" and based on traffic forecast as per October 2019 pre-Covid-19 pandemic performance plan even if not approved

3 **2020/2021 Bonus**

Bonus-Malus mechanism for operating performance suspended for 2020 and 2021

4 **2020/2021 Balance**

Balance accrued in 2020 and 2021 to be deferred and recovered over at least 5 calendar years starting from 2023

2022 Onward

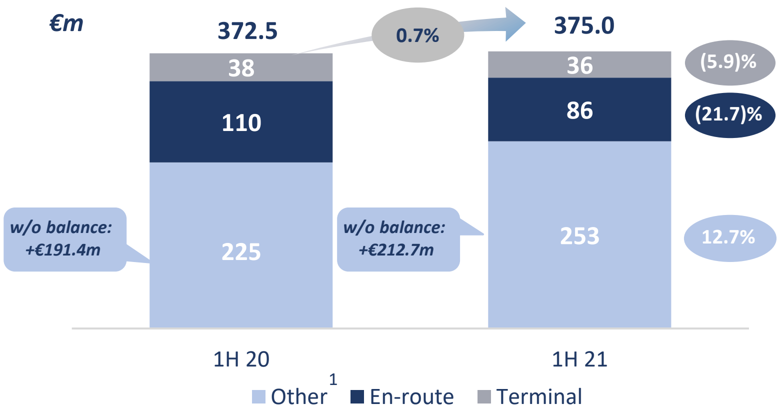
"Back to normal" from 2022 to 2024 with charges based on traffic forecast that takes account of Covid-19 impact on RP3 traffic volumes

(*) Source: Eurocontrol on FY 2020.

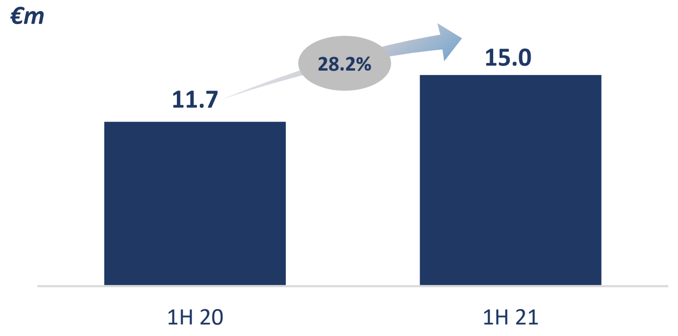
1H 2021
Financials Overview

Net Revenue Performance

Net Revenue Breakdown



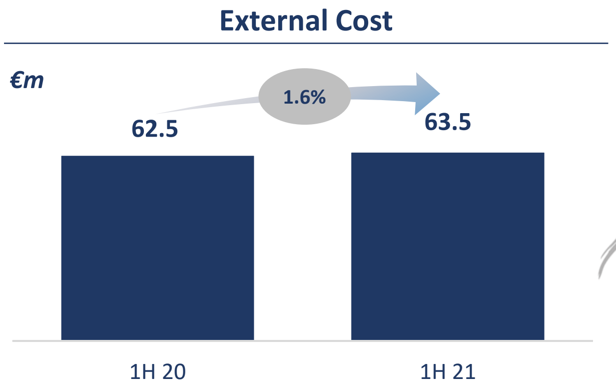
Non-Regulated Revenue

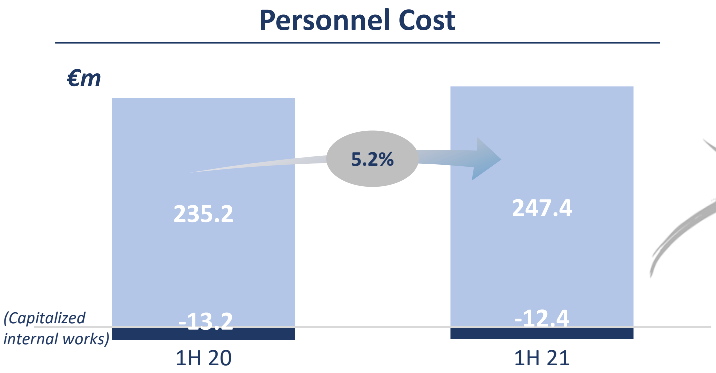


- **1H 2021 net revenue slightly increased by 0.7% YoY**, (€2.5m) mainly driven by **non-regulated business**
- **Decrease in both en-route and terminal revenue, down YoY by 21.7% and 5.9%** respectively, due to the **Covid-19 pandemic** impacting 1H 2020 starting from March vs. the entire 1H 2021
- **1H 2021 positive balance of €212.7m**, almost completely offsetting the decline in en-route and terminal revenue, has been determined following EU Regulation 2020/1627, published in November 2020, and considering the Commission's cost efficiency target on DUC (Determined Unit Cost), published in June 2021. 1H 2020 balance was instead determined according to our best estimate on the impact of the initial EU proposal published in July 2020
- **1H 2021 revenue from non-regulated business at €15.0m,** increasing 28.2% YoY, as a result of IDS enhanced commercial performance
- **Other operating income at €19.9m**, increasing 20.2% YoY mainly driven by new EU funded projects

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

Cost Evolution





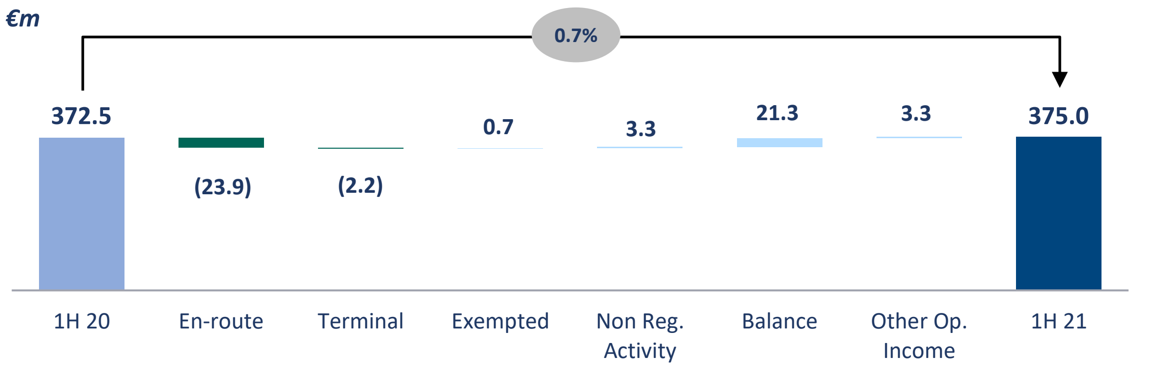
- **External opex increase of 1.6% YoY (+€1.0m)** as a combination of
  - higher expenses mainly related to:
    - ➢ operating personnel business trip (+27.0% or €0.9m) restarted after removal of travel limitations
    - ➢ maintenance (+15.1% or €1.3m) related to increased foreign activities on non-regulated business
  - partially offset by reduction mainly coming from:
    - ➢ contributions towards Eurocontrol (-7.7% or €1.5m)
    - ➢ cleaning and sanitizations activities (-6.3% or €0.2m)

- **Personnel Cost increase of 5.2% YoY (+€12.1m)**, mainly due to an increase in variable pay, coming from the return to almost normal operating activities in preparation of the summer season coupled with new holiday days accrued in the half and not yet utilized

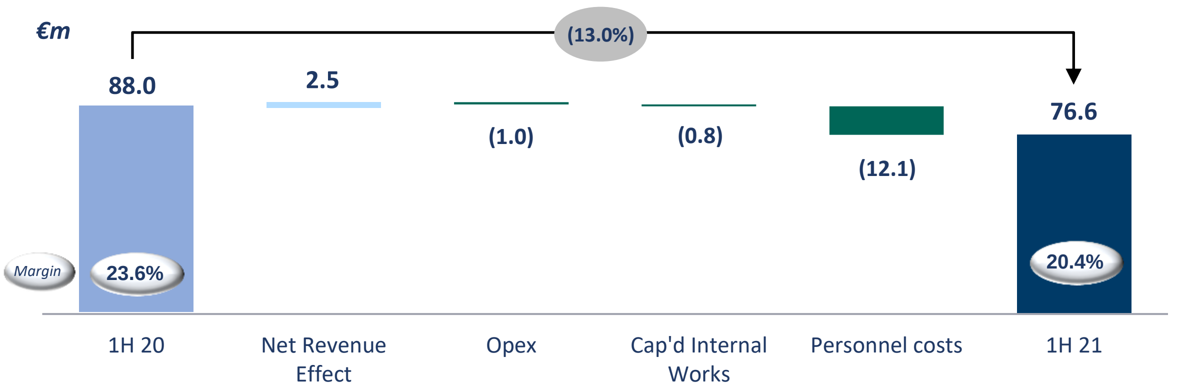
- **Capitalized internal works** decreased €0.8m

Net Revenue and EBITDA Development

Net Revenue



EBITDA



- **Net Revenue** increase of 0.7% YoY driven by:
  - Decrease of €23.9m and €2.2m in en-route and terminal revenue, respectively
  - Slightly increase in revenue from exempted flights (€0.7m)
  - Increase of €3.3m in revenue from non-regulated activities
  - Positive balance contribution of €21.3m, mainly related to new balance generated in 1H 2021 because of the Covid-19 pandemic
  - Higher Other Operating Income (€3.3m)
- **EBITDA** at €76.6m, down by 13.0% vs. 1H 20, mainly as a result of higher personnel costs coupled with a different balance calculation; EBITDA margin at 20.4% vs. 23.6% in 1H 2020

Consolidated P&L and Main Movements Below EBITDA

	1H 2021	1H 2020	Change	
			Amount	%
Revenue from operations	142,353	164,482	(22,129)	-13.5%
Balance	212,722	191,432	21,290	11.1%
Other operating income	19,918	16,577	3,341	20.2%
Total Net Revenue	**374,993**	**372,491**	**2,502**	**0.7%**
Personnel costs	(247,351)	(235,235)	(12,116)	5.2%
Capitalized internal works	12,446	13,239	(793)	-6.0%
Other net operating costs	(63,474)	(62,473)	(1,001)	1.6%
Total operating costs	**(298,379)**	**(284,469)**	**(13,910)**	**4.9%**
EBITDA	**76,614**	**88,022**	**(11,408)**	**-13.0%**
EBITDA margin	***20.4%***	***23.6%***	***(3.2) p.p.***	
D&A (net of capex contributions)	(61,339)	(65,229)	3,890	-6.0%
Provisions and write-downs	(445)	(2,310)	1,865	-80.7%
EBIT	**14,830**	**20,483**	**(5,653)**	**-27.6%**
EBIT margin	***4.0%***	***5.5%***	***(1.5) p.p.***	
Financial income / (expenses)	1,494	(2,538)	4,032	n.a.
Profit before income taxes	**16,324**	**17,945**	**(1,621)**	**-9.0%**
Income taxes for the period	(2,836)	(2,310)	(526)	22.8%
Net Income/(Loss) for the period	**13,488**	**15,635**	**(2,147)**	**-13.7%**
Net Income/(Loss) pertaining to the Group	13,667	15,720	(2,053)	-13.1%
Minority interests	(179)	(85)	(94)	n.a.

- **D&A** decreased by 6.0% YoY as a consequence of previous years investments timeframe
- **Provisions and write-downs** for €0.4m decreasing YoY mainly due to the write-off of receivables for €1.1m partially offset by €0.7m positive contribution from litigation
- Positive **Financial income** of €1.5m, mainly related to the balance actualization mechanism
- Increase in **Income taxes** as a consequence of lower positive effect coming from deferred taxations
- **Net profit** of €13.5m, declining €2.1m vs. last year.

Cash Flow and Capitalization

	Maturity		Total debt outstanding/ cash (€m)
	Current (<1 year)	Non-current*	
Total Debt	**69**	**461**	**530**
Cash & Equivalents			**141**
Net Debt (Net Cash)			**390**
Net Debt / 2020 EBITDA			**1.85 x**

- **ENAV's liquidity and financial position remains adequate**
- **Cash balance** in 1H 2021 **decreased by €175m**, vs. year end 2020, **to €141m**
- **The net financial position** at the end of June 2021 **shows net debt of €390m*** compared with FY 2020 net debt of €245m**
- **Availability of undrawn credit lines of approximately €292m**
- **Additional liquidity** coming from new 2 years tenor **Term Loan** signed in July for **€180m** and new **RCF** for a total of **€70m**
- **No material debt maturing** until 2022

(*) Total Non-current debt includes €9.0m of commercial debt as per Consob indication n. 5/21 issued in May 2021
(**) FY 2020 net debt includes €8.5m of commercial debt as per Consob indication n. 5/21 issued in May 2021. Reported figure was €237m

enav group

INNOVATING THE SKY

40 2021

THANK YOU

sustainabilityenav

We look up to cleaner and safe skies.

ir@enav.it

Disclaimer

This presentation contains certain forward-looking statements that reflect the Company's management current views with respect to future events and the financial and operational performance of the Company and its subsidiaries. These forward-looking statements are based on ENAV S.p.A.'s current expectations and projections about future events. Because these forward-looking statements are subject to risks and uncertainties, actual future results or performance may differ materially from those expressed in or implied by these statements due to any number of different factors, many of which are beyond the ability of ENAV S.p.A. to control or estimate precisely, including changes in the regulatory environment, future market developments, and other risks. You are cautioned not to place undue reliance on the forward-looking statements contained herein, which are made only as of the date of this presentation. ENAV S.p.A. does not undertake any obligation to publicly release any updates or revisions to any forward-looking statements to reflect events or circumstances after the date of this presentation. The information contained in this presentation does not purport to be comprehensive and has not been independently verified by any independent third party. This presentation does not constitute a recommendation regarding the securities of the Company. This presentation does not contain an offer to sell or a solicitation of any offer to buy any securities issued by ENAV S.p.A..