# 2021 Financial Results

April 21, 2022

Innovating the sky

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# Full Year 2021 Highlights

**REGULATED BUSINESS**

- Core business managed with the **highest safety standards**, despite persisting effects of pandemic
- **Best-in-class operating performance** (average minutes of en-route delay per flight) in EU
- Protective regulation framework, in place: **Performance Plan compliance notified by EC to the Italian State**

**NON-REGULATED BUSINESS**

- **Non-regulated revenue double-digit growth** despite Covid-19 related restrictions around the world

**ESG**

- New and more challenging **Sustainability plan** approved, with implementation already started
- **SBTi validation** on ENAV's climate change strategy obtained
- People first: new post-emergency **smart work agreement** signed with Unions

**NRRP**

- **National Recovery and Resilience Plan** (NRRP) agreements signed for a total value of approx. €110m

**FINANCE**

- **Dividend proposal**: €58.5m to be distributed in October 2022 equivalent to 0.1081 euro per share
- **Opex and Capex optimized**, in preparation for full traffic recovery at pre-pandemic level
- **Additional funding activated** through new loans to cope lower traffic levels due to pandemic

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# 2021 Group's Highlights

**En-Route traffic**

**5.78m uds**[1]

*+44.9% vs. 2020*
*57.6% of 2019 levels*

**Terminal traffic**

**0.55m uds**[1]

*+36.3% vs. 2020*
*54.2% of 2019 levels*

**Total Revenue**

**€836.6m**

*+8.5% vs. 2020*

**Non-Reg. Revenue**

**€33.0m**

*+22.3% vs. 2020*

**EBITDA**

**€222.4m**

*+5.5% vs. 2020*

**EBITDA Margin**

**26.6%**

**Net Profit**

**€78.0m**

*+44.6% vs. 2020*

**CAPEX**

**€85.6m**

*-6.4% vs. 2020*

**Net Financial Debt**

**€484m**

*vs. €245m in 2020*

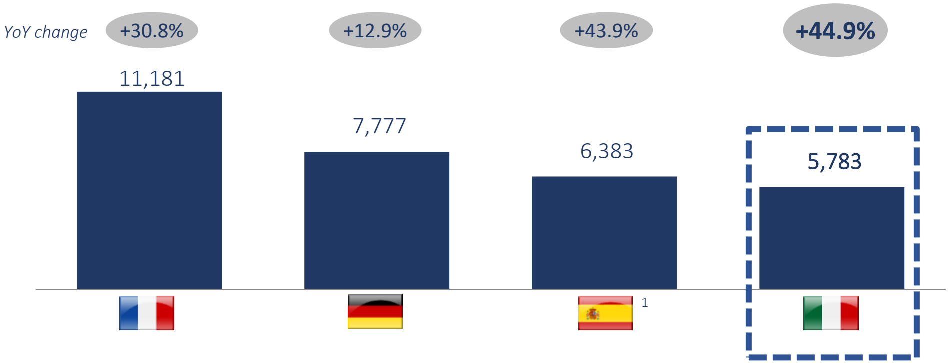
**Net Debt/EBITDA**

**2.17x**

1. Excluding exempt flights not communicated to Eurocontrol (for en-route 2,672 Sus and for terminal 808 SUs)

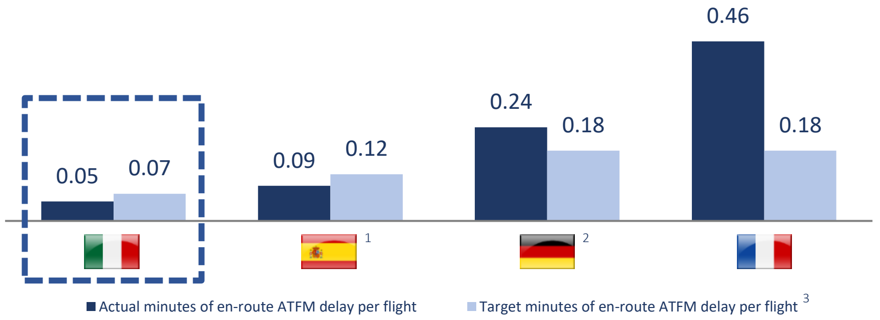
# Top Performance in 2021

En-route Service Units ('000)




Performance Quality Leader in Europe

*Average Minutes of En-route Delay per Flight*




Amongst Member States subject to EU Performance Scheme, **ENAV**:

- Is the **4th largest** Air Navigation Service Provider
- Shows a **better traffic recovery** in comparison with the major EU Countries
- Provides **top performance** in terms of quality and safety of services

Source: ENAV based on third party data
1. Refers to continental Spain
2. Refers to DFS only
3. Performance target as per RP3 Performance Plan submitted to EU Commission in November 2021

# Sustainability Performance in 2021

## ENAV's Sustainability Plan 2021-2023

**The Sustainability Plan, based on 6 main Assets, defines a series of actions, based on the United Nations 17 Sustainable Development Goals (SDGs), on which the ENAV Group will be committed in the period and that pursue the full integration of ESG elements in all Group's activities**

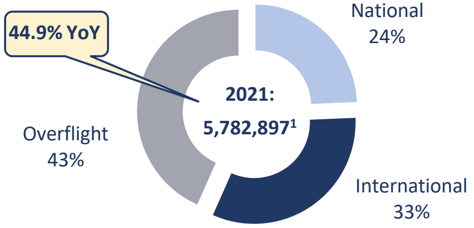
| | 1 Strategy and Governance | 2 Policies | 3 Technological Innovation | 4 Reporting and Communication | 5 Corporate Culture | 6 Climate Change |
|---|---|---|---|---|---|---|
| **ASSETS** | Enhance Regulatory and Management System to integrate ENAV's Sustainability Strategy | Adopt new several Policies to regulate specific ESG issues | Achieve ENAV's strategic goals through technological innovation | Strengthen the non-financial reporting process and the internal and external communication of ENAV's Sustainability Strategy | Disclose, within ENAV, an individual and corporate culture, oriented to Sustainability's principles | Fight Climate Change |
| **GOALS** | Platform for the Sustainable Supply Chain Management completed | ISO 37001 Anti-bribery Certification obtained | APP integration of some airports into ACCs completed | Internal Communication Plan to develop employees' Sustainability Culture developed and implementation started | ENAV's Sustainability Purpose defined and publicly announced | Validation from Science Based Target initiative obtained |

**ACHIEVEMENTS**

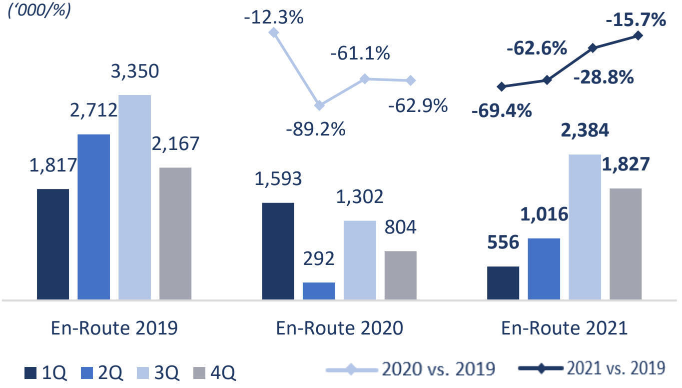
- Total **classroom** and **e-learning training** → over 158 thousand hours
- **Scope 1 and Scope 2 $CO_2$ emission** reduction in 2021 vs. 2019 → –24.6%
- **Free Route Project** impact → 152 million kg of $CO_2$ avoided
- Result of **renewable energy generation** → approximately 94 thousands kg of $CO_2$ avoided

# 2021 Main Traffic Trends – En-Route

## Traffic breakdown by service units




## Quarterly service units trend[1] & change vs. 2019



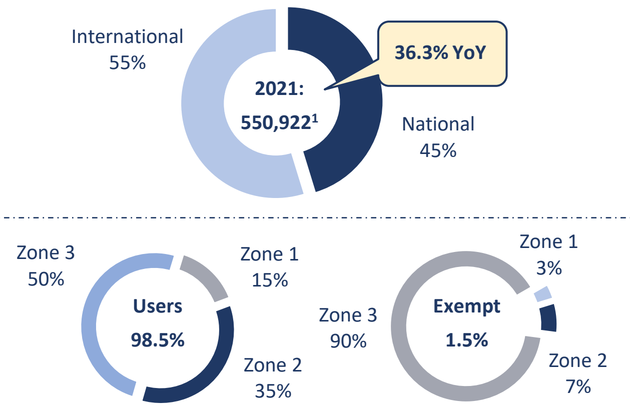

**Covid-19 pandemic reducing its negative impact** in 2021 vs. 2020

- **En-route service units up 44.9%[1] YoY** with positive result in all segments:
  - National service units up 51.3% YoY
  - Overflight service units up 51.2% YoY
  - International service units up 36.7% YoY
- **2021 quarterly results[1]**, compared with 2019 pre-Covid traffic levels, **show solid trend improvement**: 1Q'21 down 69.4%; 2Q'21 down 62.6%; 3Q'21 down 28.8%; 4Q'21 down 15.7%
- **In March 2022**, managed flights were approximately 89% of those managed in the same period of 2019

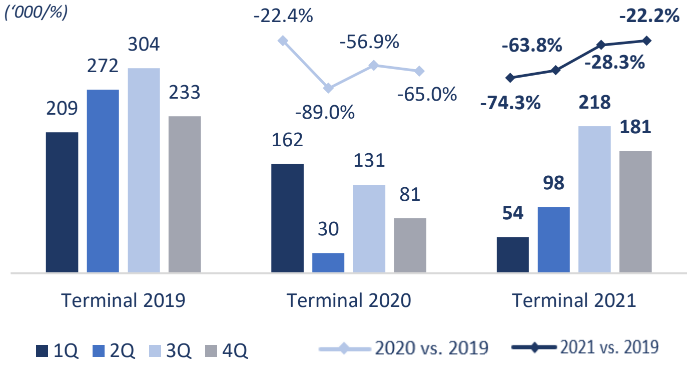
1. Excluding exempt flights not communicated to Eurocontrol (2,672 SUs).

# 2021 Main Traffic Trends – Terminal

## Traffic breakdown by service units




## Quarterly service units trend[1] & change vs. 2019




**Covid-19 pandemic reducing its negative impact** in 2021 vs. 2020

- **Terminal service units up 36.3%[1] YoY**:
  - Increase in both National and International traffic, up 44.6% and 31.6% YoY, respectively
  - Increase in all the charging zone, mainly in zone 2 and zone 3
- **2021 quarterly results[1]**, <u>compared with 2019 pre-Covid traffic levels</u>, **show solid trend improvement**: 1Q'21 down 74.3%; 2Q'21 down 63.8%; 3Q'21 down 28.3%; 4Q'21 down 22.2%

1. Excluding exempt flights not communicated to Eurocontrol (808 SUs)

# RP3 Regulation Update

**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 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 provided European Commission with cost data and air traffic forecasts for RP3 within **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 submitted new performance plans to the Commission in **October 2021**
- New traffic forecasts from Eurocontrol were issued in second half of October 2021 and submitted performance plans were updated and re-submitted to EU Commission in **November 2021**
- In **February 2022** Performance Review Board provided its suggestion for approval of ENAV's performance plan
- In **April 2022** the European Commission has notified the Italian State that the performance targets included in the Performance Plan submitted in November 2021 are **compliant** with the EU wide targets for the Third Regulatory Period

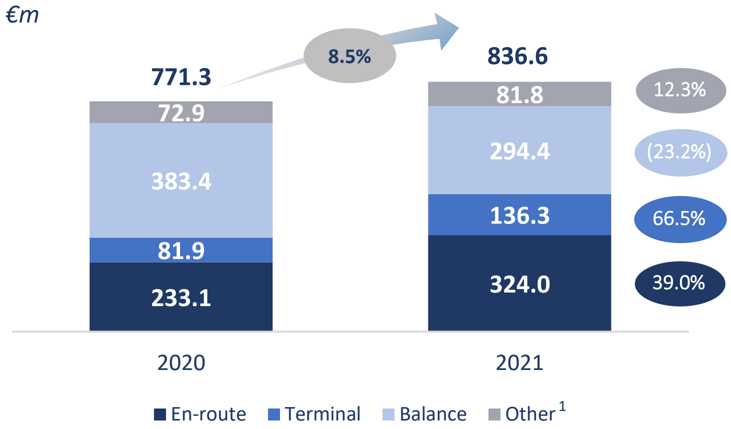
## Since January 2022 on

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

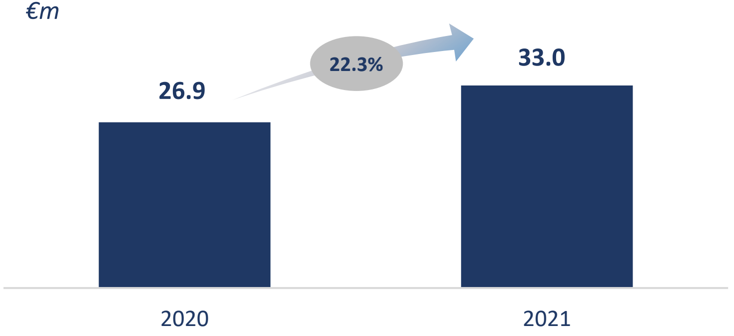
# 2021
# Financials Overview

# Total Revenue Performance

## Total Revenue Breakdown




## Non-Regulated Revenue

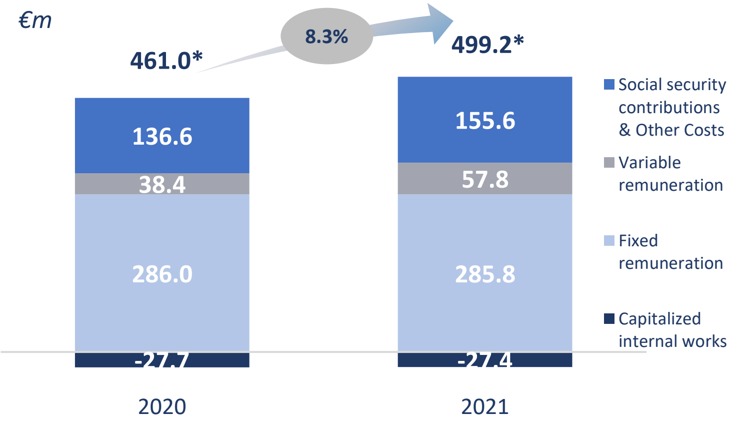



1. Other includes non-regulated activities, opex contributions, exemptions and other income

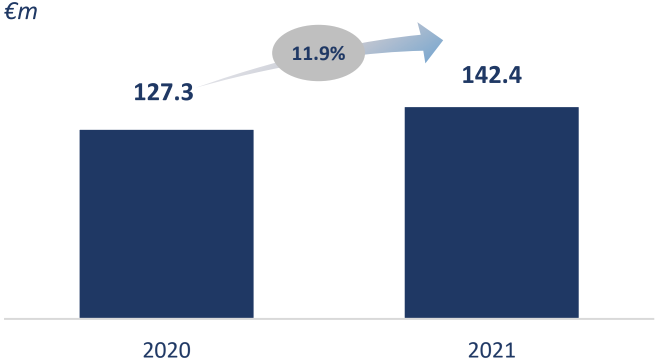
- **2021 total revenue solid growth** (+8.5% YoY or +€65.3m) with increase in en-route, terminal and non-regulated business; balance declined YoY
- **En-route and terminal revenue in 2021, up YoY** by 39.0% (+€90.9m) and 66.5% (+€54.4m) respectively, driven by higher traffic managed, as a consequence of reduced YoY Covid-19 pandemic impact
- **2021 positive balance of €294.4m, decreasing** 23.2% YoY (-€89.0m) as a consequence of air traffic recovering in 2021 vs. 2020. Balance for the combined period 2020-2021, that has been determined following EU Regulation 2020/1627, published in November 2020, with 2021 amount considering the Commission's cost efficiency target on Determined Unit Cost, published in June 2021, together with the submitted performance plan for RP3
- **Revenue from non-regulated business in 2021 increased** 22.3% YoY (+€6.0m) reaching €33.0m, mainly as a result of solid performance posted by our subsidiary IDS AirNav
- **Other operating income at €37.9m**, **increasing** 6.1% YoY (+€2.2m) mainly driven by new EU funded projects

# Cost Evolution

## Personnel Cost




## External Cost



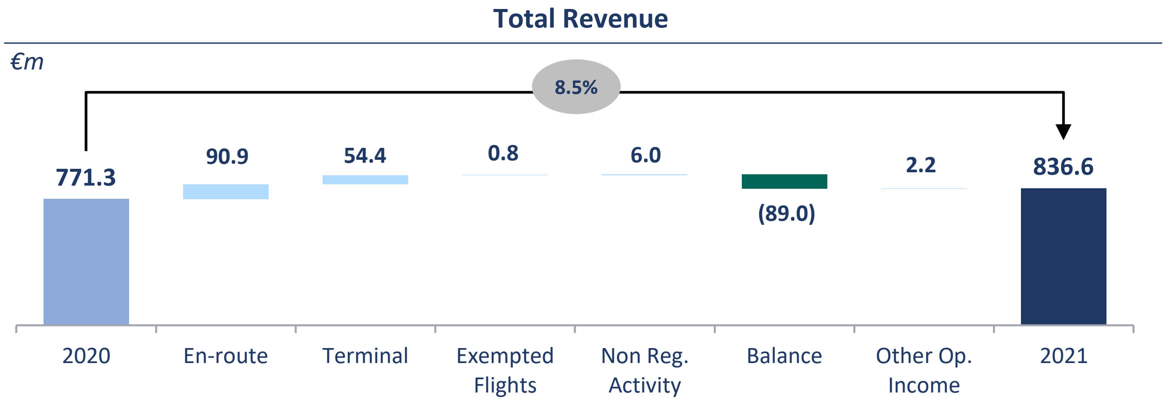

* Excluding Capitalized internal works

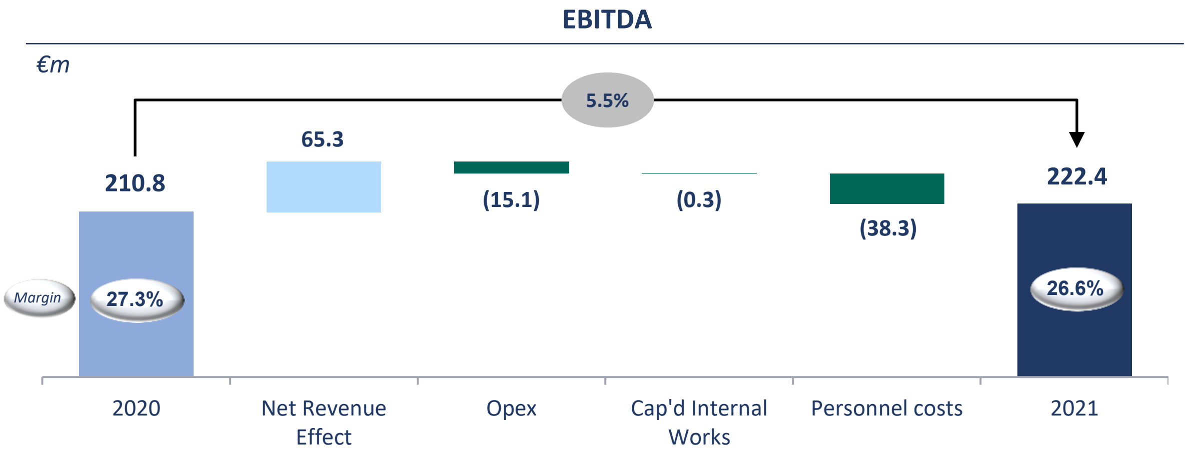
- **Personnel cost* increase of 8.3% YoY** (+€38.3m), coming from unfair comparison with 2020, when non-recurring cost savings were performed following huge traffic decrease due to pandemic. On the contrary some non-recurring costs posted in 2021 and the return to almost normal traffic level during the summer, pushed up variable components at pre-Covid level

- **Capitalized internal works decrease of 1.0% YoY** (€0.3m)

- **External opex increase in 2021 of 11.9% YoY** (+€15.1m) mainly due to a return to almost normal operating activities during the prolonged summer season. Main increases were:
  - costs for services mainly related to non-regulated business (+€4.1m)
  - contributions towards Eurocontrol (+€3.6m)
  - utilities and telecommunication (+2.6m)
  - maintenance related to owned operating systems (+€2.5m)
  - other personnel cost (+€1.9m)

# Total Revenue and EBITDA Development




- **Total revenue** increased 8.5% YoY (+€65.3m), mainly driven by:
  - Increase of €90.9m and €54.4m in en-route and terminal revenue respectively, thanks to solid air traffic volumes, especially during the summer season
  - Rise of €6.0m in revenue from non-regulated activities
  - Negative balance contribution of €89.0m, as a consequence of air traffic recovery in 2021 vs. 2020
- **EBITDA** at €222.4m, up by 5.5% vs. 2020, coming from positive operating performance
- **EBITDA margin** at 26.6% vs. 27.3% in 2020

# Consolidated P&L and Main Movements Below EBITDA

| thousands euro | 2021 | 2020 | Change Amount | Change % |
|---|---|---|---|---|
| Revenue from operations | 504,307 | 352,216 | 152,091 | 43.2% |
| Balance | 294,398 | 383,378 | (88,980) | -23.2% |
| Other operating income | 37,874 | 35,701 | 2,173 | 6.1% |
| **Total Net Revenue** | **836,579** | **771,295** | **65,284** | **8.5%** |
| Personnel costs | (499,241) | (460,957) | (38,284) | 8.3% |
| Capitalized internal works | 27,442 | 27,727 | (285) | -1.0% |
| Other operating costs | (142,404) | (127,280) | (15,124) | 11.9% |
| **Total operating costs** | **(614,203)** | **(560,510)** | **(53,693)** | **9.6%** |
| **EBITDA** | **222,376** | **210,785** | **11,591** | **5.5%** |
| ***EBITDA margin*** | ***26.6%*** | ***27.3%*** | ***(0.7) p.p.*** | |
| D&A (net of capex contributions) | (120,724) | (128,501) | 7,777 | -6.1% |
| Provisions and write-downs | (3,366) | (11,160) | 7,794 | -69.8% |
| **EBIT** | **98,286** | **71,124** | **27,162** | **38.2%** |
| ***EBIT margin*** | ***11.7%*** | ***9.2%*** | ***2.5 p.p.*** | |
| Financial income / (expenses) | 4,500 | (6,125) | 10,625 | n.a. |
| **Profit before income taxes** | **102,786** | **64,999** | **37,787** | **58.1%** |
| Income taxes for the period | (24,755) | (11,027) | (13,728) | n.a. |
| **Net Income/(Loss) for the period** | **78,031** | **53,972** | **24,059** | **44.6%** |
| Net Income/(Loss) pertaining to the Group | 78,372 | 54,283 | 24,089 | 44.4% |
| Minority interests | (341) | (311) | (30) | 9.6% |

- **D&A** decreased by 6.1% YoY as a consequence of previous years investments timeframe
- **Provisions and write-downs** for €3.4m decreased YoY due to higher than usual provisions performed last year and related to old dismissed equipments
- Positive **financial income** of €4.5m, mainly related to the balance actualization mechanism coupled with interest income on the collection of previous years tax credit requested for reimbursement, which offset interest expenses
- Increase in **income taxes** mainly due to higher taxable income in the period and lower deferred
- **Net profit** of €78.0m, increasing €24.1m vs. last year

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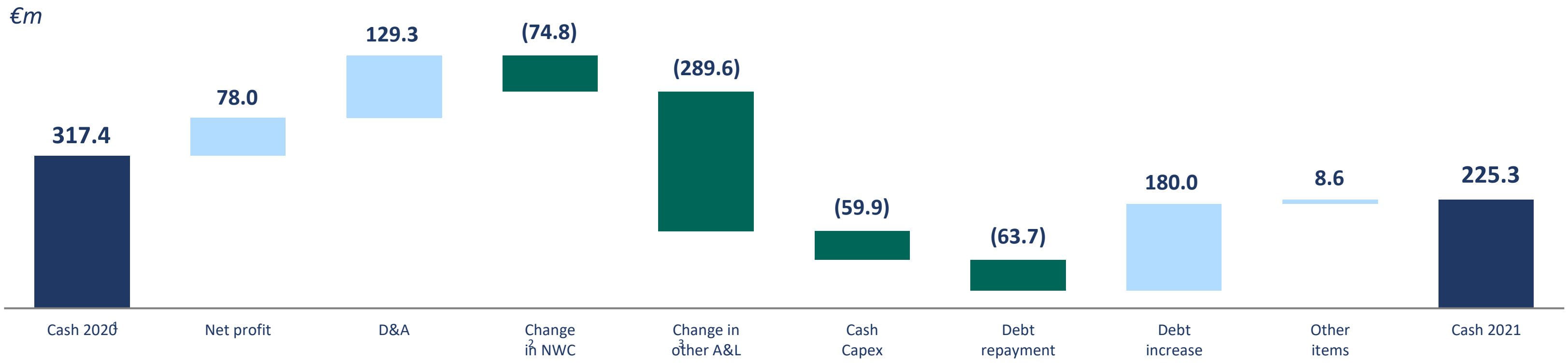
# Cash Flow and Capitalization

| *€m* | Maturity | | Total debt outstanding/ cash |
|---|---|---|---|
| | Current (<1 year) | Non-current | |
| **Financial Debt** | **252** | **415** | **667** |
| **Trade Payables*** | | **42** | **42** |
| **Total Debt** | **252** | **457** | **709** |
| **Cash & Cash Equivalents** | | | **225** |
| **Net Debt (Net Cash)** | | | **484** |
| **Net Debt / EBITDA** | | | **2.17 x** |

- **ENAV's liquidity and financial position remains solid**
- **Cash balance** in 2021 **decreased by** approximately **€91m**, vs. year end 2020, **to €225m**
- **The net financial position** at the end of December 2021 shows **net debt of €484m** compared with year-end 2020 net debt of €245m**
- **Availability of undrawn credit lines of €294m**

(*) Trade Payable consists of non-current commercial debt related to gross negative Balance to be returned to airlines, as per Consob indication n. 5/21 issued in May 2021
(**) FY 2020 net debt includes €8.5m of Trade Payable, as per Consob indication n. 5/21 issued in May 2021. Reported figure was €237m

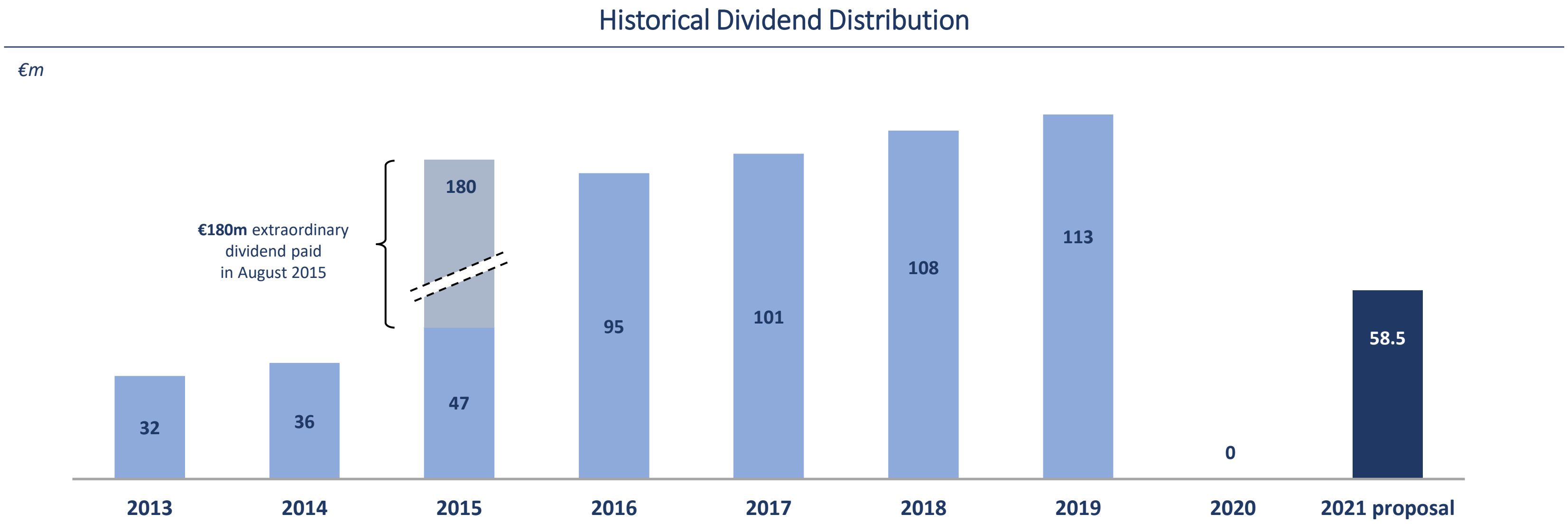
# Cash Flow Details




- **The cash balance decreased by €92,1m in 2021 vs 2020**[1] as a result of:
  - Net profit of €78.0m
  - Capex of €85.6m (cash capex of €59.9m) more than offset by €129.3m in D&A
  - Negative contribution of €74.8m from net working capital[2] mainly driven by the dynamics of trade receivables and payables
  - A&L[3] decrease of €289.6m, mainly related to the balance, partially offset by debt increase of €180m
  - Debt repayment for €63.7m in the year were mainly related to expiring tranches of EIB and ESG existing Loans
- **Net cash of €225.3m as of December 31, 2021**

1. Cash 2020 includes €1,375 thousand of the liquidity of Sicta Consortium in liquidation, reclassified as part of assets held for sale and definitively liquidated during the year 2021.
2. Change in trade payables, trade receivables and Inventories.
3. Change in Other current and non-current assets and liabilities, change in income tax payables and social security payables, as well as a number of other minor items.

# Shareholders Remuneration




- **Dividend distribution reinstated in 2021**, after 2020 pause due to Covid-19 pandemic impact on NFI
- **2021 dividend proposal: €58.5m** to be distributed in October 2022 equivalent to 0.1081 euro per share

# 2022 Outlook & Key Take-Aways

# 2022 Outlook

- Traffic expected to reach **8.5 million service units for en-route** in 2022 (approximately 85% of 2019) with **summer season at almost pre-pandemic levels**

- **Total revenue** increase by low-single digit YoY

- **Non-regulated revenue** increase by low-single digit YoY

- **EBITDA** increase by low-single digit YoY

- **CAPEX** of approximately €105m

# Key Take-Aways

- **Solid 2021** operational and financial results
- **Non-regulated business hit record revenue** and is expected to grow further
- **Traffic recovery** and summer season's peaks managed with top level quality and safety
- **SBTi validation** of our climate change strategy obtained
- **Performance Plan compliance** notified by EC to the Italian State
- **Dividend proposal** for fiscal year 2021 of 0.1081 euro per share to be paid in 2022
- **Marginal impact from Ukraine & Russia conflict**

# THANK YOU

***Q&A SESSION***

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