



# Investor Presentation

June 21, 2022

Innovating the sky

[enav.it](http://enav.it)





# 2021 Group's Highlights



Total Revenue

**€836.6m**

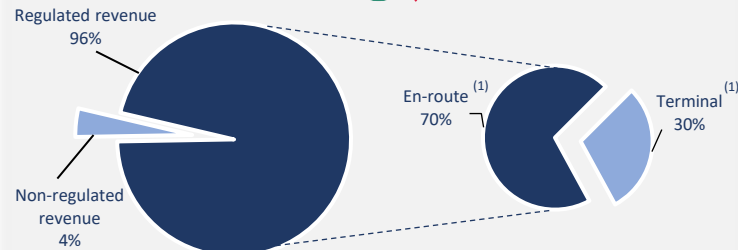
+8.5% vs. 2020



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

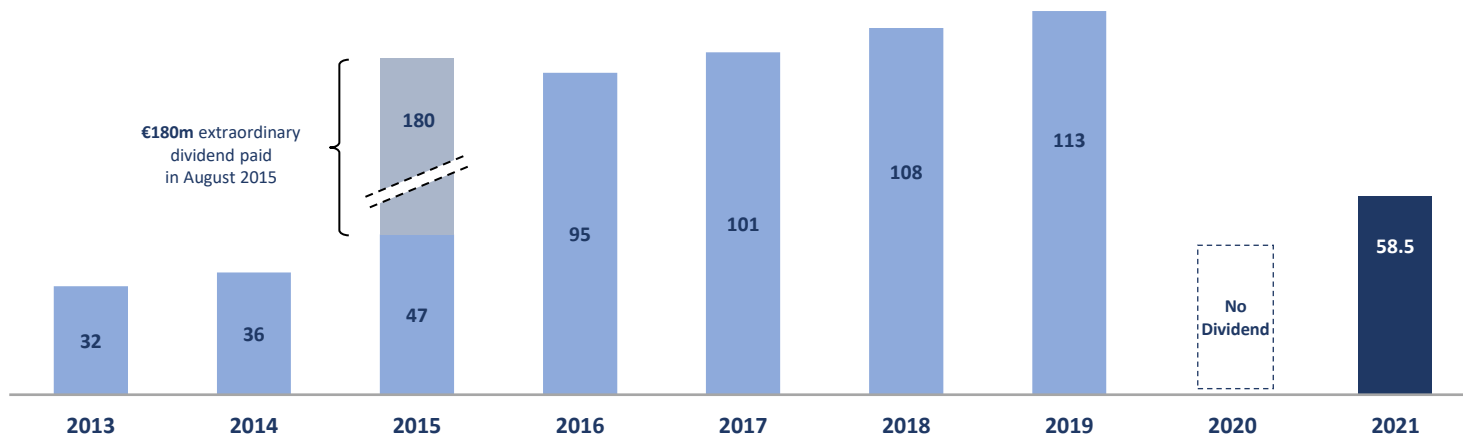
**2.17x**

1. Based on 2021 total en-route and terminal revenues pre-balance including exemptions.

# Shareholders Remuneration

## Historical Dividend Distribution

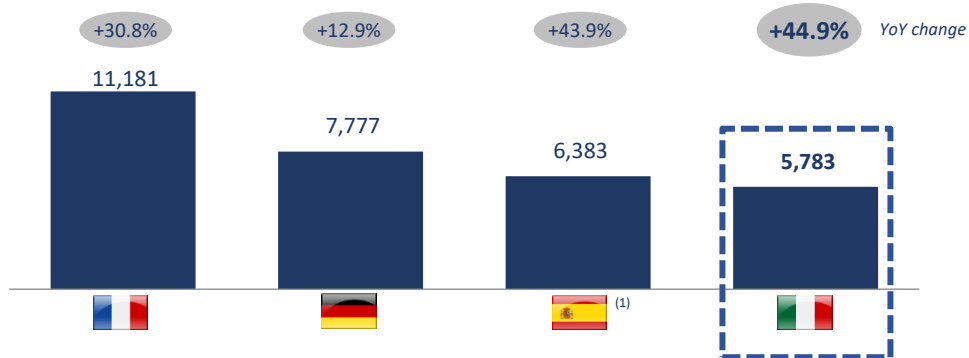
€m



- **Clear dividend policy of no less than 80% of Equity FCF** calculated as normalized net Income + D&A gross of capex contribution – non-financial capex
- **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

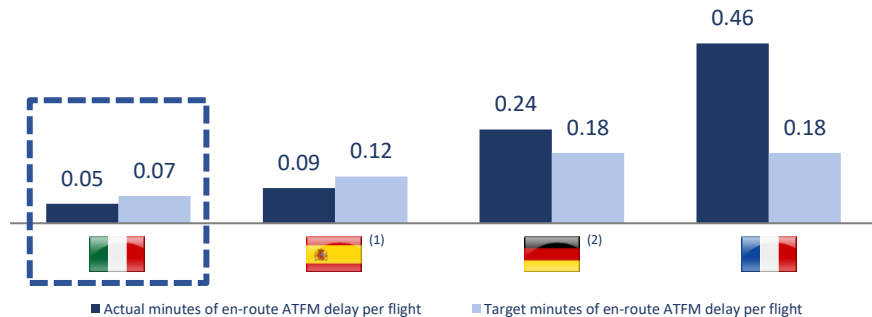
# Top Performance in 2021

## En-route Service Units ('000)



## Performance Quality Leader in Europe

### Average Minutes of En-route Delay per Flight



■ Actual minutes of en-route ATFM delay per flight

■ Target minutes of en-route ATFM delay per flight

Amongst Member States subject to EU Performance Scheme, ENAV:

- Is the **4<sup>th</sup> largest** Air Navigation Service Provider
- Shows a **faster post-pandemic 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

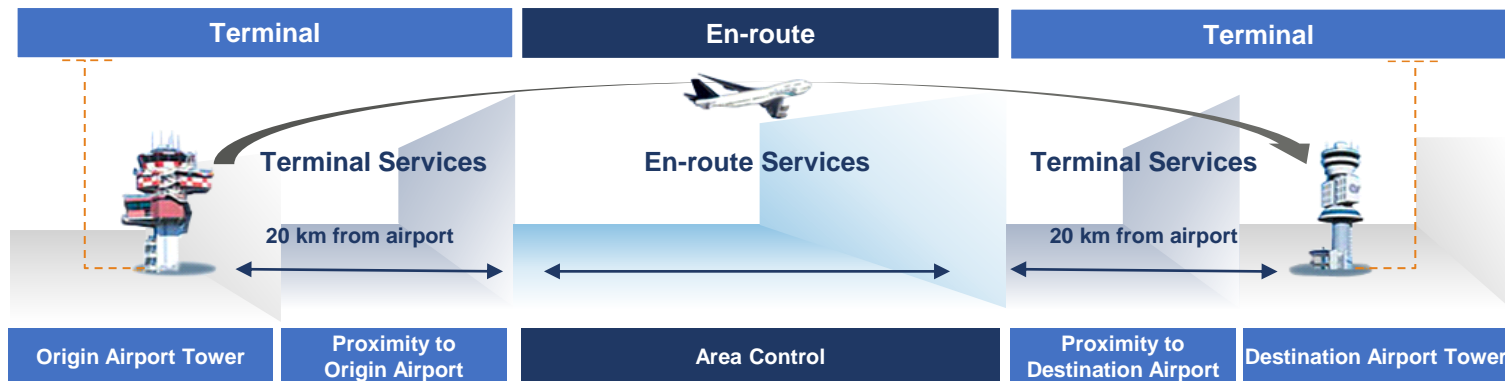
1. Refers to continental Spain.

2. Refers to DFS only.

# Core Regulated Business

## En-route and Terminal Services

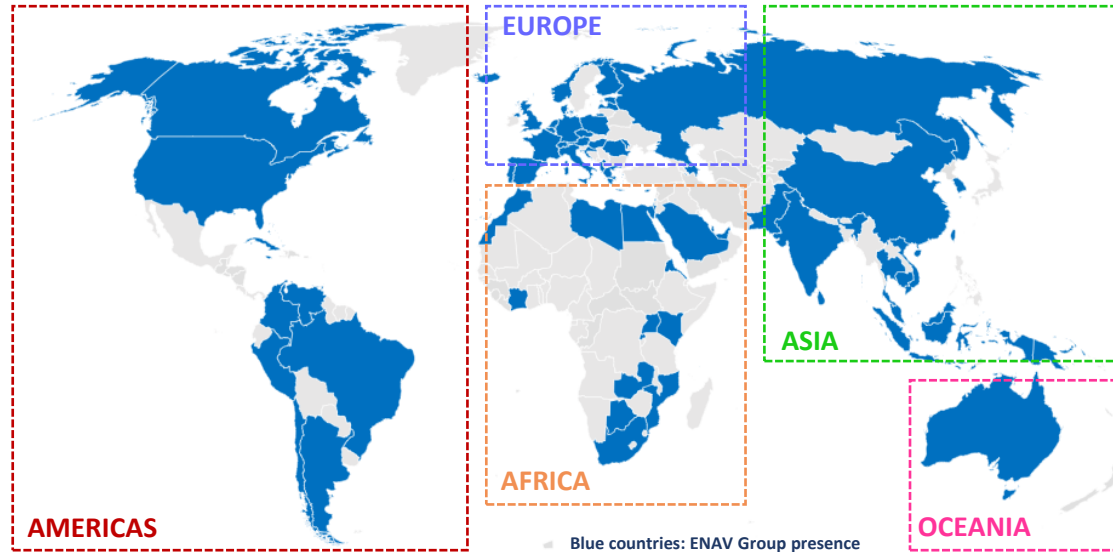
- ENAV's core business is to **manage the regulated Air Traffic Control Services (ATCS)**, for which it is entrusted by law, 24 hours a-day, 365 days a-year:
  - En-route services:** handling of air traffic crossing Italian airspace managed from **4 Area Control Centers** located in Brindisi, Milan, Padua and Rome
  - Terminal services:** assistance during the phases of approach, takeoff and landing from **45 Control Towers** located throughout Italy and divided into 3 charging zones
- ENAV in a pre-pandemic environment was used to provide ATCS to more than **2.05m flights** per year, with peaks of up to 7,300 flights per day
- ENAV generates regulated revenue by charging the users of its airspace (planes departing and arriving at Italian airports, as well as flights crossing the Italian airspace) a regulated tariff on the volume of airspace used <sup>(1)</sup>



1. Traffic volume is expressed in service units, which are a function of distance travelled within the airspace and certified aircraft weight for en-route services (formula:  $v(D/100)*v(P/50)$ , where D is the distance travelled and P is the certified weight) and of aircraft certified weight for terminal services (formula:  $(P/50)^{0.7}$ , where P is the certified weight).

# Non-Regulated Business – Worldwide Presence

ENAV Group proactively looks towards the future, seeking worldwide opportunities to develop innovative technologies for ATC



**AFRICA:** Botswana, Egypt, Ivory Coast, Eritrea, Kenya, Libya, Morocco, Mauritius, Mozambique, Ruanda, South Africa, Uganda, Zambia

**AMERICAS:** Argentina, Bahamas, Brazil, Canada, Chile, Columbia, Cuba, Curacao, Dominican Republic, Jamaica, Perú, Sint Maarten, Trinidad and Tobago, United States, Venezuela

**ASIA:** China, Dubai, Hong Kong (China), India, Indonesia, Israel, Malaysia, Maldives, Myanmar, Pakistan, Qatar, Russia <sup>(1)</sup>, Saudi Arabia, Singapore, South Korea, Taiwan, Thailand, United Arab Emirates, Vietnam

**EUROPE:** Albania, Austria, Belgium, Bulgaria, Cyprus, Croatia, Denmark, Estonian, Finland, France, German, Greece, Island, Italy, Kosovo, Latvia, Lithuania, Luxembourg, Moldovan, Norway, Holland, Poland, Portugal, United Kingdom, Czech Republic, Romanian, Spain, Sweden, Switzerland, Turkey, Hungary

**OCEANIA:** Australia, Papua New Guinea

1. Russia activities suspended as a consequence of the Russia/Ukraine conflict.

# Non-Regulated Business – IDS AirNav



IDS AirNav joined the Group in 2019 and represents the forefront for the promotion and sale in the non-regulated market of the services and technological solutions available **within the Group offers portfolio**

- Price paid of **€41m** for 100% of Air Navigation Division of IDS, equivalent to an **EV/EBITDA multiple of 5.5x** based on the **2018 EBITDA of €8.9m**
- About **150 employees** of IDS's Air Navigation Division **joined ENAV Group**
- In 2020, ENAV bought also the activities of IDS Air Navigation Division carried out by **IDS North America**

IDS develops **software solutions for the management of the air traffic** and related commercial services, but provides also a wide range of **products, services and training programs**, for clients in Italy, Europe and extra-European countries, such as:



Applications for **aeronautical information management**



Integrated **systems for instrument flight procedure design and ground validation**



Design of airspace and the assessment of **ground based and satellite navigation aids performance**



# Non-Regulated Business – ENAV & Techno Sky

## Leveraging on Strong Technical Capabilities to Provide Non-regulated Services to Third Parties



- ENAV provides supporting services to other ANSPs on a commercial basis, forming an independent source of revenue which is not regulated



- ENAV leverages its significant experience and reputation for promoting development projects worldwide, pursuing further opportunities for growth



- Techno Sky is the Group company responsible for managing and maintaining the entire range of hardware/software platforms and systems used to deliver air navigation services
- The company handles the technical/operational management of 4 Area Control Centres (ACC) at Brindisi, Milan, Padua and Rome, 45 airports, 44 radar systems, 121 telecommunications centers, 68 weather systems and 239 navigational aid systems
- Techno Sky controls the full value chain: research and development, system engineering, design, ATM software development, weather system development, installation, integration, training, logistics, maintenance, calibration of measurement instruments, spare part management and repair management

# Non-Regulated Business – Aireon & D-Flight



- **Aireon** is the first company that has developed a **global satellite surveillance system for Air Traffic Control** and ENAV is one of the shareholders
- Using 75 satellites that make up the new Iridium Next constellation, Aireon LLC **provides an aviation surveillance system with global coverage** and is **certified by EASA** as an ATM/ANS Service Provider Organization Approval



- **D-Flight** is the Italian solution recognized today for the **registration of drones** and for the **provision of basic services** to support the flight UAVs (Unmanned Aerial Vehicles)
- **D-Flight** is pursuing the **development and provision of services for the management of low-altitude air traffic** of remotely piloted aircraft (APR) and all other types of aircraft falling within the category of UAVs and any related activities

## Mission



Development of U-Space platform



Evolution of U-Space services



Consolidation of a significant share of the Italian and European market

# ENAV's Sustainability Path to Value Creation

ENAV strives to combine the excellence achieved in its core business with an increasingly sustainable approach in order to create value for all stakeholders



# Sustainability Performance in 2021



## COMMUNITY

- Europe's leader for punctuality with **0.053 min** ATFM delay allocated en-route
- **114,358 hours** of Group in-house operational training
- About **1,400 hours** flown by aircraft of the Flight Inspection and Validation service
- **1,180,526 flights** handled in 2021
- **732,800 km<sup>2</sup>** of airspace managed
- **5,574** peak number of flights handled in one day in 2021



## PEOPLE

- **99.9%** of employees on full-time permanent contracts
- **6.99%** turnover rate
- **158,255 hours** of total classroom and e-learning training
- **137,174 hours** of ongoing training and operating unit training (training on the job)



## ENVIRONMENT

- - **152 million kg of CO<sub>2</sub>** the lower impact generated thanks to the Free Route Project
- - **93.74 kg of CO<sub>2</sub>** avoided in 2021 as a result of renewable energy generation
- - **24.6% Scope 1 and Scope 2 CO<sub>2</sub>** emission reduction in 2021 vs. 2019

# 2021-2023 Sustainability Plan and 2021 Achievements

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

ASSETS		2021 ACHIEVEMENTS
<b>1</b>	<b>Strategy and Governance</b> Enhance Regulatory and Management System to integrate ENAV's Sustainability Strategy	Platform for the Sustainable Supply Chain Management completed
<b>2</b>	<b>Policies</b> Adopt new several Policies to regulate specific ESG issues	ISO 37001 Anti-bribery Certification obtained
<b>3</b>	<b>Technological Innovation</b> Achieve ENAV's strategic goals through technological innovation	APP integration of some airports into ACCs completed
<b>4</b>	<b>Reporting and Communication</b> Strengthen the non-financial reporting process and the internal and external communication of ENAV's Sustainability Strategy	Internal Communication Plan to develop employees' Sustainability Culture developed and implementation started
<b>5</b>	<b>Corporate Culture</b> Disclose, within ENAV, an individual and corporate culture, oriented to Sustainability's principles	ENAV's Sustainability Purpose defined and publicly announced
<b>6</b>	<b>Climate Change</b> Fight climate change	Validation from Science Based Target initiative obtained

# Carbon Footprint & Strategy to Reduce Emissions

The roadmap defined by ENAV to **reduce emissions** foresees the achievement of two ambitious targets:

## 1. 2022 - Carbon Neutrality

Carbon neutrality by 2022 passes through the **reduction of Scope 1 and 2 emissions by 70%** and the offset of remaining emissions through the use of carbon credits. The already purchased credits are related to two environmental protection projects:

### ➤ Renewable energy hydro India

- Construction of a 300 MW flowing water hydroelectric power plant
- **OUTCOME:** Reduction of about 1 million tons of CO<sub>2</sub> per year

### ➤ Efficiency improved cookstoves

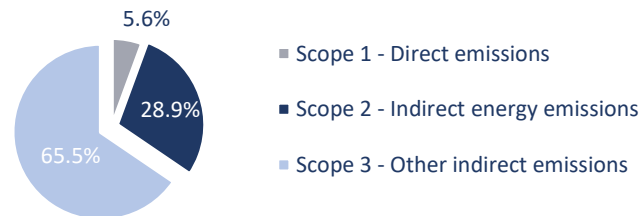
- Provide new stoves in Maputo, Mozambique, replacing the existing traditional more polluting equipment
- **OUTCOME:** Reduction of 15,000 tons of CO<sub>2</sub> per year with more than 70% of coal saved per household per year

## 2. 2030 - Science Based Target initiative

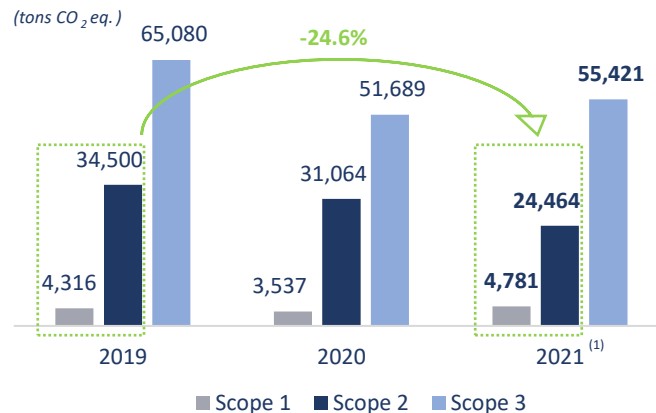
In 2021, ENAV defined a strategy for its direct and indirect emissions by 2030 versus year 2019 utilized as base year (at least 70% Scope 1 and Scope 2 emissions and 13.5% Scope 3).

**The strategy has been validated by the Science Based Target initiative, meaning that we are in line with the level of decarbonization necessary to contain the increase in global temperature below 1.5°C.**

## 2021 Carbon Footprint



## Emissions Annual Trend



1. 2021 Scope 1 emissions including refrigerant gas reported for the first time.

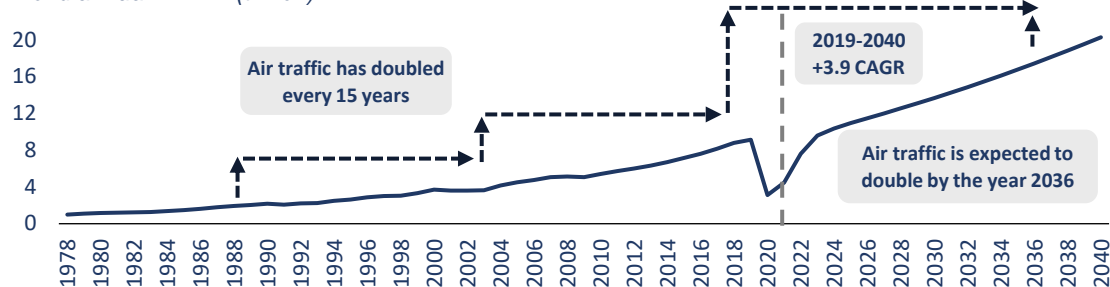
# Operating in a Favorable Market Environment



# Benefiting From Long Term Growth Trends of Global Aviation Market

## Global Traffic Increase Supporting Service Units Growth in the Medium-long Term

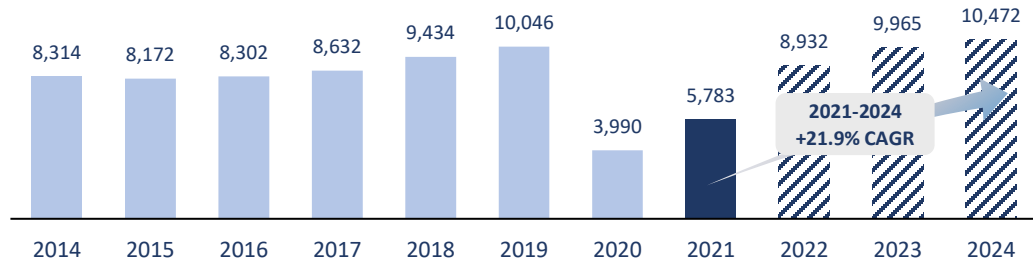
World annual RPK<sup>(1)</sup> (trillion)



Source: Airbus Global Market Forecast 2021-2040

- Independent source indicates a global growth in traffic reflecting a doubling in volumes every 15 years
- Italy is strategically located to benefit from growth in global traffic

## Italian En-route Service Units ('000)



Source: Eurocontrol - scenario 2, June, 2022

- Italy en-route service units expected to quickly retrieve after pandemic, in line with the major countries in Europe, reaching 99% of pre-Covid levels in 2023

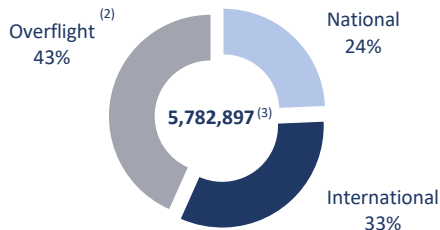
1. Revenue passenger kilometer.



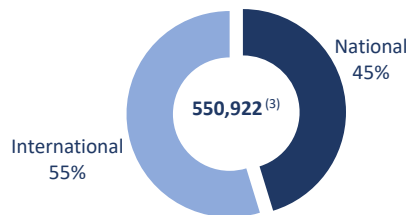
# Diversified Customer Base and Business Mix Provide Resilient Results

## Diversified Business Mix <sup>(1)</sup>

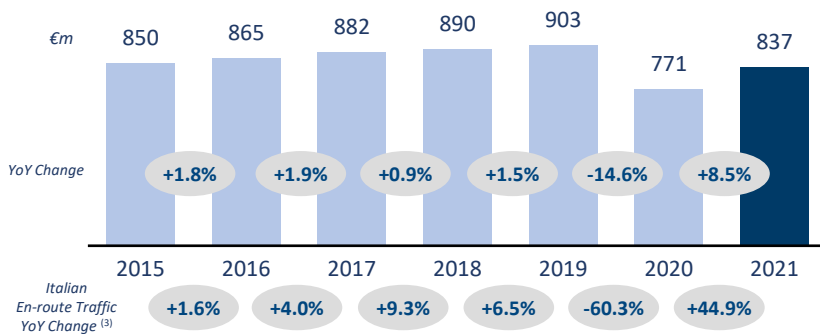
### En-route traffic breakdown (by Service Units)



### Terminal traffic breakdown (by Service Units)



## Volume Risk Protection Provides Revenue Resilience



## Top 10 Customers <sup>(1)</sup>



- **Diversified business mix** with majority of revenue from en-route services and relevant revenue from terminal services
- **76%** of en-route traffic from **international** and **overflight**, resulting in limited exposure to Italian GDP
- **Diversified customer base** from **different geographies** (top 10 customers weight 51.3% of total en-route service units)
- **Collection managed centrally by Eurocontrol** on a monthly basis
- **Resilient revenue trend** supported by a **protective regulation framework**

1. Based on ENAV 2021 service units.  
 2. Overflight defined as international traffic transiting over Italian territory (not departing / landing in Italy).  
 3. Excluding exempt flights not communicated to Eurocontrol (for en-route 2,672 SUs and for terminal 808 SUs).

# European Regulatory Framework Providing Long-term Visibility (1/2)

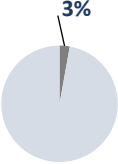
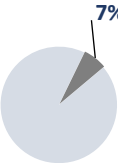

En-route (70% of regulated revenue <sup>(1)</sup> )		
Regulatory Period	RP2 (2015 – 2019)	RP3 (2020 – 2024)
Traffic Risk	<b>Mitigated</b> (70% protection between $\pm 2\%$ and $\pm 10\%$ ) (full protection for traffic beyond $\pm 10\%$ )	<b>Mitigated</b> (70% protection between $\pm 2\%$ and $\pm 10\%$ ) (full protection for traffic beyond $\pm 10\%$ )
Inflation Risk	<b>Full cost recovery</b>	<b>Full cost recovery</b>
OPEX	<b>Upside on OPEX efficiencies</b> above regulatory target fully retained by the Company	<b>Upside on OPEX efficiencies</b> above regulatory target fully retained by the Company
CAPEX/D&A	<b>Upside on CAPEX efficiencies</b> above regulatory target fully retained by the Company	<b>Partial cost recovery</b>
Performance quality (Bonus/Malus)	<b>Bonus/Malus</b> mechanism depending on achievement of quality targets: <b>+/-1% of revenue</b>	<b>Bonus/Malus</b> mechanism depending on achievement of quality targets <b>+/-2% of determined costs</b>

**RP3 performance plan 2020-2024 defined and approved**

- Visibility through 5-year regulatory period
- Strong traffic risk mitigation
- Significant room for upside on OPEX in regulated business
- Full inflation risk protection
- Partial cost recovery mechanism for CAPEX (i.e. alignment of actual and planned investments)
- Additional revenue upside/downside on performance quality targets (minutes of delay per assisted flight)
- Full upside from non-regulated activities

1. Based on 2021 total en-route and terminal revenues pre-balance including exemptions.

# European Regulatory Framework Providing Long-term Visibility (2/2)

Terminal (30% of regulated revenue <sup>(1)</sup> )					
	Charging Zone	% of regulated revenue <sup>(1)</sup>	Airports	Charging regulation	Difference from en-route
PERFORMANCE AND CHARGING SCHEME	Terminal zone 1		<ul style="list-style-type: none"> <li>▪ Rome Fiumicino</li> </ul>	Subject to <b>traffic risk sharing and cost risk</b> from 2015, full protection on inflation	Same as en-route
	Terminal zone 2		<ul style="list-style-type: none"> <li>▪ Milan Linate</li> <li>▪ Milan Malpensa</li> <li>▪ Venice</li> <li>▪ Bergamo</li> </ul>	Subject to <b>cost risk</b> from 2015, full protection on traffic and inflation	Same as en-route but <b>full traffic protection</b>
NATIONAL LAW	Terminal zone 3		Other airports: <ul style="list-style-type: none"> <li>▪ 40 ENAV</li> <li>▪ 3 Italian Air Force</li> </ul>	Subject to the <b>national regulatory framework</b> (full cost recovery) including inflation	<b>Full cost recovery</b>

1. Based on 2021 total en-route and terminal revenues pre-balance including exemptions.

# 2022-2024 Business Plan Overview



# Business Plan – Highlights

The 2022-2024 Business Plan is fully oriented to the sustainable success of the Group, keeping, as always, safety as main priority, increasing value for all stakeholders *“Future Sky 2031”*



Is part of the wider **long-term future strategic vision** which have a 10 years horizon



Takes into account **RP3 regulatory framework** and the related Performance Plan



Pushes on **innovation and digitization** of Group processes and infrastructures



Keeps **personnel at the center** focusing on professional growth and attraction of new talents



**Confirms main strategical projects** shared in the previous Business Plan



Includes **new market needs**, such as higher flexibility and scalability in providing services



Considers **new emerging business** such as drones



**Enhances sustainability** of the Group



Defines **investments needed** to keep and improve current top-notch performance

# Business Plan – Objectives

## ENAV as a Frontier Service Provider

*Leadership in Core business*

Maintain and enhance leadership in providing core business' services, through the **evolution of the Technical and Operational Model**

## ENAV global market leader

*Leadership in Non-Regulated business*

To be **global leader in contestable markets**, strengthening and enlarging the offering of digital solutions

## ENAV fully Digital & Sustainable

*Leader in ATM/UTM\* Technology*

To become the **best-in class in digitizing** the core business and all internal processes **in a more sustainable way**

## ENAV talent catalyst

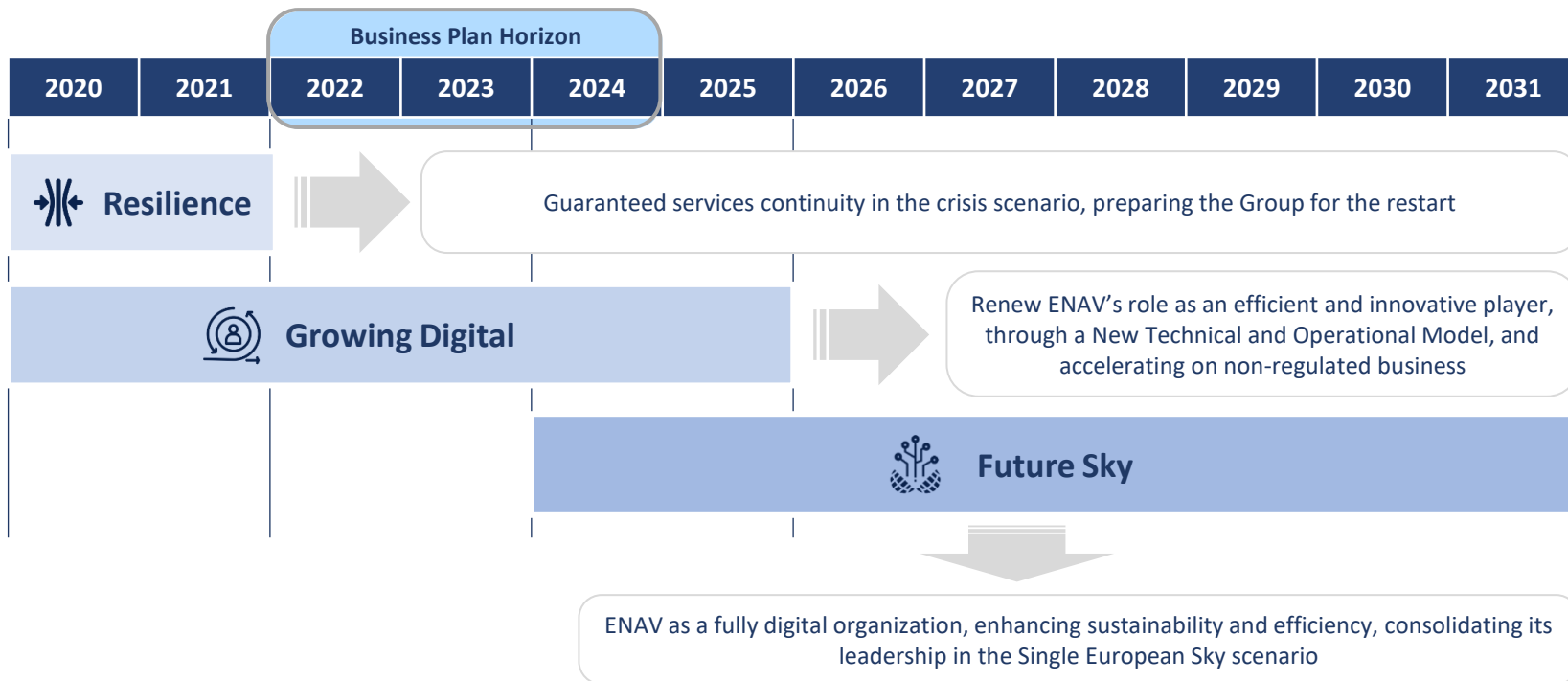
*Best place to work*

**Attract new and young talents** thanks to our positioning at the frontier of technologies and to our **corporate culture oriented to innovation and diversity**

\* ATM stands for Air Traffic Management; UTM stands for Unmanned Traffic Management (for Drones)

# Future Strategic Vision & Business Plan – Timeline

The 2022-2024 Business Plan is fully integrated within ENAV's future strategic vision, structured in three steps, to address the current uncertainty and pave the way for the relaunch of the Group



# Sustainability as Basement of our Business Plan

Initiatives included in the 2022-2024 Business Plan are in line and increase the value of ENAV's Sustainability Assets

## Sustainability Assets in ENAV's Sustainability Plan

### 1 Strategy and Governance

Enhance Regulatory and Management System to integrate ENAV's Sustainability Strategy

### 2 Policies

Adopt new several Policies to regulate specific ESG issues

### 3 Technological Innovation

Achieve ENAV's strategic goals through technological innovation

### 4 Reporting and Communication

Strengthen the non-financial reporting process and the internal and external communication of ENAV's Sustainability Strategy

### 5 Corporate Culture

Disclose, within ENAV, an individual and corporate culture, oriented to Sustainability's principles

### 6 Climate Change

Fight Climate Change

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



In the following slides are shown SDGs impacted by each Business Plan's pillar



## Sustainable Development Goals





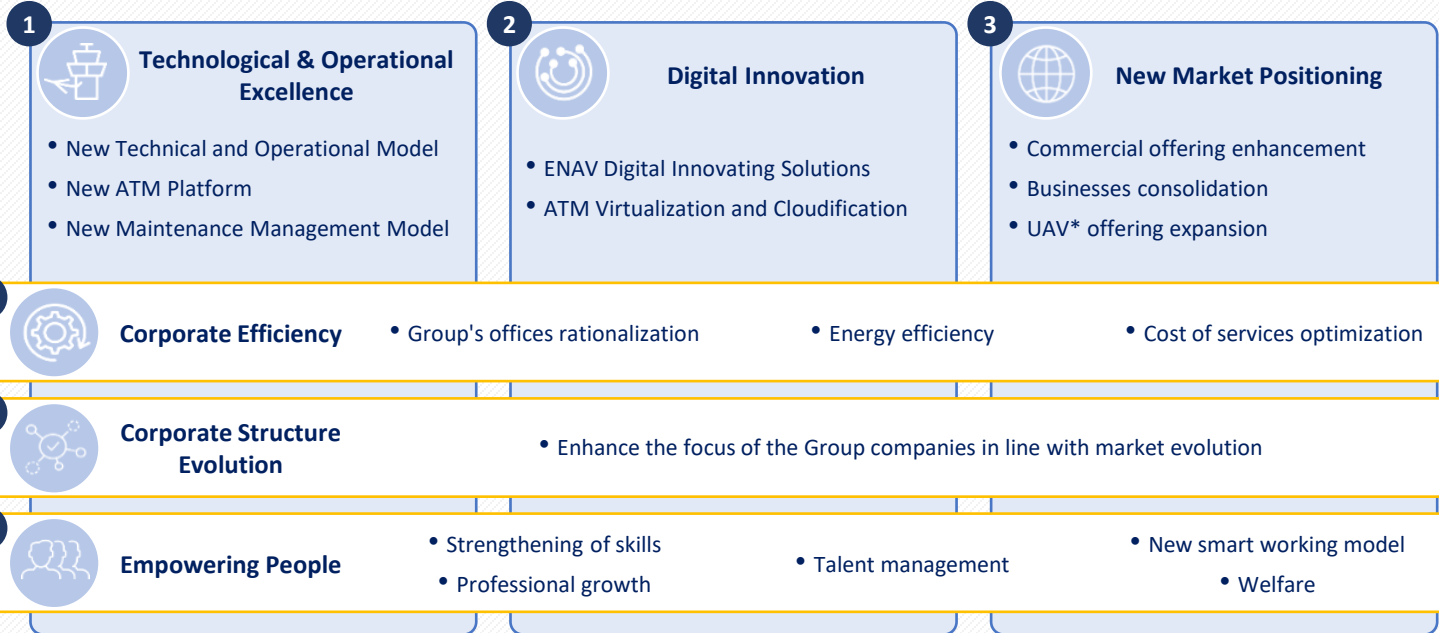
# Business Plan – Pillars



## Environmental, Social and Economic Sustainability



### Maintain the Paramount Target of Maximum Safety



\* UAV stands for Unmanned Aerial Vehicle (Drones)

# Business Plan – Pillar 1



## Environmental, Social and Economic Sustainability



### Maintain the Paramount Target of Maximum Safety

1



#### Technological & Operational Excellence

##### Initiatives

- ACCs Consolidation
- APP integration into ACCs
- Remote Towers Development
- New ATM platform
- New maintenance management centralized model

##### Objectives

- Productivity increase in providing ATM services
- ENAV positioning as a worldwide technological leader in providing ATM services
- Increase flexibility and scalability of operational structure in the management of core activities
- Improvement of customers experience at no additional cost

##### Benefits

- Group “Right-sizing” without layoffs but leveraging retirements and voluntary exits, hiring new resources to partially replace exits
- More balanced workload
- Maintenance costs reduction
- Energy savings

# Pillar 1 – Focus on ACCs Consolidation & Remote Towers

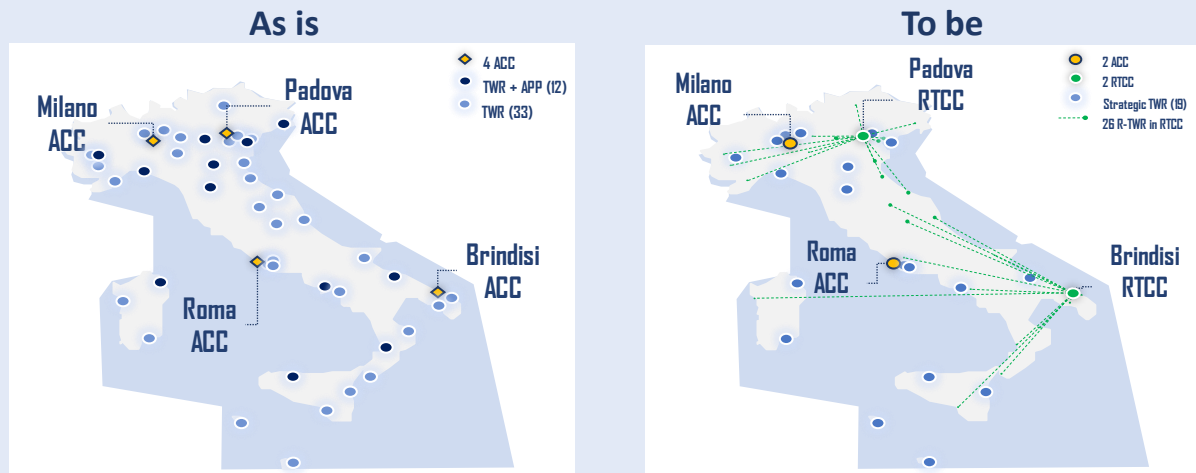


## Environmental, Social and Economic Sustainability



### Maintain the Paramount Target of Maximum Safety

1



- First tranches of sector to be migrated from Brindisi ACC to Rome ACC in 2024. Completion expected by year end 2026
- Brindisi Remote Tower to start operating in 2022, with the completion of first 6 Remote Towers expected by year end 2024

# Business Plan – Pillar 2



## Environmental, Social and Economic Sustainability



### Maintain the Paramount Target of Maximum Safety

2



#### Digital Innovation

##### Initiatives

- ATM Virtualization and Cloudification throughout hyper-automation tools as a support to operative management processes
- Artificial Intelligence and Internet of Things implementation to support predictive maintenance

##### Objectives

- Facilitate core business evolution
- Accelerate non-regulated business expansion
- Becoming an incubator for innovative digital solutions, to anticipate future technological developments

##### Benefits

- Streamlining the Group's management operations
- Improving service quality provided
- New business opportunities in new markets through the generation of new services & partnerships

# Business Plan – Pillar 3



## Environmental, Social and Economic Sustainability



### Maintain the Paramount Target of Maximum Safety

3



#### New Market Positioning

##### Initiatives

- Enhancement and integration of Group's products and offerings
- Define and implement new services for UAV vehicles, coherently with market evolution

##### Objectives

- Consolidating ENAV's positioning as a world-wide leader
- Increase non-regulated business size
- Enlargement of Customer base
- Becoming national leader in UAV services

##### Benefits

- Increase revenue from non-regulated business
- New business opportunities in new markets leveraging on the "first-mover" opportunity

# Business Plan – Horizontal Pillars



## Environmental, Social and Economic Sustainability



### Maintain the Paramount Target of Maximum Safety

4



#### Corporate Efficiency

##### Initiatives

- Internalization of ATM platform maintenance activities
- Group's offices rationalization

##### Objectives

- Internalizing maintenance know-how
- Reduce dependency from suppliers

##### Benefits

- Increase Group' sustainability
- Enhance internal work flexibility and efficiency

5



#### Corporate Structure Evolution

- End-to-end key processes integration

- Strengthen Group presence in un-explored markets

- Enhance core business quality provided
- Increase revenue from non-regulated business

6



#### Empowering People

- Young talent selection and hiring
- Implementation of personalized professional growth path

- Support strategic pillars realization through coherent process of growth, integration and evolutions of corporate skills

- Increase work quality
- Enhance work/life balance
- New corporate culture digitally oriented and future proof

# 2022 – 2024 Business Plan Targets

 **Total revenue CAGR**

mid single digit

 **Non-regulated revenue**

approximately €50m in 2024

 **EBITDA CAGR**

high single digit

 **EBIT margin**

approximately 17% in 2024

 **CAPEX**

approximately €350m

 **Total investments 2022-2031**

approximately €1 billion



















# Appendix



# Overview of Customer Base

## Well Diversified Customer Base <sup>(1)</sup>

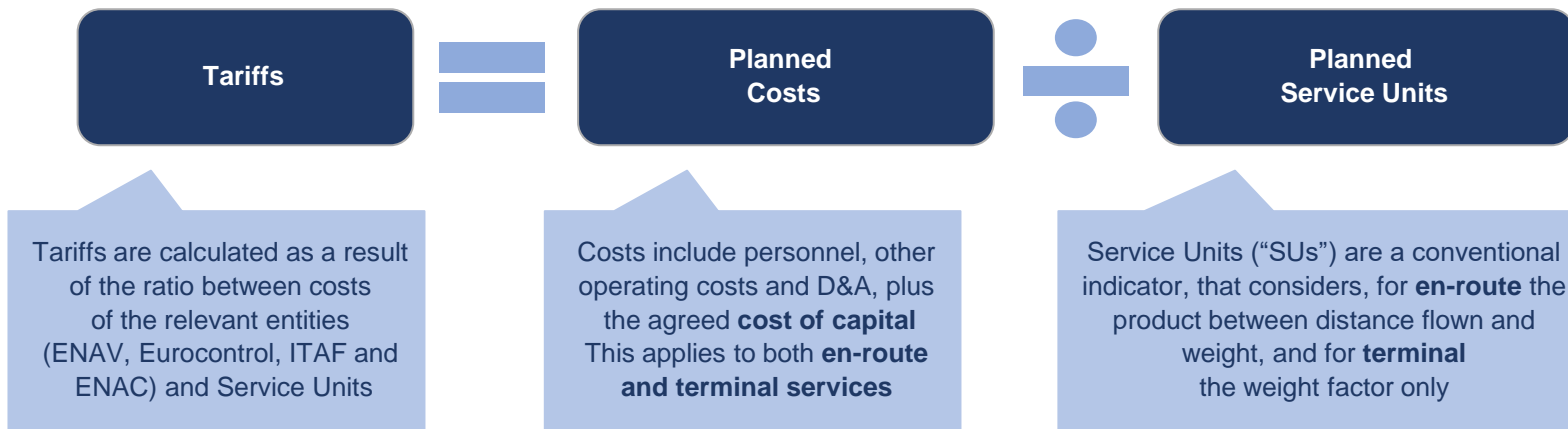
	2021	2020
 RYANAIR	19.7%	17.3%
 easyJet	5.2%	5.4%
 Alitalia	5.1%	10.0%
 Wizz	5.1%	3.0%
 TURKISH AIRLINES	4.3%	4.1%
 Lufthansa	2.8%	2.4%
 AIRFRANCE	2.7%	2.6%
 VOLOTEA	2.5%	2.4%
 QATAR AIRWAYS	2.3%	2.2%
 AEGEAN <small>A STAR ALLIANCE MEMBER</small>	1.6%	1.5%
 ITA AIRWAYS	1.6%	n.a.
 vueling	1.5%	1.5%
 Emirates	1.5%	1.6%
 BRITISH AIRWAYS	in other Airlines	1.8%
 airmalta	in other Airlines	1.6%
 السعودية SAUDIA	in other Airlines	1.5%
Other Airlines	44.1%	41.0%

- **Broad customer base** which includes carriers from diversified geographies
- **Balanced exposure** towards **low-cost** and **full-service** airlines
- Empty routes quickly taken up by competitors
- **Collection centrally managed by Eurocontrol** on a monthly basis
- **En-route services can be discontinued** by the competent Authorities to carriers **who do not pay Eurocontrol**

1. Based on ENAV 2021 en-route service units.

# Reference Regulation – Key Principles of Tariffs

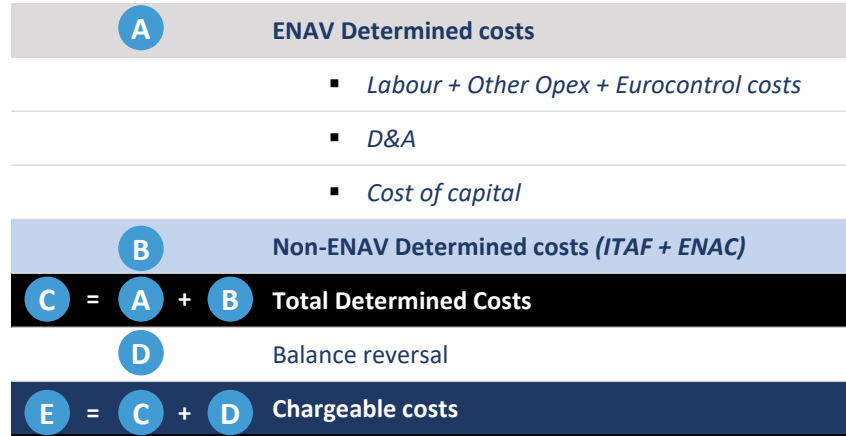
- The system adopted by all Air Navigation Service Providers of the Member States provides for the **payment of a tariff for both en-route and terminal services**
- Tariffs are determined **as planned costs divided by planned traffic volumes** (measured as “Service Units”):



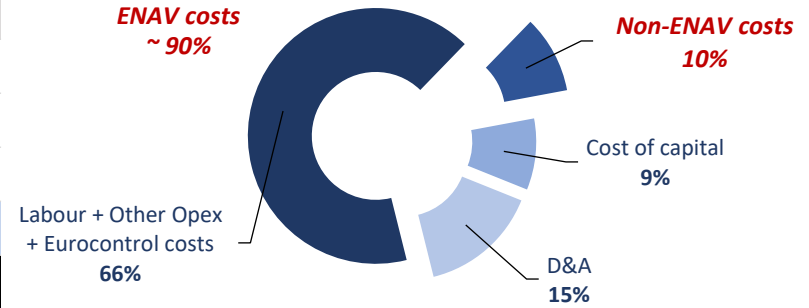
- Over the 5-year regulatory period (currently RP3: 2020-2024) tariffs are determined on the basis of a **cost efficiency target level agreed with the European Commission**, taking into account also **expected inflation and traffic expected growth**
- **Tariffs, multiplied by actual traffic volumes** (actual SUs) lead to **regulated revenue**

# En-route Tariff – Chargeable Costs

## Total Cost Base Calculation (Chargeable Costs)



## Determined Costs Breakdown



Cost efficiency target is applied to DUC in real terms <sup>(1)</sup>

### Timing of set up

Beginning of regulatory period (for all the RP)

November of each year (year n+1)

Total Determined Costs ÷ Planned SU = **Determined Unit Costs (DUC)** <sup>(2)</sup>

Chargeable Costs ÷ Planned SU = **Applicable Tariff**

Applicable Tariff × Actual SU × % Applicable to ENAV <sup>(3)</sup> = **En-route revenue** <sup>(4)</sup>

1. Please see slide “En-route Tariff – Efficiency Target for DUC in RP3” for additional details.  
 2. In nominal terms. Please see slide “En-route Tariff – Efficiency Target for DUC in RP3” for additional details.

3. I.e., excluding % referring to ITAF + ENAC.  
 4. Including exemptions.

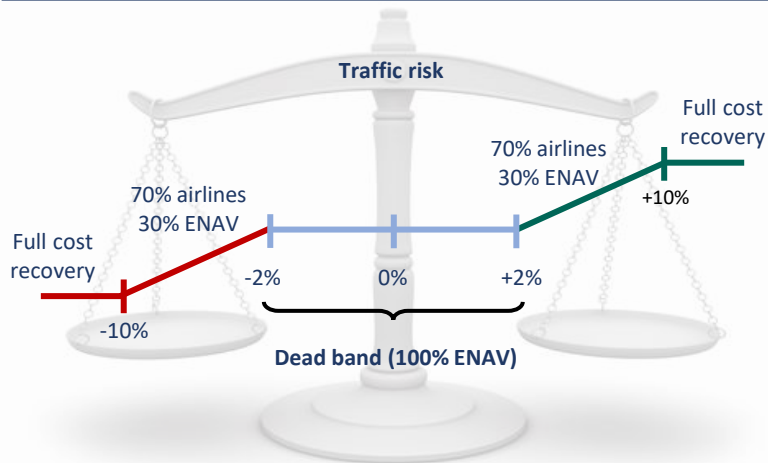
# Traffic Balance

## Key Principles

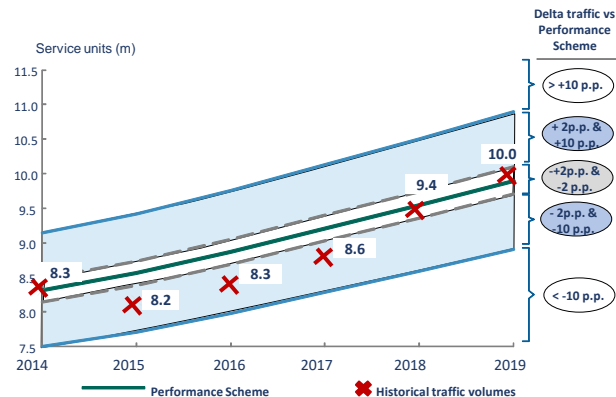
Deviation between **planned traffic from Performance Scheme** and **current traffic** leads to a **traffic risk** borne:

- **Entirely by ENAV** if the delta is **within** the +/- 2% range
- **30% by ENAV** and **70% by airlines** if the delta is **within**:
  - -2% / -10% or
  - +2% / +10%
- **100% by airlines** if the delta is **< -10%** or **> +10%**

## Impact Deviation of Planned and Actual Traffic



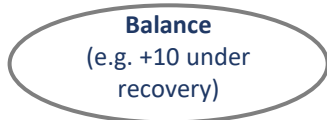
## RP2 En-route Planned Traffic vs. Actual Traffic



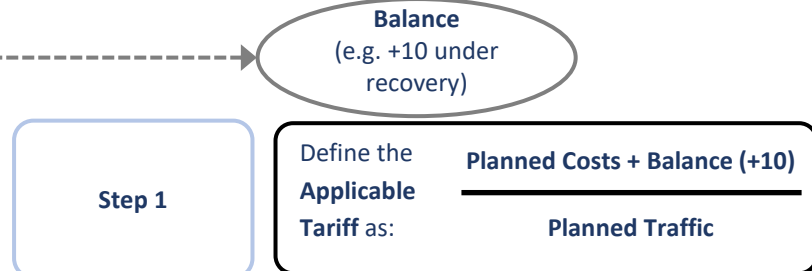
Source: ENAV elaborations on Eurocontrol data

# The Balance from Traffic Risk Sharing Mechanism

## Year N: Economic Effect



## Year N+2: Financial Effect



Profit & Loss		
Other revenue	Balance	+ 10

Cash flow impact		
Cash flow	Balance	0

Profit & Loss		
Other revenue	Balance N - 2	- 10

Cash flow impact		
Cash flow	Balance N - 2	+ 10

# En-route Tariff – Efficiency Target for DUC in RP3

## RP3 Performance Plan (2020-2024): Key Economic Assumptions <sup>(1)</sup>

- The level of efficiency, agreed with the European Commission and officially approved via the Executive Decision of European Commission 2022/773, shows an average of **1.9% decrease per year** in the 2019-2024 period (DUC in real terms) equivalent to an 8.9% decrease in 2024 vs. 2019
- Based on planned inflation, **DUC (nominal) would decrease** on average by **1.0% per year** equivalent to an 4.9% decrease in 2024 vs. 2019
- Considering the planned traffic increase based on regulatory projections (+2.3% CAGR 2019-2024), Determined Cost base (ENAV+Eurocontrol, Enac and ITAF) is expected to grow at **1.3% per year in nominal terms**

		2019	2020	2021	2022	2023	2024 <sup>(2)</sup>	CAGR 2019 - 2024	2024 vs. 2019
Total Determined Costs (€m)	(A)	645	582	615	651	674	689	1.3%	6.8%
Planned SU (m)	(B)	10.0	4.0	5.5	8.5	10.5	11.3	2.3%	12.3%
DUC - Nominal terms (€)	(C) = A/B	64.2	145.9	111.6	76.5	64.4	61.1	1.0%	4.9%
Planned Inflation <sup>(3)</sup>			0.00%	1.66%	1.79%	1.15%	1.23%		
Inflation Index (2017=100) <sup>(3)</sup>		101.8	101.8	103.5	105.3	106.6	107.9	1.2%	
Total Determined Costs - Real Terms 2017 (€m)	(D)	637	575	601	627	643	652	0.4%	2.3%
DUC - Real terms 2017 (€)	(E) = D/B	63.5	144.1	108.9	73.7	61.5	57.8	1.9%	8.9%

Source: Executive Decision of European Commission 2022/773

1. In compliance with regulation setting guidelines for the calculation of performance and tariffs (EU Reg. 317/2019).
2. Target are defined for 2020-2024 period, considering 2019 as the starting point.
3. Inflation works on personnel and operating costs.

# Historical Income Statement 2015-2021

€m	2015	2016	2017	2018	2019	2020	2021
<b>Net Sales</b>	<b>850</b>	<b>865</b>	<b>882</b>	<b>890</b>	<b>903</b>	<b>771</b>	<b>836.6</b>
En-Route	566	583	615	675	689	233	324.0
Terminal	180	195	220	223	231	82	136.3
Other <sup>(1)</sup>	104	87	47	(8)	(18)	456	376.2
<b>Operating costs</b>	<b>(607)</b>	<b>(610)</b>	<b>(598)</b>	<b>(592)</b>	<b>(600)</b>	<b>(561)</b>	<b>(614.2)</b>
Personnel costs	(476)	(478)	(478)	(481)	(497)	(461)	(499.2)
Other net operating costs	(131)	(132)	(120)	(111)	(103)	(100)	(115.0)
<b>EBITDA</b>	<b>243</b>	<b>255</b>	<b>284</b>	<b>297</b>	<b>303</b>	<b>211</b>	<b>222.4</b>
<i>% Margin</i>	29%	29%	32%	33%	34%	27%	26.6%
<i>% Growth</i>	9%	5%	11%	5%	2%	-30%	5.5%
Gross D&A	(147)	(143)	(140)	(138)	(139)	(138)	(129.3)
Capex contribution	9	10	10	9	9	10	8.5
Provisions and writedowns	(12)	(5)	(7)	(4)	(2)	(11)	(3.4)
<b>EBIT</b>	<b>93</b>	<b>117</b>	<b>147</b>	<b>164</b>	<b>171</b>	<b>71</b>	<b>98.3</b>
<i>% Margin</i>	11%	14%	17%	18%	19%	9%	11.7%
<i>% Growth</i>	28%	25%	25%	12%	4%	-58%	38.2%
Net finance expenses	2	(2)	(3)	(3)	(5)	(6)	4.5
<b>Profit before income taxes</b>	<b>96</b>	<b>115</b>	<b>144</b>	<b>161</b>	<b>166</b>	<b>65</b>	<b>102.8</b>
Income taxes	(30)	(38)	(42)	(47)	(48)	(11)	(24.8)
<i>% of profit before taxes</i>	31%	33%	29%	29%	29%	17%	24.1%
<b>Profit for the year</b>	<b>66</b>	<b>76</b>	<b>101</b>	<b>114</b>	<b>118</b>	<b>54</b>	<b>78.0</b>
<i>% Growth</i>	65%	16%	33%	13%	3%	-54%	44.6%

1. Other includes balance, tariff stabilization funds, non-regulated activities, OPEX contributions, exemptions, European financing and other income.

# Historical Revenue, Net Revenue and Opex Overview 2015-2021

€m	2015	2016	2017	2018	2019	2020	2021
<b>Revenue</b>	<b>859</b>	<b>875</b>	<b>892</b>	<b>899</b>	<b>912</b>	<b>781</b>	<b>845.1</b>
Capex contribution	(9)	(10)	(10)	(9)	(9)	(10)	(8.5)
<b>Net revenue</b>	<b>850</b>	<b>865</b>	<b>882</b>	<b>890</b>	<b>903</b>	<b>771</b>	<b>836.6</b>
% Growth	1.7%	1.8%	1.9%	0.9%	1.5%	(14.6%)	8.5%
<b>En-Route</b>	<b>566</b>	<b>583</b>	<b>615</b>	<b>675</b>	<b>689</b>	<b>233</b>	<b>324.0</b>
<b>Terminal</b>	<b>180</b>	<b>195</b>	<b>220</b>	<b>223</b>	<b>231</b>	<b>82</b>	<b>136.3</b>
<b>Other</b>	<b>104</b>	<b>87</b>	<b>47</b>	<b>(8)</b>	<b>(18)</b>	<b>456</b>	<b>376.2</b>
Balance	18	16	(17)	(81)	(87)	383	294.4
Stabilization funds	20	-	-	-	-	-	-
Non regulated activities	11	15	14	14	19	27	33.0
<b>Other operating revenue</b>	<b>54</b>	<b>56</b>	<b>50</b>	<b>59</b>	<b>50</b>	<b>46</b>	<b>48.9</b>
Opex contributions	31	31	30	31	30	31	31.0
Route and terminal exemptions	14	13	14	13	12	10	11.0
European financing	6	9	3	10	5	4	5.4
Other income	3	2	3	5	3	1	1.5
<b>Operating costs</b>	<b>(607)</b>	<b>(610)</b>	<b>(598)</b>	<b>(592)</b>	<b>(600)</b>	<b>(561)</b>	<b>(614.2)</b>
% Growth	(0.9%)	0.6%	(2.0%)	(1.0%)	1.3%	(6.6%)	9.6%
<b>Personnel costs</b>	<b>(476)</b>	<b>(478)</b>	<b>(478)</b>	<b>(481)</b>	<b>(497)</b>	<b>(461)</b>	<b>(499.2)</b>
<b>Other costs, net</b>	<b>(131)</b>	<b>(132)</b>	<b>(120)</b>	<b>(111)</b>	<b>(103)</b>	<b>(100)</b>	<b>(115.0)</b>
Services costs	(142)	(142)	(131)	(123)	(119)	(113)	(127.3)
Purchasing costs	(10)	(9)	(8)	(10)	(10)	(8)	(9.7)
Costs of rents and leases	(6)	(6)	(6)	(5)	(2)	(2)	(1.8)
Other operating costs	(3)	(4)	(5)	(5)	(2)	(5)	(3.6)
Capitalized internal works	30	29	29	31	31	28	27.4
<b>EBITDA</b>	<b>243</b>	<b>255</b>	<b>284</b>	<b>297</b>	<b>303</b>	<b>211</b>	<b>222.4</b>

- Main drivers of ENAV's **net revenue** are **en-route and terminal businesses**, representing about **96% of net revenue**
- **Non-regulated revenue**, representing about **4% of net revenue**
- The **balance** component includes the net effect of traffic risk protection, inflation protection, bonus on performance, all generated in the year, coupled with the reversal of previous years balance applied to the tariff of the current year
- **Other Operating Revenue** mainly includes OPEX contributions for Safety and Security (under law 248/05), en-route and terminal exemptions and European financing related to common projects
- **Operating costs** are composed of personnel costs, accounting for approximately 80% of total costs, and of other external costs for the remaining 20%
- **Main external cost items** include: maintenance costs; telecommunications & utilities; insurance; Eurocontrol contributions – based on billed traffic and included in tariff; purchase costs, as well as consulting and external professional services
- **Personnel costs** in 2021 are related to **4,106 employees** composing the ENAV Group



# Historical Balance Sheet 2015-2021

€m	2015	2016	2017	2018	2019	2020	2021 <sup>(1)</sup>
Property, plant and equipment & right-of-use assets	1,084	1,056	1,028	1,000	985	930	885
Intangible assets	122	123	124	122	172	176	176
Investments	35	36	51	60	63	50	47
Other non-current assets and liabilities	67	84	17	(118)	(157)	258	553
Liability for employee benefits	(58)	(57)	(56)	(52)	(53)	(50)	(48)
<b>Net fixed capital</b>	<b>1,250</b>	<b>1,242</b>	<b>1,165</b>	<b>1,013</b>	<b>1,011</b>	<b>1,364</b>	<b>1,613</b>
Inventories	62	61	61	61	61	62	62
Trade receivables	234	227	286	268	213	137	177
Trade payables	(128)	(133)	(131)	(126)	(139)	(150)	(116)
Provisions for risks and charges	(14)	(11)	(9)	(3)	(2)	(3)	(14)
Other current assets and liabilities	(124)	(166)	(135)	(75)	(116)	(88)	(75)
Assets held for disposal net of related liabilities	-	-	1	1	1	1	0
<b>Net working capital</b>	<b>29</b>	<b>(22)</b>	<b>73</b>	<b>127</b>	<b>19</b>	<b>(42)</b>	<b>34</b>
<b>Net invested capital</b>	<b>1,279</b>	<b>1,220</b>	<b>1,237</b>	<b>1,140</b>	<b>1,030</b>	<b>1,322</b>	<b>1,647</b>
Shareholders' equity	1,091	1,120	1,120	1,138	1,156	1,085	1,163
Net financial position	189	100	117	2	(126)	237	484
<b>Total funding</b>	<b>1,279</b>	<b>1,220</b>	<b>1,237</b>	<b>1,140</b>	<b>1,030</b>	<b>1,322</b>	<b>1,647</b>

1. FY 2021 net debt including €42m of Trade Payable, as per Consob indication n. 5/21 issued in May 2021.

# 2021 Cash Flow and Capitalization

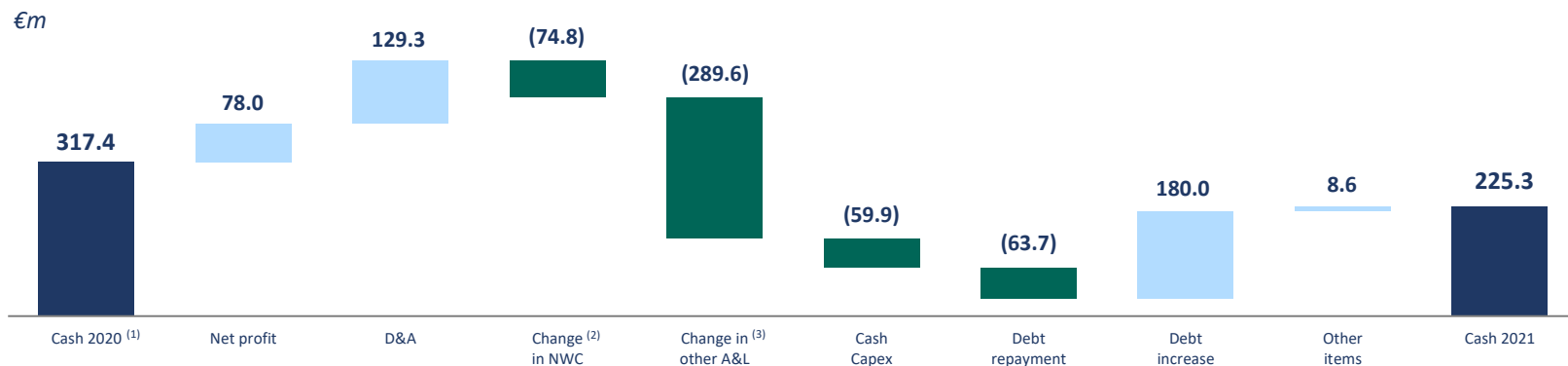
	Maturity		Total debt outstanding/ cash (€m)
	Current (<1 year)	Non-current	
Financial Debt	252	415	667
Trade Payable*		42	42
<b>Total Debt</b>	<b>252</b>	<b>457</b>	<b>709</b>
Cash & Equivalents			225
<b>Net Debt (Net Cash)</b>			<b>484</b>
<b>Net Debt / EBITDA</b>			<b>2.17 x</b>

- **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.

# 2021 Cash Flow Details



- **The cash balance decreased by €92,1m in 2021 vs 2020 <sup>(1)</sup>** 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 <sup>(2)</sup> mainly driven by the dynamics of trade receivables and payables
  - A&L <sup>(3)</sup> 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.

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