



Investor Day

# FY 2023 results and New opportunities in non-regulated markets

Milan, 21 March 2024





# FY 2023 results

# Full Year 2023 Highlights

## REGULATED BUSINESS

- **FY2023 en-route traffic volume up 11% vs. FY2022 and above 5.7% of the pre-pandemic level**
- **Italian RP4 (2025-2029) Performance Plan will be likely approved by European Commission** by the end of December 2024
- Confirmed to be the **4<sup>th</sup> largest ANSP** amongst Member State subject to EU Performance Scheme
- One of the best performer for quality and safety of service, **reached 2023 performance on punctuality**

## NON-REGULATED BUSINESS

- **Non-regulated revenue high-single digit growth** driven by activity in international markets

## ESG

- **Group Sustainability Policy approved**
- **Reduction of Scope 1 and 2 emissions by more than 85%** and **“A-” score** from CDP – Climate Change
- **First ANSP to achieve Carbon Neutrality**

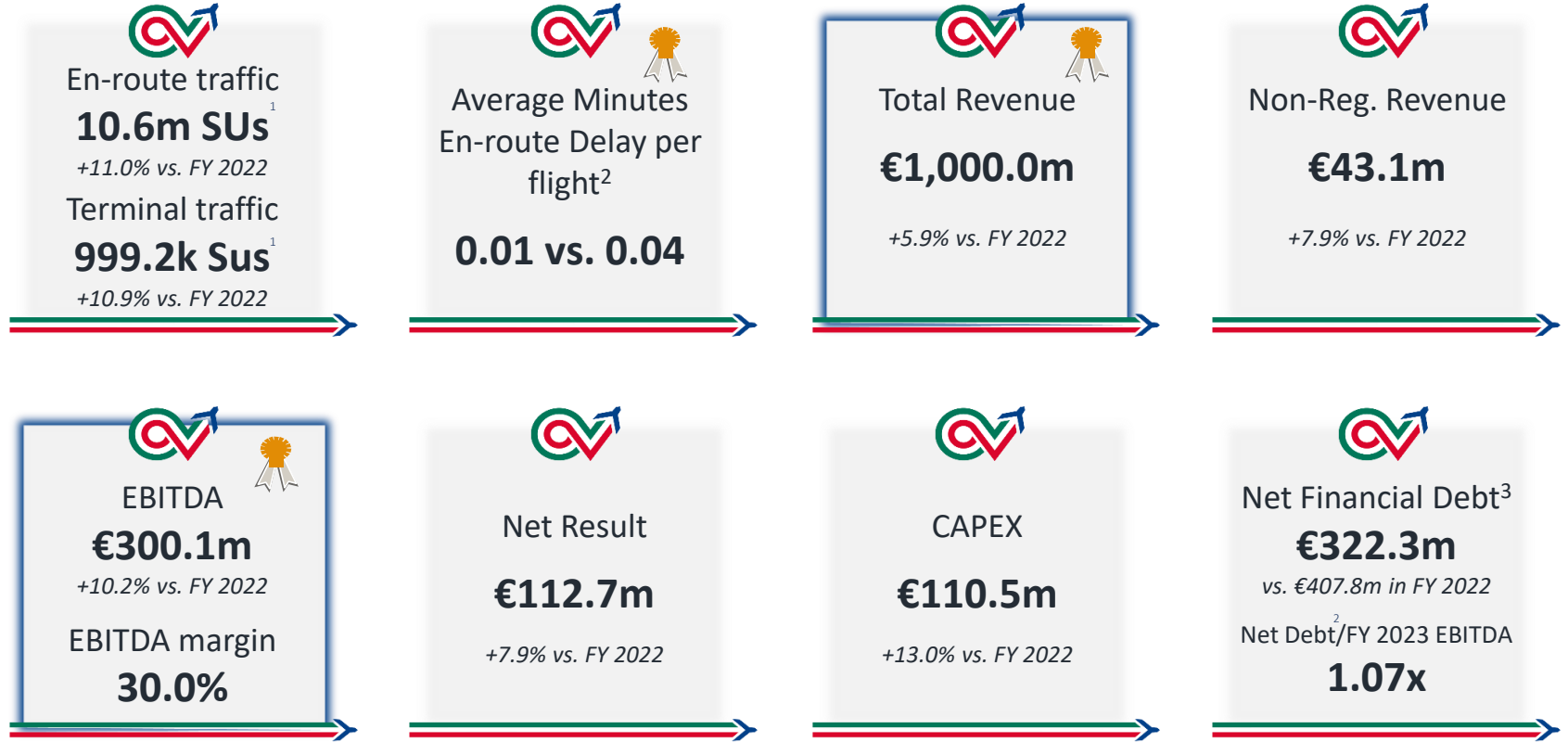
## STRATEGIC CAPEX

- **Turin and Venice APPs<sup>1</sup> integration at ACCs<sup>1</sup> completed**
- **AMAN<sup>1</sup> implementation in Milan ACC<sup>1</sup> completed**
- **TCT-A<sup>1</sup> in 4 ACCs<sup>1</sup> completed**

## FINANCE

- **FY2023 results in line or above guidance**
- **Total revenue at record level of €1b** (up 5.9% YoY) supported by core business and non-regulated market
- **EBITDA at €300.1m** (up 10.2% YoY) with **EBITDA margin of 30.0%**
- **Net Profit at €112.7m** (up 7.9% YoY)
- **Strong balance sheet** with both Gross Debt and Net Debt reduction
- **Dividend proposal: €124.5m** to be distributed on May 29<sup>th</sup>, 2024, equivalent to **0.23 euro per share**

# Full Year 2023 Results



1. Excluding exempt flights not communicated to Eurocontrol (for En-route 3,254 SUs and for Terminal 906 SUs)  
 2. Related to ENAV causes (CRSMTP)  
 3. Net Financial Debt includes Trade Payable, as per Consob indication n. 5/21 issued in May 2021, of €19.1m in FY 2023

# Sustainability Performance in 2023







## ENAV's Sustainability Plan 2021-2024

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

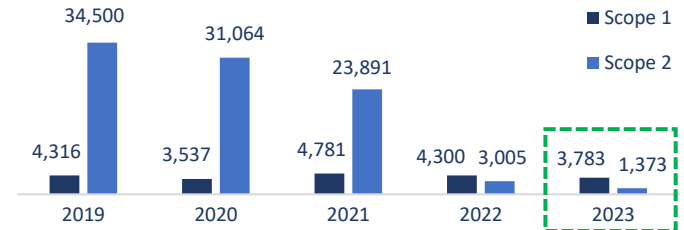
### 2021 - 2024 Sustainability Plan

	PURPOSE	STATUS	2023 GOALS
Strategy and Governance	5 objective (12 target)	All targets were achieved	100% of core suppliers assessed against ESG criteria
Policies	8 objective (9 target)	All targets were achieved	Maintenance of certifications ISO 37001 and ISO 45001
Technological Innovation	7 objective (14 target)	10 out of 14 targets achieved	AMAN implemented also in Milano ACC to manage arrivals in Malpensa, Linate, and Bergamo
Reporting and Communication	7 objective (8 target)	3 out of 8 targets achieved	Improve internal and external communication on sustainability
Corporate Culture	11 objective (14 target)	All targets were achieved	New recruiting tool to assess ESG sensitivity of new hires
Climate Change	12 objective (16 target)	13 out of 16 targets achieved	Increase in self-generated energy from renewable sources with photovoltaic systems

### 2023 Achievements

- 
**Over 229 million kg of CO<sub>2</sub> avoided**  
 Free Route Project Impact
- 
**Reduction of Scope 1 and 2 emissions by more than 85%**  
 compared to 2019
- 
**73% of company car fleet replaced with electric, hybrid, plug-in cars**
- 
**CDP Climate Change score «A-» ESG Rating**  
 (range from D to A)
- 
**More than 230,000 hours**  
 of classroom and e-learning training
- 
**Group Sustainability Policy approved**

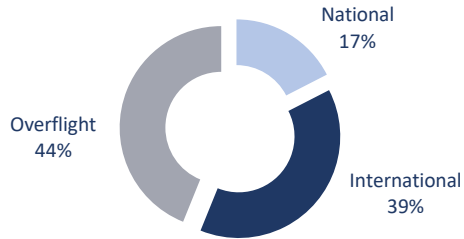
Scope 1 and 2 emissions Market Based (ton CO<sub>2</sub>e)



# FY 2023 Main Traffic Trends – En-route

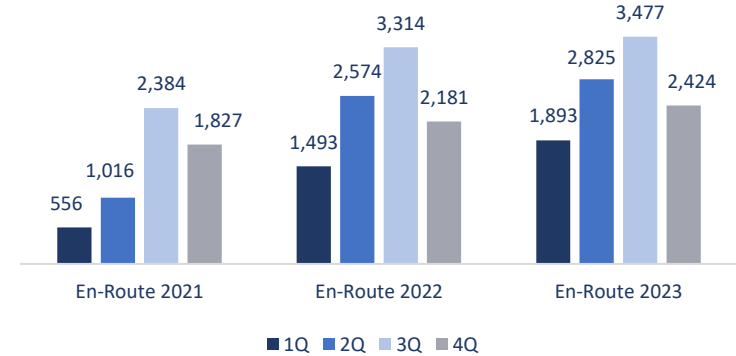
## Traffic breakdown by service units

FY 2023: 10,618,354<sup>1</sup> → +11.0% YoY



## Quarterly service units trend<sup>1</sup>

('000/%)



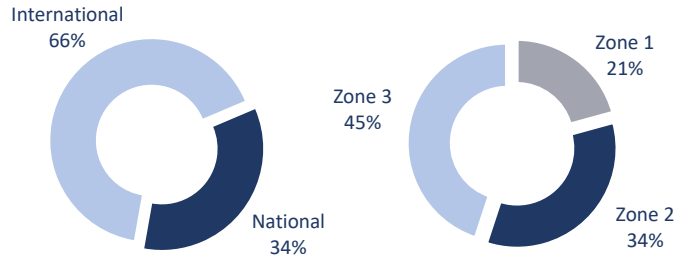
- **FY 2023 En-route service units up 11.0%<sup>1</sup> YoY** as a combined result of:
  - International service units up 17.4% YoY
  - Overflight service units up 12.3% YoY
  - National service units slightly decrease of 2.4% YoY, having already recovered pre-pandemic volumes in 2022
- **FY 2023 En-route service units grew 5.7%<sup>1</sup>** compared to the pre-pandemic 2019, which was a record year for air traffic volume in Italy
- **4Q 2023 traffic<sup>1</sup> shows a strong YoY growth at 11.2% also supported by an extended summer season**

1. Excluding exempt flights not communicated to Eurocontrol (3,254 SUs)

# FY 2023 Main Traffic Trends – Terminal

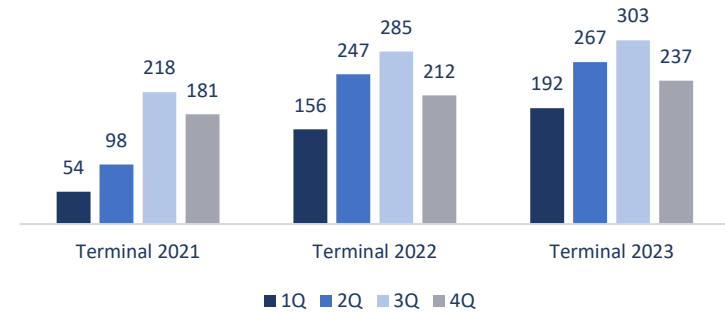
## Traffic breakdown by service units

FY 2023: 999.192<sup>1</sup> → +10.9% YoY



## Quarterly service units trend<sup>1</sup>

('000/%)



- **FY 2023 Terminal service units up 10.9%<sup>1</sup> YoY** driven by :
  - Traffic increase in all three charging zones
  - International traffic up 18.0% YoY
  - National traffic stable YoY, having already recovered pre-pandemic volumes in 2022
- **FY 2023 Terminal service units reached 98.2%<sup>1</sup>** of the volume recorded in the year 2019
- **4Q 2023 Terminal traffic<sup>1</sup> is up 11.5% vs 4Q 2022**

1. Excluding exempt flights not communicated to Eurocontrol (906 SUs)



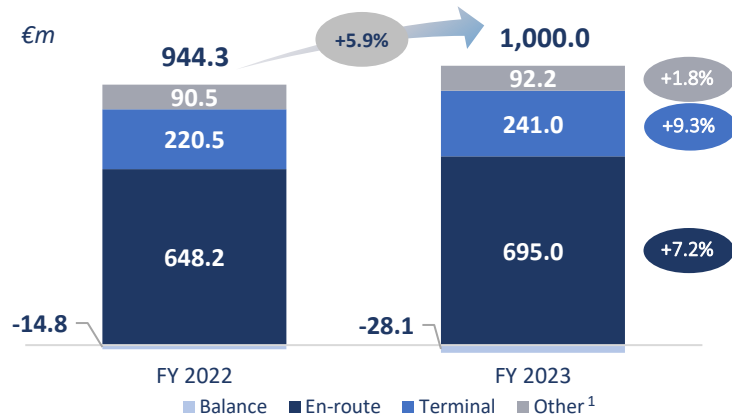
**FY 2023**

Financial Overview

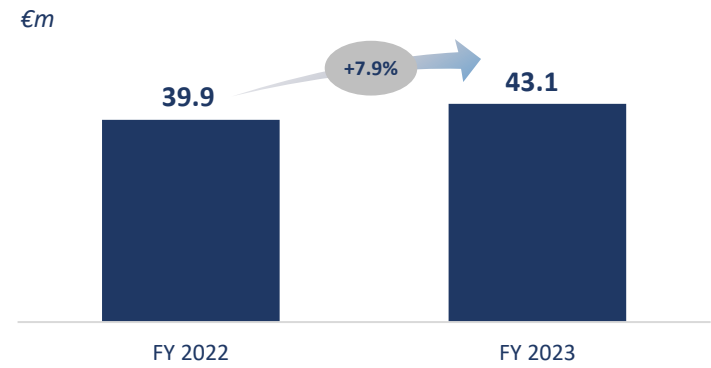


# Total Revenue Performance

## Total Revenue Breakdown



## Non-Regulated Revenue



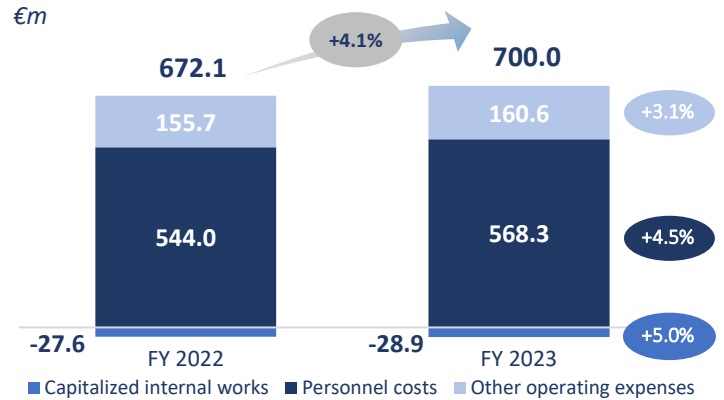
**FY 2023 total revenue increased 5.9% YoY (+€55.7m)** mainly driven by a solid growth in the core business and non-regulated market

- **En-route revenue up 7.2% YoY (+€46.8m)** owing to increased air traffic volume, despite the YoY tariff reduction
- **Terminal revenue up 9.3% YoY (+€20.5m)** driven by increased air traffic volume, coupled with almost stable YoY tariff
- **Non-regulated revenue up 7.9% YoY (+€3.2m)**, mainly thanks to activities performed abroad
- **FY 2023 negative balance contribution for €28.1m** mostly due to:
  - €77.7m of positive balance accrued in the period mainly coming from the combined effect of the following balances:
    - › positive inflation balance related to the year 2022 and 2023
    - › positive balance as a consequence of the increased interest rate
    - › positive balance from the achieved bonus on performance
    - › negative balances linked to depreciation and EU grants
  - € 2.9m of negative balance actualization
  - €100.4m of negative balance mainly coming from 2020/2021 traffic balance reversal

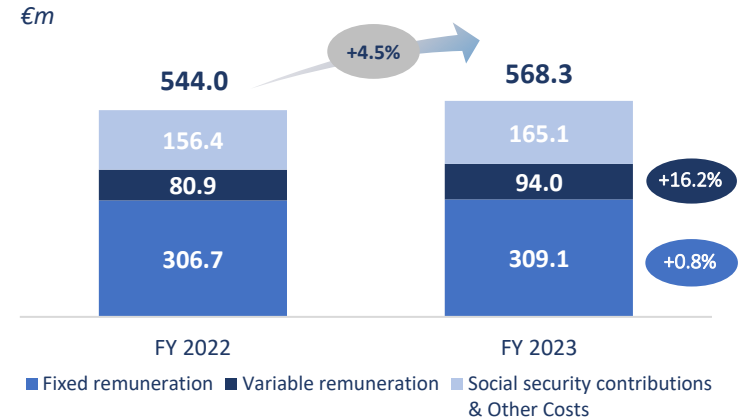
1. "Other" includes non-regulated revenue, revenue from En-route and Terminal exemptions, opex contributions and other operating income

# Cost Evolution

## Total operating costs



## Focus on personnel cost



FY 2023 total cost increased 4.1% YoY (+€27.8m) as a consequence of:

- **Personnel cost growth of 4.5% YoY (+€24.3m)** mainly due to:
  - **variable remuneration increase (+€13.1m)**, as a response of the **considerable growth of air traffic volume**
  - **fixed remuneration increase (+€2.4m)** mainly due to the **operative headcount growth**
  - **social security contributions rise (+€3.8m)** due to fixed and variable components increase
  - **other personnel expenses increase (+€3.1m)** mainly due to redundancy incentive and higher health personnel insurance costs
- **Other operating expenses increased 3.1% YoY (+€4.9m)** mainly due to higher Eurocontrol contribution and other costs, partially offset by a reduction in energy costs
- **Capitalized internal works increased 5.0% YoY (+€1.4m)** mainly related to Group personnel activities in investment projects

# Main Movements below EBITDA

thousands euro	FY 2023	FY 2022	Change	
			Amount	%
<b>EBITDA</b>	<b>300,051</b>	<b>272,188</b>	<b>27,863</b>	<b>10.2%</b>
<b>EBITDA margin</b>	<b>30.0%</b>	<b>28.8%</b>	<b>1.2 p.p.</b>	
D&A (net of capex contributions)	(117,159)	(117,888)	729	-0.6%
Provisions and write-downs	(10,222)	(5,967)	(4,255)	71.3%
<b>EBIT</b>	<b>172,670</b>	<b>148,333</b>	<b>24,337</b>	<b>16.4%</b>
<b>EBIT margin</b>	<b>17.3%</b>	<b>15.7%</b>	<b>1.6 p.p.</b>	
Financial income / (expenses)	(11,237)	(551)	(10,686)	n.a.
<b>Profit before income taxes</b>	<b>161,433</b>	<b>147,782</b>	<b>13,651</b>	<b>9.2%</b>
Income taxes for the period	(48,723)	(43,285)	(5,438)	12.6%
<b>Net Income/(Loss) for the period</b>	<b>112,710</b>	<b>104,497</b>	<b>8,213</b>	<b>7.9%</b>
Net Income/(Loss) pertaining to the Group	112,921	105,004	7,917	7.5%
Minority interests	(211)	(507)	296	-58.4%

- **FY 2023 EBITDA** strongly increase YoY at €300.1m, thanks to higher revenues as a consequence of solid traffic volumes growth, which offset the increased personnel costs
- **D&A** at €117.2m in line with the previous year and **provisions and write-downs** increased due to prudential provisions of the Group
- **Net financial expenses** of €11.2m, increased by €10.7m mainly due to increased interest rate on debt
- **Income taxes** of €48.7m increased YoY due to a higher taxable income
- **Net result** of €112.7m reflecting the standing performance

# Cash Flow and Capitalization

€m	FY 2023		
	Maturity		Total debt outstanding/ cash
	Current (<1 year)	Non-current	
Financial Debt	22	506	528
Trade Payable*		19	19
<b>Total Debt</b>	<b>22</b>	<b>525</b>	<b>547</b>
Cash & Cash Equivalents			225
<b>Net Debt</b>			<b>322</b>
<b>Net Debt/EBITDA</b>			<b>1.07 x</b>

ENAV's liquidity and financial position remains very strong. We have closed FY 2023 with:

- Cash and cash equivalents of €225m
- Availability of undrawn credit lines of €199m out of which €150m are committed
- Net financial position showing a net debt of €322m, compared with year-end 2022 of €408m

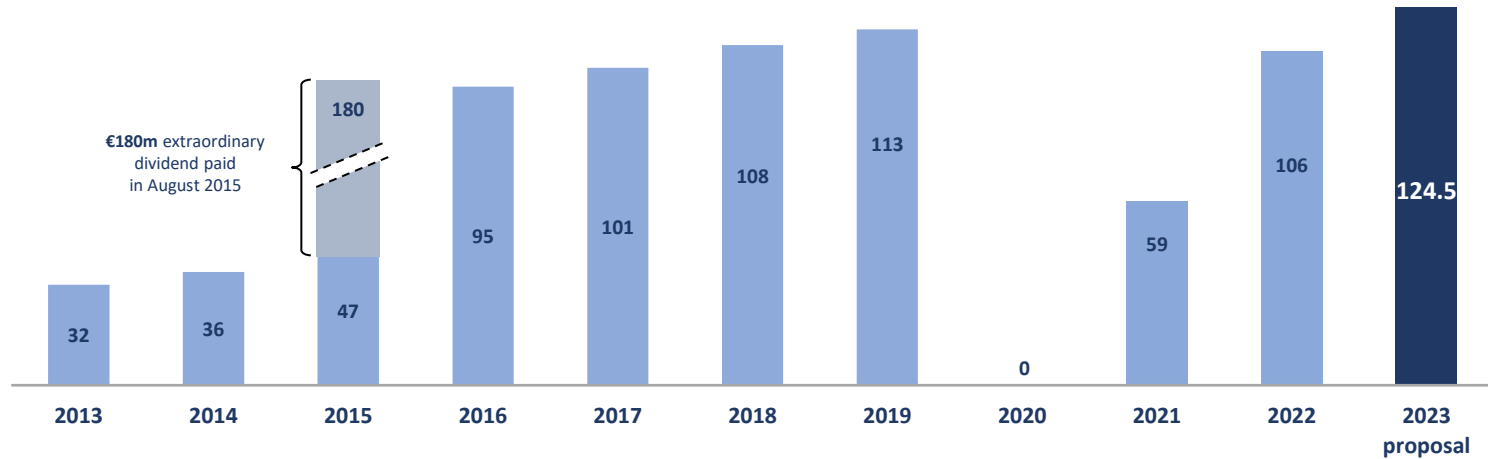
In October, the EIB granted ENAV a €160m loan with up to a sixteen-year tenor that could be used in one or more different tranches

(\*) 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

# Shareholders Remuneration

## Historical Dividend Distribution

€m



- **2023 dividend proposal: €124.5m** to be distributed on the 29<sup>th</sup> May equivalent to 0.23 euro per share



# 2024 Outlook

# 2024 Outlook

<b>TRAFFIC</b>	<b>Confirming Eurocontrol estimates for Italy<sup>1</sup>, with traffic expected to reach 11.3 million service units for en-route in 2024 (+6.7% vs 2023)</b>
<b>REVENUES</b>	<b>Mid-single digit year-on-year increase</b>
<b>NON-REGULATED REVENUES</b>	<b>Double digit year-on-year increase</b>
<b>EBITDA</b>	<b>Mid-single digit year-on-year increase</b>
<b>CAPEX</b>	<b>ca. €120 million</b>

1. EUROCONTROL Seven-Year Forecast 2024-2030 published on 26<sup>th</sup> February 2024.



# **New opportunities in non-regulated markets**

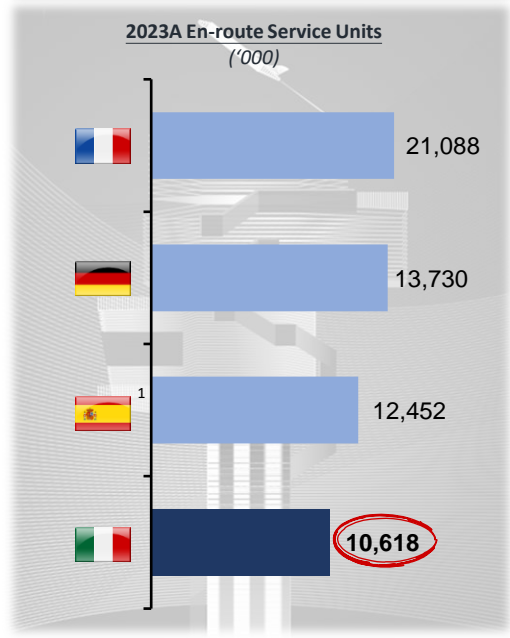


# ENAV today



## Sole provider of air traffic control and navigation services in Italy

4th largest ANSP in Europe...







...with a solid financial performance thanks to a strong exposure to regulated business



1) Refers to continental Spain  
 2) Net Financial Debt includes Trade Payable, as per Consob indication n. 5/21 issued in May 2021, of €19.1m in FY 2023

# ENAV tomorrow: strategic framework

- 
-  **A) Core business remains core...but offering moderate growth**
  -  **B) Upside could be exploited in adjacent areas creating value for our shareholders**
  -  **C) Maintaining a solid financial structure and providing strong remuneration**





**A) Core business remains core**

# A) Core business remains core



Industrial fundamentals remain unchanged



Regulated business (96% of revenues in 2023)  
offering strong protection and high predictability



RP4 (2025-2029) will be likely approved by the end of December 2024

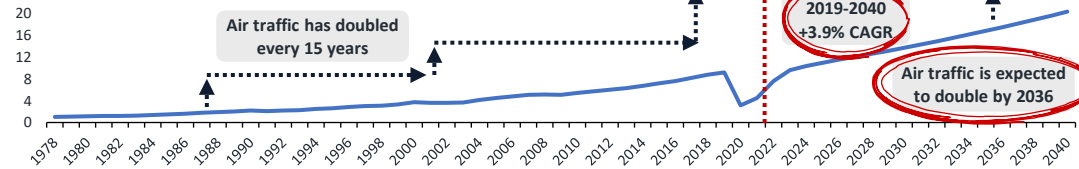


Full industrial plan will be released once the performance plan will be approved

# The regulated business benefits from strong and resilient fundamentals

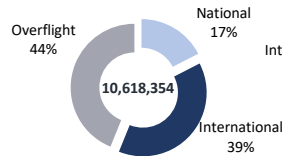
## 1 Secular growth of air traffic

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

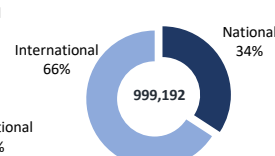


## 2 Diversified business mix and customer base

En-route traffic breakdown



Terminal traffic breakdown



Top-10 Customers  
Based on service units



Excluding exempt flights not communicated to Eurocontrol (for En-route 3,254 SUts and for Terminal 906 SUts)

## 3 Favorable regulation






En-route and terminal EU regulation



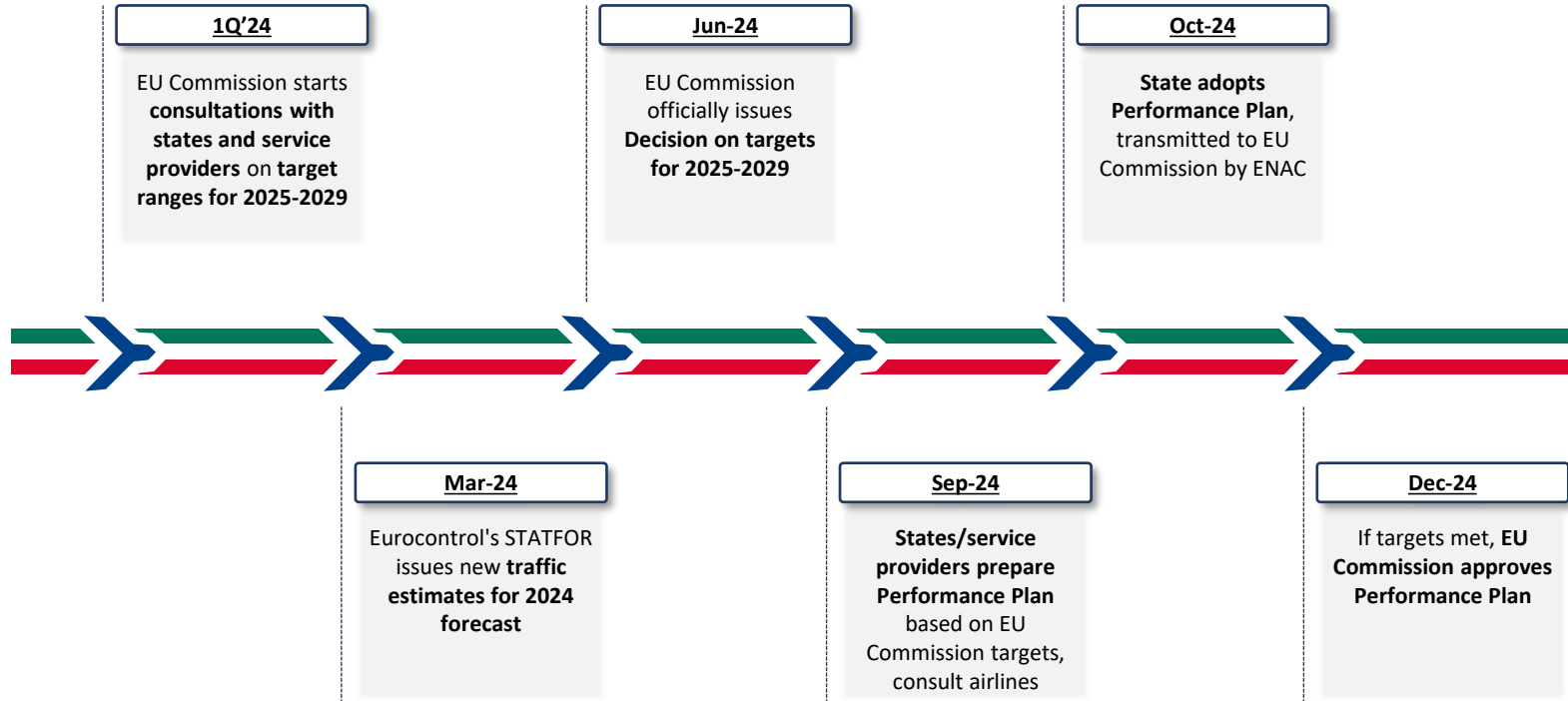
Sole air traffic control and navigation services in Italy **entrusted by national law without time limit**

1) Revenue passenger kilometer (Source: Airbus)

# Supportive European regulation provides long-term visibility

En-route regulation overview			
Reg. Period	RP2 (2015 – 2019)	RP3 (2020 – 2024)	RP4 (2025 – 2029)
<b>Traffic Risk</b>	Mitigated (70% protection between $\pm 2\%$ and $\pm 10\%$ ) (full protection for traffic beyond $\pm 10\%$ )	 Mitigated (70% protection between $\pm 2\%$ and $\pm 10\%$ ) (full protection for traffic beyond $\pm 10\%$ )	<i>Process still ongoing</i>
<b>Inflation Risk</b>	Full cost recovery	 Full cost recovery	
<b>OPEX</b>	Upside on OPEX efficiencies above regulatory target fully retained by the Company	 Upside on OPEX efficiencies above regulatory target fully retained by the Company	
<b>CAPEX/D&amp;A</b>	Upside on CAPEX efficiencies above regulatory target fully retained by the Company	 Partial cost recovery	
<b>Performance quality (Bonus/Malus)</b>	Bonus/Malus mechanism depending on achievement of quality targets: +/-1% of revenue	 Bonus/Malus mechanism depending on achievement of quality targets +/-2% of determined costs	

# RP4 (2025-2029) will be approved by December 2024



The new Performance Plan shall be the ground for the new comprehensive ENAV business plan



**B) Upside could be exploited in adjacent areas creating value for our shareholders**



## B) Upside could be exploited in adjacent areas creating value for our shareholders



Scouting new opportunities only if value creation is granted



Leveraging on ENAV existing capabilities



Targeting control also teaming up with skilled players

# The experience of the main peers

<b>Non-ATM revs. as % of revenues</b>	4%	87%	53%	27%	7%	14%	17%	4%	3%	0%
<b>Air space management</b>	✓	✓		✓	✓	✓	✓		✓	
<b>Air traffic terminals services</b>		✓		✓	✓	✓	✓			
<b>Software development and maintenance</b>	✓	✓		✓		✓				
<b>Hardware installation and maintenance</b>	✓			✓						
<b>Airport management</b>		✓	✓							
<b>Airport consulting</b>		✓	✓	✓		✓				
<b>Data provider</b>	✓	✓	✓	✓	✓	✓	✓	✓		✓
<b>Drones</b>	✓	✓	✓		✓	✓	✓	✓	✓	

Non-regulated market clusters

Source: Bain & Company



# Choosing targets: key drivers



Growth opportunities to be based on 4 main directives



**Business expansion**

Increasing exposure to non core business in order to **enhance the set of services provided** and **boost non-regulated revenues**



**In line with ENAV Core**

**Focus on markets in line with ENAV core activity** in order to leverage on ENAV distinctive competences and teaming up with skilled players but targeting control



**ESG compliance**

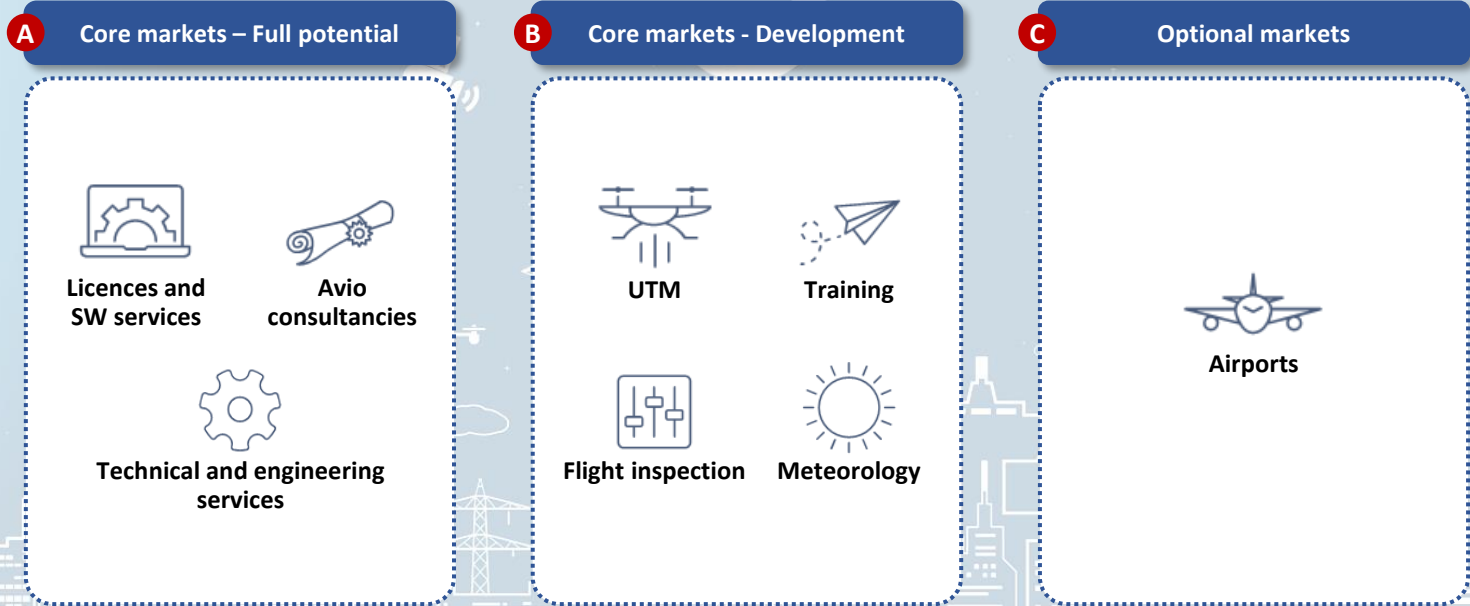
Target potential opportunities to **strengthen ESG principles**









































**Growing markets**

**Faster-growing markets** as reference target for the expansion

# Selected markets to be approached



# Leverage on ENAV current capabilities

	 Clients	 Technology	 Volume driver	 Regulation
 Licences and SW services				
 Avio consultancies				
 Tech. and eng. services				
 UTM				
 Training				
 Flight inspection				
 Meteorology				
 Airports				

# Maintain and reinforce ESG compliance

ENAV will maintain its leading role in sustainable development and ESG performance, aligning its new business ventures with established ESG principles and making sustainability a catalyst for the development of third-market initiatives



The graphic features a central globe with the letters 'ESG' overlaid. Surrounding the globe are several circular icons representing different ESG pillars: a globe, a group of people, a dollar sign, a hand holding a plant, a classical building, a handshake, and wind turbines. A hand is shown at the bottom, appearing to hold the globe. The background is a soft-focus green.



UTM

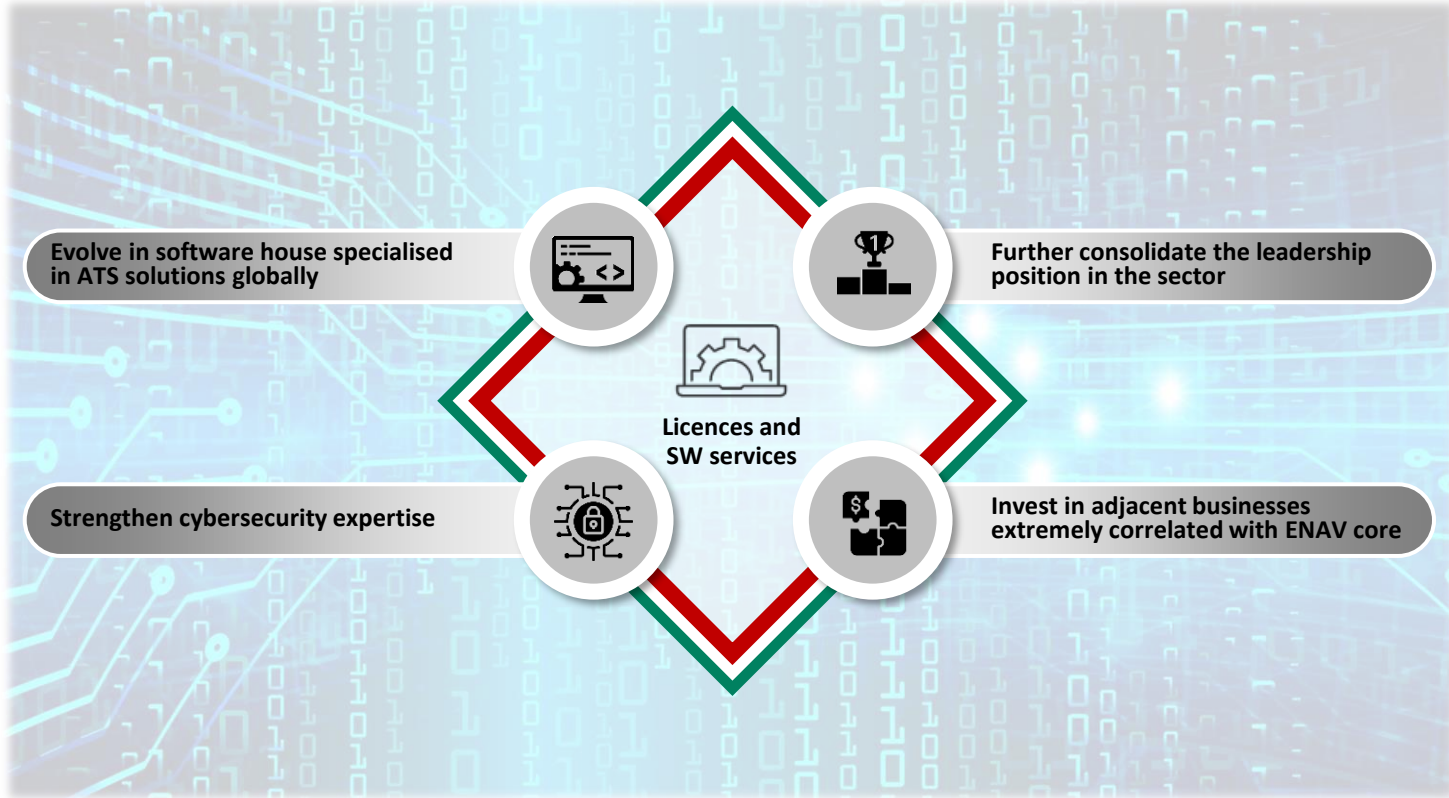
The development of **UTM** services will enhance the narrative of the ENAV Group's commitment to sustainability, especially thanks to the **CO<sub>2</sub> emission savings** enabled by the use of services offered by D-Flight



Third market services

ENAV's ESG expertise can enable the development of **third market services**, such as **Avio consultancies**, by including ESG elements in project scopes, and **Training**, by providing courses with part of the content dedicated to sustainability

# Licences and SW services

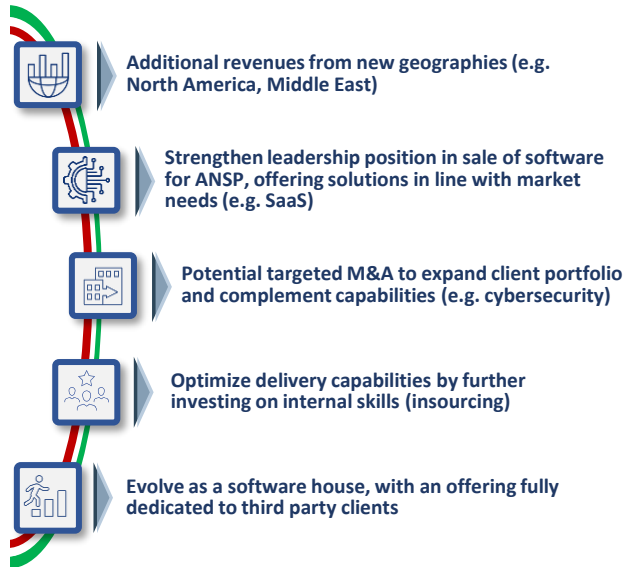




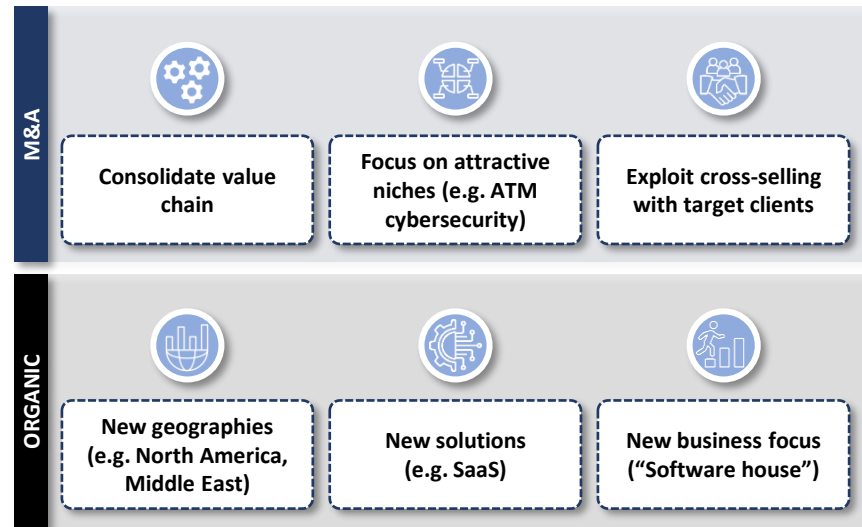
B) Upside could be exploited in adjacent areas creating value for our shareholders

# Licences and SW services is a key focus for future development

Ambition to grow in the licences and software services market...

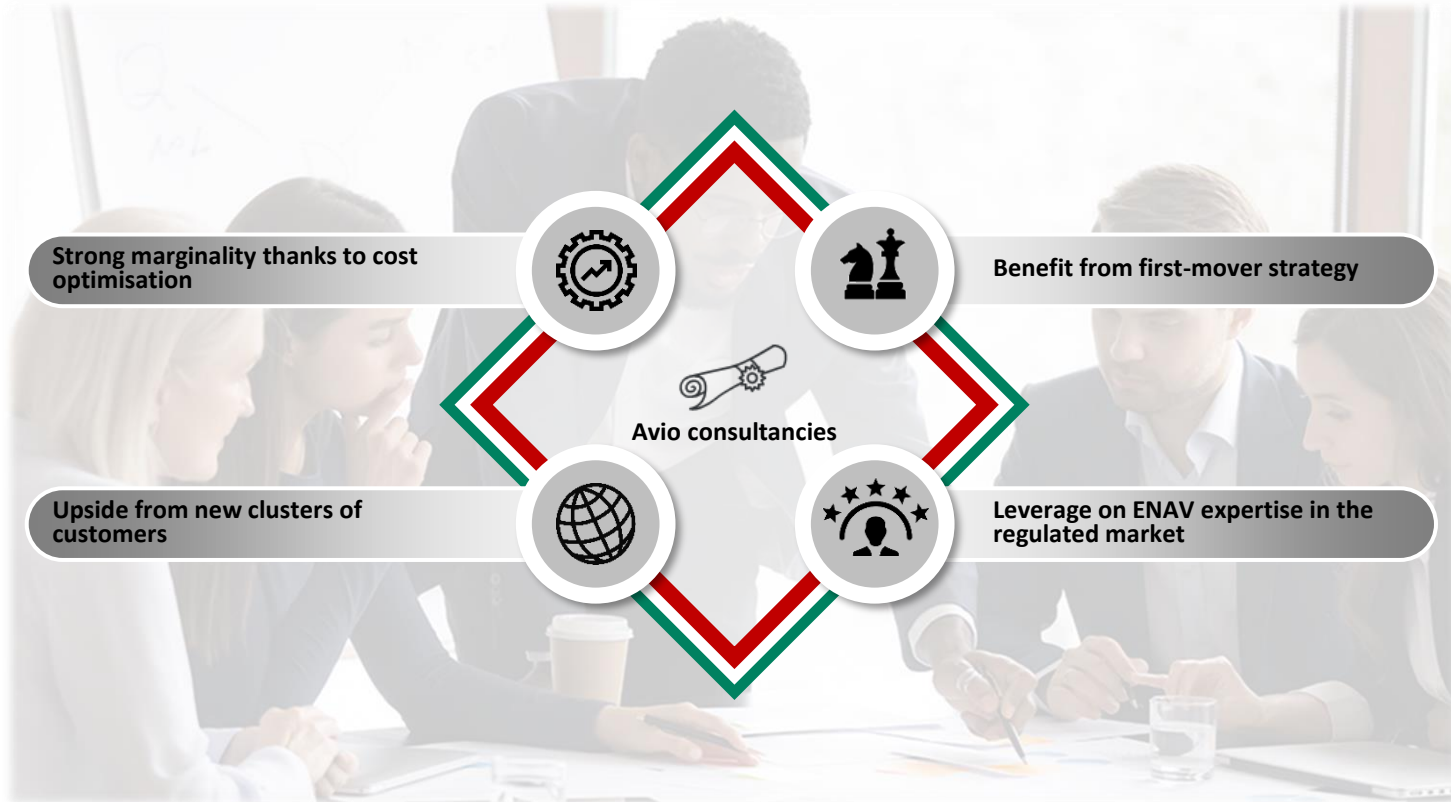


...combining the strategic consolidation of ENAV's core business with the development of third-party market both through M&A and organically





# Avio consultancies



B) Upside could be exploited in adjacent areas creating value for our shareholders

# Technical and engineering services



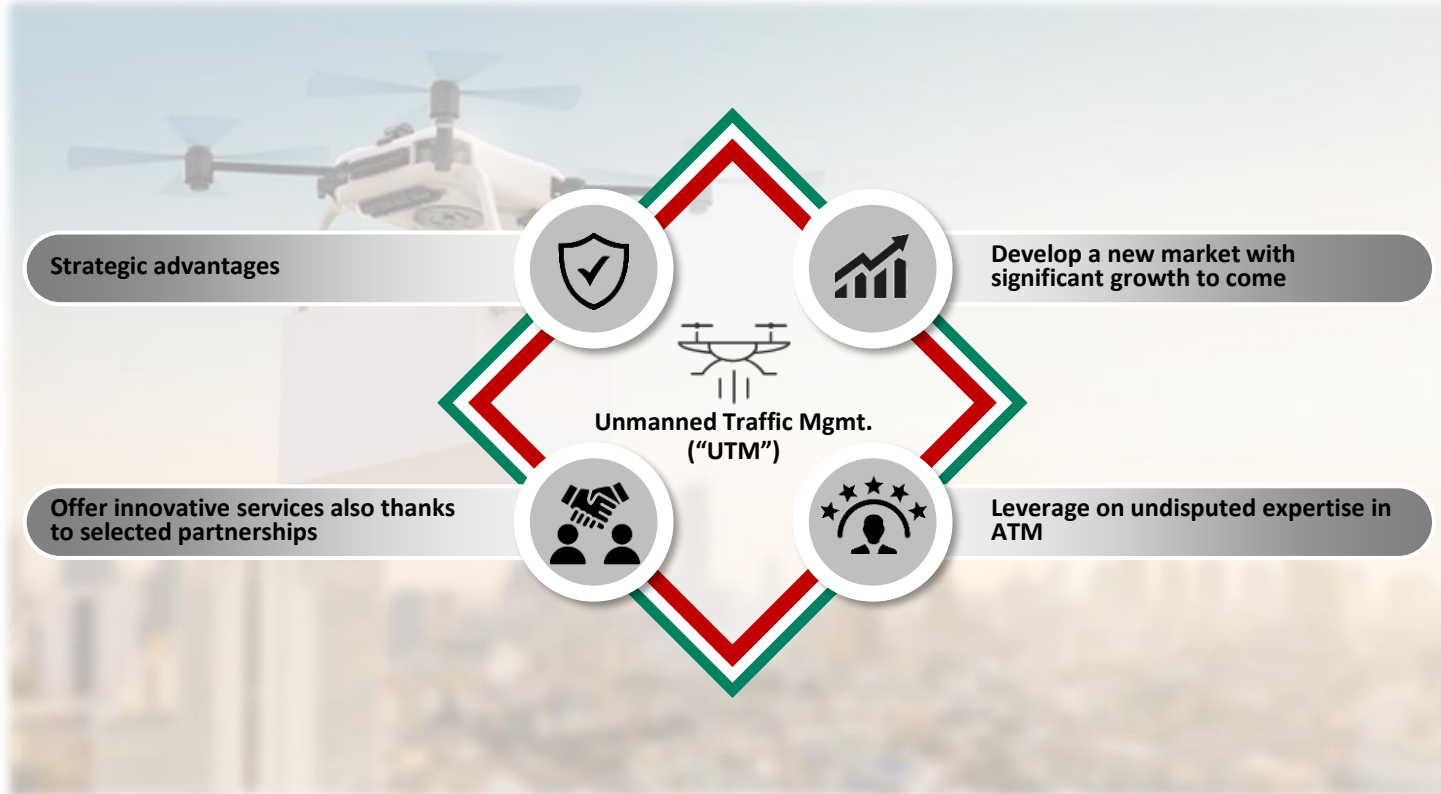
B) Upside could be exploited in adjacent areas creating value for our shareholders

# Commercial agreements with Leonardo in the Air Traffic Management



- ENAV and Leonardo signed a Memorandum of Understanding to operate jointly in the Air Traffic Management (ATM) market in Italy and abroad
- The industrial collaboration between the two companies will allow the development of further capabilities and skills to provide technologically advanced systems and high value-added services on national and foreign markets with strong prospects in the next term

# Unmanned Traffic Management - UTM

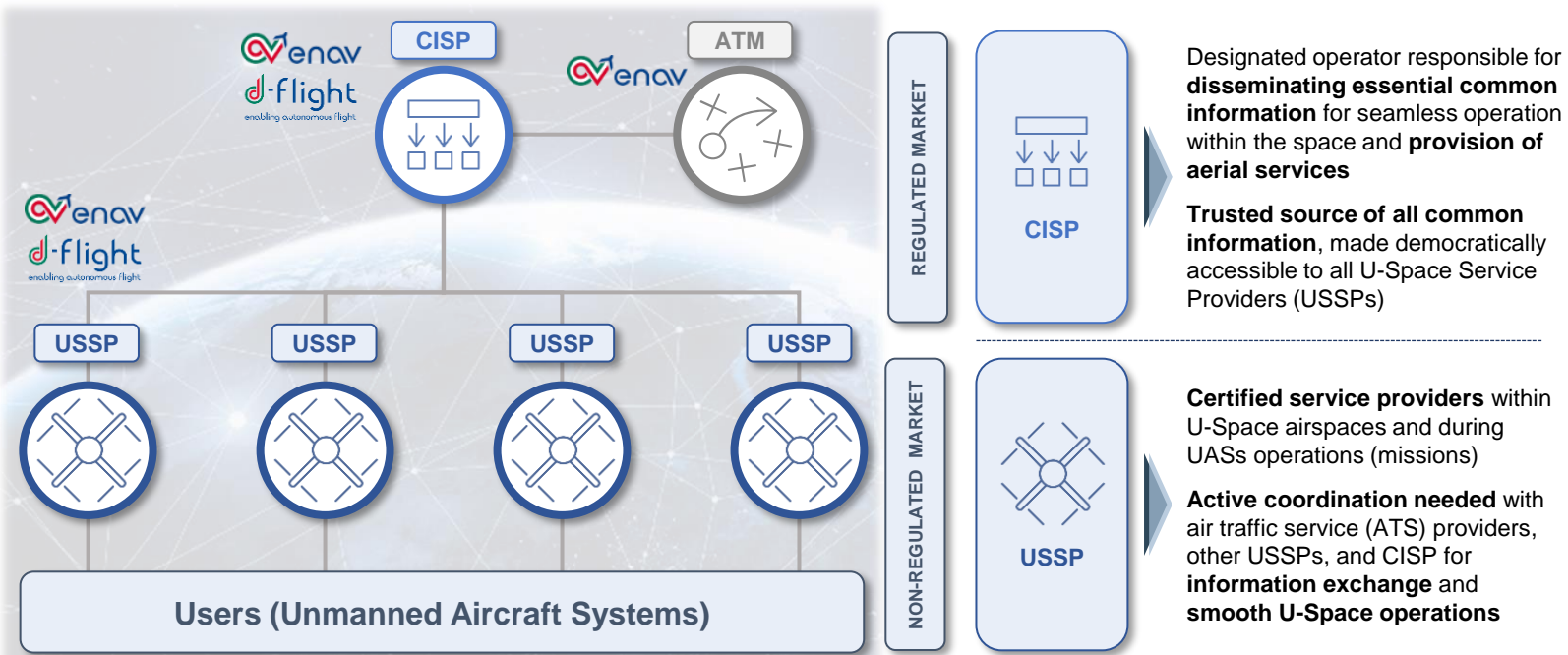


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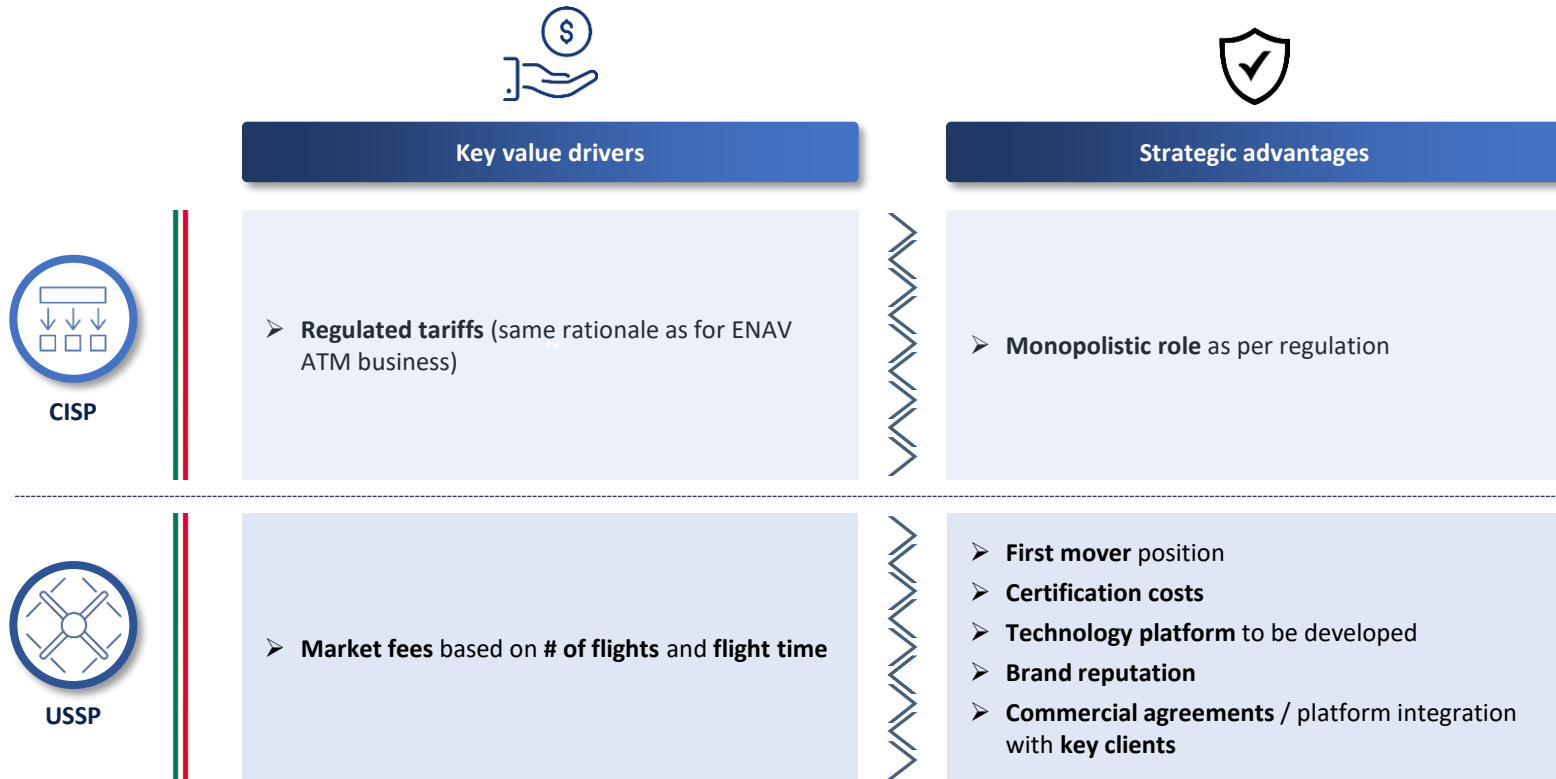
# U-Space: a set of services, provided digitally and authorized within a portion of airspace



In Italy, ENAC has authorized D-Flight to perform the role of CISP, but D-Flight can also operate as USSP



# In a market niche with attractive fundamentals to entry both at CISP and USSP level



# Joint project with Amazon



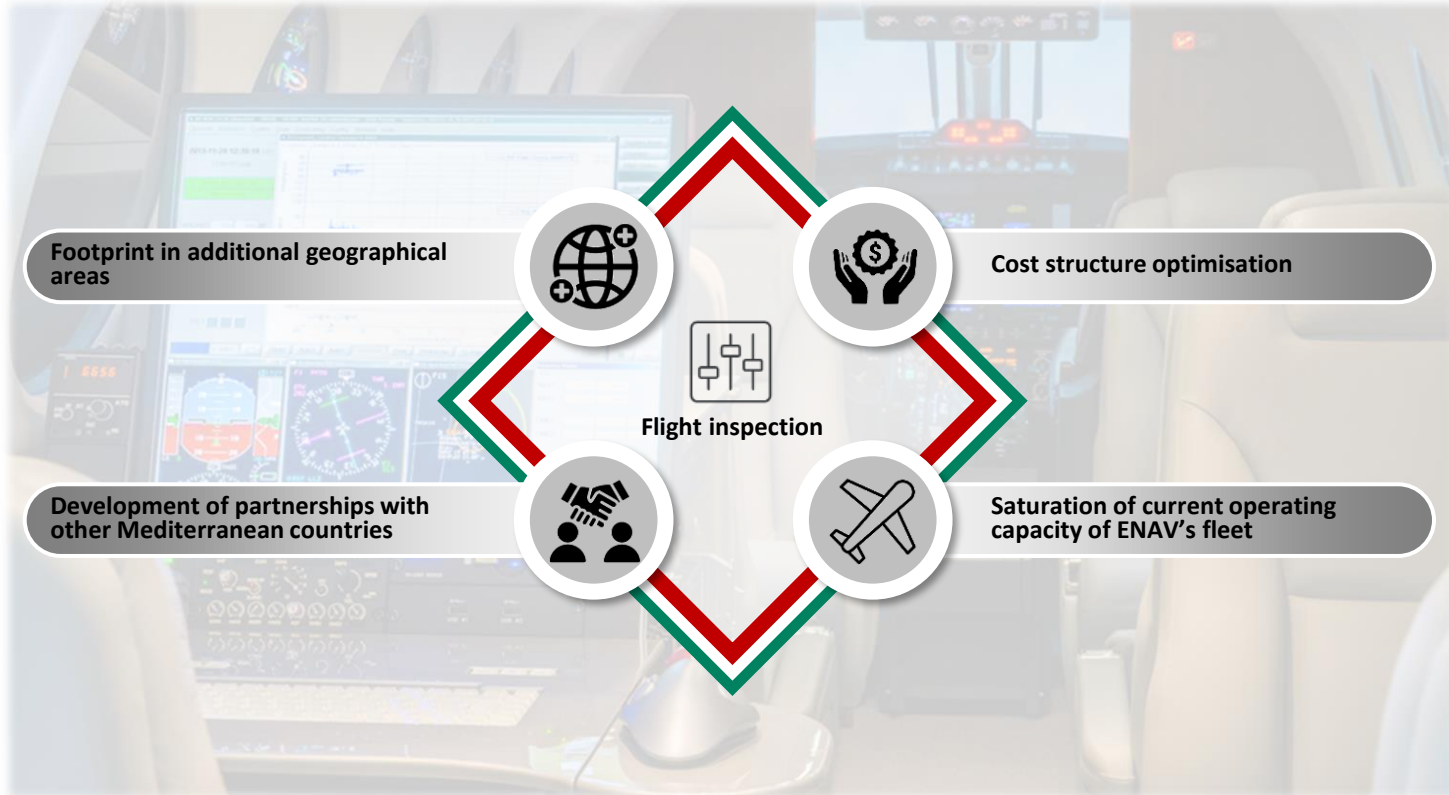


# Training

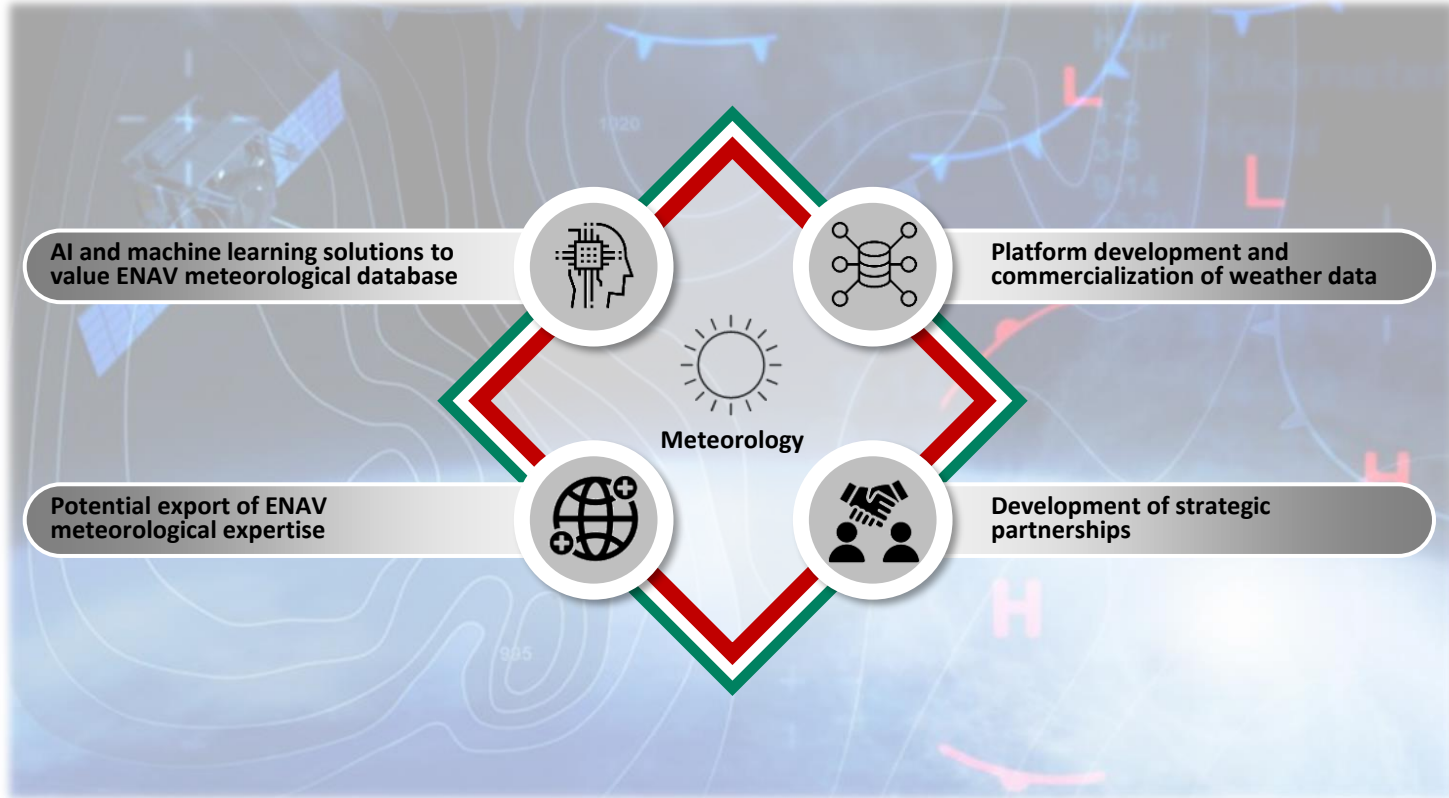




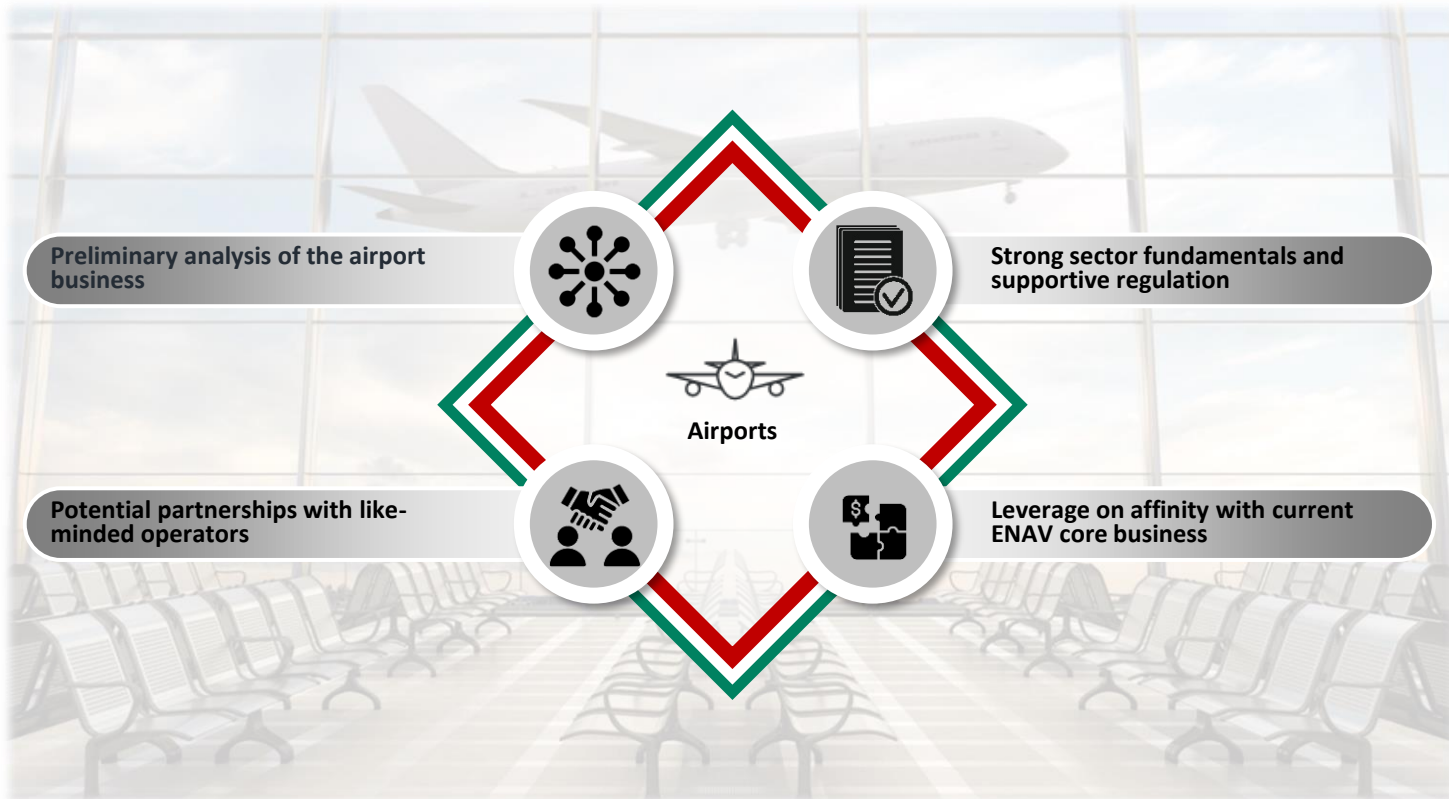
# Flight inspection



# Meteorology



# Airports

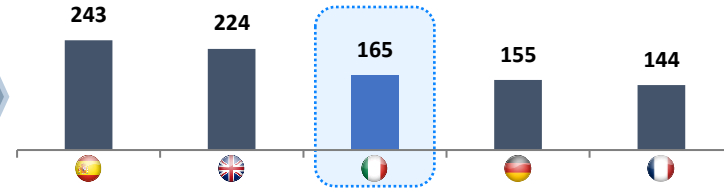


# Italian airport sector is one of the most attractive in Europe

1 Italy is the third largest aviation market in Europe...

Top-5 Aviation Markets in EU (#m pax, 2022)

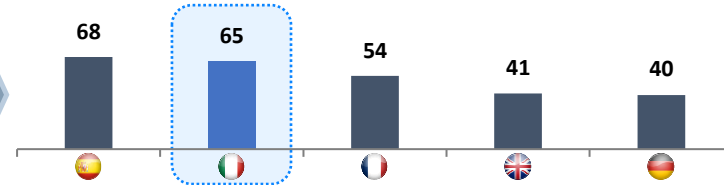
#3



2 ...and the second destination by number of international tourists...

Top-5 EU countries by # of intl. tourists (#m visitors, 2019)

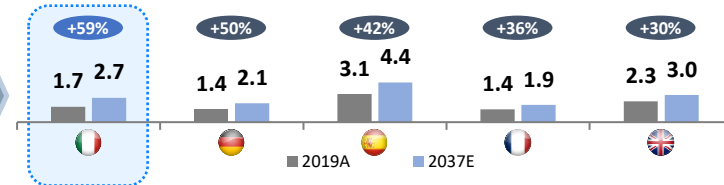
#2



3 ...with a high expected growth in propensity to fly...

"Propensity to fly" in major EU aviation markets (# flights per capita)

#1



4 ...and a post-Covid recovery faster than EU average

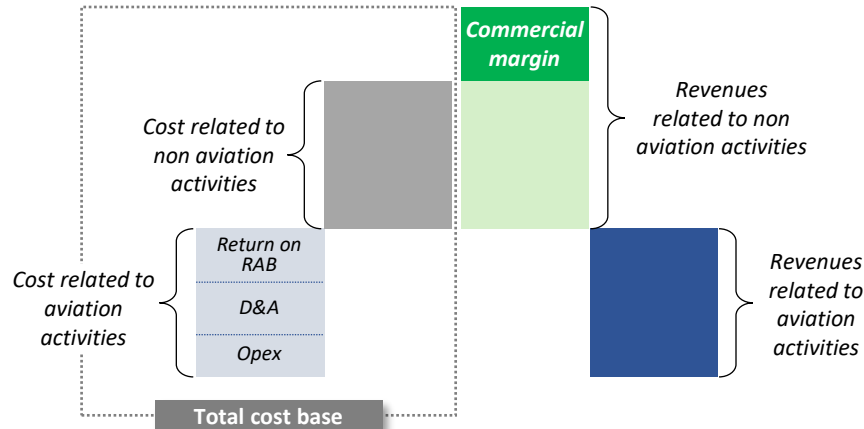
Traffic recovery 2023 vs. 2019 (YoY %)

2023 traffic above 2019 level, with recovery faster than EU average



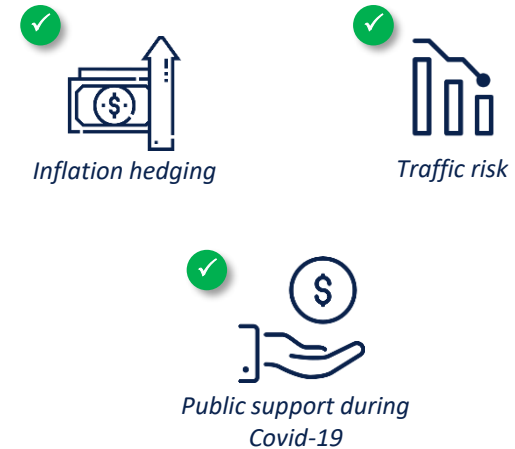
# Also backed by a strong regulatory regime

Pure Dual-till RAB-based regulatory system based on cost orientation principle...



- Aviation revenues equal to allowed aviation costs (operating costs plus amortization) and return on invested capital
- **Non aviation activities are not regulated enabling the airport operator to retain commercial margin**

...with full downside protection

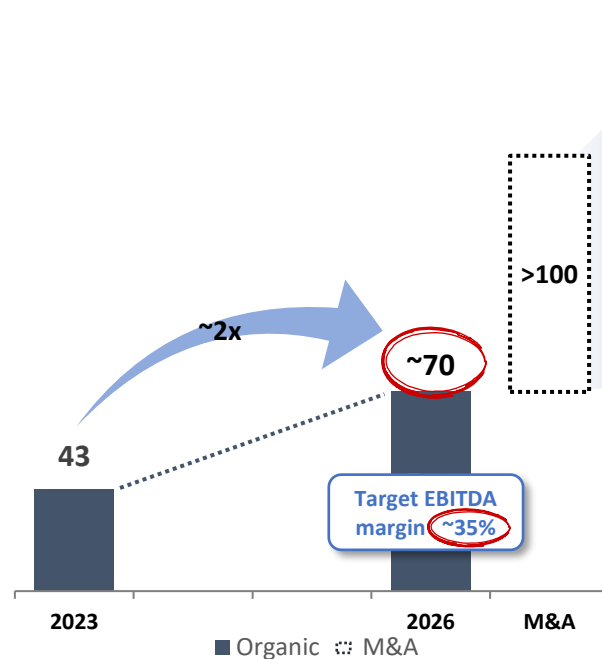


B) Upside could be exploited in adjacent areas creating value for our shareholders

# ENAV targets to reach ~2x non-regulated revenues through organic growth by 2026 with on top the potential upside driven by M&A

A development plan with ambitious targets....

Revenues - €m



...backed by solid organic growth and potential M&A in adjacent verticals

Potential acquisitions in 2024-26 and focused on 3 key lines of business

NEW INVESTMENTS / M&A		
 <b>Software</b> Consolidating global leadership and development with a focus on cybersecurity	 <b>Technical and engineering services</b> Opportunistic M&A to accelerate new solutions' time-to-market	 <b>Airports</b> Preliminary phase of analysis

**ORGANIC**

Organic growth primarily driven by **aviation consulting, technical and engineering services** as well as **software services**



**C) Maintaining a solid financial structure  
and providing strong remuneration**



## C) Maintaining a solid financial structure and providing strong remuneration



Financial structure will remain sound, with ND/EBITDA <2x and without impact of new initiatives on debt sustainability



New opportunities will be financed raising new debt



FCF generation will continue to be totally devoted to investments of the core business and dividends



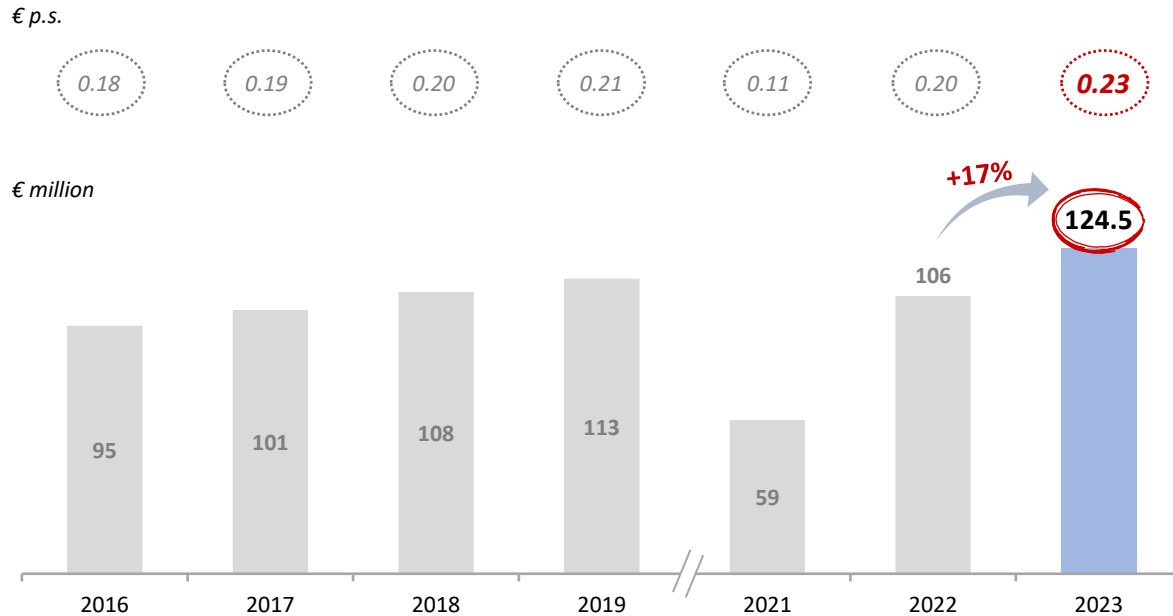
# Sound financial structure also following growth initiatives

## ENAV expected financial structure



- ENAV will maintain a **solid and sustainable financial structure** with a **target leverage substantially below 2x**
  - ENAV is expected to invest up to € 250m in new potential initiatives in the non-regulated markets
  - All the envisaged cash out will be financed through newly issued financial debt
- **All operating free cash flow generated from ENAV regulated market** will be devoted to **investments in the regulated market** as well as **dividend distributions** to shareholders

# Solid shareholder remuneration



## 2024-2029 Dividend policy

*Based on "pure" free cash flow*

*To be announced after the approval of RP4*

*(Beginning of 2025)*

In the period 2016-2023, ENAV distributed **>80% of the free cash flow**





**THANKS FOR YOUR ATTENTION**

Q&A SESSION

# 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..*

