



**Interim Financial Report
at 31 March 2021**

ENAV Group

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ENAV Group in figures

Performance	1st Quarter 2021	1st Quarter 2020	Change	%
Total revenues	189,039	171,616	17,423	10.2%
EBITDA	44,677	28,866	15,811	54.8%
EBITDA margin	23.6%	16.8%	6.8%	
EBIT	15,236	(3,230)	18,466	n.a.
EBIT margin	8.1%	-1.9%	10.0%	
Profit for the period attributable to shareholders of the Parent Company	11,905	(6,148)	18,053	n.a.

(thousands of euros)

Financial position	31.03.2021	31.12.2020	Change	%
Net capital employed	1,386,694	1,322,089	64,605	4.9%
Consolidated shareholders' equity	1,100,754	1,085,467	15,287	1.4%
Net financial debt	285,940	236,622	49,318	20.8%

(thousands of euros)

Other indicators	1st Quarter 2021	1st Quarter 2020	Change	%
En-route service units	555,924	1,592,533	(1,036,609)	-65.1%
Terminal service units Charging Zone 1	9,434	36,404	(26,970)	-74.1%
Terminal service units Charging Zone 2	23,327	58,898	(35,571)	-60.4%
Terminal service units Charging Zone 3	21,028	66,906	(45,878)	-68.6%
Free cash flow (thousands of euros)	(51,560)	26,365	(77,925)	n.a.
Headcount at end of period	4,252	4,258	(6)	-0.1%

Introduction

The ENAV Group Interim Financial Report at 31 March 2021 has been prepared on a voluntary basis in compliance with the provisions of Article 82-ter of the Issuers' Regulation, adopted with Consob Resolution no. 11971 of 14 May 1999 as amended, to ensure consistent financial disclosure to the market and investors, in line with the practice of the major listed companies that publish quarterly reports.

This document reports and discusses the reclassified consolidated income statement and the statement of financial position, the statement of changes in net financial position and the statement of cash flows of the ENAV Group at 31 March 2021, with comparative figures for the corresponding period of the previous year for the income statement and cash flow statement and at 31 December 2020 for the statement of financial position. The figures are reported in thousands of euros.

Unless otherwise stated, the consolidated financial statements have been prepared in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the associated interpretations (IFRIC and SIC), endorsed by the European Commission in accordance with Regulation (EC) no. 1606/2002, that were in effect at the end of the period, and are consistent with those used to prepare the consolidated financial statements for the year ending 31 December 2020, which readers are invited to consult.

The Interim Financial Report at 31 March 2021 has not been prepared in accordance with IAS 34, and has not been audited by the audit firm.

The publication of this Interim Financial Report was authorised by the Board of Directors on 13 May 2021.

The consolidation principles used to prepare the Interim Financial Report at 31 March 2021 are consistent with those used to prepare the consolidated financial statements at 31 December 2020, approved on 20 April 2021 by the Board of Directors and available on the website www.enav.it at the following address: <https://www.enav.it/sites/public/en/InvestorRelations/Financial-Statements-and-Reports.html>.

The scope of consolidation at 31 March 2021 has changed compared with that at 31 December 2020 due to the exit from the scope of consolidation of ENAV España Control Aereo S.L.U., which was placed in liquidation and definitively closed on 1 March 2021, and the Sicta Consortium, following the completion of its liquidation in February 2021.

Market and air traffic developments

As in most of the previous year, the volume of air traffic in the first three months of 2021 experienced a sharp contraction owing to the persistence of the effects of the COVID-19 pandemic.

In Italy, in the first quarter of 2021, en-route service units (*) decreased by 65.1% compared with the same period of 2020. However, this figure reflects the gains registered in the first two months of 2020 (8.5% in January and 11.2% in February), which had not yet been affected by the spread of COVID-19.

Similar developments were found in Europe, where the overall figure for the first quarter of 2021 for the Eurocontrol member states showed a decrease of 60.4% in terms of service units, with declines in all the countries belonging to the European comparator group: France (-67.2%), Germany (-61.4%), Great Britain (-67.1%) and Spain (-69.5%).

Terminal service units registered in Italy also decreased, contracting by 66.9% in the first quarter of 2021 compared with the year-earlier period, reflecting in particular the especially steep decline registered at the Rome Fiumicino airport, which closed the first quarter of 2021 with a fall of 74.1%.

In the first quarter of 2021, the number of passengers transiting through Italian airports totalled 4.6 million (-82.1% compared with the same period of 2020), while there was a substantial increase in the volume of goods transported (+12.3% compared with the same period in 2020), indicative of the ongoing growth in cargo traffic.

Total en-route traffic service units (**)				Change	
	1st Quarter 2021	1st Quarter 2020	no.	%	
France	1,232,973	3,756,775	(2,523,802)	-67.2%	
Germany	1,098,909	2,846,928	(1,748,019)	-61.4%	
Great Britain	782,683	2,375,471	(1,592,788)	-67.1%	
Spain	637,882	2,091,867	(1,453,985)	-69.5%	
Italy (***)	555,924	1,592,533	(1,036,609)	-65.1%	
EUROCONTROL	11,121,388	28,119,751	(16,998,363)	-60.4%	

(*) overflight traffic in Italian airspace, with or without layover.

(**) "service unit" is the unit of measurement used within Eurocontrol to determine the value of services rendered. It is a combination of two elements: the weight of the aircraft at departure and the distance travelled.

(***) excluding exempt traffic not reported to Eurocontrol.

En-route traffic

Total en-route traffic in Italy in the first quarter of 2021 registered a decrease of 65.1% in the number of service units reported by Eurocontrol (the same value if the residual category *Exempt not reported to Eurocontrol* is included) and a decline of 62.9% in the number of flights handled (-62.0% including the residual category *Exempt not reported to Eurocontrol*).

The decisive factor in the reduction in traffic flows was, as already mentioned, the COVID-19 health emergency, which has had a major impact on the air transport sector since the early days of March 2020. Performance in the first quarter of 2020 benefited from the positive results achieved in January and February 2020, which had posted an overall gain of 9.8% in terms of service units compared with the same period of 2019, whereas the entire first quarter of 2021 has been impacted by the pandemic.

En-route traffic (number of flights)	1st Quarter 2021	1st Quarter 2020	Change	
			no.	%
Domestic	23,779	48,867	(25,088)	-51.3%
International	38,915	151,051	(112,136)	-74.2%
Overflight	40,204	100,826	(60,622)	-60.1%
Paying total	102,898	300,744	(197,846)	-65.8%
Military	8,584	7,212	1,372	19.0%
Other exempt	4,150	3,626	524	14.5%
Total exempt	12,734	10,838	1,896	17.5%
Total reported by Eurocontrol	115,632	311,582	(195,950)	-62.9%
Exempt not reported to Eurocontrol	3,833	3,090	743	24.0%
Total	119,465	314,672	(195,207)	-62.0%

En-route traffic (service units)	1st Quarter 2021	1st Quarter 2020	Change	
			no.	%
Domestic	130,422	300,879	(170,457)	-56.7%
International	136,984	588,179	(451,195)	-76.7%
Overflight	256,682	673,007	(416,325)	-61.9%
Paying total	524,088	1,562,065	(1,037,977)	-66.4%
Military	28,601	27,465	1,136	4.1%
Other exempt	3,235	3,003	232	7.7%
Total exempt	31,836	30,468	1,368	4.5%
Total reported by Eurocontrol	555,924	1,592,533	(1,036,609)	-65.1%
Exempt not reported to Eurocontrol	280	256	24	9.4%
Total	556,204	1,592,789	(1,036,585)	-65.1%

An analysis of the composition of en-route traffic breaks down into:

- **international commercial traffic**, a category of flights departing from or arriving at an airport in Italy, which in the first quarter of 2021 posted losses both in terms of service units (SUs), which contracted by 76.7%, and flights handled, which decreased by 74.2%, confirming this category of traffic as the hardest hit in terms of traffic volumes lost since the start of the health emergency.

With regard to international traffic by flight distance (short, medium and long distance flown in national airspace), in the first quarter of 2021 all distance categories experienced decreases in air traffic of more than 70% in terms of service units.

With regard to flight routes by continent, the first quarter of 2021 recorded a decrease of 79% in connections between Italy and the rest of Europe, representing about 64% of total international traffic

service units, while connections between Italy and Asia fell by 60%, those between Italy and Africa declined by 73% and those between Italy and the American continent dropped by 68%, with connections with the United States falling by 46%;

- **commercial overflight traffic**, a category that includes flights that only cross through domestic airspace, which in the first quarter of 2021 recorded a decrease in both service units (-61.9%) and in the number of flights handled (-60.1%), while in the first quarter of 2020 it had posted a gain 3.2% in service units, despite the effects of the pandemic starting from March. Shorter flights (<400 km in national airspace) posted the smallest decline (-51% in SUs), while medium (between 400 and 800 km) and longer distance flights (>800 km) experienced reductions of 67% and 59% respectively. As regards the main traffic routes, in the first quarter of 2021, flights within Europe, which account for about 31% of total overflight service units, showed a reduction of 70%. Slightly better, although still negative, performance was registered for Europe-Africa (-54% in SUs) and Europe-Asia (-61% in SUs) routes, which respectively about represent 32% and 23% of total overflight service units. Asia-American continent routes, representing 7% of total overflight service units, recorded a reduction of -4% for the quarter but posted an increase of 39% in March;
- **domestic commercial traffic**, which in the first quarter of 2021 experienced a decrease both in service units (-56.7%) and in the number of flights handled (-51.3%). In the first quarter of 2020, this type of traffic had registered the largest reductions as it was the most severely affected by the pandemic (-22% in SUs). With regard to flight distance, longer distance flights (>700 km), which include those connecting destinations in the North with the South of the country and representing about 48% of the total domestic service units, posted a decrease of 54% in terms of service units, while medium-distance flights, representing about 44% of total of domestic service units and mainly connect the airports of Rome and Naples with destinations in the North and South of the country, registered a reduction of 56% in terms of service units, although performance was positive if we consider March 2021 only;
- **exempt traffic** is divided into: i) *exempt traffic reported by Eurocontrol*, which increased by 4.5% in terms of service units and by 17.5% in terms of the number of assisted flights. The developments in this category mainly reflected an increase in the military activity (+5% in SUs), especially that of the EU countries (+16% in SUs), which represent about 90% of exempt traffic; and ii) *exempt traffic not reported to Eurocontrol*, which accounts for only a residual proportion of revenues, posted an increase 9.4% in service units and one of 24% in the number of assisted flights.

With regard to carriers, the first quarter of 2021 saw a marked contraction in the flight activities of the low-cost segment compared with traditional airlines, with only three carriers among the top fifteen in terms of service units generated in national airspace, with significant drops for Ryanair (-83.4% in SUs), Easyjet (-84.2% in SUs) and Wizz Air (-58.4% in SUs). Among the traditional airlines, certain Middle Eastern carriers continued

to prove more resilient in terms of traffic volumes, including Turkish Airlines (-49% in SUs) and Qatar Airways (-27.4% in SUs), compared with Emirates (-69.9% in SUs) and Saudia (-68.5%). In view of the longer distances they fly and the large size of the aircraft they use, these carriers generally generate the largest number of service units per flight. Negative results were also posted by carriers that have historically flown in Italian airspace, such as Air France (-47.3% in SUs) and Lufthansa (-73.2% in SUs). Alitalia also recorded a decrease in traffic, closing the quarter with declines of 69% in service units and 69.1% in the number of flights handled, although it was the leading company in terms of service units and number of flights in the first quarter of 2021.

Finally, cargo traffic ran against these trends, with gains being posted by companies operating in the sector, such as DHL (+10.7% in SUs), Poste Air Cargo (+20.0% in SUs) and Fedex (+20.4% in SUs).

Terminal traffic

In the first quarter of 2021, terminal traffic reported by Eurocontrol, which includes departing and arriving traffic within 20 km of the runway, contracted in a manner similar to en-route traffic, with a decline of 66.9% in terms of service units and 63.6% in terms of the number of assisted flights.

Terminal traffic (number of flights)	1st Quarter 2021	1st Quarter 2020	no.	Change %
Domestic				
Chg. Zone 1	3,440	8,545	(5,105)	-59.7%
Chg. Zone 2	5,186	10,871	(5,685)	-52.3%
Chg. Zone 3	13,337	27,646	(14,309)	-51.8%
Total domestic flights	21,963	47,062	(25,099)	-53.3%
International				
Chg. Zone 1	3,534	16,031	(12,497)	-78.0%
Chg. Zone 2	9,940	31,680	(21,740)	-68.6%
Chg. Zone 3	5,625	27,432	(21,807)	-79.5%
Total international flights	19,099	75,143	(56,044)	-74.6%
Paying total	41,062	122,205	(81,143)	-66.4%
Exempt				
Chg. Zone 1	17	28	(11)	-39.3%
Chg. Zone 2	325	294	31	10.5%
Chg. Zone 3	4,746	4,090	656	16.0%
Total exempt flights	5,088	4,412	676	15.3%
Total reported by Eurocontrol	46,150	126,617	(80,467)	-63.6%
Exempt not reported to Eurocontrol				
Chg. Zone 1	0	0	0	no.a.
Chg. Zone 2	87	60	27	45.0%
Chg. Zone 3	2,632	1,879	753	40.1%
Total exempt flights not reported to Eurocontrol	2,719	1,939	780	40.2%
Total by Charging Zone				
Chg. Zone 1	6,991	24,604	(17,613)	-71.6%
Chg. Zone 2	15,538	42,905	(27,367)	-63.8%
Chg. Zone 3	26,340	61,047	(34,707)	-56.9%
Total	48,869	128,556	(79,687)	-62.0%

Terminal traffic (service units)		1st Quarter 2021	1st Quarter 2020	no.	Change %
Domestic					
	Chg. Zone 1	4,221	10,739	(6,518)	-60.7%
	Chg. Zone 2	6,117	13,158	(7,041)	-53.5%
	Chg. Zone 3	13,930	32,425	(18,495)	-57.0%
	Total domestic SUs	24,268	56,322	(32,054)	-56.9%
International					
	Chg. Zone 1	5,166	25,623	(20,457)	-79.8%
	Chg. Zone 2	17,007	45,486	(28,479)	-62.6%
	Chg. Zone 3	5,157	32,701	(27,544)	-84.2%
	Total international SUs	27,330	103,810	(76,480)	-73.7%
Paying total		51,598	160,132	(108,534)	-67.8%
Exempt					
	Chg. Zone 1	47	42	5	11.9%
	Chg. Zone 2	196	249	(53)	-21.3%
	Chg. Zone 3	1,762	1,635	127	7.8%
	Total exempt SUs	2,005	1,926	79	4.1%
Total reported by Eurocontrol		53,603	162,058	(108,455)	-66.9%
Exempt not reported to Eurocontrol					
	Chg. Zone 1	0	0	0	no.a.
	Chg. Zone 2	7	5	2	40.0%
	Chg. Zone 3	179	145	34	23.4%
Total exempt SUs not reported to Eurocontrol		186	150	36	24.0%
Total by Charging Zone					
	Chg. Zone 1	9,434	36,404	(26,970)	-74.1%
	Chg. Zone 2	23,327	58,898	(35,571)	-60.4%
	Chg. Zone 3	21,028	66,906	(45,878)	-68.6%
Total		53,789	162,208	(108,419)	-66.8%

Overall, the performance for the first quarter of 2021 compared with the same period of the previous year shows a general decline in all three charging zones, both in terms of service units and the number of assisted flights, reflecting the COVID-19 health emergency. More specifically:

- **Charging Zone 1**, represented by Rome Fiumicino airport, experienced a decrease in traffic in the first quarter of 2021 of 74.1% in terms of service units and 71.6% in the number of flights handled, with a steep decrease for international traffic (-79.8% in SUs) and a somewhat smaller one in domestic traffic (-60.7% in SUs). The Roman airport had already seen evidence of problems for flight traffic in the two months preceding the health emergency due to a slowdown in the flight operations of Alitalia and Ryanair, which was even more pronounced during the quarter under review, with decreases of 74% and 79% in terms of service units. Alitalia flight operations account for about 47% of total service units at the airport. Running against the trend, Ethiopian Airlines posted a gain of 4.8% in service units;
- **Charging Zone 2**, represented by the airports of Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio, posted a decrease for the period in terms of service units (-60.4%) and in flights handled (-63.8%), affecting all airports in this charging zone, with the smallest decrease being registered by Milan Malpensa (-46.1% in SUs), while larger contractions were recorded by Milan Linate (-66.9% in

SUs) and Bergamo Orio al Serio (-79.1% in SUs). In March 2021, the Milanese airports recorded an increase in service units, with Milan Malpensa posting a gain of 23.6% thanks to non-EU international traffic and cargo traffic and Milan Linate one of 27.1% as a result of the contribution of domestic air traffic;

- **Charging Zone 3**, which includes all other Italian airports, registered decreases both in terms of service units (-68.6%) and number of flights handled (-56.9%). The largest decreases in terms of service units were posted by the airports of Naples (-81.1% in SUs), Bari (-77.2% in SUs) and Bologna (-73.7% in SUs), which have a larger proportion of international traffic than the airports on the islands, which posted smaller declines, such as Catania (-59.5% in SUs), Palermo (-61.3% in SUs) and Cagliari (-52%). In the period under review, the flight operations of Alitalia experienced a reduction of 57% in service units, with an impact on the overall operations of the airports in this charging zone, accounting for 21% of the total service units of the charging zone.

Seasonal effects

The type of business in which the Parent Company operates is normally affected by seasonal effects. Developments in air traffic are not linear throughout the year. In particular, passenger traffic fluctuates significantly depending on the time of year, reflecting changes in tourist flows.

However, compared with previous years, seasonal effects will be much reduced in 2021 due to the effect of the pandemic on traffic volumes and the change in the regulatory system governing the calculation of the balance, which exceptionally will be based on determined costs and not on the ordinary traffic risk-sharing mechanism.

COVID-19 update

Developments in the first quarter of 2021 continued to reflect the adverse impact of the COVID-19 pandemic on the air transport sector.

Air traffic handled in the first quarter of 2021 continued to record steep declines compared with the previous year, with contractions in terms of service units of 65.1% in en-route traffic and 66.9% in terminal traffic. The financial impact for the ENAV Group persisted against the background of a reduction in the Parent Company's revenues from its core business as a result of the diminished level of activity in the air transport sector, producing a simultaneous decline in services in respect of Eurocontrol, with revenue from charges contracting by €84.7 million compared with the first quarter of 2020, which will be recouped through balance revenues as calculated in compliance with the new European Commission regulation governing the 2020-

2021 period. This will still have a negative impact on cash flows, as these balances will be recovered through unit rates no earlier than 2023.

We therefore confirm the forecasts reported in the 2020 Annual Financial Report, which readers are invited to consult. Further updates will probably be necessary in the second quarter of 2021, both with regard to the definition of efficiency targets requested by the European Commission for 2020-2021 and to the resumption of air traffic connected with the summer travel season and the progress of vaccination campaigns in Italy and elsewhere in the world.

Performance and financial position of the ENAV Group

Definition of alternative performance measures

In addition to the financial data required by the International Financial Reporting Standards and in line with Consob notice no. 0092543 of 3 December 2015, which incorporates the Guidelines (no. 2015/1415) issued on 5 October 2015 by the European Securities and Markets Authority (ESMA), the ENAV Group uses a number of measures derived from the IFRS data to provide management with an additional metric for evaluating the performance achieved by the Parent Company and its subsidiaries, as well as ensuring greater comparability, reliability and understanding of financial information.

The following alternative performance measures are used:

- **EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation):** an indicator of profit before the effects of financial operations and taxation, as well as depreciation, amortisation and writedowns of property, plant and equipment and intangible assets and receivables and provisions, adjusted for investment grants directly related to the depreciating and amortising investments to which they refer;
- **EBITDA margin:** EBITDA expressed as a percentage of total revenues and adjusted for investment grants as specified above;
- **EBIT (Earnings Before Interest and Tax):** EBITDA less depreciation and amortisation adjusted for investment grants and writedowns of property, plant and equipment and intangible fixed assets and receivables and provisions;
- **EBIT margin:** EBIT expressed as a percentage of total revenues less investment grants as specified above;
- **Net non-current assets:** a financial measure represented by the fixed capital employed in operations. It includes property, plant and equipment, intangible assets, investments in other entities, non-current trade receivables and payables, and other non-current assets and liabilities;
- **Net working capital:** capital employed in operations comprising inventory, trade receivables and other non-financial current assets, net of trade payables and other current liabilities excluding those of a financial nature, plus assets held for disposal net of related liabilities;

- **Gross capital employed:** the sum of net non-current assets and net working capital;
- **Net capital employed:** the sum of gross capital employed, less employee benefit provisions, the provision for risks and charges and deferred tax assets/liabilities;
- **Net financial debt:** the sum of the current and non-current financial liabilities, current and non-current financial receivables net of non-current financial liabilities/receivables in respect of the fair value of derivative financial instruments and cash and cash equivalents;
- **Free cash flow:** the sum of the cash flow generated or absorbed by operating activities and the cash flow generated or absorbed by investing activities.

The reclassified consolidated income statement, statement of financial position and cash flow statement, the consolidated statement of net financial debt and the main performance and financial indicators used by management to monitor operating performance are shown below.

Reclassified consolidated income statement

The first quarter of 2021 was still fully affected by the impact of the COVID-19 pandemic, which caused a contraction in the activities of the air transport sector, generating a reduction in service units of 65.1% for en-route traffic and 66.8% for terminal traffic compared with the same period of 2020, which by contrast had benefited from the good performance of air traffic in January (+8.5%) and February (+11.2%), before the effects of the pandemic began to emerge in strength in March 2020. The recognition of the balance in compliance with Regulation (EU) 2020/1627 of 3 November 2020 issued by the European Commission and the first indications of the Commission concerning the efficiency metric to be applied to final determined costs made it possible to recover much of the loss of traffic recorded at the end of the first quarter of 2021, with EBITDA of €44.7 million, an increase of €15.8 million compared with the first quarter of 2020, when the aggregate amounted to €28.9 million and reflected the calculation of the balance in accordance with the previous traffic risk mechanism. Profit for the period amounted to €11.8 million, a clear improvement on the year-earlier period, when a loss of €6.2 million was registered.

	1st Quarter 2021	1st Quarter 2020	Amount	Change %
Revenues from operations	49,321	134,885	(85,564)	-63.4%
Balance	131,156	28,390	102,766	n.a.
Other operating income	8,562	8,341	221	2.6%
Total revenues	189,039	171,616	17,423	10.2%
Personnel costs	(120,364)	(117,041)	(3,323)	2.8%
Capitalised costs	5,928	6,572	(644)	-9.8%
Other operating expenses	(29,926)	(32,281)	2,355	-7.3%
Total operating costs	(144,362)	(142,750)	(1,612)	1.1%
EBITDA	44,677	28,866	15,811	54.8%
EBITDA margin	23.6%	16.8%	6.8%	
Net amortisation of investment grants	(30,389)	(32,038)	1,649	-5.1%
Writedowns, impairment (reversal of impairment) and provisions	948	(58)	1,006	n.a.
EBIT	15,236	(3,230)	18,466	n.a.
EBIT margin	8.1%	-1.9%	10.0%	
Financial income/(expense)	1,341	(1,342)	2,683	n.a.
Income before taxes	16,577	(4,572)	21,149	n.a.
Income taxes	(4,746)	(1,634)	(3,112)	n.a.
Profit (loss) for the period	11,831	(6,206)	18,037	n.a.
Profit (loss) for the period attributable to shareholders of the Parent Company	11,905	(6,148)	18,053	n.a.
Profit (loss) for the period attributable to non-controlling interests	(74)	(58)	(16)	27.6%

(thousands of euros)

Analysis of revenues

Revenues from operations amounted to €49.3 million, a decrease of 63.4% compared with the same period of the previous year, with revenues from the Parent Company's core business amounting to €44.4 million (-65.6% on the first quarter of 2020) and €4.9 million from the Group's operations on the non-regulated market, down 14.5% on the first quarter of 2020. The reduction in revenues is strictly connected with the COVID-19 health emergency, which produced a sharp decline in services for the air transport sector beginning in early March 2020. The comparative period also included the good performance of air traffic in the first two months of 2020.

	1st Quarter 2021	1st Quarter 2020	Change	%
En-route revenues	30,071	94,271	(64,200)	-68.1%
Terminal revenues	11,736	32,459	(20,723)	-63.8%
En-route and terminal exemptions	2,568	2,372	196	8.3%
Revenues from non-regulated market	4,946	5,783	(837)	-14.5%
Total revenues from operations	49,321	134,885	(85,564)	-63.4%
Balance	131,156	28,390	102,766	n.a.
Total revenues from contracts with customers	180,477	163,275	17,202	10.5%

(thousands of euros)

En-route revenues amounted to €30 million, a decrease of 68.1% compared with the year-earlier period, reflecting a decrease of 66.4% in service units compared with the first quarter of 2020 (-12.3% in the first quarter of 2020 on the first quarter of 2019). This was compounded by a reduction of 5.06% in the en-route unit rate applied in 2021 (€62.68, as against €66.02 in 2020), a reduction that amounted to 0.89% if only the charge excluding balances is considered.

If en-route revenues include those from exempt flights, which were broadly in line with the figure for the first quarter of 2020 and the adjustment for balances, which includes the portion recognised in the period and the part recognised in previous years and incorporated in rates in 2021, and thus profit or loss for the same year, en-route revenues totalled €128.6 million, an increase of €19.5 million, broken down as follows:

	1st Quarter 2021	1st Quarter 2020	Change	%
En-route revenues	30,071	94,271	(64,200)	-68.1%
En-route exemptions	1,863	1,864	(1)	-0.1%
<i>Sub-total revenues</i>	<i>31,934</i>	<i>96,135</i>	<i>(64,201)</i>	<i>-68.2%</i>
En-route balance for period	94,858	13,041	81,817	627%
Discounting of balance for period	(3,160)	(210)	(2,950)	n.a.
Use of en-route balance n-2	4,918	113	4,805	n.a.
<i>Sub-total balance</i>	<i>96,616</i>	<i>12,944</i>	<i>83,672</i>	<i>n.a.</i>
Total en-route revenues from operations with balance	128,550	109,079	19,471	17.9%

(thousands of euros)

The en-route balance had a positive impact of €96.6 million, an increase of €83.7 million compared with the first quarter of 2020, a period in which balances were calculated in accordance with the regulations in force at the time, which involved a traffic risk-sharing mechanism. The balance recorded in the first quarter of 2021, equal to €94.8 million, was instead calculated on the basis of the provisions of the new regulation, which provides for coverage of determined costs less a percentage attributable to efficiency gains, in accordance with the European Commission regulation issued at the end of November 2020. This amended approach to the determination of the balance will apply throughout 2021, with the standard calculation mechanism returning in 2022. The value of the balance also reflects the amount recognised through profit or loss (and therefore in rates 2021) of the balances recorded in prior years in the amount of €4.9 million,

less the discounting adjustment connected with the fact that recovery of the balance will take place over at least five years beginning with the rates to be applied starting from 2023.

Commercial terminal revenues amounted to €11.7 million, a decrease of 63.8% on the first quarter of 2020, reflecting the decline in service units generated by the individual airports broken down by charging zone as a result of the COVID-19 emergency, with an overall decrease of 67.8% (-22.4% in the first quarter of 2020 compared with first quarter of 2019), and the reduction in the terminal rates applied in the first two charging zones.

In particular, *Charging Zone 1*, represented by Rome Fiumicino airport, posted a decrease in assisted air traffic, expressed in service units, of 74.2% compared with the first quarter of 2020, which was boosted by the good performance of air traffic in the first two months of the year (-27.6% in the first quarter of 2020 compared with first quarter of 2019). The terminal unit rate applied in 2021 decreased by 1.66% to €164.55 (compared with €167.33 in 2020).

Charging Zone 2, represented by the airports of Milan Malpensa, Milan Linate, Venice Tessera and Bergamo Orio al Serio, posted a decrease in assisted air traffic, expressed in service units, of 60.6%, on the first quarter of 2020 (-21.3% in the first quarter of 2020 compared with first quarter of 2019). The terminal rate for 2021 is €160.86, a decrease of 4.0% on the rate applied in 2020 (€167.56).

Charging Zone 3, which comprises 40 medium- and low-traffic airports recorded a decrease in assisted air traffic, expressed in service units, of 70.7% on the first quarter of 2020 (-20.3% in the first quarter of 2020 compared with first quarter of 2019), only marginally offset by an increase in the terminal rate applied in 2021 to €395.35 (up 32.26% on the rate applied in 2020 (€298.93).

If terminal revenues are considered together with those from exempt flights, which increased by 38.8% on the same period of 2020, mainly as a result of an increase in service units in the period (+5.5%) and the adjustment for the balance, which includes the portion recognised in the period and the part recognised in previous years and incorporated in the rate in 2021, and thus profit or loss for the same year, terminal revenues totalled €47 million, a decrease of €1.4 million on the first quarter of 2020, broken down as follows:

	1st Quarter 2021	1st Quarter 2020	Change	%
Terminal revenues	11,736	32,459	(20,723)	-63.8%
Terminal exemptions	705	508	197	38.8%
<i>Sub-total</i>	<i>12,441</i>	<i>32,967</i>	<i>(20,526)</i>	<i>-25.1%</i>
Terminal balance for period	33,400	14,091	19,309	n.a.
Discounting of balance for period	(1,113)	(227)	(886)	n.a.
Use of terminal balance n-2	2,253	1,582	671	42.4%
<i>Sub-total</i>	<i>34,540</i>	<i>15,446</i>	<i>19,094</i>	<i>n.a.</i>
Total terminal revenues from operations with balance	46,981	48,413	(1,432)	-3.0%

(thousands of euros)

Terminal balances had a positive impact of €34.5 million, an increase of €19 million compared with the first quarter of 2020. The EU rules governing the determination of the en-route balance, based on coverage of determined costs less a percentage attributable to efficiency gains, were applied to the terminal balances for Charging Zones 1 and 2, while a cost recovery approach applies for Charging Zone 3, generating the recognition of balances totalling €33.4 million. The value of the balances for the period reflects the amount recognised through profit or loss (and therefore in the unit rate for 2021) of balances recorded in prior years (a positive €2.2 million), less the discounting adjustment connected with the fact that recovery of the balance will take place over five years beginning with the rates to be applied starting from 2023.

Revenues from the non-regulated market amounted to €4.9 million, a decrease of €0.8 million compared with the corresponding period of the previous year, mainly due to a decrease in activities associated with the radio aid contracts of the Parent Company, which partly reflected the postponement of activities to subsequent periods as a result of the health emergency, as well as to the decrease in revenues connected with the contract for the construction of the new Kuala Lumpur Area Control Centre in Malaysia, where work is nearing completion. This was partially offset by revenues from the new aeronautical consulting contract acquired by ENAV Asia Pacific with the Taiwanese service provider.

Developments in costs

	1st Quarter 2021	1st Quarter 2020	Amount	Change
				%
Personnel costs	(120,364)	(117,041)	(3,323)	2.8%
Capitalised costs	5,928	6,572	(644)	-9.8%
Other operating expenses	(29,926)	(32,281)	2,355	-7.3%
Total operating expenses	(144,362)	(142,750)	(1,612)	1.1%

(thousands of euros)

Operating expenses increased by a net 1.1% compared with the year-earlier period to a total of €144.4 million, reflecting an increase in personnel costs of 2.8%, a reduction in other operating expenses of 7.3% and a decrease in capitalised costs of 9.8%.

	1st Quarter 2021	1st Quarter 2020	Change	%
Wages and salaries, of which:				
fixed remuneration	71,646	72,124	(478)	-0.7%
variable remuneration	13,638	10,566	3,072	29.1%
Total wages and salaries:	85,284	82,690	2,594	3.1%
Social security contributions	28,262	27,273	989	3.6%
Employee severance pay	5,044	5,126	(82)	-1.6%
Other costs	1,774	1,952	(178)	-9.1%
Total personnel costs	120,364	117,041	3,323	2.8%

(thousands of euros)

Personnel costs rose by a net 2.8% compared with the first quarter of 2020, reaching €120.4 million. More specifically, fixed remuneration declined by €0.5 million, mainly due to a change in the remuneration mix as a result of retiring employees being replaced by new hires on lower salaries, a development not directly visible in changes in the workforce, which show a reduction of 6 effective employees and 1 average employee compared with the first quarter of 2020. The first quarter ended with a workforce of 4,252 (4,258 in the first quarter of 2020). Variable remuneration increased by 29.1%, mainly attributable to an increase in holiday entitlement accrued and not used by Group's employees compared with the year-earlier quarter and to the provisioning of the performance bonus pertaining to the period. Social security contributions increased by 3.6% to €28.3 million, while other personnel costs decreased by 9.1%, mainly due to the decline in termination incentives paid to outgoing personnel in the period, which totalled €0.6 million (€0.8 million in the first quarter of 2020).

Other operating expenses amounted to €30 million, a decrease of 7.3% compared with the corresponding period of the previous year. They break down as follows.

	1st Quarter 2021	1st Quarter 2020	Change	%
Costs for the purchase of goods	1,617	1,622	(5)	-0.3%
Costs for services:				
Maintenance costs	4,438	4,208	230	5.5%
Costs for Eurocontrol fees	8,834	9,577	(743)	-7.8%
Costs for utilities and telecommunications	6,072	6,400	(328)	-5.1%
Costs for insurance	781	793	(12)	-1.5%
Cleaning and security	1,311	1,320	(9)	-0.7%
Other personnel-related costs	1,910	2,048	(138)	-6.7%
Professional services	2,110	2,690	(580)	-21.6%
Other costs for services	1,877	1,824	53	2.9%
Total costs for services	27,333	28,860	(1,527)	-5.3%
Costs for leases and rentals	384	506	(122)	-24.1%
Other operating expenses	592	1,293	(701)	-54.2%
Total	29,926	32,281	(2,355)	-7.3%

(thousands of euros)

An examination of the individual items reveals a generalised reduction in the various cost items, including: i) a decrease of €0.7 million in costs for Eurocontrol fees following the implementation of cost containment measures by the agency; ii) a reduction of 5.1% in costs for utilities and telecommunications in respect of ENET network data connections as a result of the decommissioning of older circuits; iii) a decrease of 21.6% in costs for external professional services; and iv) a reduction of other operating expenses, which in the year-earlier quarter included, among other things, donations made to support the effort to combat COVID-19.

Margins

These developments produced an increase of 54.8% in EBITDA compared with the first quarter of 2020, to €44.7 million.

EBIT reflected a decrease of 5.1% in depreciation and amortisation net of investment grants in addition to the positive effect of €1 million associated with the collection of receivables relating to positions previously written down and the favourable outcome of a number of disputes, producing a gain of €15.2 million, an improvement of €18.5 million compared with the first quarter of 2020, when there was a net outlay of €3.2 million.

Financial operations

Financial income and expense show net income of €1.3 million, an improvement of €2.7 million on the net expense registered in the first quarter of 2020.

	1st Quarter 2021	1st Quarter 2020	Change	%
Financial income from non-current receivables	17	24	(7)	-29.2%
Financial income from discounting of balance	1,250	0	1,250	n.a.
Other interest income	1,414	286	1,128	n.a.
Total financial income	2,681	310	2,371	n.a.
	1st Quarter 2021	1st Quarter 2020	Change	%
Interest expense on bank borrowings	688	532	156	29.3%
Interest expense on bonds	857	857	0	0.0%
Interest expense on employee benefits	28	85	(57)	-67.1%
Interest expense on lease liabilities	27	35	(8)	-22.9%
Financial expense on discounting of balance	0	171	(171)	-100.0%
Other interest expense	1	2	(1)	-50.0%
Total financial expense	1,601	1,682	(81)	-4.8%
Exchange rate gains/(losses)	261	30	231	n.a.
Total financial income/(expense)	1,341	(1,342)	2,683	n.a.

(thousands of euros)

Financial income increased by €2.4 million due to the financial component pertaining to the period connected with the discounting of balances in addition to interest income recognised on part of the IRES credit for which reimbursement had been requested, which was collected in the first quarter of 2021.

Financial expense decreased by 4.8% due to the elimination of charges from balance discounting and the lower interest cost recognised for Group employee benefits, effects that partially offset the increase in interest due on bank borrowings.

Performance for the period

Income taxes for the period amounted to €4.7 million, an increase of €3.1 million compared with the first quarter of 2020, mainly due to the increase in the taxable income of the Parent Company. As a result, profit pertaining to shareholders of the Parent Company amounted to €11.9 million, an improvement of €18 million compared with the loss of €6.1 million recognised in the corresponding period of the previous year, which reflected the seasonal variability of the Group's activities. The share pertaining to non-controlling interests was a loss of €74 thousand.

Reclassified consolidated statement of financial position

	31.03.2021	31.12.2020	Amount	Change %
Property, plant and equipment	903,874	922,623	(18,749)	-2.0%
Right-of-use assets	6,385	6,910	(525)	-7.6%
Intangible assets	176,617	175,629	988	0.6%
Investments in other entities	52,448	50,122	2,326	4.6%
Non-current trade receivables and payables	505,022	377,465	127,557	33.8%
Other non-current assets and liabilities	(144,905)	(139,434)	(5,471)	3.9%
Net non-current assets	1,499,441	1,393,315	106,126	7.6%
Inventories	61,629	61,561	68	0.1%
Trade receivables	118,112	136,582	(18,470)	-13.5%
Trade payables	(154,383)	(149,812)	(4,571)	3.1%
Other current assets and liabilities	(107,689)	(88,119)	(19,570)	22.2%
Assets held for sale net of related liabilities	0	1,427	(1,427)	-100.0%
Net working capital	(82,331)	(38,361)	(43,970)	114.6%
Gross capital employed	1,417,110	1,354,954	62,156	4.6%
Employee benefit provisions	(48,154)	(49,943)	1,789	-3.6%
Provisions for risks and charges	(3,058)	(3,341)	283	-8.5%
Deferred tax assets net of liabilities	20,796	20,419	377	1.8%
Net capital employed	1,386,694	1,322,089	64,605	4.9%
Shareholders' equity attributable to Parent Company shareholders	1,098,639	1,083,278	15,361	1.4%
Shareholders' equity attributable to non-controlling interests	2,115	2,189	(74)	-3.4%
Shareholders' equity	1,100,754	1,085,467	15,287	1.4%
Net financial debt	285,940	236,622	49,318	20.8%
Funding of net capital employed	1,386,694	1,322,089	64,605	4.9%

(thousands of euros)

Net capital employed amounted to €1,386.7 million at 31 March 2021, up €64.6 million on 31 December 2020. Of the total, 79.4% was funded by consolidated shareholders' equity and 20.6% by net financial debt.

Net non-current assets

Net non-current assets amounted to €1,499.4 million, up €106.1 million compared with 31 December 2020, mainly reflecting: i) a decrease of €18.8 million in property, plant and equipment as a result of the recognition of greater depreciation than investments under construction during the period; ii) an increase in the value of investments in other entities of €2.3 million, accounted for entirely by the impact of the change in the dollar/euro exchange rate on the investment in Aireon; iii) the positive change of €127.6 million in non-current trade receivables and payables, reflecting the recognition of receivables for balances in the first quarter of 2021, which net of the discounting component amounted to €124 million. They will be recovered as from 2023 over five years; and iv) a decline in other current assets due to the collection of €5.5 million of the principal amount of the IRES receivable for which repayment was requested in previous years.

Net working capital

Net working capital amounted to a negative €82.3 million, an increase of €44 million on 31 December 2020, when it was a negative €38.4 million. The main changes regarded: i) a net decrease of €18.5 million in trade receivables, mainly reflecting a decrease of €27.8 million in the receivable from Eurocontrol as a result of the decrease in turnover in February and March 2021 compared with the last two months of 2020 as well as the collection in February 2021 of amounts invoiced for March 2020, which had benefitted from a deferral granted to airlines. The decline in trade receivables was partly offset by the recognition of a receivable for the grant to guarantee the safety of plant and operational safety accruing at 31 March 2021 in the amount of €7.5 million and an increase of €2.6 million in the receivable in respect of the Ministry for the Economy and Finance for exemptions on en-route and terminal traffic accrued in the first quarter of 2021; ii) the change in other current assets and liabilities, which resulted in a net increase in liabilities of €19.5 million as a result of an increase tax liabilities for taxes recognised in the period, an increase in amounts due to personnel as a result of provisions recognised for the first quarter of 2021 and an increase in other liabilities relating to the €6.5 million due to the Italian Air Force and ENAC, corresponding to their share of collections of en-route and terminal receivables accrued during the period. These effects were partially offset by an increase in receivables for prepayments of insurance premiums made in January but pertaining to the subsequent quarter and INAIL premiums pertaining to subsequent months.

Net capital employed

In determining net capital employed, employee benefit provisions had a negative impact of €48.1 million, with the decrease of €1.8 million reflecting the benefits paid and the actuarial gain recognised at 31 March

2021. Provisions for risks and charges amounted to €3 million, down €0.3 million, while net deferred tax assets were a positive €20.8 million.

Shareholders' equity

Shareholders' equity totalled €1,100.7 million, a net increase of €15.3 million on 31 December 2020. The change mainly reflects €11.8 million from the consolidated profit recognised at 31 March 2021, the actuarial gain on the reserve for employee benefits, which net of tax effects amounted to €0.6 million, and the positive impact of €2.6 million from the reserve for the translation into euros of the financial statements of foreign subsidiaries.

Net financial debt

Net financial debt amounted to €285.9 million, an increase of €49.3 million on 31 December 2020.

	31.03.2021	31.12.2020	Amount	Change %
Cash and cash equivalents	254,695	316,044	(61,349)	-19.4%
Current financial receivables	23	0	23	n.a.
Current financial debt	(66,559)	(65,382)	(1,177)	1.8%
Current financial debt for IFRS 16 lease liabilities	(1,992)	(2,134)	142	-6.7%
Net current financial position	186,167	248,528	(62,361)	-25.1%
Non-current financial receivables	38	0	38	n.a.
Non-current financial debt	(467,547)	(480,081)	12,534	-2.6%
Non-current financial debt for IFRS 16 lease liabilities	(4,598)	(5,069)	471	-9.3%
Non-current financial debt	(472,107)	(485,150)	13,043	-2.7%
Net financial debt	(285,940)	(236,622)	(49,318)	20.8%

(thousands of euros)

The increase of €49.3 million in net financial debt was due to developments in collections and payments connected with ordinary operations, which generated a negative cash flow, connected with the reduction in receipts from the Parent Company's core business activities due to the reduction of air traffic control operations. These developments were positively influenced by the partial collection of IRES reimbursements amounting to €6.4 million.

Structure of the consolidated net financial position

	31.03.2021	31.12.2020
(A) Cash	254,695	316,044
(B) Cash equivalents	0	0
(C) Securities held for trading	0	0
(D) Liquidity (A)+(B)+(C)	254,695	316,044
(E) Current financial receivables	0	0
(F) Current financial payables	0	0
(G) Current portion of non-current financial debt	(66,559)	(65,356)
(H) Other current financial debt	(1,992)	(2,135)
(I) Current financial debt (F)+(G)+(H)	(68,551)	(67,491)
(J) Net current financial debt/Liquidity (D)+(E)+(I)	186,144	248,553
(K) Non-current bank debt	(287,547)	(300,048)
(L) Bonds issued	(180,000)	(180,000)
(M) Other non-current financial debt	(4,598)	(5,069)
(N) Non-current financial debt (K)+(L)+(M)	(472,145)	(485,117)
(O) Net financial debt - Consob (J)+(N)	(286,001)	(236,564)
(P) Current and non-current derivatives	61	(58)
(R) Net financial debt - ENAV Group (O)+(P)+(Q)	(285,940)	(236,622)

(thousands of euros)

Consolidated statement of cash flows

	31.03.2021	31.03.2020	Change	%
Cash flow generated/(absorbed) by operating activities	(45,605)	55,370	(100,975)	n.a.
Cash flow generated/(absorbed) by investing activities	(5,955)	(29,005)	23,050	-79.5%
Cash flow generated/(absorbed) by financing activities	(11,301)	878	(12,179)	n.a.
Cash flow for the period	(62,861)	27,243	(90,104)	n.a.
Cash and cash equivalents at the beginning of the period	317,419	450,657	(133,238)	-29.6%
Exchange rate difference on cash	137	83	54	65.1%
Cash and cash equivalents at end of the period	254,695	477,983	(223,288)	-46.7%
Free cash flow	(51,560)	26,365	(77,925)	n.a.

(thousands of euros)

Cash flows from operating activities

Cash flows used in operating activities at 31 March 2020 amounted to €45.6 million, a deterioration of €101 million on the same period of 2020. This swing, which reflected the effects of the COVID-19 health emergency, is attributable to the following factors: i) an increase of €125.6 million in non-current trade

receivables as a result of the recognition of the balance for the period, which was smaller in the year-earlier period (€25.5 million) as it was calculated using a different mechanism, and the recognition of the receivable from Eurocontrol due to the decline in turnover in February and March 2021, although the change was less marked than that seen in the first quarter of 2020; ii) a decrease of €5.5 million in non-current tax receivables due to the collection of the IRES receivable and an increase in tax liabilities for taxes pertaining to the period; iii) an increase of €7 million in other current assets, mainly due to the recognition of prepaid expenses in respect of insurance premiums and personnel for INAIL premiums; iv) a greater increase in current liabilities than in the first quarter of 2020 following the recognition of the liability in respect of the Italian Air Force and ENAC for their share of en-route and terminal collections; and v) a decrease of €6.4 million in current and non-current trade payables, due both to a decline in payables for balances and a reduction in payables to suppliers for operating activities as a result of a decrease in payments made in the first quarter of 2021 compared with the corresponding period of the previous year.

Cash flows from investing activities

Cash flows used in investing activities at 31 March 2021 amounted to €6 million, down €23 million on the figure at 31 March 2020. The change, with capital expenditure of €14.5 million, an increase of €1.2 million, was due to a decrease in payments to suppliers for investment projects compared with 31 March 2020.

Cash flows from financing activities

Cash flows used in financing activities amounted to €11.3 million, a deterioration of €12.2 million on 31 March 2020 connected with the payment of quarterly instalments on the two ESG Sustainability Linked Term Loans obtained in October 2020, which were therefore not present in the year-earlier period.

Free cash flow was a negative €56.1 million, compared with a positive €26.4 million in the same period of 2020, reflecting the use of cash in operating activities and in investment activities.

Declaration of the Manager responsible for financial reporting on the financial statements pursuant to Article 154-bis, paragraph 2, of Legislative Decree 58/1998

The Manager responsible for the preparation of ENAV's financial reports, Luca Coleman, hereby declares, pursuant to Article 154-bis, paragraph 2, of Legislative Decree 58/1998 (Consolidated Law on Financial Intermediation), that the accounting information contained in the Interim Financial Report at 31 March 2021 corresponds with that contained in the accounting documentation, books and records.

Rome, 13 May 2021

[signed] Luca Colman

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