



PRESS RELEASE

ENAV: APPROVED INTERIM FINANCIAL REPORT AS AT 31 MARCH 2023

Air traffic volume above pre-pandemic levels

- **En-route and terminal traffic** at +26.8% and +22.5%, respectively, in terms of service units¹, compared to the first quarter of 2022;
- **Revenues from operations** of €177.6 million (+20.5% compared to the first quarter of 2022);
- **Consolidated revenue** of €176.8 million (+5.2% compared to the first quarter of 2022);
- Consolidated **EBITDA** of €9.7 million and EBITDA margin of 5.5% due to the seasonality that characterizes ENAV's core business;
- **The consolidated net result** amounted to -€21.8 million, likewise due to the business trend seasonality.

Rome, 11 May 2023 - The Board of Directors of ENAV S.p.A., in their meeting held today under the Chairmanship of Alessandra Bruni, approved the Interim Financial Report as at 31 March 2023.

In the first quarter of this year, en-route air traffic volumes in Italy, measured in service units, showed a positive performance compared to the same quarter of the previous year, but also an increase of 4.2% compared to the first quarter of 2019, considering a European air traffic that was still lower by 3.9% compared with the pre-pandemic year. Among the top five European service providers, Italy, along with Spain, rose the highest compared with the volumes reported in the first quarter of 2019: Germany was -15.3%, France -9.1%, the United Kingdom -6.9% and Spain +6.5%.

¹ a conventional weighted measurement unit which takes into account the aircraft certified take-off weight and, in case of en-route traffic, the distance travelled in the Italian airspace.

En-route traffic, expressed in service units, increased by 26.8% in the first three months of 2023 compared to the first quarter of 2022. In detail, international commercial traffic (flights departing from or arriving at an Italian airport) increased by 38.3%. Overflight traffic (flights crossing Italian airspace without landing) showed a growth of 33.1%. Domestic traffic (flights departing from and arriving at airports in Italy) increased by 4.3%.

En-route traffic (service units)	1st Quarter 2023	1st Quarter 2022	no.	Change	
					%
Domestic	387,256	371,449	15,807		4.3%
International	688,521	497,830	190,691		38.3%
Overflight	787,079	591,271	195,808		33.1%
Total paying	1,862,856	1,460,550	402,306		27.5%
Military	26,218	29,328	(3,110)		-10.6%
Other exempt	3,469	3,053	416		13.6%
Total exempt	29,687	32,381	(2,694)		-8.3%
Total reported by Eurocontrol	1,892,543	1,492,931	399,612		26.8%
Exempt not reported to Eurocontrol	433	475	(42)		-8.8%
Total	1,892,976	1,493,406	399,570		26.8%

Terminal traffic², in the first quarter of 2023, showed a growth of 22.5% in terms of service units compared to the first quarter of 2022. The increase in terminal traffic was widespread throughout Italy.

Terminal traffic (service units)		1st Quarter 2023	1st Quarter 2022	no.	Change	
						%
Domestic						
	Chg. Zone 1	10,553	8,450	2,103		24.9%
	Chg. Zone 2	18,024	16,586	1,438		8.7%
	Chg. Zone 3	41,253	40,195	1,058		2.6%
	Total domestic SUs	69,830	65,231	4,599		7.1%
International						
	Chg. Zone 1	28,080	16,347	11,733		71.8%
	Chg. Zone 2	53,845	42,960	10,885		25.3%
	Chg. Zone 3	38,006	29,969	8,037		26.8%
	Total international SUs	119,931	89,276	30,655		34.3%
Total paying		189,761	154,507	35,254		22.8%
Exempt						
	Chg. Zone 1	36	32	4		12.5%
	Chg. Zone 2	86	98	(12)		-12.2%
	Chg. Zone 3	1,740	1,734	6		0.3%
	Total exempt SUs	1,862	1,864	(2)		-0.1%
Total reported by Eurocontrol		191,623	156,371	35,252		22.5%
Exempt not reported to Eurocontrol						
	Chg. Zone 1	0	0	0		n.a.
	Chg. Zone 2	4	8	(4)		-50.0%
	Chg. Zone 3	184	179	5		2.8%
Total exempt SUs not reported to Eurocontrol		188	187	1		0.5%
Total by Charging Zone						
	Chg. Zone 1	38,669	24,829	13,840		55.7%
	Chg. Zone 2	71,959	59,652	12,307		20.6%
	Chg. Zone 3	81,183	72,077	9,106		12.6%
Total		191,811	156,558	35,253		22.5%

² concerns take-off and landing activities within a radius of approximately 20 km from the airport runway.

ECONOMIC-FINANCIAL PERFORMANCE

The first quarter of 2023 **economic results** were fully affected by the traditional seasonality that characterizes the air transport. This seasonality foresees air traffic volume, and therefore revenue, at its lowest in the first quarter and significantly higher during the summer season, compared to costs that remain relatively stable over the year. Indeed, while revenue reported a positive performance compared with the first quarter 2022, as a result of the air traffic managed, it was able to only partially offset the increasing costs, particularly personnel which were impacted by the renewal of the labour contract signed at the end of 2022.

Total consolidated revenue for the first quarter of 2023 amounted to €176.8 million, up 5.2% compared to the same period of 2022, mainly due to the increase in revenue from operations related to air traffic recovery. The balance component³ in the first quarter of 2023 negatively impacted revenues by €9.3 million, compared to a positive €12.4 million in the first quarter of 2022. This difference is mainly due to previous years balance reversal almost completely related to the recovery of the one accrued in the combined-period 2020-2021 which will be recovered in tariffs starting from the beginning of 2023.

Revenues from operations grew by 20.5% in the first quarter of 2023 due to the ongoing air traffic increase.

Revenues from the non-regulated market amounted to €5.8 million and are mainly related to air traffic control support services provided to different worldwide customers, the modernisation and installation of airport systems, for radio measurement services and services provided by the subsidiary IDS AirNav.

Operating expenses increased to €167.1 million, up 9.3% compared to the same period in 2022, mainly due to **personnel costs**, which amounted to €135.9 million, up 8% compared to the first quarter of 2022. Within personnel costs, the fixed component rose by 6.2% due to an increase in the Group's headcount coupled with the renewal of the labour contract signed with the trade unions at the end of 2022. The effect of the renewal is visible in the first quarter of 2023 but not in the first quarter of 2022. The variable component of personnel costs also increased (14.2%) compared to the first quarter of 2022, due to a strong growth in air traffic, which increased overtime of air traffic controllers.

External costs amounted to €37.4 million, up 11.4% year-on-year, primarily due to new contracts not included in the first quarter of 2022, an increase in the Eurocontrol contribution of €1.5 million and a rise in employee travel.

These factors resulted in **EBITDA** of €9.7 million and an EBITDA margin of 5.5%. EBITDA was down by 35.9% compared to the first quarter of 2022 due to the costs trend, despite a positive revenue performance driven by higher managed volumes of air traffic.

The **EBIT** was negative by €19.9 million.

The ENAV Group closed the first quarter 2023 with a **net loss** of €21.8 million, in line with the first quarters of previous years, which were impacted by the traditional seasonality of the Company's core business, where traffic volumes, and therefore revenues, are at their lowest levels in that quarter of the year, while costs follow a much more linear trend.

³ the mechanism that allows ENAV to partially recover from or return to carriers, the amounts resulting from the difference between the planned air traffic and the actual traffic, as well as the recovery of costs and traffic for services provided to Terminal Zone 3 airports – those with less than 70,000 movements per year.



Net financial debt as at 31 March 2023 was €390.9 million, improving by €17 million compared to 31 December 2022 thanks to the effect of income and payment dynamics related to day-by-day operations, which produced a positive cash flow during the quarter, mainly related to higher cash-in from the Parent Company's core business.

OUTLOOK 2023

Following the release of Eurocontrol's new air traffic forecast at the end of March, the Company now expects to handle 10.6 million en-route service units in 2023 and to report mid-single digit total revenue growth year-on-year, with revenue from the non-regulated business expected to grow high-single digit. EBITDA is also expected to grow mid-single digit compared to 2022. Investments in 2023 are expected to be around €100 million.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

	1st Quarter 2023	1st Quarter 2022	Amount	Change %
Revenues from operations	177,574	147,330	30,244	20.5%
Balance	(9,270)	12,439	(21,709)	n.a.
Other operating income	8,514	8,297	217	2.6%
Total revenues	176,818	168,066	8,752	5.2%
Personnel costs	(135,940)	(125,903)	(10,037)	8.0%
Capitalised costs	6,300	6,610	(310)	-4.7%
Other operating expenses	(37,451)	(33,605)	(3,846)	11.4%
Total operating costs	(167,091)	(152,898)	(14,193)	9.3%
EBITDA	9,727	15,168	(5,441)	-35.9%
EBITDA margin	5.5%	9.0%	-3.5%	
Net amortisation of investment grants	(27,891)	(28,253)	362	-1.3%
Writedowns, impairment (reversal of impairment) and provisions	(1,766)	(1,133)	(633)	55.9%
EBIT	(19,930)	(14,218)	(5,712)	40.2%
EBIT margin	-11.3%	-8.5%	-2.8%	
Financial income/(expense)	(1,489)	670	(2,159)	n.a.
Income before taxes	(21,419)	(13,548)	(7,871)	58.1%
Income taxes	(388)	(1,832)	1,444	-78.8%
Profit (loss) for the period	(21,807)	(15,380)	(6,427)	41.8%
Profit (loss) for the period attributable to shareholders of the Parent Company	(21,626)	(15,209)	(6,417)	42.2%
Profit (loss) for the period attributable to non-controlling interests	(181)	(171)	(10)	5.8%

(thousands of euros)

RECLASSIFIED CONSOLIDATED CAPITAL STRUCTURE

	31.03.2023	31.12.2022	Change	
Property, plant and equipment	828,743	847,440	(18,697)	-2.2%
Right-of-use assets	4,459	4,252	207	4.9%
Intangible assets	183,256	180,418	2,838	1.6%
Investments in other entities	35,468	36,310	(842)	-2.3%
Non-current trade receivables	590,110	606,775	(16,665)	-2.7%
Other non-current assets and liabilities	(148,735)	(151,156)	2,421	-1.6%
Net non-current assets	1,493,301	1,524,039	(30,738)	-2.0%
Inventories	60,791	61,082	(291)	-0.5%
Trade receivables	332,606	333,568	(962)	-0.3%
Trade payables	(127,856)	(140,096)	12,240	-8.7%
Other current assets and liabilities	(165,420)	(142,070)	(23,350)	16.4%
Net working capital	100,121	112,484	(12,363)	-11.0%
Gross capital employed	1,593,422	1,636,523	(43,101)	-2.6%
Employee benefit provisions	(40,867)	(40,869)	2	0.0%
Provisions for risks and charges	(10,762)	(11,443)	681	-6.0%
Deferred tax assets net of liabilities	30,675	30,531	144	0.5%
Net capital employed	1,572,468	1,614,742	(42,274)	-2.6%
Shareholders' equity attributable to Parent Company shareholders	1,180,449	1,205,554	(25,105)	-2.1%
Shareholders' equity attributable to non-controlling interests	1,159	1,340	(181)	-13.5%
Shareholders' equity	1,181,608	1,206,894	(25,286)	-2.1%
Net financial debt	390,860	407,848	(16,988)	-4.2%
Funding of net capital employed	1,572,468	1,614,742	(42,274)	-2.6%

(thousands of euros)

The manager responsible for preparing the company's financial reports, Loredana Bottiglieri, declares, pursuant to paragraph 2 of Art. 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release matches the documentary results and accounting books and entries.

Please note that the Interim Financial Report as at 31 March 2023 is prepared on a voluntary basis in accordance with IAS 34 principle.

The ENAV Group's Interim Financial Report as at 31 March 2023 is available on the company's website www.enav.it - "Investors" section - "Financial statements, presentations, other documents" as well as at the authorized storage mechanism "Info" (www.info.it).



Alternative performance indicators

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): is an indicator of profit before the effects of financial management and taxation, as well as depreciation, amortisation and write-downs on fixed assets and receivables and provisions, adjusted for investment subsidies directly related to the investments in depreciation and amortisation to which they refer;

EBITDA margin: is EBITDA expressed as a percentage of total revenues and adjusted for investment subsidies as specified above;

EBIT (Earnings Before Interest and Taxes): is EBITDA less depreciation and amortisation adjusted for investment subsidies and write-downs of fixed assets and receivables and provisions;

EBIT margin: is EBIT expressed as a percentage of total revenues less investment subsidies as specified above;

Net fixed capital: is a capital parameter which is equal to the net fixed capital employed in business operations and includes items relating to tangible assets, intangible assets, investment in other companies, non-current trade receivables and payables, and other non-current assets and liabilities;

Net working capital: is the capital employed in business operations which includes the line items 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 net fixed capital: is the sum of Net fixed capital and Net working capital;

Net invested capital: is the sum of the Gross net fixed capital, less the employee severance indemnity and other benefits, the provision for risks and charges and the deferred tax assets net of liabilities;

Net financial debt: the sum of the current and non-current financial liabilities, current and non-current financial receivables, non-current trade payables, net of cash and cash equivalents. The net financial debt of the ENAV Group is determined in accordance with the provisions of Guideline no. 39 issued by ESMA, applicable from 05 May 2021, and in line with warning notice no. 5/21 issued by Consob on 29 April 2021;

Free cash flow: is the sum of the cash flow generated or absorbed.

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