

PRESS RELEASE

ENAV'S BOARD OF DIRECTORS APPROVES FIRST HALF 2021 RESULTS

*Economic and financial stability despite the crisis in the sector.
Top performance in non-regulated business*

- **En-route and terminal traffic** declined by 16.6% and 20.7% respectively, in terms of service units¹ vs. the first half of 2020;
- **Consolidated revenue** of 375 million euro (+0.7% YoY);
- **Revenue from non-regulated business** increasing: +28.2% YoY;
- **Consolidated EBITDA** of 76.6 million euro (-13% YoY);
- **Consolidated net profit** of 13.5 million euro (-13.7% YoY).

Rome, 3 August 2021 – The ENAV S.p.A. Board of Directors, held today under the chairmanship of Francesca Isgrò, approved the Half-year Financial Report at 30 June 2021. Despite the negative data in air traffic recorded in the first half of 2021 vs. the same period in 2020, Q2 2021 was characterised by a significant recovery of en-route traffic. A comparison with the first half of the previous year is uneven as the pre-pandemic months of January and February 2020 registered an average increase of nearly 10% compared to the same period in 2019. However, a comparison between the levels of traffic in the first half of 2021 and data from the first half of 2019 highlighted a decrease of 65.3%, with an improving trend confirmed in the month of June 2021 (-53% vs. H1 2019).

Data from en-route traffic in Italy (-16.6%) in the first half of 2021 are slightly better than the average data from main European countries, which saw a decrease (-22.5%) in en-route service units. In detail: France (-25.7%), Germany (-29.6%), Great Britain (-38.0%), Spain (-25.5%).

ENAV's CEO Paolo Simioni stated: *"The first half of the year still suffered from the negative impact the pandemic has had on the aviation sector, registering data that were in line with European forecasts. The month of June saw the recovery begin and in July we managed a number of flights that amounted to 65% of those in 2019, with peaks of over 70%. Despite this difficult time, we are safeguarding our Company's economic and financial viability by continuing to develop our business portfolio; at the same time, we are investing in system modernisation and infrastructure digitisation in order to support the recovery and launch new services related to drones and advanced air mobility. However, our investments are not limited to technology: in the first half of the year, in fact, we hired 50 young permanent employees. Furthermore, our Company is ready to take advantage of the Italian NRRP (National Recovery and Resilience Plan) for which we have submitted projects amounting to 110 million euro"*.

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 in Italy, in terms of service units, decreased by 16.6% in the first half of 2021. In particular, Q1 2021 showed a decrease in en-route traffic in Italy of 65.1% vs. the same period in 2020, which had not been fully impacted by the health emergency, while Q2 2021 showed an increase of more doubled compared to 2020 which, in the same period, was involved in the lockdown.

It is worth pointing out that, in H1 2021, domestic air traffic (i.e., flights arriving in and departing from Italian airports) recorded a growth of 15.1% in service units compared to the same period of the previous year.

International air traffic (i.e., flights arriving in or departing from an airport abroad), in terms of service units, decreased by 38.0% compared to the first half of 2020. Overflight traffic (relating to flights that pass through Italian airspace) decreased by 15.4%, in terms of service units.

En-route traffic (service units)	1st Half 2021	1st Half 2020	Change no.	%
Domestic	407.916	354.361	53.555	15,1%
International	409.889	661.121	(251.232)	-38,0%
Overflight	683.468	807.494	(124.026)	-15,4%
Paying total	1.501.273	1.822.976	(321.703)	-17,6%
Military	63.992	55.163	8.829	16,0%
Other exempt	6.232	6.258	(26)	-0,4%
Total exempt	70.224	61.421	8.803	14,3%
Total reported by Eurocontrol	1.571.497	1.884.397	(312.900)	-16,6%
Exempt not reported to Eurocontrol	1.017	572	445	77,8%
Total	1.572.514	1.884.969	(312.455)	-16,6%

Terminal traffic² decreased by 20.7%, in terms of service units, in the first half of 2021. This decrease was consistently recorded throughout Italy. However, domestic flights showed a positive trend of 7.1%, in terms of service units, compared to the first half of 2020, while international traffic decreased by 37.6%.

Terminal traffic (service units)	1st Half 2021	1st Half 2020	Change no.	%
Domestic				
Chg. Zone 1	10.579	14.202	(3.623)	-25,5%
Chg. Zone 2	18.267	15.932	2.335	14,7%
Chg. Zone 3	45.142	38.925	6.217	16,0%
Total domestic SUs	73.988	69.059	4.929	7,1%
International				
Chg. Zone 1	13.260	28.665	(15.405)	-53,7%
Chg. Zone 2	40.166	54.314	(14.148)	-26,0%
Chg. Zone 3	20.373	35.284	(14.911)	-42,3%
Total international SUs	73.799	118.263	(44.464)	-37,6%
Paying total	147.787	187.322	(39.535)	-21,1%
Exempt				
Chg. Zone 1	109	207	(98)	-47,3%
Chg. Zone 2	349	735	(386)	-52,5%
Chg. Zone 3	3.740	3.596	144	4,0%
Total exempt SUs	4.198	4.538	(340)	-7,5%
Total reported by Eurocontrol	151.985	191.860	(39.875)	-20,8%
Exempt not reported to Eurocontrol				
Chg. Zone 1	0	0	0	n.a.
Chg. Zone 2	14	12	2	16,7%
Chg. Zone 3	379	282	97	34,4%
Total exempt SUs not reported to Eurocontrol	393	294	99	33,7%
Total by Charging Zone				
Chg. Zone 1	23.948	43.074	(19.126)	-44,4%
Chg. Zone 2	58.796	70.993	(12.197)	-17,2%
Chg. Zone 3	69.634	78.087	(8.453)	-10,8%
Total	152.378	192.154	(39.776)	-20,7%

FINANCIAL PERFORMANCE

Total consolidated net revenue in the first half of 2021 reached 375 million euro, with a slight increase (0.7%) compared to the same period in 2020, thanks to higher revenue from non-regulated business and to the effect of *balance*³, which had a positive impact of 212.7 million euro allowing for the partial recovery of the decrease in traffic.

Revenue from operations reached 142.4 million euro, with a decrease of 13.5% due to the decline in traffic managed over the period.

Revenue from non-regulated business, on the contrary, amounted to 15.1 million euro, with an increase of 28.2% compared to the first half of 2020. This was mainly driven by revenue from ENAV's IDS AirNav, a company specialized in the management of aeronautical information, which signed contracts abroad, in particular in Zambia and Russia.

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

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

Operating costs showed an increase of 4.9% vs. the first half of 2020, standing at 298.4 million euro. This rise is mainly due to an increase in **personnel costs** related in particular to variable compensation as an effect of an increase in both the amount of not yet utilized annual leave and in costs of operating staff who were taken back to their normal arrangement (vs. the reduced arrangement of the same period in 2020) in order to manage the increasing trend in air traffic over Q2 2021 and, in general, over the summer period.

External costs showed an increase of 1.6% vs. the first half of 2020 and stood at 63.5 million euro. This was due to resuming operations linked to orders from abroad as well as to increased electric utilities expenses across Italy.

These figures affected consolidated **EBITDA**, which stood at 76.6 million euro, as expected, with a decline of 13% compared to the first half of 2020.

EBIT stood at 14.8 million euro, with a decrease of 27.6% compared to the first half of 2020.

Despite the continuing reduction in air traffic, ENAV Group recorded a **net profit** of 13.5 million euro in the first half of 2021, with a decrease of 2.1 million euro over the same period of the previous year.

The **net financial position** stood at 389.6 million euro, with a negative effect of 144.5 million euro compared to data as of 31 December 2020. The negative variation is due to income and payment dynamics related to daily operating activities, which generated a negative cash flow due to the reduction of income from the parent Company's core business linked to a decrease in air traffic control activities.

EVENTS AFTER THE END OF THE PERIOD

- On 1 July 2021, the ENAV Board of Directors approved the Sustainability Plan for the period 2021-2023.

The Sustainability Plan includes 33 targets, which represent the main projects on which the ENAV Group will be committed in the period 2021-2023.

"Strategy and Governance", "Policies", "Technological innovation", "Reporting and Communication", "Culture and dedicated projects" and "Climate change" are the strategic guidelines of the Sustainability Plan. Starting from the 17 Sustainable Development Goals (SDGs) of the United Nations, the Plan outlines a series of actions, inspired by different scopes, including: the outcomes of stakeholder management activities, the analysis of the ENAV Group's positioning compared with main sustainability indices assessments' and a benchmark analysis on main sustainability themes deemed of interest by the market and the Group.

By 2022 ENAV will be a zero-climate impact company, anticipating the European Union targets.

Direct CO2 emissions will be reduced by 23% in 2021 and by 80% in 2022. The remaining 20% will be offset financing environmental protection projects to the benefit of the whole country.

Projects to delete single-use plastics and implement the green supply chain are also meaningful. Furthermore, additional initiatives for people caring, will be implemented, such as welfare policies aiming at improving the work-life balance and a new vision of diversity and inclusion to be seen as opportunity to become a better company. With regards to the last point, projects dedicated to the inclusion of people with disabilities, gender diversity and diversity management, will be launched.

- On July ENAV has signed new financing contracts for a total amount of 250 million euros out of which Term Loans for a total of €180 million and RCF (Revolving Credit Facility) for a total amount of 70 million euros, with a duration of 24 months from subscription with repayment at maturity.

CONSOLIDATED INCOME STATEMENT

			Amount	%
Revenues from operations	142.353	164.482	(22.129)	-13,5%
Balance	212.722	191.432	21.290	11,1%
Other operating income	19.918	16.577	3.341	20,2%
Total revenues	374.993	372.491	2.502	0,7%
Personnel costs	(247.351)	(235.235)	(12.116)	5,2%
Capitalised costs	12.446	13.239	(793)	-6,0%
Other operating expenses	(63.474)	(62.473)	(1.001)	1,6%
Total operating costs	(298.379)	(284.469)	(13.910)	4,9%
EBITDA	76.614	88.022	(11.408)	-13,0%
EBITDA margin	20,4%	23,6%	-3,2%	
Net amortisation of investment grants	(61.339)	(65.229)	3.890	-6,0%
Writedowns, impairment (reversal of impairment) and provisions	(445)	(2.310)	1.865	-80,7%
EBIT	14.830	20.483	(5.653)	-27,6%
EBIT margin	4,0%	5,5%	-1,5%	
Financial income/(expense)	1.494	(2.538)	4.032	n.a.
Income before taxes	16.324	17.945	(1.621)	-9,0%
Income taxes	(2.836)	(2.310)	(526)	22,8%
Profit (loss) for the period	13.488	15.635	(2.147)	-13,7%
Profit (loss) for the period pertaining to shareholders of the Parent Company	13.667	15.720	(2.053)	-13,1%
Profit (loss) for the period pertaining to non-controlling interests	(179)	(85)	(94)	n.a.

(thousands of euros)

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30.06.2021	31.12.2020	Change	
Property, plant and equipment	886.879	922.623	(35.744)	-3,9%
Right-of-use assets	5.938	6.910	(972)	-14,1%
Intangible assets	176.548	175.629	919	0,5%
Investments in other entities	51.850	50.122	1.728	3,4%
Non-current trade receivables	582.610	385.971	196.639	50,9%
Other non-current assets and liabilities	(150.875)	(139.434)	(11.441)	8,2%
Net non-current assets	1.552.950	1.401.821	151.129	10,8%
Inventories	61.699	61.561	138	0,2%
Trade receivables	151.826	136.582	15.244	11,2%
Trade payables	(145.420)	(149.812)	4.392	-2,9%
Other current assets and liabilities	(101.105)	(88.119)	(12.986)	14,7%
Assets held for sale net of related liabilities	0	1.427	(1.427)	-100,0%
Net working capital	(33.000)	(38.361)	5.361	-14,0%
Gross capital employed	1.519.950	1.363.460	156.490	11,5%
Employee benefit provisions	(47.281)	(49.943)	2.662	-5,3%
Provisions for risks and charges	(2.454)	(3.341)	887	-26,5%
Deferred tax assets net of liabilities	21.503	20.419	1.084	5,3%
Net capital employed	1.491.718	1.330.595	161.123	12,1%
Shareholders' equity pertaining to Parent Company shareholders	1.100.073	1.083.278	16.795	1,6%
Shareholders' equity pertaining to non-controlling interests	2.009	2.189	(180)	-8,2%
Shareholders' equity	1.102.082	1.085.467	16.615	1,5%
Net financial debt	389.636	245.128	144.508	59,0%
Total funding	1.491.718	1.330.595	161.123	12,1%

(thousands of euros)

The manager in charge of compiling the company's accounting documents, Luca Colman hereby declares, pursuant to art. 154-bis, par. 2, of the Consolidated Act on Finance, that the accounting information contained in this release tallies with the information set forth in the company's accounting documents, books and records.

ENAV informs that the Half-year Financial Report at 30 June 2021, as per art. 154-ter, par. 2, of leg. Decree no. 58 of 24 February 1998 – and the independent auditor's report – will be available for public consultation at the company's registered office, via Salaria 716, Rome, on the company's website www.enav.it, and on the website of the "Info" authorized storage system www.info.it in accordance with the applicable legislation.

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 position: is the sum of the current and non-current financial debt, current financial receivables net of non-current financial liabilities referred to the fair value of the derivative financial instruments and cash and cash equivalents;

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