

PRESS RELEASE

ENAV BoD: first nine months of 2022 results approved

Solid performance driven by the recovery of air traffic volumes and growth in the non-regulated market

- **En-route traffic and terminal traffic** increased respectively by 86.6% and 86.1% in terms of service units¹ compared to the first nine months of 2021;
- **Consolidated revenues** amounting to €714.4 million, up by 21.6% compared to the same period of 2021;
- **Revenues from the non-regulated market** amounted to €26.5 million, up by 30% compared to the first nine months of 2021;
- **Consolidated EBITDA** amounted to €219.8 million, up by 49.7% compared to the first nine months of 2021;
- **Net consolidated result** at €91.8 million, more than double compared to the same period of 2021.

Rome, 15 November 2022 - The Board of Directors of ENAV S.p.A., in their meeting held today under the chairmanship of Francesca Isgro', approved the Interim Financial Report as at 30 September 2022.

The first nine months of 2022 were characterised by a marked recovery in air traffic, especially in the summer season. In Italy, the overall result, compared to the corresponding period of 2021, for the en-route and terminal service units, showed an increase of over 86%. The growth of the Italian air traffic was in line with the European average.

The Chief Executive Officer Paolo Simioni commented: *We can say that the nine months 2022 results confirm 2022 as the year of recovery for our sector. Air traffic in Italy in the summer season returned to pre-pandemic levels and we expect to close the year with approximately 96% of 2019 volumes. The Company is continuing with investments to modernise the airspace infrastructure, always ensuring safety, punctuality, and quality of service. The strategy we have implemented in order to grow in the non-regulated market is providing positive results. The work order in Qatar is the high spot for 2022 and our technicians are now ready to support the Qatari staff in the management of the airspace during the World Cup. Point of pride for ENAV and for Italy.*

En-route traffic, expressed in service units, increased by 86.6% in the first nine months of 2022 compared to the same period in 2021. Domestic air traffic (flights with departure and arrival at Italian airports) recorded an increase in service units of 52.5%, whereas the service units for international air traffic (flights departing from or arriving at a foreign airport) recorded an increase of 119.8%, while the overflight (flights crossing Italian airspace without landing) grew by 86.9%.

¹ a weighted conventional measurement that takes account of the weight of the aircraft at take-off and, in the case of en-route traffic, also the distance it travels.

En-route traffic (service units)	9M 2022	9M 2021	no.	Change %
Domestic	1,444,056	946,827	497,229	52.5%
International	2,658,857	1,209,863	1,448,994	119.8%
Overflight	3,173,147	1,697,398	1,475,749	86.9%
Paying total	7,276,060	3,854,088	3,421,972	88.8%
Military	93,123	91,489	1,634	1.8%
Other exempt	11,580	9,846	1,734	17.6%
Total exempt	104,703	101,335	3,368	3.3%
Total reported by Eurocontrol	7,380,763	3,955,423	3,425,340	86.6%
Exempt not reported to Eurocontrol	2,701	2,284	417	18.3%
Total	7,383,464	3,957,707	3,425,757	86.6%

Terminal traffic² in the first nine months of 2022 grew by 86.1%, in terms of service units, compared to the corresponding period of 2021. The increase in traffic volumes was common throughout Italy. *Charging zone 1*, relating to Rome Fiumicino, saw an increase of 125.6% compared to the same period of 2021. *Charging zone 2*, represented by the airports of Milan Malpensa, Milan Linate, Venice Tesserà and Bergamo Orio al Serio recorded an increase in service units of 84.6% in the first nine months of 2022. *Charging zone 3*, which includes all the other national airports, recorded a 76.4% increase in service units.

Terminal traffic (service units)	9M 2022	9M 2021	no.	Change %
Domestic				
Chg. Zone 1	32,126	20,156	11,970	59.4%
Chg. Zone 2	64,176	41,108	23,068	56.1%
Chg. Zone 3	165,300	109,530	55,770	50.9%
Total domestic SUs	261,602	170,794	90,808	53.2%
International				
Chg. Zone 1	84,722	31,584	53,138	168.2%
Chg. Zone 2	167,882	84,313	83,569	99.1%
Chg. Zone 3	167,868	76,802	91,066	118.6%
Total international SUs	420,472	192,699	227,773	118.2%
Paying total	682,074	363,493	318,581	87.6%
Exempt				
Chg. Zone 1	357	202	155	76.7%
Chg. Zone 2	295	451	(156)	-34.6%
Chg. Zone 3	5,898	5,659	239	4.2%
Total exempt SUs	6,550	6,312	238	3.8%
Total reported by Eurocontrol	688,624	369,805	318,819	86.2%
Exempt not reported to Eurocontrol				
Chg. Zone 1	0	0	0	n.a.
Chg. Zone 2	23	22	1	4.5%
Chg. Zone 3	687	635	52	8.2%
Total exempt SUs not reported to Eurocontrol	710	657	53	8.1%
Total by Charging Zone				
Chg. Zone 1	117,205	51,942	65,263	125.6%
Chg. Zone 2	232,376	125,894	106,482	84.6%
Chg. Zone 3	339,753	192,626	147,127	76.4%
Total	689,334	370,462	318,872	86.1%

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

FINANCIAL PERFORMANCE

Total consolidated revenues, in the first nine months of 2022, amounted to €714.4 million, an increase of 21.6% compared to the same period in the previous year, mainly as a result of the strong recovery in the number of flights, especially during the summer season. **Revenues from operations** increased by 106.5% and amounted to €705.8 million.

The **balance**³ component had a negative impact of €16.2 million due to the trend of partial “returns” to carriers, having generated more service units in the final reckoning than had been planned in the performance plan. It should also be emphasised that the *balance* component between 2021 and 2022 is not fully comparable, because in 2021 the *balance* was determined by applying the provisions for the 2020-2021 combined-period following EU Regulation 2020/1627 dated 3 November 2020, and in compliance with the efficiency percentage targets provided with the Decision 2021/891. In 2022, on the other hand, there was a return to traditional tariff regulation based on the traffic risk mechanism.

Revenues from the non-regulated market reached €26.5 million, an increase of €6.1 million (+30%) compared to the first nine months of 2021, mainly due to revenues related to support activities to the Qatar Civil Aviation Authority for airspace management during the FIFA World Cup 2022, the modernisation and installation activities of systems at Libyan airports as well as checks on radio assistance systems installed at some airports in Greece and Qatar.

Total operating costs, in the first nine months of 2022, amounted to €494.6 million, an increase of 12.2% compared to 30 September 2021, mainly due to increased activities related to the recovery of air traffic. **Personnel costs** amounted to €400.9 million, an increase of 10.5% compared to the same period of last year. In particular, the fixed portion of remuneration remained substantially in line with 2021 while the variable portion recorded an increase of 67.4% mainly attributable to the increase in overtime for operational personnel to manage the increase in traffic volumes, especially during the summer season.

Consolidated EBITDA amounted to €219.8 million in the first nine months of the year, up by 49.7% compared to the same period of 2021. EBITDA *margin* of 30.8%.

Consolidated EBIT amounted to €131.2 million with an *EBIT margin* of 18.4%.

The net consolidated result in the first nine months of 2022 stood at €91.8 million, an increase of approximately €50 million compared to 30 September 2021.

Net financial debt at 30 September 2022 stood at €429 million, out of which €253 million non-current, showing an improvement of €54.6 million compared to the figure recorded at 31 December 2021. The reduction in net financial debt is mainly due to the effect of income and payment dynamics related to day-by-day operations which produced a positive cash flow, directly related to the recovery of air transport activities which produced higher inflows from the Parent Company’s core business.

³ the mechanism that enables ENAV to partially recover from or partially return to carriers, the lost proceeds from Tariffs resulting from the application of EU regulations and national legislation.

2022 OUTLOOK

For the year 2022, the Company expects to return to approximately 96% of the en-route service units of 2019, the last pre-pandemic year, and to record a total revenue increase of approximately 15% year-on-year, also including a growth of approximately 15% in the revenues from the non-regulated market. EBITDA is expected to show an increase of approximately 25% year-on-year. Investments in 2022 will be approximately €90 million.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

	9M 2022	9M 2021	Amount	Change %
Revenues from operations	705,782	341,796	363,986	106.5%
Balance	(16,219)	217,705	(233,924)	-107.4%
Other operating income	24,844	28,065	(3,221)	-11.5%
Total revenues	714,407	587,566	126,841	21.6%
Personnel costs	(400,923)	(362,821)	(38,102)	10.5%
Capitalised costs	19,322	18,697	625	3.3%
Other operating expenses	(113,000)	(96,620)	(16,380)	17.0%
Total operating costs	(494,601)	(440,744)	(53,857)	12.2%
EBITDA	219,806	146,822	72,984	49.7%
EBITDA margin	30.8%	25.0%	5.8%	
Net amortisation of investment grants	(85,302)	(89,542)	4,240	-4.7%
Writedowns, impairment (reversal of impairment) and provisions	(3,302)	(1,719)	(1,583)	92.1%
EBIT	131,202	55,561	75,641	n.a.
EBIT margin	18.4%	9.5%	8.9%	
Financial income/(expense)	2,181	1,457	724	49.7%
Income before taxes	133,383	57,018	76,365	n.a.
Income taxes	(41,559)	(15,229)	(26,330)	n.a.
Profit (loss) for the period	91,824	41,789	50,035	n.a.
Profit (loss) for the period attributable to shareholders of the Parent Company	92,215	42,080	50,135	n.a.
Profit (loss) for the period attributable to non-controlling interests	(391)	(291)	(100)	34.4%

(thousands of euros)

RECLASSIFIED CONSOLIDATED CAPITAL STRUCTURE

	30.09.2022	31.12.2021	Amount	Change
				%
Property, plant and equipment	835,048	879,281	(44,233)	-5.0%
Right-of-use assets	4,406	5,434	(1,028)	-18.9%
Intangible assets	177,830	176,193	1,637	0.9%
Investments in other entities	68,991	47,253	21,738	46.0%
Non-current trade receivables	621,265	687,253	(65,988)	-9.6%
Other non-current assets and liabilities	(158,276)	(161,721)	3,445	-2.1%
Net non-current assets	1,549,264	1,633,693	(84,429)	-5.2%
Inventories	61,813	61,519	294	0.5%
Trade receivables	394,494	177,161	217,333	n.a.
Trade payables	(110,493)	(116,425)	5,932	-5.1%
Other current assets and liabilities	(213,344)	(74,585)	(138,759)	n.a.
Net working capital	132,470	47,670	84,800	n.a.
Gross capital employed	1,681,734	1,681,363	371	0.0%
Employee benefit provisions	(40,182)	(47,896)	7,714	-16.1%
Provisions for risks and charges	(12,995)	(13,914)	919	-6.6%
Deferred tax assets net of liabilities	22,832	27,057	(4,225)	-15.6%
Net capital employed	1,651,389	1,646,610	4,779	0.3%
Shareholders' equity attributable to Parent Company shareholders	1,220,963	1,161,234	59,729	5.1%
Shareholders' equity attributable to non-controlling interests	1,456	1,847	(391)	-21.2%
Shareholders' equity	1,222,419	1,163,081	59,338	5.1%
Net financial debt	428,970	483,529	(54,559)	-11.3%
Funding of net capital employed	1,651,389	1,646,610	4,779	0.3%

(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, Leg. Decree n° 58/1998 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 Financial Report at 30 September 2022, – 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.linfo.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 amortization 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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