



PRESS RELEASE

ENAV BOARD OF DIRECTORS: FIRST HALF 2023 RESULTS APPROVED

Significant growth in air traffic over Italy and outstanding performance of the non-regulated business

- **En-route and terminal traffic** up 16% and 13.7%, respectively, in terms of service units¹ compared to the first half of 2022;
- **Total revenues** at €436.6 million, up 5.9% compared to the first half of 2022;
- **Revenues from the non-regulated market** at €18 million, an increase of 42.7% compared to the first half of 2022;
- **EBITDA** of €94.7 million, slightly decreasing by 2.4% compared to the first half 2022, with an EBITDA margin of 21.7%;
- **Consolidated net profit** at €18.4 million.

Rome, 3 August 2023 - The Board of Directors of ENAV S.p.A., in their meeting held today under the chairmanship of Alessandra Bruni, approved the First-Half Financial Report as at 30 June 2023. In terms of service units, en-route traffic volumes in the first half of the year exceeded those of 2019, a record year for the Italian aviation.

The first half of 2023 is also marked by a number of events, that didn't occur in the first half of 2022 and have had an impact on the costs structure. These effects are primarily attributable to the formalisation of some new maintenance contracts, the increase in interest rates, which became effective from the second half of 2022 and the renewal of the economic part of the National Collective Labor Contract, which took place in November 2022 and became effective from January 1, 2023.

The Chief Executive Officer Pasqualino Monti said: *"ENAV Group is ensuring an efficient service and maximum safety to the entire network operating in the Italian airspace. We are experiencing a period of continuous and decisive growth in flights, particularly international, which indicates a desire and an interest in visiting Italy. ENAV is a solid company with a great credit worldwide and we aspire to grow further. By the end of November, we plan to present an updated Business Plan to give new impetus to the Company mainly through three strategic lines: i) the non-regulated business, an important lever to improve the margins of the Group on which we have already impressed the right acceleration; ii) the diversification of the business, which means looking at the market for possible acquisition opportunities in line with the nature of our sector; iii) the technological upgrading, functional to the continuous improvement of air traffic management operational performance which is and will remain our main mission, to consolidate ENAV's international leadership in the air traffic control sector"*.

¹ a weighted conventional measure that takes into account the weight of the aircraft at take-off and, in the case of en route traffic, the distance flown by the aircraft

En-route traffic in Italy, in terms of service units, increased by 16% in the first half of 2023, compared to the same period last year.

Specifically, international air traffic (flights departing from or arriving at a foreign airport) recorded an increase in service units of 21.7% compared to the first half of 2022. Overflight air traffic (flights crossing Italian airspace without landing) increased by 20.6%, whereas domestic air traffic (flights departing from and arriving at an Italian airport) remained stable.

En-route traffic (service units)	1st Half 2023	1st Half 2022	no.	Change %
Domestic	878,212	879,481	(1,269)	-0.1%
International	1,785,641	1,467,396	318,245	21.7%
Overflight	1,987,246	1,648,199	339,047	20.6%
Paying total	4,651,099	3,995,076	656,023	16.4%
Military	59,225	63,714	(4,489)	-7.0%
Other exempt	6,831	7,842	(1,011)	-12.9%
Total exempt	66,056	71,556	(5,500)	-7.7%
Total reported by Eurocontrol	4,717,155	4,066,632	650,523	16.0%
Exempt not reported to Eurocontrol	1,328	1,519	(191)	-12.6%
Overall total	4,718,483	4,068,151	650,332	16.0%

Terminal traffic², in the first half of 2023, showed a positive trend of 13.7% in terms of service units compared to the same period of last year. This was primarily due to the significant increase in international flights of 21.7%.

Terminal traffic (service units)	1st Half 2023	1st Half 2022	no.	Change %
Domestic				
Chg. Zone 1	22,390	19,202	3,188	16.6%
Chg. Zone 2	39,811	39,610	201	0.5%
Chg. Zone 3	97,648	97,925	(277)	-0.3%
Total domestic SUs	159,849	156,737	3,112	2.0%
International				
Chg. Zone 1	69,192	47,930	21,262	44.4%
Chg. Zone 2	120,972	103,096	17,876	17.3%
Chg. Zone 3	104,903	91,401	13,502	14.8%
Total international SUs	295,067	242,427	52,640	21.7%
Paying total	454,916	399,164	55,752	14.0%
Exempt				
Chg. Zone 1	77	298	(221)	-74.2%
Chg. Zone 2	201	184	17	9.2%
Chg. Zone 3	3,665	3,887	(222)	-5.7%
Total exempt SUs	3,943	4,369	(426)	-9.8%
Total reported by Eurocontrol	458,859	403,533	55,326	13.7%
Exempt not reported to Eurocontrol				
Chg. Zone 1	0	0	0	n.a.
Chg. Zone 2	9	16	(7)	-43.8%
Chg. Zone 3	411	424	(13)	-3.1%
Total exempt SUs not reported to Eurocontrol	420	440	(20)	-4.5%
Total by Charging Zone				
Chg. Zone 1	91,659	67,430	24,229	35.9%
Chg. Zone 2	160,993	142,906	18,087	12.7%
Chg. Zone 3	206,627	193,637	12,990	6.7%
Overall total	459,279	403,973	55,306	13.7%

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

ECONOMIC-FINANCIAL PERFORMANCE

Total consolidated revenues for the first half of 2023 amounted to €436.6 million and increased by 5.9% compared to the same period last year due to higher managed air traffic and outstanding performance in the non-regulated market. This rise more than offsets the negative change of €27.2 million, compared to the first half of 2022, in the **balance**³ component.

Revenues from operations stood at €442.7 million, up 12.8% compared to the first half of 2022.

Revenues from the non-regulated business amounted to €18 million, an increase of €5.4 million compared to the same period last year, mainly due to the activities related to the ENAV's performance of air navigation support services in Qatar.

Operating expenses increased by 8.5% to €341.9 million compared to the first half of 2022, mostly as a result of an increase in personnel costs of €21.1 million. This rise is primarily due to the renewal of the economic part of the National Collective Labor Contract of the Parent Company and Techno Sky, which was signed with the Trade Unions in November 2022. This renewal provided an increase in the revalued salary items, taking in consideration the contractual hiatus period (2019-2022), and determining a new salary base applied as of 1 January 2023 and thus absent in the first half of last year. The variable component of the remuneration, mainly linked to overtime being worked by Air Traffic Controllers, due to the higher number of flights managed, and the increase Group workforce by +110 actual employees (+106 average employees), compared to the same period in 2022, both contributes to the increase in personnel costs.

These values had an effect on **EBITDA**, which was €94.7 million, down 2.4% compared to the first half of 2022, with an EBITDA margin of 21.7%.

EBIT was €33 million, a decrease of €4.7 million compared to the same period in 2022.

For the aforementioned effects and the increase in financial expenses, due to the rise in interest rates, the ENAV Group closed the first half of 2023 with a **net profit** of €18.4 million, down €9.4 million from the same period in 2022.

Net financial debt amounted to €415.5 million at 30 June 2023, an increase of €7.6 million compared to the figure recorded as of 31 December 2022. The change in net financial debt is due to the effect of income and payments dynamics related to day-by-day operations, which produced a negative cash flow because the Group has not yet benefited from the receipts of May and June invoices, the months with the highest volume of air traffic in the first half of the year.

OUTLOOK 2023

Given the traffic volumes handled in the first half of the year and those expected in the second half, which support the Group's solid performance, the 2023 outlook already known to the market is confirmed.

³ the mechanism enabling ENAV to obtain partial recovery, or to remit to carriers, the effects of the variance between the air traffic volumes anticipated in the tariff plan and the actual results, as well as the recovery of expenses and traffic for services supplied at airports in Charging Zone 3 - less than 70,000 movements per year.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

	1st Half 2023	1st Half 2022	Amount	Change %
Revenues from operations	442,668	392,481	50,187	12.8%
Balances	(24,141)	3,084	(27,225)	n.a.
Other operating income	18,054	16,542	1,512	9.1%
Total revenues	436,581	412,107	24,474	5.9%
Personnel costs	(279,586)	(258,507)	(21,079)	8.2%
Capitalised costs	13,197	13,704	(507)	-3.7%
Other operating expenses	(75,488)	(70,294)	(5,194)	7.4%
Total operating costs	(341,877)	(315,097)	(26,780)	8.5%
EBITDA	94,704	97,010	(2,306)	-2.4%
EBITDA margin	21.7%	23.5%	-1.8%	
Net amortisation of investment grants	(58,115)	(58,010)	(105)	0.2%
Writedowns, impairment (reversal of impairment) and provisions	(3,574)	(1,314)	(2,260)	n.a.
EBIT	33,015	37,686	(4,671)	-12.4%
EBIT margin	7.6%	9.1%	-1.5%	
Financial income/(expense)	(6,595)	2,267	(8,862)	-390.9%
Income before taxes	26,420	39,953	(13,533)	-33.9%
Income taxes for the period	(8,053)	(12,232)	4,179	-34.2%
Consolidated profit/(loss) for the period	18,367	27,721	(9,354)	-33.7%
Profit/(loss) for the period pertaining to shareholders of the Parent Company	18,690	28,001	(9,311)	-33.3%
Profit/(loss) for the period pertaining to non-controlling interests	(323)	(280)	(43)	15.4%
			<i>(thousands of euros)</i>	

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30.06.2023	31.12.2022	Amount	Change
				%
Property, plant and equipment	812,782	847,440	(34,658)	-4.1%
Right-of-use assets	4,476	4,252	224	5.3%
Intangible assets	181,679	180,418	1,261	0.7%
Investments in other entities	36,150	36,310	(160)	-0.4%
Non-current trade receivables	568,330	606,775	(38,445)	-6.3%
Other non-current assets and liabilities	(145,514)	(151,156)	5,642	-3.7%
Net non-current assets	1,457,903	1,524,039	(66,136)	-4.3%
Inventories	60,846	61,082	(236)	-0.4%
Trade receivables	399,354	333,568	65,786	19.7%
Trade payables	(106,817)	(140,096)	33,279	-23.8%
Other current assets and liabilities	(259,359)	(142,070)	(117,289)	82.6%
Net working capital	94,024	112,484	(18,460)	-16.4%
Gross capital employed	1,551,927	1,636,523	(84,596)	-5.2%
Employee benefit provisions	(39,676)	(40,869)	1,193	-2.9%
Provisions for risks and charges	(10,807)	(11,443)	636	-5.6%
Deferred tax assets net of liabilities	30,538	30,531	7	0.0%
Net capital employed	1,531,982	1,614,742	(82,760)	-5.1%
Shareholders' equity pertaining to Parent Company shareholders	1,115,499	1,205,554	(90,055)	-7.5%
Shareholders' equity pertaining to non-controlling interests	1,017	1,340	(323)	-24.1%
Shareholders' equity	1,116,516	1,206,894	(90,378)	-7.5%
Net financial debt	415,466	407,848	7,618	1.9%
Total funding	1,531,982	1,614,742	(82,760)	-5.1%

(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.

ENAV informs that the Half-year Financial Report at 30 June 2023, 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):** 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, as reported in the financial statements and 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, adjusted for investment grants as specified above;
- **EBIT (Earnings Before Interest and Taxes):** EBITDA less depreciation and amortisation adjusted for investment grants and writedowns of property, plant and equipment, intangible fixed assets, 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 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;
- **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 financial receivables and non-current trade payables, and cash and cash equivalents. Net financial debt is determined in accordance with the provisions of Guideline no. 39 issued by ESMA and in line with Warning Notice no. 5/21 issued by CONSOB on 29 April 2021;
- **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.

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