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Oggetto : AVIO FY 2021 RESULTS

<i>Testo del comunicato</i>

Vedi allegato.



FY 2021 RESULTS

2021 RESULTS IN LINE WITH COMPANY GUIDANCE BACKLOG IMPROVED, STABLE CASH POSITION

Highlights

- Successful return to flight for Vega: 3 missions in 6 months
- Net order backlog increasing for both production and development activities
- Maiden Flights for Vega C and Ariane 6 in 2022 first half and second half respectively
- Sharp increase in energy costs affecting profitability

Results

- Backlog: 877 M€ (+19% on December 31, 2020)
- Net Revenues: 312 M€ (-3% on 2020)
- Adjusted EBITDA: 38 M€ (-13% on 2020)
- Reported EBITDA: 30 M€ (-15% on 2020)
- Net Income: 9 M€ (-39% on 2020)
- Net Cash Position: 57 M€ (-9% on December 31, 2020)

Guidance 2022

- Net order backlog: 870-920 M€
- Revenues: 330-350 M€
- EBITDA Reported: 24-30 M€
- Net income: 5-10 M€

Rome, March 14, 2022 – The Board of Directors of Avio S.p.A. today reviewed and approved the company and group financial statements of Avio S.p.A. as of December 31, 2021.

Avio, a leading aerospace enterprise listed on the STAR segment of the Italian Stock Exchange reports a **Net Order Backlog of 877 M€ as of December 31, 2021**, in line with Guidance indications (850-900 M€) showing an **increase of 19% compared to last year, thanks to a net order intake higher than 450 M€**. The new orders include the contracts for the Long-lead items for the future Vega C production (Batch 3 and Batch 4), the Vega E development contract and the Aster production contract.

In 2021 Avio reported net revenues 312 M€, just 3% below the previous year, and **in line with the 2021 Guidance of 300-330 M€**. Focus of 2021 was on Vega return to flight with 3 successful missions in around 6 months. Vega therefore has re-established a track record in line with the best practices of the market.

Adjusted EBITDA, equal to 38 M€ excluding non-recurring costs, is **6 M€ (13%) lower than in 2020**, and slightly above 2021 guidance (35-37 M€), affected by the unforeseen sharp increase in energy costs recorded in the fourth quarter of 2021.

Reported EBITDA of 30 M€, in line with the 2021 Guidance provided in September 2020 of 30-32 M€ and decreasing 15% (5 M€) on the previous year. EBITDA Reported is also affected by non-recurring costs (7.7 M€), mainly driven by the implementation of reinforced control measures enhanced to secure flight-worthiness in line with the recommendations of the Vega Inquiry Commission for VV18, VV19 and VV20, and by the costs induced by the effects of the COVID-19 pandemic.

Net income of 9 M€ (-39% on 2020), **slightly below the 2021 Guidance (10-12 M€)**, primarily due to the factors mentioned above and the **higher depreciation** related to the start of exploitation of the new P120 (for Ariane 6 and Vega C) and Zefiro 40 (Vega C) assets.

During 2021 Vega performed **3 successful missions (VV18, VV19 and VV20) in around 6 months, re-establishing a track record in line with the top market performers**, and bringing into orbit 2 satellites for the Pléiades Neo constellation of Airbus Defense & Space, the 3 sats Céres constellation, plus further smallsats that have flown in rideshare configuration. During 2021 also 3 successful Ariane 5 missions have been performed, including the December 2021 James Webb Space Telescope for NASA.

Thanks to the resumed Vega launch activities, between the end of 2021 and the beginning of 2022, **Arianespace has also signed several launch contracts for both Vega and Vega C** with customers such as the Italian Space Agency for the Platino 1 and 2 missions, the French Space Agency for Microcarb, and the European Space Agency for Flex and Altius.

Additionally, a new exploitation framework of the European Space Agency for Vega C and Ariane 6 was approved by the ESA council in August 2021, and that will be approved by the ESA Ministerial Council in Paris in November 2022, foresees **a minimum of 2 European institutional flights per year for Vega C and 4 European institutional flights per year for Ariane 6**.

Net Cash Position remains substantially stable at 57 M€ (-9% with respect to the 62,6 €M as of December 31, 2020), thanks to the contribution of cash from the operating performance despite the high level of Capex (36.4 M€ including the development of the Space Propulsion Test Facility SPTF in Sardinia), and the **dividend payment of 7.3 M€ in May 2021**.

The **Maiden Flight of Vega is expected by first half of 2022, while the Maiden Flight of Ariane 6 in the second half of 2022**.

During 2021, the Italian Government has approved several projects in the **space sector for the National Recovery and Resilience Plan (PNRR)**, some of which specifically aiming at the **evolution of propulsion technologies and launcher products**. The execution of such projects has been entrusted to ESA, and in particular the development of a **methane high-thrust engine as well as of an in-flight demonstrator of small size launcher based on liquid propulsion**. These projects represent for Avio an important target opportunity to **extend the product portfolio and the technology capabilities**, leveraging the current knowledge of Vega and the M10 liquid oxygen and methane engine.

In parallel, the PNRR has started the development of an Italian earth observation constellation, also entrusted to ESA for its project management, **whose launch missions will be performed with the Vega launchers.**

Around the end of 2021 the tensions between Russia and Ukraine have become more and more intense, with an open conflict that broke out on the 24th of February 2022. These events already brought to a **sharp increase in energy costs towards the end of 2021**, which further surged in the past few weeks, leading to a high level of unpredictability in the short term. Furthermore, Avio imports from Ukraine the main engine for the Vega launcher upper stage AVUM. At present, the ongoing facts **do not undermine the continuity of industrial operations.** The situation is constantly monitored to evaluate possible consequences and remedies to be potentially put in place – if necessary – to protect activities in the medium-term.

The Board of Directors also approved the **Guidance for the FY 2022 results**, quantifying it as follows:

Net order backlog: 870-920 M€
Revenues: 330-350 M€
Reported EBITDA: 24-30 M€
Net income: 5-10 M€

On the basis of the FY 2021 results, the Board of Director has proposed to the Shareholders' Meeting **to distribute a dividend of 4.5 M€ (Euro 0.178 per share – 49.3% payout ratio).** It is also proposed that the dividend is paid out from May 11, 2022, with coupon date of May 9, 2022 and record date of May 10, 2022, in accordance with Article 83-terdecies of the CFA.

Following the purchases made so far, as of the 11th of March 2022, Avio holds 1,035,233 own shares (of which 364,000 shares purchased under the program started in February 2022), equal to 3.93% of the total number of shares.

"2021 represented a very difficult year for the enduring effects of the COVID-19 pandemic and for the development of the Russia-Ukraine crisis, which caused a sharp increase in energy prices towards the end of the year." stated Giulio Ranzo, CEO of Avio. "In this context Avio managed to reach the objectives defined in the Guidance and to increase its long-term business prospects thanks to the increase in backlog and stability in net cash. While the short-term scenario remains uncertain due to the ongoing conflict, Avio sees the opportunity to incrementally grow in the medium term, supported by a clear acceleration in demand (both in the Space and Defence sectors), an operating capability demonstrated by the recent successes of Vega and a robust financial structure, resilient to unexpected events".

The presentation outlining the 2021 highlights will be made available in the Investor Relations section of the website to assist the call with financial analysts and investors scheduled for Monday, March 14 at 5.30 PM CET. The Annual Financial Report will be made available in Italian and in English in accordance with the Law.

Non-Financial Report

Together alongside the 2021 Annual Financial Report, the Board of Directors of Avio S.p.A.

approved the 2021 Non-Financial Report, in line with the requirements for listed companies under Legislative Decree 254/2016.

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The Executive Officer for Financial Reporting, Alessandro Agosti, declares in accordance with paragraph 2, Article 154-bis of the Consolidated Finance Act that the accounting information in the present press release corresponds to the underlying accounting documents, records and entries.

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Avio is a leading international group engaged in the construction and development of space launchers and solid and liquid propulsion systems for space travel. The experience and knowhow built up over more than 50 years puts Avio at the cutting edge of the space launcher sector, solid, liquid and cryogenic propulsion and tactical propulsion. Avio operates in Italy, France and France Guyana with 5 facilities, employing approx. 1,000 highly-qualified personnel, of which approx. 30% involved in research and development. Avio is a prime contractor for the Vega programme and a sub-contractor for the Ariane programme, both financed by the European Space Agency ("ESA"), placing Italy among the limited number of countries capable of producing a complete spacecraft.

For further information

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CONSOLIDATED BALANCE SHEET	<i>Note</i>	December 31, 2021	December 31, 2020
<i>(In Euro thousands)</i>			
ASSETS			
Non-current assets			
Property, plant and equipment	<i>3.1</i>	123,171	111,999
Rights-of-use	<i>3.2</i>	9,456	9,209
Investment property	<i>3.3</i>	3,211	3,138
Intangible assets with definite life	<i>3.4</i>	129,352	125,581
Goodwill	<i>3.5</i>	61,005	61,005
Investments	<i>3.6</i>	11,595	9,112
Non-current financial assets	<i>3.7</i>	6,415	6,259
<i>- of which related parties</i>		<i>6,415</i>	<i>6,259</i>
Deferred tax assets	<i>3.8</i>	79,436	77,975
Other non-current assets	<i>3.9</i>	70,926	74,140
Total non-current assets		494,567	478,418
Current assets			
Inventories and advances to suppliers	<i>3.10</i>	154,732	140,309
<i>- of which related parties</i>		<i>28,876</i>	<i>38,232</i>
Contract work in progress	<i>3.11</i>	453,808	334,860
<i>- of which related parties</i>		<i>99,596</i>	<i>92,792</i>
Trade receivables	<i>3.12</i>	3,696	2,175
<i>- of which related parties</i>		<i>1,278</i>	<i>1,634</i>
Cash and cash equivalents	<i>3.13</i>	104,614	124,666
Tax receivables	<i>3.14</i>	17,656	33,094
Other current assets	<i>3.15</i>	7,376	8,954
<i>- of which related parties</i>		<i>4</i>	<i>4</i>
Total current assets		741,883	644,058
TOTAL ASSETS		1,236,450	1,122,476

CONSOLIDATED BALANCE SHEET	<i>Note</i>	December 31, 2021	December 31, 2020
<i>(In Euro thousands)</i>			
EQUITY			
Share capital	<i>3.16</i>	90,964	90,964
Share premium reserve	<i>3.17</i>	135,176	135,175
Other reserves	<i>3.18</i>	13,597	13,851
Retained earnings		54,264	49,374
Group net profit		8,480	14,118
Total Group Equity		302,480	303,482
Equity attributable to non-controlling interests	<i>3.20</i>	7,847	8,512
TOTAL NET EQUITY		310,327	311,994
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	<i>3.21</i>	22,000	32,000
Non-current financial liabilities for leasing	<i>3.22</i>	4,751	4,543
<i>- of which related parties</i>		<i>974</i>	<i>1,107</i>
Employee provisions	<i>3.23</i>	10,344	11,261
Provisions for risks and charges	<i>3.24</i>	17,364	19,382
Other non-current liabilities	<i>3.25</i>	119,830	127,840
Total non-current liabilities		174,290	195,026
Current liabilities			
Current financial liabilities	<i>3.26</i>	7,749	12,749
<i>- of which related parties</i>		<i>7,749</i>	<i>12,749</i>
Current financial liabilities for leasing	<i>3.27</i>	2,906	2,676
<i>- of which related parties</i>		<i>146</i>	<i>150</i>
Current portion of non-current financial payables	<i>3.28</i>	10,048	10,063
Provisions for risks and charges	<i>3.24</i>	10,865	12,352
Trade payables	<i>3.29</i>	76,927	66,454
<i>- of which related parties</i>		<i>11,009</i>	<i>10,257</i>
Advances from clients for contract work-in-progress	<i>3.11</i>	609,634	477,871
<i>- of which related parties</i>		<i>100,988</i>	<i>79,515</i>
Current income tax payables	<i>3.30</i>	7,322	8,488
Other current liabilities	<i>3.31</i>	26,383	24,803
<i>- of which related parties</i>		<i>283</i>	<i>248</i>
Total current liabilities		751,833	615,456
TOTAL LIABILITIES		926,123	810,482
TOTAL LIABILITIES AND EQUITY		1,236,450	1,122,476

CONSOLIDATED INCOME STATEMENT	Note	FY 2021	FY 2020
<i>(In Euro thousands)</i>			
Revenues	3.32	320,094	351,590
- of which related parties		83,635	121,072
Change in inventory of finished products, in progress and semi-finished		166	(17)
Other operating income	3.33	7,461	7,233
Consumption of raw materials	3.34	(83,769)	(85,355)
Service costs	3.35	(154,070)	(172,600)
- of which related parties		(50,053)	(67,667)
Personnel expenses	3.36	(72,396)	(70,899)
Amortisation and Depreciation	3.37	(21,151)	(19,285)
Other operating costs	3.38	(4,178)	(8,086)
Effect valuation of investments under equity method - operating income/(charges)	3.39	2,482	1,346
Costs capitalised for internal works	3.40	14,219	11,955
EBIT		8,859	15,882
Financial income	3.41	685	672
- of which related parties		156	153
Financial charges	3.42	(922)	(1,145)
- of which related parties		(15)	(13)
NET FINANCIAL INCOME/(CHARGES)		(237)	(473)
Other investment income/(charges)			
INVESTMENT INCOME/(CHARGES)			
PROFIT BEFORE TAXES		8,622	15,409
Income taxes	3.43	510	(536)
NET PROFIT		9,133	14,873
-- of which: Owners of the parent		8,480	14,118
Minority interests		653	755
Basic earnings per share	3.44	0.33	0.55
Diluted earnings per share	3.44	0.32	0.53

CONSOLIDATED CASH FLOW STATEMENT

(Euro thousands)

	2021	2020
OPERATING ACTIVITIES		
Net profit for the year	9,133	14,873
Adjustments for:		
- Income taxes	(510)	536
- (Income)/charges from measurement at equity of investment in Europropulsion S.A.	(2,482)	(1,346)
- Financial (Income)/Charges		
- Amortisation & Depreciation	21,151	19,285
- (Gains)/losses on sale of property, plant & equipment & other (income)/charges		
Dividends received		
Net change provisions for risks and charges	(3,505)	(157)
Net change employee provisions	(1,170)	(277)
Changes in:		
- Inventories and Advances to suppliers	(14,423)	5,210
- <i>of which related parties</i>	9,356	4,270
- Contract work-in-progress & advances from clients	12,815	38,106
- <i>of which related parties</i>	14,669	(31,709)
- Trade receivables	(1,521)	4,040
- <i>of which related parties</i>	356	144
- Trade payables	10,473	(33,881)
- <i>of which related parties</i>	752	7,977
- Other current & non-current assets	18,675	4,221
- <i>of which related parties</i>	(0)	490
- Other current & non-current liabilities	(6,677)	(2,201)
- <i>of which related parties</i>	35	59
Income taxes paid	(409)	(653)
Interest paid	(293)	(357)
Net liquidity generated/(employed) in operating activities	(A) 41,256	47,399
INVESTING ACTIVITIES		
Investments in:		
- Tangible assets and investment property	(18,319)	(21,469)
- Intangible assets with definite life	(15,395)	(13,131)
- Equity Investments		
Disposal price of tangible, intangible & financial assets		
Liquidity generated (employed) in investing activities	(B) (33,713)	(34,600)
FINANCING ACTIVITIES		
EIB loan	(10,000)	(8,000)
Centralised treasury effect with Europropulsion S.A. joint control company	(5,000)	(16,000)
- <i>of which related parties</i>	(5,000)	(16,000)
Dividends paid by the parent Avio S.p.A.	(7,321)	
Dividends attributable to minorities of subsidiaries	(3,132)	
Acquisition of treasury shares		(6,413)
Other changes to financial assets and liabilities	(2,141)	(2,025)
- <i>of which related parties</i>	(137)	(138)
Liquidity generated (employed) in financing activities	(C) (27,594)	(32,438)
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS	(A)+(B)+(C) (20,051)	(19,639)
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	124,666	144,303
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	104,615	124,666

RECLASSIFIED STATEMENTS GROUP RESULTS & EQUITY AND FINANCIAL POSITION

Operating results

The table below presents the Group operating performance for 2021 and 2020 (in Euro thousands):

	FY 2021	FY 2020	Change
Revenue	320,094	351,590	(31,496)
of which: Pass-through revenues	8,515	29,567	(21,052)
Revenues, net of pass-through revenues	311,579	322,023	(10,444)
Other operating revenues and changes in inventory of finished products, in progress and semi-finished	7,627	7,216	411
Costs for goods and services, personnel, other operating costs, net of capitalised costs & pass-through	(291,678)	(295,416)	3,738
Effect valuation of investments under equity method - operating income/(charges)	2,482	1,346	1,136
EBITDA	30,010	35,168	(5,158)
Amortisation, depreciation and write-downs	(21,151)	(19,285)	(1,866)
EBIT	8,859	15,883	(7,024)
Interest and other financial income (charges)	(237)	(474)	237
Net financial charges	(237)	(474)	237
Investment income/(charges)	-	-	-
Profit before taxes	8,622	15,409	(6,787)
Current and deferred taxes	510	(536)	1,046
Group & minority interest net profit	9,133	14,873	(5,741)

Balance Sheet

The Group balance sheet is broken down in the following table (in Euro thousands):

	December 31, 2021	December 31, 2020	Change
Tangible assets and investment property	126,383	115,136	11,247
Rights-of-use	9,456	9,209	246
Goodwill	61,005	61,005	-
Intangible assets with definite life	129,352	125,581	3,770
Investments	11,595	9,112	2,483
Total fixed assets	337,790	320,043	17,747
Net working capital	(82,997)	(58,224)	(24,773)
Other non-current assets	70,926	74,140	(3,214)
Other non-current liabilities	(119,830)	(127,840)	8,009
Net deferred tax assets	79,436	77,975	1,460
Provisions for risks and charges	(28,229)	(31,735)	3,506
Employee benefits	(10,344)	(11,261)	917
Net capital employed	246,752	243,100	3,652
Non-current financial assets	6,415	6,259	156
Net capital employed & Non-current financial assets	253,167	249,359	3,808
Net financial position	57,160	62,635	(5,475)
Equity	(310,327)	(311,994)	1,667
Source of funds	(253,167)	(249,359)	(3,808)

Analysis of the net cash position

The Group net cash position is broken down in the following table (in Euro thousands):

	December 31, 2021	December 31, 2020	Change
A Cash and cash equivalents	(104,614)	(124,666)	20,052
B Other liquidity	-	-	-
C Other current financial assets	-	-	-
D Liquidity (A+B+C)	(104,614)	(124,666)	20,052
E Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	10,655	15,425	(4,770)
F Current portion of non-current bank payables	10,048	10,063	(15)
G Current financial debt (E+F)	20,703	25,488	(4,785)
H Net current financial debt (G-D)	(83,911)	(99,178)	15,267
I Non-current financial debt (excluding current portion and debt instruments)	26,751	36,543	(9,792)
J Debt instruments	-	-	-
K Trade payables and other non-current payables	-	-	-
L Non-current financial debt (I + J + K)	26,751	36,543	(9,792)
M Total financial debt (H + L)	(57,160)	(62,635)	5,475

Fine Comunicato n.1771-20

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