



# SPAFID CONNECT

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Oggetto : HY 2019 RESULTS

*Testo del comunicato*

Vedi allegato.



## H1 2019 RESULTS

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### **AVIO: REVENUES, MARGINS AND NET PROFIT KEEP GROWING VEGA RETURN TO FLIGHT IN Q1 2020**

#### *Highlights*

- VV15 Independent inquiry commission: in place the action plan for Vega to return to fly in Q1 2020
- Development activities of Vega C on schedule: qualification flight expected by H1 2020
- Success of 1 Vega and 3 Ariane 5 missions in 2019
- First launch contracts for Ariane 6

#### *Operating results*

- Revenues<sup>1</sup>: Euro 189 million (+6% on H1 2018)
- Reported EBITDA<sup>2</sup>: Euro 16.1 million (+11%)
- Reported EBIT<sup>2</sup>: Euro 8.1 million (+5%)
- Net Profit<sup>2</sup>: Euro 7.1 million (+14%)
- Backlog of Euro 745 million
- Distribution of dividends of Euro 11.6 million (+16% on 2018)
- Net Financial Position<sup>2</sup>: cash position of Euro 20.4 million

**Milan, September the 12<sup>th</sup>, 2019** – The Board of Directors of Avio S.p.A., aerospace leader listed on the STAR segment of the Italian Stock Exchange, today reviewed and approved the H1 2019 results.

The Chief Executive Officer Giulio Ranzo, opening the meeting, outlined the results of the inquiry of the Independent Investigatory Commission led by ESA and Arianespace with the support of Avio in relation to the anomaly which caused the premature conclusion of the VV15 mission in July (for the first time in the history of the Vega launcher, after 14 consecutive successful launches), highlighting that:

- Among the possible causes, the anomaly was most likely due to a thermo-structural failure in the dome of the Zefiro23 second stage engine;
- The Commission launched a verification plan of its findings and a corrective actions plan to fix the issue faced;
- Vega return to flight, following a check on the implementation of the corrective measures, is expected in the first quarter of 2020;
- Avio has started the assessment process of the short-term economic and financial effects

The CEO then outlined: the on-schedule development operations and tests ahead of the maiden Vega

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<sup>1</sup> Net of “pass-through” revenues.

<sup>2</sup> Includes the effects of IFRS 16.

C flight, expected by H1 2020; the commercial success of the new Ariane 6 launcher, equipped with the P120 boosters produced by Avio, with the signing of several launch contracts (Arianespace has currently 8 Ariane 6 flights in its schedule).

In terms of the operating results, the Group reports H1 2019 **revenues of Euro 189 million, up 6% on the same period of the previous year**. The increase is primarily due to Vega launcher operations and the greater focus on development of the new P120C motor, for the next generation launchers Ariane 6 and Vega C.

**Reported EBITDA of Euro 16.1 million, up 11% on H1 2018**, while reported EBIT of Euro 8.1 million<sup>2</sup> grew 5% on the previous year, in line with the Reported EBITDA performance.

**The Net Profit of Euro 7.1 million grew 14% on H1 2018**, also thanks to reduced taxes.

The Net Financial Position at June 30 was a cash position of Euro 20.4 million (Euro 49.1 million at December 31, 2018), in line with the expected cash flows pattern, greater investments (Capex of Euro 16.1 million, +Euro 9.9 million on H1 2018) and the payment of dividends in May of Euro 11.6 million (+16% on the 2018 dividend).

**The backlog declined to Euro 745 million** (-15%, -Euro 132 million compared to December 2018) which, ahead of the ESA's 2019 ministerial conference and the signing of the initial batches for the Vega C and Ariane 6 launchers. In 3Q 2019 it is expected the signature of new orders mainly for the P120 engine, **for a total value of approx. Euro 80 million**.

*"Our growth trend continued in the first half of 2019, building on the Group's 2018 results - stated Giulio Ranzo, Chief Executive Officer of Avio".*

*"In the first half of the year - added Ranzo – we have successfully completed the qualification tests of the new P120C and Zefiro40 motors (the Vega C and Ariane 6 common first stage and the second stage of the Vega C, respectively). These tests are a key step for the new Vega C, whose test flight is scheduled for H1 2020. At the same time, we have successfully performed the firing test of reduced-scale of the M10 Oxygen-Methane combustion chamber for the upper stage of the upcoming Vega E (soon there will be a full-scale firing test).*

*In relation to the anomaly on the VV15 and the relative corrective actions: "We are working with ESA and Arianespace to solve the problem and return to fly by Q1 2020 in compliance with the safety and reliability requirements - added Ranzo".*

*"The Vega anomaly does not impact our medium-long term growth plan - concluded Giulio Ranzo. We continue to work on developing new technologies and are launching the SPTF project in Sardinia, for the testing of cryogenic motors. In the meantime, we have completed the configuration of the new SSMS, the dispenser able to put into orbit many small satellites simultaneously to satisfy the increasingly sophisticated demand of Customers. We therefore keep focusing and confident on the opportunities to create value in the long-term for our shareholders".*

The Half-Year Report Key Financial Highlights will be available in the Investor Relations section of [www.avio.com](http://www.avio.com) to assist the call with financial analysts and investors scheduled for Thursday, September 12 at 6.30 PM. The Half-Year Financial Report will be made available in Italian and in English in accordance with Law.

\* \* \*

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 know-how 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 French 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**

**Investor Relations Contacts**

[investor.relations@avio.com](mailto:investor.relations@avio.com)

**Media Contacts - Avio Communications Department**

[giuseppe.coccon@avio.com](mailto:giuseppe.coccon@avio.com);

[francesco.delorenzo@avio.com](mailto:francesco.delorenzo@avio.com)

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**CONSOLIDATED BALANCE SHEET****June 30, 2019      December 31, 2018***(in Euro)***ASSETS****Non-current assets**

Property, plant & equipment	89,616,543	89,314,581
Rights of use	6,481,105	
Investment property	3,062,594	2,945,216
Goodwill	61,005,397	61,005,397
Intangible assets with definite life	118,312,895	116,953,729
Investments	5,879,056	8,137,948
Non-current financial assets	6,031,500	5,812,000
Deferred tax assets	76,529,332	76,150,361
Other non-current assets	78,377,171	66,520,882
<b>Total non-current assets</b>	<b>445,295,593</b>	<b>426,840,114</b>

**Current assets**

Inventories and advances to suppliers	136,064,820	116,079,957
Contract work-in-progress	42,402,436	103,151,448
Trade receivables	3,495,218	7,017,095
Cash and cash equivalents	93,833,304	108,434,880
Current tax receivables	64,126,147	62,775,066
Other current assets	13,655,544	7,607,803
<b>Total current assets</b>	<b>353,577,469</b>	<b>405,066,249</b>

**TOTAL ASSETS****798,873,061      831,906,363**

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**CONSOLIDATED BALANCE SHEET****June 30, 2019    December 31, 2018***(in Euro)***EQUITY**

Share capital	90,964,212	90,964,212
Share premium reserve	144,255,918	144,255,918
Other reserves	14,150,164	14,580,499
Retained earnings	23,177,929	10,442,902
Group net profit for the period	6,786,515	24,337,954
<b>Total Group Equity</b>	<b>279,334,738</b>	<b>284,581,484</b>

<b>Equity attributable to non-controlling interests</b>	<b>7,241,117</b>	<b>11,404,835</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>286,575,855</b>	<b>295,986,319</b>

**LIABILITIES****Non-current liabilities**

Non-current financial liabilities	55,421,494	40,000,000
Employee benefit provisions	11,227,853	10,706,213
Provisions for risks and charges	23,495,364	7,841,101
Other non-current liabilities	122,271,727	122,452,889
<b>Total non-current liabilities</b>	<b>212,416,438</b>	<b>181,000,203</b>

**Current liabilities**

Current financial liabilities	17,920,805	19,249,221
Current portion of non-current financial payables	75,000	60,000
Provisions for risks and charges	6,260,276	8,022,416
Trade payables	120,119,702	131,407,118
Advances from clients for contract work-in-progress	130,225,109	177,072,126
Current income tax liabilities	3,344,242	2,308,320
Other current liabilities	21,935,635	16,800,639
<b>Total current liabilities</b>	<b>299,880,768</b>	<b>354,919,841</b>

<b>TOTAL LIABILITIES</b>	<b>512,297,206</b>	<b>535,920,044</b>
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<b>TOTAL LIABILITIES AND EQUITY</b>	<b>798,873,061</b>	<b>831,906,363</b>
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<b>CONSOLIDATED INCOME STATEMENT</b>	<b>H1 2019</b>	<b>H1 2018</b>
<i>(in Euro)</i>		
Revenues	190,997,094	202,004,928
Change in inventory of finished products, in progress and semi-finished	246,789	4,286,641
Other operating income	2,600,388	1,452,047
Consumption of raw materials	(60,232,613)	(64,882,242)
Service costs	(84,206,589)	(96,064,636)
Personnel expenses	(36,233,617)	(32,651,367)
Amortisation & Depreciation	(8,018,780)	(6,841,259)
Write-down and write-backs		
Other operating costs	(3,267,246)	(4,983,914)
Effect valuation of investments under equity method - operating income/(charges)	981,108	1,767,620
Costs capitalised for internal works	5,209,724	3,576,441
<b>EBIT</b>	<b>8,076,258</b>	<b>7,664,259</b>
Financial income	291,755	590,413
Financial charges	(467,422)	(824,925)
<b>NET FINANCIAL INCOME/(CHARGES)</b>	<b>(175,667)</b>	<b>(234,512)</b>
Effect valuation of investments under equity method - financial income/(charges)		
Other investment income/(charges)		
<b>INVESTMENT INCOME/(CHARGES)</b>	<b>-</b>	<b>-</b>
<b>PROFIT BEFORE TAXES</b>	<b>7,900,591</b>	<b>7,429,747</b>
Income taxes	(837,793)	(1,222,549)
<b>NET PROFIT FOR THE PERIOD</b>	<b>7,062,797</b>	<b>6,207,198</b>
-- of which: Owners of the parent	6,786,515	5,947,648
Non-controlling interests	276,282	259,549

## CONSOLIDATED CASH FLOW STATEMENT

(Euro thousands)

	H1 2019	H1 2018
<b>OPERATING ACTIVITIES</b>		
Net profit for the period	7,063	6,207
Adjustments for:		
- Income taxes	838	1,223
- (Income)/charges from measurement at equity of investment in Europropulsion	(981)	(1,768)
- Financial (Income)/Charges	176	235
- Amortisation & Depreciation	8,019	6,841
Dividends received from Europropulsion S.A. joint control company	3,240	3,080
Net change provisions for risks and charges	13,892	(1,795)
Net change employee provisions	16	216
Changes in:		
- Inventories	(19,985)	8,751
- Contract work-in-progress & advances	13,902	(60,185)
- Trade receivables	3,522	3,867
- Trade payables	(11,287)	22,463
- Other current & non-current assets	(19,559)	752
- Other current & non-current liabilities	2,449	8,901
Income taxes paid	(304)	(476)
Interest paid	(143)	(120)
<b>Net liquidity generated/(employed) in operating activities</b>	<b>(A) 857</b>	<b>(1,807)</b>
<b>INVESTING ACTIVITIES</b>		
Investments in:		
- Tangible assets and investment property	(3,660)	(1,635)
- Intangible assets with definite life	(5,380)	(4,795)
- Equity Investments	0	
Disposal price of tangible, intangible & financial assets		
<b>Liquidity generated (employed) in investing activities</b>	<b>(B) (9,040)</b>	<b>(6,430)</b>
<b>FINANCING ACTIVITIES</b>		
Additional EIB loan tranche	10,000	
Centralised treasury effect with Europropulsion S.A. joint control company	(2,500)	(13,510)
Dividends paid by the parent Avio S.p.A.	(11,598)	(10,017)
Dividends paid by subsidiary Regulus S.A. of minority shareholders	(1,440)	(1,760)
Other changes to financial assets and liabilities	(881)	
<b>Liquidity generated (employed) in financing activities</b>	<b>(C) (6,419)</b>	<b>(25,287)</b>
<b>INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS</b>	<b>(A)+(B)+(C) (14,602)</b>	<b>(33,524)</b>
<b>NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>108,435</b>	<b>107,033</b>
<b>NET CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>93,833</b>	<b>73,509</b>



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