



SPAFID CONNECT

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Oggetto : AVIO 2019 RESULTS - ERRATA
CORRIGE

Testo del comunicato

Vedi allegato.



2019 RESULTS

NET INCOME AND CASH GROWTH CONTINUES

- Net Revenues: Euro 368.7 million (-5% on 2018)
- Reported EBITDA: Euro 42.6 million (unchanged on 2018)
- Reported EBIT: Euro 26.5 million (-7% on 2018)
- Net Profit: Euro 27 million (+5% on 2018)
- Backlog: Euro 669 million (-24% on December 31, 2018)
- Net Financial Position: cash position of Euro 57.9 million (+18% on December 31, 2018)
- Extraordinary measures in relation to the Covid-19 emergency:
 - Prefectural authorisation granted to continue industrial operations as per Article 1, letter h) of Presidential Decree of March 22, 2020
 - Proposal for full allocation of 2019 net profit to retained earnings
 - Guidance 2020 to be assessed upon the approval of the 2020 half-year report (September)

Rome, March 25, 2020 – The Board of Directors of Avio S.p.A. today reviewed and approved the statutory and consolidated financial statements of Avio S.p.A. at December 31, 2019.

Avio, a leading aerospace enterprise listed on the STAR segment of the Italian Stock Exchange, reports **net revenues** for 2019 of **Euro 368.7 million, decreasing 5%** on the previous year and slightly under the 2019 Guidance of Euro 380-405 million. The reduction in revenues is mainly due to slowdown in production and development activities following the Vega failure in July 2019.

Reported EBITDA of Euro 42.6 million, stable on the previous year, as envisaged by 2019 Guidance of Euro 42-44 million, due to the reduction in tax contributions for Research and Development activities, partly offset by positive contributions related to price revisions on commercial contracts and by the reduction in non-recurring costs.

Growing net profit of Euro 27 million (+5% on Euro 25.8 million in 2018), thanks to the significant reduction in financial charges (contribution of income to net profit of Euro 0.5 million, compared to charges of Euro 0.7 million in 2018), thanks also to the contribution of financial income from tax refunds.

The Net Order Backlog of Euro 669 million as of December 31, 2019 was slightly under Guidance indications (Euro 700-775 million), due to the shift of part of the order for the first production batch of 14 P120s to 2020. The backlog does not include yet the development contracts agreed at the ESA Seville Ministerial Council of November 2019 of approx. Euro 490 million, with contracts' signings expected from 2020 to 2021.

Net Financial Position improving to Euro 57.9 million (+18% on Euro 49.1 million at December 31, 2018), thanks to the contribution of cash from the operating performance and from the VAT refunds despite the increase in Capex (Euro 28.6 million, compared to Euro 22.9 million in 2018), the dividends paid in May 2019 of Euro 0.44 per share (approx. Euro 11.6 million overall), and the treasury shares buy-back of approx. Euro 2.7 million as of December 31, 2019.

Concerning the Covid-19 outbreak emergency, which lead the Italian Government to set several limits on industrial activities and operations, Avio informs that on March 24, 2020, **has obtained prefectural authorisation to continue industrial operations** as per Article 1, letter h) of the Italian Presidential Decree of March 22, 2020. In the meantime, the activities in the launch base at the C.S.G. (Centre Spatial Guyanais) in Kourou, French Guyana, remain suspended until further notice by the French Government.

The Board of Directors of Avio S.p.A., in view of the heightening of the health emergency and the socio-economic effects linked to the spread of Covid-19, has deemed it appropriate, as a precautionary measure and in order to further strengthen the financial structure of the Company, to approve a new proposal for the allocation of the 2019 net profit, proposing at the next Shareholders' Meeting on May 6 **to allocate the net profit for the year entirely to retained earnings**. The Board reserves the right to assess the situation, including the possibility of future dividend payments, upon closing the half-year report.

In terms of the outlook, the Company considers that **it is not yet possible to estimate the impact that this epidemic will have during the year**. However, it is not possible to rule out a short-term negative effect, or at least a partial slowdown in economic activities also due to the restrictions and containment provisions adopted or in the process to be approved by Governments in Europe and globally (in particular concerning the stop in the activities in the launch base in Kourou). Avio confirms that **It is already taking action to reduce the financial and operative impact of such a scenario in both the short and medium terms**.

For these reasons, the Board of Directors considers it appropriate **not to provide 2020 quantitative guidance**, at least not until the approval of the H1 2020 results.

In addition, top management - also due to the Covid-19 emergency - has communicated to the Board that it **has voluntarily decided to defer to 2021 the payment of its long-term incentive bonus**. In parallel, the Board of Directors has approved a new management long-term incentive plan in which for the first time **ESG KPIs have been introduced**, with the objective to have the management of the Company focused on **sustainability**. Moreover, the Board of Directors has decided to donate a total amount of **Euro 500 thousands** to the Kourou Hospital in French Guyana and to the Civil Protection Department in Colleferro to help to fight the Covid-19 outbreak.

"2019 has further consolidated the profit and cash growth seen over recent years despite the difficulties resulting from the failure of a Vega flight last July - stated Avio's CEO, Giulio Ranzo. In parallel, Avio has continued to invest heavily in technology and new programmes while maintaining a strong financial position, allowing to confidently look forward to the next 4-5 years in which Avio will work on new projects for Vega C, Vega E and Space Rider, which were recently fully funded at the ESA Ministerial Council in Seville"

"The Covid 19 outbreak represents a global emergency whose length and effects on the global economy are not fully foreseeable as of now. For this reason, we have decided,

together with the Board of Directors, to precautionarily allocate to reserves all of the 2019 profits and not to pay long-term performance incentives to Management, in order to protect the financial structure of the Company. The specific situation and the perspectives, also related future dividend distributions, will be re-assessed at the half-year accounts' closing, once the global impacts of the emergency will be clearer. In the meantime we are focused on working on the long-term sustainability of the Company, by protecting its financial structure to keep investing and getting ready to the future with new technologies and products".

The presentation outlining the 2019 highlights will be made available in the Investor Relations section of the website to assist the call with financial analysts and investors scheduled for Thursday, March 26 at 10.00 AM CET. The Annual Financial Report will be made available in Italian and in English in accordance with Law.

Non-Financial Report

Together with the 2019 Annual Financial Report, the Board of Directors of Avio S.p.A. approved the 2019 Non-Financial Report, in line with the obligation for listed companies under Legislative Decree 254/2016.

Other motions

- Shareholders' Meeting Call

The Board of Directors of Avio S.p.A. has called the Shareholders' Meeting for May 6, 2020. The relative call notice to the Shareholders' Meeting shall be published and made available on the company website at www.investors.avio.com/Investors/ and on the centralised storage mechanism, where the illustrative reports to the Shareholders' Meeting on the proposals concerning the matters on the agenda shall also be made available in accordance with the legally-established deadlines and means.

Following on from that announced on February 28 2020, it is announced that the Board of Directors today resolved, pursuant to Article 11.4 of the By-Laws with the favorable opinion of the Appointments and Remuneration Committee, to submit to the next Shareholders' Meeting called for May 6, 2020 a **list of candidates for the position of Director for the three-year period 2020 - 2022**. The list will be published according to the applicable law by the March 27 2020.

* * *

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**Note****Dec. 31, 2019****Dec. 31, 2018**

*(in Euro)***ASSETS****Non-current assets**

Property, plant & equipment	3.1	98,034,718	89,314,581
Right-of-use	3.2	9,444,011	
Investment property	3.3	3,056,614	2,945,216
Goodwill	3.4	61,005,397	61,005,397
Intangible assets with definite life	3.5	122,272,892	116,953,729
Investments	3.6	7,765,555	8,137,948
Non-current financial assets	3.7	6,106,000	5,812,000
Deferred tax assets	3.8	77,784,062	76,150,361
Other non-current assets	3.9	78,295,368	66,520,882
Total non-current assets		463,764,617	426,840,114

Current assets

Inventories and advances to suppliers	3.10	145,519,238	116,079,957
Contract work-in-progress	3.11	24,014,546	103,151,448
Trade receivables	3.12	6,214,884	7,017,095
Cash and cash equivalents	3.13	144,303,318	108,434,880
Current tax receivables	3.14	33,162,203	62,775,066
Other current assets	3.15	9,141,928	7,607,803
Total current assets		362,356,118	405,066,249

TOTAL ASSETS

826,120,735 **831,906,363**

CONSOLIDATED BALANCE SHEET**Note Dec. 31, 2019 Dec. 31, 2018***(in Euro)***EQUITY**

Share capital	3.16	90,964,212	90,964,212
Share premium reserve	3.17	141,588,361	144,255,918
Other reserves	3.18	14,199,832	14,580,499
Retained earnings		23,175,729	10,442,902
Group net profit		26,197,794	24,337,954
Total Group Equity		296,125,929	284,581,484
Equity attributable to non-controlling interests	3.20	7,756,686	11,404,835
TOTAL EQUITY		303,882,615	295,986,319

LIABILITIES**Non-current liabilities**

Non-current financial liabilities	3.21	42,000,000	40,000,000
Non-current financial payables for leasing	3.22	4,889,396	
Employee benefit provisions	3.23	11,188,587	10,706,213
Provisions for risks and charges	3.24	19,466,579	7,841,101
Other non-current liabilities	3.25	134,185,094	122,452,889
Total non-current liabilities		211,729,656	181,000,203

Current liabilities

Current financial liabilities	3.26	28,749,221	19,249,221
Current financial liabilities for leasing	3.27	2,646,697	
Current portion of non-current financial payables	3.28	8,075,000	60,000
Provisions for risks and charges	3.24	12,425,557	8,022,416
Trade payables	3.29	100,335,151	131,407,118
Advances from clients for contract work-in-progress	3.11	128,918,811	177,072,126
Tax payables	3.30	6,124,378	2,308,320
Other current liabilities	3.31	23,233,649	16,800,639
Total current liabilities		310,508,464	354,919,841

TOTAL LIABILITIES**522,238,120 535,920,044****TOTAL LIABILITIES AND EQUITY****826,120,735 831,906,363**

CONSOLIDATED INCOME STATEMENT	Note	FY 2019	FY 2018
<i>(in Euro)</i>			
Revenues	3.32	391,120,608	439,695,356
Change in inventory of finished products, in progress and semi-finished		18,213	1,527,204
Other operating income	3.33	8,181,456	5,605,138
Consumption of raw materials	3.34	(114,005,712)	(131,840,876)
Service costs	3.35	(180,768,729)	(213,800,538)
Personnel expenses	3.36	(69,764,226)	(62,402,976)
Amortisation & Depreciation	3.37	(16,056,899)	(14,031,856)
Other operating costs	3.38	(7,609,098)	(9,393,759)
Effect valuation of investments under equity method - operating income/(charges)	3.39	2,867,607	3,239,413
Costs capitalised for internal works	3.40	12,548,644	9,924,245
EBIT		26,531,862	28,521,351
Financial income	3.41	2,136,519	813,223
Financial charges	3.42	(1,684,420)	(1,476,390)
NET FINANCIAL INCOME/(CHARGES)		452,099	(663,167)
Effect valuation of investments under equity method - financial income/(charges)			
Other investment income/(charges)			
INVESTMENT INCOME/(CHARGES)		-	-
PROFIT BEFORE TAXES		26,983,961	27,858,184
Income taxes	3.43	3,500	(2,020,269)
NET PROFIT		26,987,461	25,837,916
-- of which: Owners of the parent		26,197,794	24,337,954
Non-controlling interests		789,667	1,499,962

CONSOLIDATED CASH FLOW STATEMENT

(Euro thousands)

	2019	2018
OPERATING ACTIVITIES		
Net profit for the year	26,987	25,838
Adjustments for:		
- Income taxes	(3)	2,020
- (Income)/charges from equity investments	(2,868)	(3,239)
- Financial (Income)/Charges		
- Amortisation & Depreciation	16,057	14,032
- (Gains)/losses on sale of property, plant & equipment & other (income)/charges		
Dividends received	3,240	3,080
Net change provisions for risks and charges	16,029	(476)
Net change employee provisions	97	(200)
Changes in:		
- Inventories	(28,301)	1,466
- Contract work-in-progress & advances	30,984	(57,362)
- Trade receivables	802	1,490
- Trade payables	(31,072)	41,966
- Other current & non-current assets	14,671	9,912
- Other current & non-current liabilities	20,060	6,361
Income taxes paid	(630)	(1,474)
Interest paid	(443)	(1,476)
Net liquidity generated/(employed) in operating activities	(A) 65,610	41,937
INVESTING ACTIVITIES		
Investments in:		
- Tangible assets and investment property	(16,226)	(15,181)
- Intangible assets with definite life	(13,537)	(7,559)
- Equity Investments		(4)
Disposal price of tangible, intangible & financial assets		
Liquidity generated (employed) in investing activities	(B) (29,763)	(22,744)
FINANCING ACTIVITIES		
New EIB loans	10,000	
Centralised treasury effect with Europropulsion S.A. joint control company	9,500	(6,014)
Dividends paid by the parent Avio S.p.A.	(11,598)	(10,017)
Dividends attributable to minorities of subsidiaries	(1,440)	(1,760)
Acquisition of treasury shares	(2,668)	
Lease payment	(3,773)	
Liquidity generated (employed) in financing activities	(C) 21	(17,791)
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS	(A)+(B)+(C) 35,868	1,402
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	108,435	107,033
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	144,303	108,435

RECLASSIFIED STATEMENTS

GROUP RESULTS & EQUITY AND FINANCIAL POSITION

Operating results

The table below presents the operating performance of the Group for 2019 and 2018 "Pro-Forma" on a comparable basis (in Euro thousands):

	FY 2019	FY 2018	Change
Revenues	391,121	439,695	(48,575)
of which: Pass-through revenues	22,470	51,000	(28,530)
Revenues, net of pass-through revenues	368,651	388,695	(20,045)
Other operating revenues and changes in inventory of finished products, in progress and semi-finished	8,200	7,132	1,067
Costs for goods and services, personnel, other operating costs, net of capitalised costs & pass-through	(337,129)	(356,514)	19,385
Effect valuation of investments under equity method - operating income/(charges)	2,868	3,239	(372)
EBITDA	42,589	42,552	36
Amortisation, depreciation & write-downs	(16,057)	(14,032)	(2,025)
EBIT	26,532	28,520	(1,989)
Interest and other financial income (charges)	452	(663)	1,115
Net financial charges	452	(663)	1,115
Investment income/(charges)	-	-	-
Profit before taxes	26,984	27,857	(874)
Current and deferred taxes	3	(2,020)	2,024
Group & minority interest net profit	26,987	25,837	1,150

Balance Sheet

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

	Dec. 31, 2019	Dec. 31, 2018	Change
Tangible assets and investment property	101,091	92,260	8,832
Right-of-use	9,444	-	9,444
Goodwill	61,005	61,005	-
Intangible assets with definite life	122,273	116,954	5,319
Investments	7,766	8,138	(372)
Total fixed assets	301,579	278,357	23,222
Net working capital	(40,559)	(30,957)	(9,602)
Other non-current assets	78,295	66,521	11,774
Other non-current liabilities	(134,185)	(122,453)	(11,732)
Net deferred tax assets	77,784	76,150	1,634
Provisions for risks and charges	(31,892)	(15,864)	(16,029)
Employee benefits	(11,189)	(10,706)	(482)
Net capital employed	239,834	241,049	(1,215)
Non-current financial assets	6,106	5,812	294
Net capital employed & Non-current financial assets	245,940	246,861	(921)
Net Financial Position	57,943	49,126	8,817
Equity	(303,883)	(295,986)	(7,896)
Source of funds	(245,940)	(246,861)	921

Financial position

The table below illustrates the net financial position (in Euro thousands):

	Dec. 31, 2019	Dec. 31, 2018	Change
Cash and cash equivalents	144,303	108,435	35,868
(A) Liquidity	144,303	108,435	35,868
(B) Current financial assets	-	-	-
(C) Total current financial assets (A+B)	144,303	108,435	35,868
Current financial payables to companies under joint control	(28,749)	(19,249)	(9,500)
(D) Current financial liabilities	(28,749)	(19,249)	(9,500)
Current portion of non-current bank payables	(8,075)	(60)	(8,015)
(E) Current portion of non-current financial payables	(8,075)	(60)	(8,015)
(F) Current financial debt (D+E)	(36,824)	(19,309)	(17,515)
(G) Net Current Financial Position (C+F)	107,479	89,126	18,353
Non-current portion of bank payables	(42,000)	(40,000)	(2,000)
(H) Non-current financial debt	(42,000)	(40,000)	(2,000)
(I) Net financial position before lease liabilities (G-H)	65,479	49,126	16,353
- Current lease liabilities	(2,647)		(2,647)
- Non-current financial payables for leasing	(4,889)		(4,889)
(J) Total lease liabilities	(7,536)	-	(7,536)
(K) Net financial position after lease liabilities (I-J)	57,943	49,126	8,817

Fine Comunicato n.1771-40

Numero di Pagine: 13