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Societa' : Aquafil S.P.A.
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Regolamentata
Nome utilizzatore : AQUAFILNSS02 - Tonelli
Tipologia : 1.1
Data/Ora Ricezione : 11 Marzo 2021 17:38:24
Data/Ora Inizio : 11 Marzo 2021 17:38:25
Diffusione presunta
Oggetto : The Board of Directors approved the
Company's operating and financial results
at December 31, 2020

Testo del comunicato

Vedi allegato.



**THE ABILITY TO REACT IN CHALLENGING, UNCERTAIN CONTEXTS AND
THE VALIDITY OF THE PURSUIT OF CIRCULARITY HAVE BEEN CONFIRMED IN 2020**

FINANCIAL RESULTS IN LINE WITH THE GROUP'S EXPECTATIONS

**INTEGRATION IN COLLECTION OF END-OF-LIFE-CYCLE CARPETS
WITH THE ACQUISITION OF PLANET RECYCLING¹**

**VOLUME RECOVERY TREND CONFIRMED
IN THE FIRST MONTHS OF 2021**

MAIN INDICATORS AT DECEMBER 31, 2020:

- **Revenues: €436.6 million (-20.5%) compared to €549 million in 2019, attributable both to the demand decline due to the effects of the pandemic and the decrease in the average price tied to the evolution of raw materials (approximately -12% in terms of “volumes sold” related to the “first choice” revenues²**
- **EBITDA³: €58.4 million (-15.9%) compared to €69.4 million in 2019, thanks to the countermeasures adopted and the benefits of the efficiency enhancing activities undertaken in 2019 (-22.8% net of the U.S. anti-pandemic supporting measures)⁴**
- **Net result: €0.6 million compared to €9.0 million in 2019 due to the impact on profitability, the significant revenue decrease and higher amortization and depreciation**
- **Net Financial Position: €218.7 million at December 31, 2020, improving by 12.4% compared to €249.6 million in 2019, thanks to the activities aimed at increasing efficiency of net working capital and investment control; the NFP/EBITDA ratio was 3.748**
- **“Volumes sold” at the end of February 2021: approximately -2%, bearing in mind that the same period of 2020 had not yet been impacted by the outbreak of the pandemic**

¹ On December 15, 2020 through its subsidiary Aquafil USA Inc., the Group closed an investment of approximately €2.8 million in Planet Recycling Inc. through Aquafil Carpet Recycling LCC, specialized in the recovery of post-consumer carpets and rugs. In 2020, the company contributed USD 27,384 (€23,978) to the Group's total revenues.

² It bears recalling that “first choice” revenues are revenues generated by the sale of fibers and polymers, gross of any adjustments (e.g., discounts and allowances), but excluding revenues generated by “non-first choice products”, revenues generated by Aquafil Engineering GmbH and “other revenues”. They traditionally account for over 95% of the Group's consolidated revenues.

³ EBITDA and Adjusted EBIT are calculated as per the table in Appendix 1 to this press release.

⁴ Reference is made to the supporting measures promoted by the US Government known as “Paycheck Protection Program (PPP Loan) amounting to USD 5.6 million (€4.7 million), which had been initially issued, pursuant to applicable regulations, in the form of a loan and then transformed into an outright grant by the Group in the fourth quarter.



Arco, March 11, 2021 — The Board of Directors of Aquafil S.p.A. [ECNL:IM] approved the Company's operating and financial results at December 31, 2020.

Giulio Bonazzi, Chairman and Chief Executive Officer, stated:

"I am very proud of the responsiveness that Aquafil has shown in a context completely different from our expectations and managed to find a balance between the confirmation of the strategic path towards "circularity" and the commitment to improve the financial economic results achieved in 2020.

We have placed at the centre of our action the continuity of operations based on protecting our employees' health and continuing to be a partner of reference for our customers. We have succeeded thanks to the strength and cohesion we have developed over time by facing several critical moments, caused by very different reasons, focusing on our strengths and our strategic direction. That is why I am convinced that this has been one of the best reactions the Group could have had.

For the financial year that has just begun, which will still be characterized by a high level of uncertainty and therefore requires all the necessary prudence, we expect to continue the recovery and reinforcement undertaken in 2020, carefully following market developments in order to coherently modulate development activities oriented to the entire value chain of the market where we operate. From the improvement of the know-how to production technologies and the final applications of our products, so that the Group continues to represent a concrete model of circularity, as the relationship with the Itochu Group demonstrates."

2020 operating results

Revenues

The evolution of the Group's revenues from one reporting period to another may also be significantly influenced by the performance of raw materials prices, which is reflected in final sales prices through predefined contractual mechanisms. Accordingly, to ensure a proper understanding of its results, the Group has also decided to present its revenue performance in terms of "volumes sold" in reference to "first choice revenues".

In 2020, the Group's consolidated revenues amounted to €436.6 million compared to €549.0 million for the previous year, down 20.5% overall and 22.8% on a like-for-like consolidation basis⁵. The significant decline in revenues was due to the outbreak of the pandemic and the resulting lockdown measures, the impact of which was greatest in the second quarter, due to the severity of the preventive measures adopted in the various geographical areas where the Group operates. The gradual easing of these measures enabled a constant, overall recovery, the speed of which varied by the sector of application and geographical area concerned. This trend was particularly clear in the fourth quarter, which saw a decline in revenues of 16% to €108.7 million, and above all a sales mix with a lower weight of BCF — particularly in the contract sector of application⁶ — and higher weight of Polymers.

⁵ Excluding the effects of the acquisition of the company O'Mara Incorporated, consolidated effective June 1, 2019, and Planet Recycling Inc, consolidated effective December 15, 2020.

⁶ This term refers to textile flooring for work environments and, in general, large surfaces with high foot traffic.

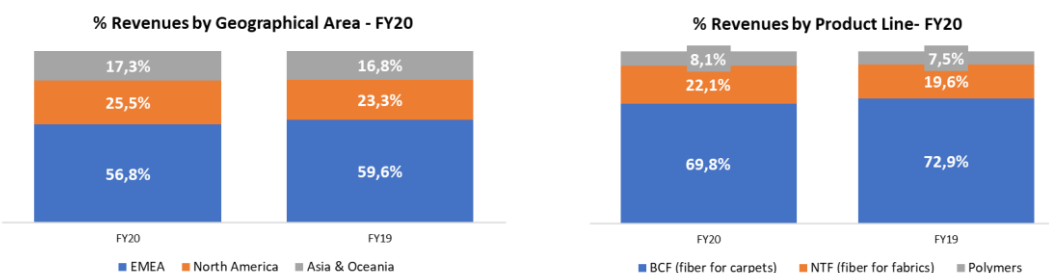


In terms of “volumes sold”, the decline for the year was approximately 12%: in terms of quantities, the highest reduction was reported in the second quarter, followed by a gradual recovery that translated into a volume growth of about 3% in the fourth quarter.

The difference in the reduction of revenues and “volumes sold” was attributable to the decrease in the “average sales price” tied to the overall decline of the raw material sales price and to the evolution of the business lines’ sales mix.

In detail, sales performance by geographical area and product line is reported below:

	BCF (fiber for carpets)				NTF (fiber for fabrics)				Polymers				TOTAL			
	FY20	FY19	Δ	Δ%	FY20	FY19	Δ	Δ%	FY20	FY19	Δ	Δ%	FY20	FY19	Δ	Δ%
EMEA	150,9	203,9	(53,0)	(26,0)%	67,2	87,9	(20,7)	(23,5)%	29,8	35,5	(5,6)	(15,9)%	247,9	327,2	(79,3)	(24,2)%
North America	80,6	106,1	(25,5)	(24,0)%	25,2	16,4	8,8	53,9%	5,4	5,4	0,1	1,4%	111,3	127,9	(16,6)	(13,0)%
Asia & Oceania	72,8	89,8	(16,9)	(18,9)%	2,7	1,9	0,8	42,5%	0,2	0,5	(0,4)	(70,0)%	75,7	92,2	(16,5)	(17,9)%
RoW	0,5	0,2	0,3	N.A.	1,3	1,5	(0,2)	(14,0)%		0,0	(0,0)	N.A.	1,8	1,7	0,1	5,6%
TOTAL	304,9	400,0	(95,1)	(23,8)%	96,4	107,7	(11,3)	(10,4)%	35,4	41,3	(5,9)	(14,3)%	436,7	549,0	(112,3)	(20,5)%



In **EMEA**, revenues for the year amounted to €247.9 million, down 24.2% compared to 2019. This macro-area was particularly affected by the impacts of the pandemic from the standpoint of the lockdown measures implemented by the various governments and, once the previous measures were reduced, by the persistent influence on the sectors of application, and BCF in particular. The fourth quarter reported a 19.9% decline in revenues. It should be noted that “volumes sold” dropped by approximately 15% for the full year but increased slightly (about 1%) in the fourth quarter thanks to the polymers’ sales.

An analysis by product line shows that:

- the BCF line’s revenues decreased by 26% in 2020 and by 27.7% in the fourth quarter (in terms of “volumes sold”, the decline was approximately 22% and about 15%, respectively): the change mainly reflected the trend of the contract sector of application, the most severely impacted by the pandemic due to the limitations to people’s mobility;
- the NTF line’s revenues declined by 23.5% overall and by 24.9% in the fourth quarter (in terms of “volumes sold”, the decline was approximately 21% and about 17%, respectively): this result was attributable to the demand decrease in the markets of reference;
- the Polymers line’s revenues decreased by 15.9% in the full year and by 27.8% in the fourth quarter, exclusively due to the effect of the “average sales price” (in fact, in terms of “volumes sold”, the line grew by almost 7% in 2020 and by approximately 53% in the fourth quarter).



In **North America**, revenues for the year amounted to €111.3 million, down 13% on the total figure and 22.8% on a like-for-like consolidation basis, with the first half of the year more penalized by the impact of the pandemic and, albeit to a far lower extent, by the comparison with the 2019 year-start, in which the Group had benefited from the withdrawal of a major competitor from the automotive sector. The recovery in this macro-area was slower and, consequently, the fourth quarter reported a 14.8% decline due to the weakness of the BCF line. “Volumes sold” dropped by nearly 7% in the full year and by approximately 3% in the fourth quarter.

In detail, the different product lines showed the following performances:

- i. the BCF line’s revenues decreased by 24.0% on an annual basis and by 23.5% in the fourth quarter (in terms of “volumes sold”, the annual decline was nearly 20% overall and approximately 13% in the fourth quarter): the increase reflected the recovery of the automotive sector;
- ii. the NTF line's revenues grew by 53.9% on an annual basis and by 8.6% in the fourth quarter (in terms of “volumes sold”, the increase was about 53% and about 8% in the fourth quarter): while the full year benefited from the finalization of the consolidation of Aquafil O’Mara, the result for the fourth quarter was attributable to the recovery reported in the residential sector, where the subsidiary’s products are sold.

In **Asia Oceania**, sales amounted to €75.7 million in 2020, down 17.9%⁷: this reduction was 3.8% in the fourth quarter of the year.

In this macro-area as well, the impact was concentrated in the second quarter due to the extremely strict containment measures in Oceania; the recovery of activities in this region and in China — thanks to the automotive sector — allowed the Group to achieve its most significant recovery. This trend is particularly clear in the amount of “volumes sold”, which dropped by nearly 7% in the full year, to then grow by almost 23% in the fourth quarter.

In 2020, the revenues generated from the **ECONYL® brand** declined by 21.8%, with a 27.9% reduction in the fourth quarter. As reported in the previous quarters of the year, the influence of the pandemic on this type of fibers manifested with different timing than for the Group’s other revenues, with a lower decline in the early months and a slower recovery late in the year. This reflects the importance of the various product lines and sectors of application in which ECONYL® is in demand, with a continuing marked prevalence of the BCF business line and of the contract sector of application in particular. Accordingly, the ratio to the Group’s total revenues⁸ was 36.9% for the year (37.5% in 2019) and 33.2% in the fourth quarter (37.8% in 2019).

⁷ It bears recalling that this macro-area also includes almost all the revenues of Aquafil Engineering GmbH, which designs and manufactures industrial chemical plants and earns substantially all its revenues in this macro-area. In 2020, revenues from these activities totaled €3.1 million, down 51.3% due to the impact of the pandemic. Net of the latter, revenues for the year dropped by 15.4%.

⁸ Ratio calculated based solely on the Group’s revenues generated by fibers, which traditionally account for approximately 90% of total revenues.



EBITDA

In 2020, the Group's EBITDA was €58.4 million compared to €69.4 million for the previous year, down 15.9% overall (-22.8% net of the PPP Loans) and 20.4% on a like-for-like consolidation basis. The ratio to revenues went: 1) from 12.6% to 13.4% of total (to 12.3% excluding the U.S. contributions); and 2) from 12.6% to 13.0% on a like-for-like consolidation basis. The benefits arising from the efficiency-building activities launched in 2019 (€11.3 million) and above all the countermeasures implemented by the Group at the outbreak of the pandemic (€15.9 million⁹) mitigated the significant impact (€38.2 million) of the revenue decline on profitability.

In the fourth quarter of 2020, EBITDA was €18.3 million, up 26.1% compared to the same period of 2019 and with a ratio to revenues of 16.8% (11.2% in the same period of the previous year). It was during this quarter that the Group recorded the conversion of its PPP loans: net of them, profitability would have declined by 6.8% during the quarter and margins would have been 12.4% rather than the previously indicated 11.2%. This despite the fact that the recovery of revenues seen was characterized by a less favorable sales mix, due above all to the slower recovery of the BCF business line.

EBIT

EBIT for the year was €5.9 million, down €11.5 million (-66.1%) compared to €17.4 million in 2019.

This result was mainly attributable, on the one hand, to the marked EBITDA reduction (€11.1 million) and the increase in amortization and depreciation for the previous two-year period (€6.2 million, of which €2.3 million relating to the consolidation of O'Mara Incorporated) and, on the other, to lower non-recurring charges (€5 million)¹⁰

Net financial charges

Net financial charges amounted to €(5.9) million, increasing by 14.7% compared to €(6.9) million for the previous year, which had benefited from a €1 million non-recurring income¹¹.

Net interest expenses rose from €6.4 million to €7.6 million, up 19.7% (+2.3% net of the aforementioned income) due to the full impact of the increase of bond interest rates and the Group's decision to allocate higher liquid financial resources to better face the liquidity risk triggered by the pandemic.

The management of the currency component positively contributed to the result thanks to a €1.8 million net income (negative for €0.5 million in the previous year).

⁹ This includes the various anti-pandemic subsidies received by the Group through the various specific instruments, among which the already-mentioned US subsidies and the Slovenian subsidies (€2.2 million) received almost entirely in the first half of the year.

¹⁰ In 2020, non-recurring charges amounted to €5.4 million compared to €10.4 million for the previous year: the main changed items were the charges related to M&As (€0.4 million compared to €1.5 million in 2019), the costs tied to the completion of the ACR#1 and #2 plants (€2.4 million compared to €3.1 million in 2019), and the charges associated with the organizational restructuring (€1.9 million compared to €4.2 million in 2019).

¹¹ It should be noted that said income related to the recalculation of interest expenses on the property lease contract of Aquafil S.p.A. Net of this income, net financial charges for 2019 would have been €(7.9) million, and the improvement compared to the previous year would have been 26.4%.

Income taxes

Income taxes were positive for €0.5 million compared to €1.5 million in 2019, as a result of lower profit before taxes, which impacted the current and deferred components of taxes.

Net profit

Net profit fell to €0.6 million in 2020 compared to €9 million in the previous year (-93.4%), mainly as a result of the decline in margins due to the outbreak of the pandemic and higher amortization and depreciation.

Consolidated capital and financial indicators at December 31, 2020

Investments and acquisitions

During the year of 2020, net investments amounted to €26.7 million¹², significantly decreasing (-51.6%) compared to €55.1 million for the previous year. This reduction reflected, on the one hand, the conclusion of the intensive investment program implemented during the past two-year period (2018-2019) and, on the other hand, the decision of the Group to slow down investments that are not strictly necessary to the Company's operations in light of the current situation. The resources were mainly put towards upgrading and improving plant technology, with a particular focus on production efficiency, and, to a much lesser extent, to continuing to improve ECONYL[®] production capacity.

With regard to M&As, 2020 saw the acquisition of the activities of Planet Recycling Inc. for a total amount of approximately €2.8 million, whereas in 2019 Aquafil O'Mara was acquired for an overall consideration of approximately €36 million.

Net working capital

Net working capital decreased from €124.0 million at December 31, 2019 to €94.7 million, down €29.3 million. This improvement was chiefly attributable to a significant reduction of inventories, thanks both to the efficient inventory management and, above all, the decline in raw material prices.

Net Financial Position

At December 31, 2020, net financial position amounted to €218.7 million, improving by €30.8 million (-12.4%) compared to €249.6 million at December 31, 2019. Even in such a complex scenario, the Group's activities enabled a significant reduction in debt, due to the €46.8 million in cash generated by operating activities and the reduction in net working capital (inclusive of conversion entries) of €21.4 million, which was more than enough to finance the net investments (€26.7 million), the payment of financial charges (€7.6 million) and taxes (€0.3 million).

¹² The total amount of €30.2 million included €3.5 million referring to changes in assets recognized in accordance with IFRS 16.



At the end of the previous year, in view of its financial structure the Group set itself the primary goal of improving its net financial position and consequently improving its consolidated NFP/EBITDA ratio, by also leveraging its recouped profitability. The outbreak of the pandemic further focused the Group on this objective, while also adding the goal of ensuring full solvency in a situation of widespread crisis. The result was a plan of action, the implementation of which resulted in the achievement of some fundamental results at year-end:

- the aforementioned improvement in NFP of 12.4%;
- the containment of the increase in the consolidated NFP/EBITDA ratio, which rose from 3.6x to 3.748x, despite the significant decline in profitability;
- a constant increase in liquidity, which rose from €90.4 million as at December 31, 2019 to €209.0 million at December 31, 2020.

Events Subsequent to December 31, 2020

On February 12, 2021:

- the ITOCHU Corporation Group and Aquafil S.p.A. announced the signing of a memorandum of understanding to establish a strategic partnership to promote and expand the circular nylon manufacturing business, from recovery of scrap nylon to the development, manufacture and sale of nylon products under the ECONYL® brand inspired by the common commitment to a sustainable future;
- Aquafil Japan Co., Ltd., based in Tokyo, 100% owned by Aquafil S.p.A., was formed; it will transform and market polymers and synthetic fibers on the Japanese market.

On February 17, 2021 Fabrizio Calenti, Chief Executive Officer of Aquafil S.p.A., resigned for personal reasons with effect from June 30, 2021, resigning from all other positions with the Group with effect from that same date. The process of identifying a candidate suited to replace Mr. Calenti within the Board of Directors of Aquafil S.p.A. has begun.

Outlook

The recovery continued in the first two months of 2021, despite significant continuing uncertainty and variability with regard to both the course of the pandemic situation, due to the spread of the new strains and the timing of vaccinations in many countries worldwide, and the economic scenario.

Following a decline in “first choice” volumes of approximately 12% in the year of 2020, at the end of February 2021 the decline was just slightly over 2%: it bears recalling that the Group’s activities had not yet been impacted by the pandemic in the same months of the previous year.

On the basis of the currently available data and information and assuming that the economic climate continues to develop in a manner consistent with the second half of 2020, in 2021 the Group expects:



- revenue growth in comparison to 2020 that drives a partial recovery with respect to 2019: the Group will focus its sales efforts on recovery in terms of both volumes and sales mix, with a particular emphasis on ECONYL®;
- a recovery in terms of profitability due to the expected volume growth, a sales mix consistent with expectations and consolidation of part of the benefits of the anti-pandemic measures adopted by the Group;
- an improvement of the NFP/EBITDA ratio due to both the previous recovery of profitability and the constant focus on managing net working capital and investments, safeguarding the Group's ability to adapt to changes in its target markets.

* * *

Update on COVID-19 emergency measures

The Group reacted promptly and effectively to the outbreak of the pandemic emergency, implementing a plan of action that enabled it to protect the health and safety of its employees, while maintaining operating continuity at its offices and production facilities and also mitigating the adverse impacts on its economic and financial performance.

In detail, the rapid adaptation of operations and logistics at its sites, made possible by the direct experience gained starting in January 2020 at the Chinese facility in Jiaxing, and the use of remote working allowed the Group to protect the health and safety of employees while ensuring continuity of operation.

The countermeasures adopted by the Group to mitigate the impacts on financial performance focused on:

- maintaining business continuity in a fully safe manner to minimize the impact on fixed costs;
- reducing labor costs through specific countermeasures, the use of redundancy measures and other support mechanisms made available by the various national governments;
- the suspension of discretionary costs;
- strict working capital management;
- control of investments not strictly necessary to business continuity;
- strengthening of credit risk mitigation activities.

Finally, the Group decided to retain all its 2019 earnings.

* * *

Distribution of dividend

In view of the persistent pandemic-related uncertainty, the Board of Directors has adopted a prudential approach and proposed not distributing a dividend, but rather retaining the earnings for the year 2020.



Non-Financial Declaration of the consolidated financial statements

During today's meeting, the Board of Directors also approved the Non-Financial Declaration of the consolidated financial statements at 31 December 2020, prepared in accordance with Legislative Decree No. 254/2016 on the disclosure of non-financial information. This document represents both the response to the Decree relating to the disclosure of non-financial information and Aquafil's Sustainability Report and represents an opportunity to inform all the Company's stakeholders of progress in the areas of its sustainability commitments.

Procedures for assessing the independence of Directors verified by the Board of Statutory Auditors

At its meeting on March 5, 2021 the Board of Statutory Auditors assessed whether the Board of Directors had properly applied the procedures for assessing the independence of the Independent Directors pursuant to the Corporate Governance Code and completed its self-evaluation duties.

* * *

Declaration of the appointed manager

"The Manager responsible for preparing the Company's financial reports, Sergio Calliari, declares, pursuant to Paragraph 2 of Article 154-*bis* of the Consolidated Finance Law, that the accounting information contained in this press release corresponds to the company's records, ledgers and accounting entries."

* * *

This press release contains forward-looking statements. These statements are based on the Aquafil Group's current expectations and projections regarding future events and are, by their very nature, subject to a number of risks and uncertainties. These statements refer to events and depend on circumstances that may or may not occur or take place in the future, and, as such, undue reliance should not be made on them. Actual performance could differ significantly from the contents of such statements due to a variety of factors, including constant volatility and a further deterioration of capital and financial markets, changes in macroeconomic conditions and economic growth and other changes in business conditions, changes in the law and institutional context (in Italy and internationally), and many other factors, most of which are beyond the Group's control.

* * *

Aquafil is a pioneer in the circular economy also thanks to the ECONYL® regeneration system, an innovative and sustainable process able to create new products from waste and give life to an endless cycle. The nylon waste is collected in locations all over the world and includes industrial waste but also products – such as fishing nets and rugs – that have reached the end of their useful life. Such waste is processed to obtain a raw material – caprolactam – with the



same chemical and performance characteristics as those from fossil sources. The polymers produced from ECONYL® caprolactam are distributed to the Group's production plants, where they are transformed into yarn for rugs carpet flooring and for clothing.

Founded in 1965, Aquafil is one of the main producers of nylon in Italy and worldwide. The Group is present in seven countries and in three different continents, with over 2,800 employees at 16 production sites located in Italy, Scotland, Slovenia, Croatia, Unites States, Thailand and China.

For further information

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Appendix 1 – Consolidated Income Statement

CONSOLIDATED INCOME STATEMENT	December 2020	of which non-	December 2019	of which non-	Fourth Quarter 2020	of which non-	Fourth Quarter 2019	of which non-
Revenue	436.602	458	548.955		108.672	171	129.418	
<i>of which related parties</i>	53		58		(27)	-	29	
Other Revenue	10.265	213	2.555	229	5.943	131	963	117
Total Revenue and Other Revenue	446.867	671	551.509	229	114.615	303	130.380	117
Raw Material	(209.825)	(101)	(282.841)	(124)	(50.345)	(37)	(65.634)	(8)
Services	(86.067)	(2.087)	(100.412)	(3.584)	(22.558)	(394)	(24.825)	(201)
<i>of which related parties</i>	(446)		(491)		(127)	-	(148)	
Personel	(101.867)	(3.056)	(113.281)	(5.849)	(26.103)	(1.200)	(28.540)	(703)
Other Operating Costs	(4.430)	(828)	(4.194)	(1.129)	(1.048)	(38)	(1.491)	(396)
<i>of which related parties</i>	(70)		(70)		(17)	-	(32)	
Depreciation and Amortization	(43.600)		(37.765)		(11.094)	-	(11.793)	
Doubtful debt prevision	(632)		(325)		462	-	(196)	
Provisions for risks and charges	(346)		(230)		108	-	(123)	
Capitalization of Internal Construction Costs	5.830		4.927		1.731	-	2.643	
EBIT	5.929	(5.402)	17.389	(10.457)	5.768	(1.367)	422	(1.192)
Other Financial Income	352	-	1.195	1.082	(1)	-	75	
Interest Expenses	(7.982)		(7.573)		(1.845)	-	(1.337)	
<i>of which related parties</i>	(226)		(252)		(49)	-	(120)	
FX Gains and Losses	1.780		(488)		(876)	-	(1.884)	
Profit Before Taxes	79	(5.402)	10.524	(9.375)	3.046	(1.367)	(2.723)	(1.192)
Income Taxes	517	-	(1.519)	750	449	-	2.195	750
Net Profit (Including Portion Attr. to Minority)	595	(5.402)	9.005	(8.625)	3.494	(1.367)	(528)	(442)
Net Profit Attributable to Minority Interest	0		0		-	-	-	
Net Profit Attributable to the Group	595		9.005		3.494	-	(528)	

Appendix 2 – EBITDA and Adjusted Operating Results

RECONCILIATION FROM NET PROFIT TO EBITDA €/000	December 2020	December 2019	Fourth Quarter 2020	Fourth Quarter 2019
Net Profit (Including Portion Attr. to Minority)	595	9.005	3.494	(529)
Income Taxes	(517)	1.519	(449)	(2.195)
Amortisation & Depreciation	43.600	37.765	11.094	11.793
Write-downs & Write-backs of intangible and tangible assets	978	555	(570)	318
Financial items (*)	8.297	10.108	3.344	3.916
No recurring items (**)	5.402	10.457	1.367	1.192
EBITDA	58.356	69.408	18.281	14.497
Revenue	436.602	548.955	108.672	129.418
EBITDA Margin	13,4%	12,6%	16,8%	11,2%

RECONCILIATION FROM EBITDA TO EBIT ADJUSTED €/000	December 2020	December 2019	Quarto Trimestre 2020	Fourth Quarter 2019
EBITDA	58.356	69.408	18.281	14.497
Amortisation & Depreciation	43.600	37.765	11.094	11.793
Write-downs & Write-backs of intangible and tangible assets	978	555	(570)	318
EBIT Adjusted	13.778	31.088	7.757	2.385
Revenue	436.602	548.955	108.672	129.418
EBIT Adjusted Margin	3,2%	5,7%	7,1%	1,8%

(*) The financial items include: (i) financial income of Euro 0.4 million and Euro 1.2 million respectively in the periods ending December 31, 2020 and December 31, 2019 (ii) financial charges and other other bank charges of Euro 8.0 million and Euro 7.6 million respectively in the periods ending December 31, 2020 and December 31, 2019, (iii) cash discounts of Euro 2.5 million end Euro 3.2 million respectively in the periods ending December 31, 2020 and December 31, 2019, and (iv) exchange gains of Euro 1.8 million and exchange loss of Euro 0.5 million respectively in the periods ending Decemeber 31, 2020 and Decemeber 31, 2019.

(**) This includes (i) non-recurring charges related to the expansion of the Aquafil Group for Euro 0.4 million and Euro 1.5 million respectively in the periods ending December 31, 2020 and December 31, 2019, (ii) non-recurring ECONYL* development charges of Euro 2.4 million and Euro 3.1 million respectively in the period ending December 31, 2020 and December 31, 2019 (iii) non-recurring industrial charges of Euro 1.0 million in the period ending December 31, 2019 (iv) restructuring charges of Euro 1.9 million and Euro 4.2 million respectively in the periods ending December 31, 2020 and December 31, 2019 and (v) other non-recurring charges of Euro 0.7 million and Euro 0.7 million respectively in the periods ending December 31, 2020 and December 31, 2019.

Appendix 3 – Consolidated Balance Sheet

CONSOLIDATED BALANCE SHEET €/000	At December 31, 2020	At December 31, 2019
Intangible Assets	23.578	21.101
Goodwill	13.600	13.029
Tangible Assets	229.495	251.492
Financial Assets	650	765
<i>of which related parties</i>	318	313
Other Assets	1.336	2.189
Deferred Tax Assets	14.563	13.636
Total Non-Current Assets	283.223	302.212
Inventories	150.920	184.931
Trade Receivable	22.015	24.960
<i>of which related parties</i>	66	69
Financial Current Assets	834	1.637
Current Tax Receivables	1.772	1.639
Other Current Assets	11.981	12.126
<i>of which related parties</i>	3.187	2.231
Cash and Cash Equivalents	208.954	90.400
Asset held for sales	-	428
Total Current Assets	396.475	316.120
Total Current Assets	679.698	618.332
Share Capital	49.722	49.722
Reserves	92.585	81.813
Group Net Profit for the year	(15.411)	10.799
Group Shareholders Equity	126.897	142.335
Net Equity attributable to minority interest	1	1
Net Profit for the year attributable to minority interest	-	-
Total Shareholders Equity	126.897	142.336
Employee Benefits	5.969	5.721
Non-Current Financial Liabilities	352.560	286.970
<i>of which related parties</i>	5.406	9.624
Provisions for Risks and Charges	1.506	1.508
Deferred Tax Liabilities	11.761	10.915
Other Payables	11.848	15.383
Total Non-Current Liabilities	383.644	320.497
Current Financial Liabilities	75.964	54.733
<i>of which related parties</i>	3.361	3.572
Current Tax Payables	1.189	1.127
Trade Payables	69.168	76.089
<i>of which related parties</i>	403	127
Other Liabilities	22.835	23.551
<i>of which related parties</i>	230	236
Total Current Liabilities	169.157	155.499
Total Equity and Liabilities	679.698	618.332

Appendix 4 – Consolidated Cash Flow Statement

CASH FLOW STATEMENT €/000	At December 31, 2020	At December 31, 2019
Operation Activities		
Net Profit (Including Portion Attr. to Minority)	595	9.005
<i>of which related parties</i>	<i>(689)</i>	<i>(755)</i>
Income Taxes	(517)	1.519
Financial income	(352)	(1.195)
Financial charges	7.982	7.573
<i>of which related parties</i>	<i>(226)</i>	<i>(252)</i>
FX (Gains) and Losses	(1.780)	488
(Gain)/Loss on non - current asset Disposals	(162)	(476)
Provisions & write-downs	978	555
Amortisation, depreciation & write-downs	43.600	37.770
Net variation non-monetary increase IFRS16	(3.541)	(901)
Cash Flow from Operating Activities Before Changes in NWC	46.805	54.336
Change in Inventories	34.187	10.177
Change in Trade and Other Payables	(6.920)	(32.905)
<i>of which related parties</i>	<i>276</i>	<i>(635)</i>
Change in Trade and Other Receivables	2.599	12.975
<i>of which related parties</i>	<i>3</i>	<i>(3)</i>
Change in Other Assets/Liabilities	(7.510)	5.440
<i>of which related parties</i>	<i>(1.076)</i>	<i>(366)</i>
Net Interest Expenses paid	(7.631)	(6.377)
Income Taxes paid	(326)	(2.548)
Change in Provisions for Risks and Charges	(945)	(830)
Cash Flow from Operating Activities (A)	60.258	40.267
Investing activities		
Investment in Tangible Assets	(21.851)	(48.196)
Disposal of Tangible Assets	1.121	1.017
Investment in Intangible Assets	(6.020)	(7.876)
Disposal of Intangible Assets	80	2
Business Purchases	(2.771)	(36.076)
<i>of which Asset</i>	<i>(922)</i>	<i>(18.687)</i>
<i>of which Goodwill</i>	<i>(1.673)</i>	<i>(13.029)</i>
<i>of which cash</i>	<i>-</i>	<i>116</i>
<i>of which other assets and liabilities</i>	<i>(176)</i>	<i>(4.476)</i>
Disposal of Financial Assets	(5)	-
Cash Flow used in Investing Activities (B)	(29.445)	(91.130)
Financing Activities		
Increase in no current Loan and borrowing	105.000	103.000
Decrease in no current Loan and borrowing	(12.485)	(45.425)
Net variation in current financial Assets and Liability	(4.774)	(7.317)
<i>of which related parties</i>	<i>(4.428)</i>	<i>1.275</i>
Dividends Distribution	-	(12.273)
<i>of which related parties</i>	<i>-</i>	<i>(7.316)</i>
Cash Flow from Financing Activities (C)	87.741	37.985
Net Cash Flow of the Year (A)+(B)+(C)	118.554	(12.877)

Appendix 5 – Net Financial Debt

NET FINANCIAL DEBT €/000	At December 31, 2020	At December 31, 2019
A. Cash	208.954	90.400
B. Other cash equivalents	-	-
C. Securities held-for-trading	-	-
D. Liquidity (A + B + C)	208.954	90.400
E. Current financial receivables	834	1.637
F. Current bank loans and borrowing	(131)	(129)
G. Current portion of non-current loans and borrowing	(67.480)	(46.056)
H. Other current loans and borrowing	(8.353)	(8.547)
I. Current financial debt (F + G + H)	(75.964)	(54.733)
J. Net current financial debt (I + E+ D)	133.824	37.304
K. Non-current bank loans and borrowing	(240.940)	(169.796)
L. Bonds issued	(90.406)	(90.458)
M. Other non-current loans and borrowing	(21.214)	(26.619)
N. Non-current financial debt (K + L + M)	(352.560)	(286.874)
O. Net financial debt (J+N)	(218.736)	(249.570)

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