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Informazione Regolamentata n. 1771-4-2021	Data/Ora Ricezione 19 Marzo 2021 16:57:59	MTA - Star
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Societa' : Avio Spa
Identificativo : 143861
Informazione
Regolamentata
Nome utilizzatore : AVION04 - Spaziani
Tipologia : 2.4; 1.1; REGEM; 2.2
Data/Ora Ricezione : 19 Marzo 2021 16:57:59
Data/Ora Inizio : 19 Marzo 2021 16:58:01
Diffusione presunta
Oggetto : AVIO 2020 RESULTS

<i>Testo del comunicato</i>

Vedi allegato.



FY 2020 RESULTS

2020 RESULTS IN LINE WITH COMPANY GUIDANCE, BACKLOG AND CASH IMPROVED VEGA TO LAUNCH AGAIN IN APRIL

- Net Revenues: Euro 322 million (-12.6% on 2019)
- Adjusted EBITDA: Euro 43.3 million (in line with 2019)
- Reported EBITDA: Euro 35.2 million (-17.4% on 2019)
- Adjusted EBIT: Euro 24 million (-14.1% on 2019)
- Reported EBIT: Euro 15.9 million (-40.1% on 2019)
- Net Profit: Euro 14.9 million (-44.9% on 2019)
- Backlog: Euro 736 million (+10.1% on December 31, 2019)
- Net Cash Position: Euro 62.6 million (+8.1% on December 31, 2019)

Rome, March 19, 2021 – The Board of Directors of Avio S.p.A. today reviewed and approved the financial statements of Avio S.p.A. as of December 31, 2020.

Avio, a leading aerospace enterprise listed on the STAR segment of the Italian Stock Exchange reports **net revenues** for 2020 of **Euro 322 million, decreasing 12.6%** on the previous year and **essentially in line with the 2020 Guidance of Euro 325-345 million**. The reduction in revenues is mainly driven by the impacts of the COVID-19 pandemic on the ability to execute. The slowdown in production activities has been primarily caused by the postponements of the VV16 Vega flight from March to September 2020 due to the restriction of access to the launch base in French Guiana. The pandemic also caused a general slowdown in the development activities by the European supply chain. Subsequently, the VV17 Vega flight was executed in November 2020, resulting in a major flight anomaly which caused further delays to the business activities.

Reported EBITDA of Euro 35.2 million, in line with the 2020 Guidance provided in September 2020 of Euro 34-36 million and decreasing 17.4% on the previous year due to massive and unpredictable non-recurring costs (Euro 8.1 million in 2020 vs. 1.4 million in 2019) derived by the COVID-19 pandemic principally including increased launch mission costs, facilities sanitation and individual protection equipment. Adjusted EBITDA, excluding not-recurring costs, is **substantially in line with prior year** (Euro 43.3 million vs 44 Euro million in 2019).

Net profit of Euro 14.9 million (-44.9% on 2019), **slightly below the 2020 Guidance (16-19 Euro million)**, primarily due to **higher depreciation** related to the start of exploitation of the new P120 (for Ariane 6 and Vega C) and Zefiro 40 (Vega C) assets.

The Net Order Backlog of Euro 736 million as of December 31, 2020 was well above Guidance indications (Euro 650-680 million) and increased from 2019, principally for the contractualization of several development contracts from the ESA Seville Ministerial

Council of November 2019, including the Space Rider program. Avio has also signed an initial agreement with Arianespace for the production of the **next batch of 10 Vega C launchers for the period 2023-2026**, thus extending the visibility on the associated production activities. This production batch will be destined for both commercial and European institutional customers, including the European Commission for the Copernicus constellation satellites.

Net Cash Position improving to Euro 62.6 million (+8,1% on Euro 57,9 million at December 31, 2019), thanks to the contribution of cash from the operating performance despite the increase in Capex (Euro 34.6 million including the development of the Space Propulsion Test Facility SPTF in Sardinia, compared to Euro 28.6 million in 2019), and the treasury shares buy-back program completed in October 2020 with a cash out in 2020 of Euro 6.4 million.

Concerning the Covid-19 pandemic, Avio confirms that all of its operations both in Italy and in French Guyana are open and proceeding with the necessary precautions to safeguard the health of all Avio's employees and partners.

On the basis of the 2020 results, the Board of Director proposes to the Shareholders' Meeting scheduled for April 29, 2021 to distribute a dividend of Euro 7.3 million (Euro 0.285 per share – 49.2% payout ratio). It is also proposed that the dividend is paid out from May 12, 2021, with coupon date of May 10, 2021 and record date of May 11, 2021, in accordance with Article 83-terdecies of the CFA.

The Board of Directors has also decided to increase the payout ratio threshold set out in the dividend policy from 50% to 60% in order to achieve greater flexibility in shareholders' remuneration.

"2020 represented a very difficult year with the COVID-19 outbreak that has disrupted our lives and the economy as a whole. While we are seeing some signs of recovery, the short-term scenario remains uncertain - stated Avio's CEO, Giulio Ranzo. However, Avio managed to increase its long-term business prospects based on a robust product roadmap and thanks to the increase in backlog and in net cash. Our restored confidence allows us to resume dividends distribution and continue on with our commitment to create value for the shareholders in the long term."

The presentation outlining the 2020 highlights will be made available in the Investor Relations section of the website to assist the call with financial analysts and investors scheduled for Friday, March 19 at 6.30 PM CET. The Annual Financial Report will be made available in Italian and in English in accordance with Law.

Non-Financial Report

Together with the 2020 Annual Financial Report, the Board of Directors of Avio S.p.A. approved the 2020 Non-Financial Report, in line with the requirements 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 April 29, 2021. 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 centralized 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.

- Authorization to the second program of stocks' buyback

Upon completion in October 2020 of the first program of stock's buy back for Euro 9.1 million (10% of share capital), the Board of Directors proposed to the Shareholder Meeting a second program of stock buyback for the same amount of Euro 9.1 million, thus reaching the maximum amount allowed by Italian Civil Code (20% of share capital), for a 18 months time span and a unit price not lower than 90% and not higher than 110% of the reference price as derived from the reference price observed on the STAR segment of the Italian Stock Exchange the day preceding every operation. More detailed information will be available in the Directors' relation which will be published within the appropriate law terms.

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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	December 31, 2020	<i>of which related parties</i>	December 31, 2019	<i>of which related parties</i>
<i>(In Euro thousands)</i>				
ASSETS				
Non-current assets				
Property, plant & equipment	111,999		98,035	
Rights-of-use	9,209		9,444	
Investment property	3,138		3,057	
Goodwill	61,005		61,005	
Intangible assets with definite life	125,581		122,273	
Investments	9,112		7,766	
Non-current financial assets	6,259	6,259	6,106	6,106
Deferred tax assets	77,975		77,784	
Other non-current assets	74,140		78,295	
Total non-current assets	478,418		463,765	
Current assets				
Inventories and advances to suppliers	140,309	38,232	145,519	42,502
Contract work in progress	334,860	92,792	214,599	44,150
Trade receivables	2,175	1,634	6,215	1,778
Cash and cash equivalents	124,666		144,303	
Tax receivables	33,094		33,162	
Other current assets	8,954	4	9,142	494
Total current assets	644,058		552,941	
TOTAL ASSETS	1,122,476		1,016,706	

CONSOLIDATED BALANCE SHEET	December 31, 2020	<i>of which related parties</i>	December 31, 2019	<i>of which related parties</i>
<i>(In Euro thousands)</i>				
SHAREHOLDERS' EQUITY				
Share capital	90,964		90,964	
Share Premium Reserve	135,175		141,588	
Other reserves	13,851		14,200	
Retained earnings	49,374		23,176	
Group net profit	14,118		26,198	
Total Group Equity	303,482		296,126	
Equity attributable to non-controlling interests	8,512		7,757	
TOTAL NET EQUITY	311,994		303,883	
LIABILITIES				
Non-current liabilities				
Non-current financial liabilities	32,000		42,000	
Non-current financial liabilities for leasing	4,543	1,107	4,889	1,246
Employee provisions	11,261		11,189	
Provisions for risks and charges	19,382		20,367	
Other non-current liabilities	127,840		134,185	
Total non-current liabilities	195,026		212,630	
Current liabilities				
Current financial liabilities	12,749	12,749	28,749	28,749
Current financial liabilities for leasing	2,676	150	2,647	149
Current portion of non-current financial payables	10,063		8,075	
Provisions for risks and charges	12,352		11,526	
Trade payables	66,454	10,257	100,335	2,280
Advances from clients for contract work-in-progress	477,871	79,515	319,503	62,581
Current income tax payables	8,488		6,124	
Other current liabilities	24,803	248	23,234	189
Total current liabilities	615,456		500,193	
TOTAL LIABILITIES	810,482		712,823	
TOTAL LIABILITIES AND EQUITY	1,122,476		1,016,706	

CONSOLIDATED INCOME STATEMENT	FY 2020	<i>of which related parties</i>	FY 2019	<i>of which related parties</i>
<i>(In Euro thousands)</i>				
Revenues	351,590	<i>121,072</i>	391,121	<i>26,264</i>
Change in inventory of finished products, in progress and semi-finished	(17)		18	
Other operating income	7,233		8,181	
Consumption of raw materials	(85,355)		(114,006)	
Service costs	(172,600)	<i>(67,667)</i>	(180,769)	<i>(78,667)</i>
Personnel expenses	(70,899)		(69,764)	
Amortisation and Depreciation	(19,285)		(16,057)	
Other operating costs	(8,086)		(7,609)	
Effect valuation of investments under equity method - operating income/(charges)	1,346		2,868	
Costs capitalised for internal works	11,955		12,549	
EBIT	15,883		26,532	
Financial income	672	<i>153</i>	2,136	<i>294</i>
Financial charges	(1,145)	<i>(13)</i>	(1,684)	<i>(21)</i>
NET FINANCIAL INCOME/(CHARGES)	(473)		452	
Other investment income/(charges)				
INVESTMENT INCOME/(CHARGES)	-		-	
PROFIT BEFORE TAXES	15,409		26,984	
Income taxes	(536)		3	
NET PROFIT	14,873		26,987	
-- of which: Owners of the parent	14,118		26,198	
Non-controlling interests	755		790	
Basic earnings per share	0.54		0.99	
Diluted earnings per share	0.52		0.96	

CONSOLIDATED CASH FLOW STATEMENT

(Euro thousands)

	2020	<i>of which related parties</i>	2019	<i>of which related parties</i>
OPERATING ACTIVITIES				
Net profit for the year	14,873		26,987	
Adjustments for:				
- Income taxes	536		(3)	
- (Income)/charges from measurement at equity of investment in Europropulsion S.A.	(1,346)		(2,868)	
- Financial (Income)/Charges				
- Amortisation & Depreciation	19,285		16,057	
- (Gains)/losses on sale of property, plant & equipment & other (income)/charges				
Dividends received			3,239	
Net change provisions for risks and charges	(157)		16,029	
Net change employee provisions	(277)		97	
Changes in:				
- Inventories and advances to suppliers	5,210	4,270	(28,301)	
- Contract work-in-progress & advances from clients	38,106	(31,709)	30,984	11,626
- Trade receivables	4,040	144	802	(223)
- Trade payables	(33,881)	7,977	(31,072)	(21,843)
- Other current & non-current assets	4,221	490	14,671	(368)
- Other current & non-current liabilities	(2,201)	59	20,060	(34)
Income taxes paid	(653)		(630)	
Interest paid	(357)		(443)	
Net liquidity generated/(employed) in operating activities	(A) 47,400		65,610	
INVESTING ACTIVITIES				
Investments in:				
- Tangible assets and investment property	(21,469)		(16,226)	
- Intangible assets with definite life	(13,131)		(13,537)	
- Equity Investments				
Disposal price of tangible, intangible & financial assets				
Liquidity generated (employed) in investing activities	(B) (34,599)		(29,763)	
FINANCING ACTIVITIES				
EIB loan	(8,000)		10,000	
Centralised treasury effect with Europropulsion S.A. joint control company	(16,000)	(16,000)	9,500	9,500
Dividends paid by the parent Avio S.p.A.			(11,598)	
Dividends attributable to minorities of subsidiaries			(1,440)	
Acquisition of treasury shares	(6,413)		(2,668)	
Other changes to financial assets and liabilities	(2,025)	(138)	(3,773)	1,395
Liquidity generated (employed) in financing activities	(C) (32,438)		21	
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS	(A)+(B)+(C) (19,637)		35,868	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	144,303		108,435	
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	124,666		144,303	

RECLASSIFIED STATEMENTS

GROUP RESULTS & EQUITY AND FINANCIAL POSITION

Operating results

The table below presents the operating performance of the Group for 2020 and 2019 "Pro-Forma" on a comparable basis (in Euro thousands):

	FY 2020	FY 2019	Change
Revenues	351,590	391,121	(39,530)
of which: Pass-through revenues	29,567	22,470	7,097
Revenues, net of pass-through revenues	322,023	368,651	(46,628)
Other operating revenues and changes in inventory of finished products, in progress and semi-finished	7,216	8,200	(984)
Costs for goods and services, personnel, other operating costs, net of capitalised costs & pass-through	(295,416)	(337,129)	41,713
Effect valuation of investments under equity method - operating income/(charges)	1,346	2,868	(1,522)
EBITDA	35,168	42,589	(7,420)
Amortisation, depreciation & write-downs	(19,285)	(16,057)	(3,229)
EBIT	15,883	26,532	(10,649)
Interest and other financial income (charges)	(474)	452	(926)
Net financial charges	(474)	452	(926)
Investment income/(charges)	-	-	-
Profit before taxes	15,409	26,984	(11,575)
Current and deferred taxes	(536)	3	(539)
Group & minority interest net profit	14,873	26,987	(12,114)

Balance Sheet

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

	Dec. 31, 2020	Dec. 31, 2019	Change
Tangible assets and investment property	115,137	101,091	14,046
Right-of-use	9,209	9,444	(235)
Goodwill	61,005	61,005	-
Intangible assets with definite life	125,581	122,273	3,308
Investments	9,112	7,766	1,346
Total fixed assets	320,043	301,579	18,465
Net working capital	(58,224)	(40,559)	(17,665)
Other non-current assets	74,140	78,295	(4,155)
Other non-current liabilities	(127,840)	(134,185)	6,345
Net deferred tax assets	77,975	77,784	191
Provisions for risks and charges	(31,734)	(31,892)	158
Employee benefits	(11,261)	(11,189)	(72)
Net capital employed	243,100	239,834	3,266
Non-current financial assets	6,259	6,106	153
Net capital employed & Non-current financial assets	249,359	245,940	3,419
Net Financial Position	62,635	57,943	4,692
Equity	(311,994)	(303,883)	(8,111)
Source of funds	(249,359)	(245,940)	(3,419)

Financial position

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

	Dec. 31, 2020	Dec. 31, 2019	Change
Cash and cash equivalents	124,666	144,303	(19,637)
(A) Liquidity	124,666	144,303	(19,637)
(B) Current financial assets	-	-	-
(C) Total current financial assets (A+B)	124,666	144,303	(19,637)
Current financial payables to companies under joint control	(12,749)	(28,749)	16,000
(D) Current financial liabilities	(12,749)	(28,749)	16,000
Current portion of non-current bank payables	(10,063)	(8,075)	(1,988)
(E) Current portion of non-current financial payables	(10,063)	(8,075)	(1,988)
(F) Current financial debt (D+E)	(22,812)	(36,824)	14,012
(G) Net Current Financial Position (C+F)	101,854	107,479	(5,625)
Non-current portion of bank payables	(32,000)	(42,000)	10,000
(H) Non-current financial debt	(32,000)	(42,000)	10,000
(I) Net financial position before lease liabilities (G-H)	69,854	65,479	4,375
- Current lease liabilities	(2,676)	(2,647)	(30)
- Non-current financial payables for leasing	(4,543)	(4,889)	347
(J) Total lease liabilities	(7,219)	(7,536)	317
(K) Net financial position after lease liabilities (I-J)	62,635	57,943	4,692

Fine Comunicato n.1771-4

Numero di Pagine: 12