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Data/Ora Ricezione : 13 Maggio 2021 17:34:15
Data/Ora Inizio : 13 Maggio 2021 17:34:17
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Oggetto : The Board of Directors of Aquafil S.p.A.
approved the Company's operating and
financial results at March 31, 2021

Testo del comunicato

Vedi allegato.



**THE FIRST QUARTER OF 2021 CONFIRMS
THE EXPECTED FULL-YEAR UPTREND**

**COMPARED TO THE FIRST QUARTER OF 2020,
REVENUES DOWN BY APPROXIMATELY 7%¹
“FIRST CHOICE” VOLUMES² UP APPROXIMATELY 2%**

**IMPROVED EBITDA³
WITH A 14% RATIO TO REVENUES**

**NFP FURTHER IMPROVED BY ABOUT 5%
COMPARED TO DECEMBER 31, 2020**

**“FIRST CHOICE” VOLUMES GREW BY 17% IN THE FIRST FOUR MONTHS
COMPARED TO 2020 AND BY 4% COMPARED TO 2019**

MAIN INDICATORS AT MARCH 31, 2021:

- **Revenues: €130.6 million, -7.2% compared to €140,7 million for the first quarter of 2020, only slightly impacted by the pandemic**
- **EBITDA: €18.3 million, up 0.6% compared to €18.2 million for the first quarter of 2020**
- **Net result: €3.5 million compared to €4.1 million for the first quarter of 2020**
- **Net Financial Position: €208.3 million at March 31, 2021, improving by 4.8% compared to €218.7 million at December 31, 2020**
- **“Volumes sold” in the first four months of 2021: up 17% and 4% compared to the same period of 2020 and 2019, respectively**

Arco, May 13, 2021 — The Board of Directors of Aquafil S.p.A. [ECNL:IM] approved the Company’s operating and financial results at March 31, 2021.

¹ With regard to the investment that the Group made in December 2020 in the company specialized in the recovery of post-consumer carpets and rugs Planet Recycling Inc., whose company name has changed into Aquafil Carpet Collection LCC in 2021, it was deemed unnecessary to report the Group’s amounts net of the related contribution, due to the limited significance compared to its overall dimensions. In the first quarter of 2021, the company contributed €511,223 to the Group’s total revenues and €134,715 to its EBITDA.

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 2 to this press release.



Giulio Bonazzi, Chairman and Chief Executive Officer, stated:

"2021 will be an important year for the Group, with a path of improvement to pursue and multiple activities and projects to implement. The first quarter supports our goals: volumes have exceeded those of a 2020 limitedly impacted by the pandemic and above all are in line with those of 2019; our experience in the Polymers sector is allowing us to make the most of the unprecedented opportunities that the market is offering; in the NTF product line the potential of ECONYL® continues to consolidate, which is only temporarily limited by the BCF product line's Contract weakness.

In the coming months we will be engaged on several fronts, some operational others strategic ones. We will work to better manage the availability and volatility of reference raw materials and to align our production even better with market demands.

We will continue to consolidate our research and development activities by expanding our know-how and, where appropriate, continuing our patent activities. We will keep on implementing one of our key values in terms of circularity, "closing the loop". We will reach this objective by working to transform the ideas we are developing with our partners into concrete projects, but also to involve the end consumer so that they are offered the opportunities to become a promoter of circularity themselves."

Operating results for the first quarter of 2021

Revenues⁴

In the first quarter of 2021, the Group's consolidated revenues amounted to €130.6 million, down 7.2% compared to €140.7 million for the first quarter of 2020, which had yet to be significantly impacted by the outbreak of the pandemic.

In terms of overall volumes, the quarter grew by nearly 2%. In detail, this result was mainly attributable to the gradual recovery of the BCF product line, which declined by approximately 1% compared to the first quarter of 2020, and the significant increase in the Polymers line, which grew by over 22%.

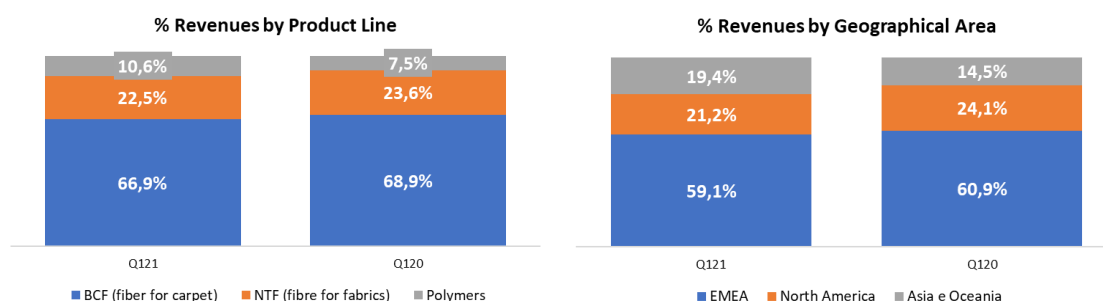
The opposite trend seen at the level of "revenues" and "volumes" related to two phenomena that had the same influence during the quarter. The first has to do with the mechanism for adjusting the Group's "average sales prices" that incorporate the price of the raw materials for the previous quarter, which decreased between Q4 2019 and Q4 2020 (approximately -14%)⁵. The second one relates to the different contribution to revenues, both "between" the various lines (e.g., between Polymers and BCF lines) and "within" each line (e.g., within the BCF line, the contract sector with respect to other sectors of application).

⁴The 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".

⁵ Source: Tecnon Orbichem - Caprolactam, West Europe price, new contract, molten, monthly average

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

	BCF (fiber for carpet)				NTF (fibre for fabrics)				Polymers				TOTAL			
	Q121	Q120	Δ	Δ%	Q121	Q120	Δ	Δ%	Q121	Q120	Δ	Δ%	Q121	Q120	Δ	Δ%
EMEA	43,4	52,4	(9,0)	(17,2)%	21,3	24,9	(3,6)	(14,5)%	12,5	8,4	4,1	48,3%	77,2	85,7	(8,6)	(10,0)%
North America	19,3	24,9	(5,6)	(22,5)%	7,2	6,9	0,3	4,1%	1,2	2,1	(0,9)	(43,6)%	27,7	33,9	(6,2)	(18,4)%
Asia & Oceania	24,7	19,5	5,2	26,4%	0,5	0,9	(0,4)	(42,5)%	0,1	0,0	0,1	N.A.	25,3	20,5	4,9	23,9%
RoW	0,1	0,1	(0,1)	(50,8)%	0,4	0,5	(0,1)	(24,2)%	0,0	0,0	0,0	N.A.	0,4	0,6	(0,2)	(29,4)%
TOTAL	87,4	96,9	(9,5)	(9,8)%	29,4	33,3	(3,8)	(11,6)%	13,8	10,5	3,3	30,9%	130,6	140,7	(10,1)	(7,2)%



In **EMEA**, revenues for the quarter amounted to €77.2 million, down 10% compared to the same period of 2020; in terms of volumes, the increase was instead above 1%. An analysis by product line shows that:

- the BCF line reported a decrease for the quarter of 17.2% in terms of revenues and of less than 8% in terms of volumes, mainly as a result of the weakness still affecting the contract sector of application;
- the NTF line declined by 14.5% in terms of revenues and by 13.5% in terms of volumes, as a result of both the persistent effects of the lockdown on the demand in several application sectors and the decision to focus operations on higher-margin products;
- the Polymers line grew by 48.3% in terms of revenues and by 35.4% in terms of volumes sold, benefiting from the current robust demand seen in the markets of reference in this period.

In **North America**, revenues for the quarter amounted to €27.7 million, down 18.4% overall and approximately 13% in terms of volumes sold. In detail, the different product lines showed the following performances:

- the BCF line reported a quarterly decrease of 22.5% in terms of revenues and of just over 14% in terms of volumes sold mainly as a result of the weakness still affecting the contract sector of application;
- the NTF line grew by 4.1%, in terms of revenues and by over 6% in terms of volumes sold, thanks to the robust demand within the “home” sector.



In **Asia Oceania**⁶, revenues for the first quarter of 2021 amounted to €25.3 million, up 23.9% compared to the same period of the previous year. In terms of volumes sold, the growth was even sharper, with an increase of over 35%, almost fully attributable to the strong demand for the BCF line within the residential sector in Oceania, in addition to the automotive sector in China, which had been impacted by the initial effects of the pandemic at the end of the first quarter 2020.

In the first quarter of 2021, the ratio ⁷ of revenues generated from the **ECONYL® brand** to total revenues generated from fibers was 32.5% compared to 37.9% in 2020. Despite the significant increase in sales within the NTF product line, the aforementioned decline was attributable to the ongoing weak demand for the BCF line within the contract sector, which is the main target of the ECONYL® branded products.

EBITDA

In the quarter, EBITDA was €18.3 million, up 0.6% compared to the same period of 2020; margins on revenues rose from 12.9% to 14.0%. The significant result reported by the Polymers line and the efficiency-building initiatives gradually launched in the previous year offset the weakness of the BCF product line within the contract sector.

EBIT

EBIT grew by 17%, going from €5.2 million for the first quarter of 2020 to €6.1 million in the first quarter of 2021. The increase in amortization and depreciation arising from prior years' investments were more than offset by the rise in EBITDA and lower non-recurring charges.⁸

Net financial charges

Net financial charges amounted to €(1.4) million compared to €0.5 million for the previous year, which had benefited from the €2.6 million positive contribution of the management of the currency component⁹. Net interest expense went from €2.1 million to €1.8 million due to a lower financial debt.

Income taxes

Income taxes amounted to €1.2 million compared to €1.6 million for the previous year. The change was fully attributable to profit before taxes, which went from €5.6 million in 2020 to €4.7 million in 2021.

Net profit

Net profit was €3.5 million compared to €4.1 million for the first quarter of 2020, down 14.3% as a result of the improved EBITDA and lower non-recurring charges, on the one side, and higher amortization and depreciation and the effects of net financial charges, on the other.

⁶ The BCF product line accounted for over 97% of this macro-area's total revenues.

⁷ Revenues generated by fibers traditionally account for approximately 90% of total revenues.

⁸ In the first quarter of 2021, non-recurring charges amounted to €0.2 million compared to €1.4 million for the previous year: the decline mainly reflects the improvement of the ACR plants and the ensuing lower costs tied to their completion, as well as the lower impact of organizational restructuring activities.

⁹ In the first quarter of 2021, the result of the management of the currency component was €0.4 million.



Consolidated capital and financial highlights at March 31, 2021

Investments and acquisitions

In the first quarter of 2021, net investments¹⁰ amounted to €5.8 million compared to €9.3 million for the same period of the previous year. Investments focused mainly on activities aimed at stepping up industrial efficiency and improving the existing plants in technological terms, in addition to strengthening the Group's production capacity.

No M&As were carried out in the quarter.

Net working capital

At March 31, 2021, net working capital was essentially unchanged compared to December 31, 2020, mainly as a result of the increase in both trade receivables and trade payables associated with the rise in revenues compared to the fourth quarter of 2020.

Net Financial Position

Net financial position continued to decline, amounting to €208.3 million at March 31, 2021, improving by 4.8% compared to €218.7 million at December 31, 2020. Cash generated by operating activities was €17.1 million, more than enough to finance the net investments and the payment of financial charges.

The improvement in EBITDA and the NFP led to a reduction in the consolidated NFP/EBITDA ratio, which went from 3.748x at 2020 year-end to 3.56x.¹¹

In light of the positive development of the Group's activities and an external context that is showing the first signs of a possible reduction in the impacts of the pandemic, it was decided to begin a gradual lifting of the emergency measures adopted in 2020, and thus to use a part of the cash at hand to repay or make early payments of the 2021 installments of some medium-to-long-term bank loans. This choice explains the decline in cash available to the Group from €209.0 million at December 31, 2020 to €187.4 million at March 31, 2021. Based on the Group's subsequent evolution and the general scenario, the efficiency-building process and the use of liquidity will continue throughout 2021.

Outlook

Although various restrictive measures are still in place in the various countries in which the Group operates and the performance of some sectors of application of the business lines continues to be influenced by the pandemic-related situation, the Group foresees a gradual return of the market to normalcy over the course of the year, also thanks to the progressive launch of vaccination campaigns and the consequent easing of restrictions.

In light of the results for the first quarter of 2021, assuming the aforementioned gradual return to normal of the market in the year, the Group confirms its initial guidance for the **full year**, which calls for:

¹⁰ The figures are stated, respectively, net of €0.5 million and €0.7 million referring to changes in goods recognized in accordance with IFRS 16 in the two reporting quarters.

¹¹ It bears recalling that the Group's bonds and some of its medium-to-long-term loans are subject to covenants monitored at June 30 and/or December 31 of each year. In addition, the EBITDA value considered is a pro-forma figure referring to the previous 12 months. For further details, reference should be made to the Group's 2020 Consolidated Financial Statements.



- a revenues growth compared to 2020 that makes it possible to approach the 2019 results' level, with a recovery of volumes and an adjustment of sales prices to the raw materials prices, mitigating a probable different sales mix contribution;
- an increase in terms of profitability owing to the recovery of volumes sold and the consolidation of part of the benefits of the anti-pandemic measures adopted by the Group;
- an improvement in the NFP/EBITDA ratio due both to the recovery of profitability and the constant focus on managing net working capital and investments in light of the changes in the target markets.

The above highlights are confirmed both by the trend in the Group's overall volumes for the first **four months of the year**, up approximately 17% and approximately 4% compared to the same period of 2020 and 2019, and by the performance of the revenues generated from the ECONYL® brand, whose ratio to revenues generated from fibers went from 32.5% to about 37% in April 2021.

* * *

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, United States, Thailand and China.

For further information

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Appendix 1 – Consolidated Income Statement

CONSOLIDATED INCOME STATEMENT €/000	First Quarter 2021	<i>of wich non- current</i>	First Quarter 2020	<i>of wich non- current</i>
Revenue	130.640		140.714	
<i>of wich related parties</i>	13		305	
Other Revenue	826	5	481	17
Total Revenue and Other Revenue	131.466	5	141.195	17
Raw Material	(62.764)	-	(72.732)	(12)
Services	(24.316)	(72)	(25.102)	(626)
<i>of wich related parties</i>	(109)		(108)	
Personel	(27.315)	(111)	(27.818)	(624)
Other Operating Costs	(795)	(8)	(1.146)	(129)
<i>of wich related parties</i>	(17)		(17)	
Depreciation and Amortization	(11.328)		(10.833)	
Doubtful debt prevision	(110)		(14)	
Provisions for risks and charges	7		-	
Capitalization of Internal Construction Costs	1.225		1.638	
EBIT	6.071	(186)	5.188	(1.373)
Other Financial Income	237	-	46	
Interest Expenses	(2.032)		(2.206)	
<i>of wich related parties</i>	(45)		(29)	
FX Gains and Losses	434		2.619	
Profit Before Taxes	4.709	(186)	5.649	(1.373)
Income Taxes	(1.215)		(1.572)	
Net Profit (Including Portion Attr. to Minority)	3.494	(186)	4.076	(1.373)
Net Profit Attributable to Minority Interest	0		0	
Net Profit Attributable to the Group	3.494		4.076	



Appendix 2 – EBITDA and Adjusted Operating Results

RECONCILIATION FROM NET PROFIT TO EBITDA €/000	First Quarter 2021	First Quarter 2020
Net Profit (Including Portion Attr. to Minority)	3.494	4.076
Income Taxes	1.215	1.572
Amortisation & Depreciation	11.328	10.833
Write-downs & Write-backs of intangible and tangible assets	102	14
Financial items (*)	1.998	347
No recurring items (**)	186	1.373
EBITDA	18.327	18.216
Revenue	130.640	140.714
EBITDA Margin	14,0%	12,9%

RECONCILIATION FROM EBITDA TO EBIT ADJUSTED €/000	First Quarter 2021	First Quarter 2020
EBITDA	18.327	18.216
Amortisation & Depreciation	11.328	10.833
Write-downs & Write-backs of intangible and tangible assets	102	14
EBIT Adjusted	6.896	7.369
Revenue	130.640	140.714
EBIT Adjusted Margin	5,3%	5,2%

(*) The financial items include: (i) financial income of Euro 0.2 million periods ending March 31, 2021 (ii) financial charges and other other bank charges of Euro 2.0 million and Euro 2.2 million respectively in the periods ending March 31, 2021 and March 31, 2020, (iii) cash discounts of Euro 0.6 million end Euro 0.8 million respectively in the periods ending March 31, 2021 and March 31, 2020, and (iv) exchange gains of Euro 0.4 million and Euro 2.6 million respectively in the periods ending March 31, 2021 and March 31, 2020.

(**) This includes (i) non-recurring charges related to the expansion of the Aquafil Group and other corporate transactions for Euro 0.05 million and Euro 1.1 million respectively in the periods ending March 31, 2021 and March 31, 2020, (ii) other non-recurring charges for Euro 0.13 and Euro 0.3 million respectively in the periods ending March 31, 2021 and March 31, 2020.

Appendix 3 – Consolidated Balance Sheet

CONSOLIDATED BALANCE SHEET	At March 31,	At December 31,
<i>€/000</i>	2021	2020
Intangible Assets	23.814	23.578
Goodwill	14.234	13.600
Tangible Assets	229.104	229.495
Financial Assets	653	650
<i>of which related parties</i>	318	318
Other Assets	1.686	1.336
Deferred Tax Assets	14.442	14.563
Total Non-Current Assets	283.933	283.223
Inventories	150.330	150.920
Trade Receivable	29.117	22.015
<i>of which related parties</i>	23	66
Financial Current Assets	843	834
Current Tax Receivables	1.704	1.772
Other Current Assets	13.791	11.981
<i>of which related parties</i>	3.262	3.187
Cash and Cash Equivalents	187.397	208.954
Total Current Assets	383.182	396.475
Total Current Assets	667.115	679.698
Share Capital	49.722	49.722
Reserves	77.193	92.585
Group Net Profit for the year	11.743	(15.411)
Group Shareholders Equity	138.659	126.897
Net Equity attributable to minority interest	1	1
Net Profit for the year attributable to minority interest	0	0
Total Shareholders Equity	138.659	126.897
Employee Benefits	5.840	5.969
Non-Current Financial Liabilities	315.623	352.560
<i>of which related parties</i>	4.765	5.406
Provisions for Risks and Charges	1.629	1.506
Deferred Tax Liabilities	12.139	11.761
Other Payables	11.530	11.848
Total Non-Current Liabilities	346.761	383.644
Current Financial Liabilities	80.893	75.964
<i>of which related parties</i>	3.412	3.361
Current Tax Payables	1.241	1.189
Trade Payables	75.912	69.168
<i>of which related parties</i>	552	403
Other Liabilities	23.648	22.835
<i>of which related parties</i>	230	230
Total Current Liabilities	181.694	169.157
Total Equity and Liabilities	667.115	679.698

Appendix 4 – Consolidated Cash Flow Statement



CASH FLOW STATEMENT

€/000	At March 31, 2021	At March 31, 2020
Operation Activities		
Net Profit (Including Portion Attr. to Minority)	3.497	4.076
<i>of which related parties</i>	(158)	151
Income Taxes	1.215	1.572
Financial income	(57)	(46)
Financial charges	2.032	2.206
<i>of which related parties</i>	(45)	29
FX (Gains) and Losses	(434)	(2.619)
(Gain)/Loss on non - current asset Disposals	(31)	(15)
Provisions & write-downs	102	14
Amortisation, depreciation & write-downs	11.301	10.836
Net variation non-monetary increase IFRS16	(502)	(712)
Cash Flow from Operating Activities Before Changes in NWC	17.124	15.312
Change in Inventories	590	15.198
Change in Trade and Other Payables	6.744	(9.386)
<i>of which related parties</i>	149	174
Change in Trade and Other Receivables	(7.095)	(7.325)
<i>of which related parties</i>	43	(15)
Change in Other Assets/Liabilities	1.140	(2.848)
<i>of which related parties</i>	(75)	28
Net Interest Expenses paid	(1.976)	(2.159)
Income Taxes paid	-	-
Change in Provisions for Risks and Charges	(255)	(111)
Cash Flow from Operating Activities (A)	16.272	8.680
Investing activities		
Investment in Tangible Assets	(4.976)	(8.124)
Disposal of Tangible Assets	31	310
Investment in Intangible Assets	(864)	(1.498)
Disposal of Intangible Assets	-	11
Cash Flow used in Investing Activities (B)	(5.809)	(9.300)
Financing Activities		
Increase in no current Loan and borrowing	-	20.000
Decrease in no current Loan and borrowing	(30.592)	(7.966)
Net variation in current financial Assets and Liability	(1.428)	(1.391)
<i>of which related parties</i>	(590)	(1.431)
Cash Flow from Financing Activities (C)	(32.020)	10.643
Net Cash Flow of the Year (A)+(B)+(C)	(21.557)	10.023

Appendix 5 – Net Financial Debt

NET FINANCIAL DEBT	At March 31,	At December 31,
€/000	2021	2020
A. Cash	187.397	208.954
B. Other cash equivalents	-	-
C. Securities held-for-trading	-	-
D. Liquidity (A + B + C)	187.397	208.954
E. Current financial receivables	843	834
F. Current bank loans and borrowing	(23)	(131)
G. Current portion of non-current loans and borrowing	(72.310)	(67.480)
H. Other current loans and borrowing	(8.559)	(8.353)
I. Current financial debt (F + G + H)	(80.893)	(75.964)
J. Net current financial debt (I + E + D)	107.347	133.824
K. Non-current bank loans and borrowing	(205.530)	(240.940)
L. Bonds issued	(90.393)	(90.406)
M. Other non-current loans and borrowing	(19.700)	(21.214)
N. Non-current financial debt (K + L + M)	(315.623)	(352.560)
O. Net financial debt (J + N)	(208.276)	(218.736)

Fine Comunicato n.1938-35

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