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Oggetto : AVIO HY 2021 RESULTS

<i>Testo del comunicato</i>

Vedi allegato.



FIRST HALF 2021 RESULTS

VEGA SUCCESSFULLY RETURNED TO FLIGHT WITH 2 MISSIONS SLOWDOWN IN PROFITS WITH INCREASING BACKLOG

Highlights

Continuity of operations during COVID-19 lockdown in Italy
Return to flight with 2 Vega and 1 Ariane 5 missions completed in 2021
Vega C and Ariane 6 maiden flights expected by 2022

Financial results

Net order backlog: Euro 835 million (+13% on December 2020)
Revenues: Euro 127.7 million (-24% on HY 2020)
EBITDA: Reported Euro 8.1 million (-52%) – Adjusted: Euro 10.5 million (-47%)
EBIT: Reported Euro -2.4 million (-10.9 million on HY 2020) – Adjusted: Euro 0.0 million (-11.5 million on HY 2020)
Net result of the period: Euro -2.4 million (-10.9 million on HY 2020)
Net cash position: Euro 36.6 million

Guidance 2021

Net order backlog: Euro 850-900 million
Revenues: Euro 300-330 million
EBITDA Reported: Euro 30-32 million
Net income: Euro 10-12 million

Rome, 10th September 2021 – The Board of Directors of Avio S.p.A., leading aerospace company listed on the STAR segment of the Italian Stock Exchange, today reviewed and approved the HY 2021 results.

In the first months of 2021 the activities required by the implementation of set of recommendations issued by the VV17 Independent Enquiry Commission has required a sizeable resources commitment, with the consequence postponing of some development activities previously expected in the first half of 2021 on the Vega C and Vega E launchers, with effects on the revenues and margins associated with these activities. This was the main factor causing the shift in results in HY 2021 with respect to HY 2020.

These efforts led the Vega launcher to complete its VV18 return to flight mission on the 29th of April 2021, carrying the first satellite of the Pléiades Neo constellation for Airbus Defense & Space, along with 5 other payloads in rideshare on a SSMS derived payload adapter. Confirming the effectiveness of the activities performed, Vega also successfully completed a second mission in August 2021 putting into orbit the second satellite for the Pléiades Neo constellation along with 4 other smaller payloads. Also, at the end of July, the first 2021 launch of Ariane 5 took place successfully.



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For the remaining part of the year another Vega and another 2 Ariane 5 missions are being readied for launch, with a parallel acceleration in the development activities for Vega C and Vega E, with the target of performing the Maiden Flight of Vega C in the first quarter of 2022, and also the firing test of the new engine Mira M10 for the third stage of the Vega E launcher in the new test facility SPTF in Sardinia. The Maiden Flight of Ariane 6 is also expected in the second quarter of 2022.

The Net order backlog shows a significant increase to Euro 835 million (+13% compared with December 2020), including contracts mainly for Vega E development activities until 2024, with also an order for Aster 30 signed in June, to cover production activities for around 10 years.

Avio group recorded, in the first semester 2021, **revenues equal to Euro 127.7 million, down (-24%) compared to the first half of 2020**. The decrease in revenues is mainly due to the postponement of the development activities for Vega C and Vega E beyond the semester, which caused a delay in recording revenues, and also due to the already ongoing Ariane 5 phase-out, only partially balanced by the ramp-up of Ariane 6 production.

The Reported EBITDA, amounting to 8.1 million Euros, marks a decrease compared to the previous year, mainly due to reduction in revenues and the lower capacity to absorb the industrial fixed costs, only partially compensated by positive contribution of the Ariane 5 phase-out and a reduction in general & administrative expenses.

The Reported EBIT, amounting to -2.4 million Euros, marks a decrease with respect to the previous year, also due to the increase in depreciation and amortization expense for the phased-in industrial investments for the P120 engine production.

The impact of non-recurring charges is quantifiable in approximately €2.4 million (Euro 3.0 million in HY 2020), of which Euro 1.8 million are related to Covid-19 costs, which are excluded from both the Adjusted EBITDA (€10.5 million, -47% on HY 2020) and the Adjusted EBIT (€0.0 million).

The Net result for the period amounts to -2.4 million Euros, following the dynamics of Reported EBIT due to the limited impact of financial expenses and taxes.

The Net Cash Position as of the 30th June 2021 is equal to Euro 36.6 million (Euro 62.6 million Euro as of 31st December 2020) with a better-than the ordinary trend due to company's working capital decrease and despite also the resumption in dividend distribution and a significant level of investments of Euro 14.8 million (+20% vs HY 2020). The solid net cash position allows the Group to face the next growth challenges.

The Board of Directors also approved the Guidance for the FY 2021 results, quantifying it as follows:

Net order backlog: Euro 850-900 million
Revenues: Euro 300-330 million
Reported EBITDA: Euro 30-32 million
Net income: Euro 10-12 million

"The first half of 2021 confirmed, once again, the strength of our Company which, despite the difficulties linked to Covid-19, remained resilient and focused on long term objectives, as demonstrated by the growth in backlog. - said Giulio Ranzo, CEO of Avio".



" In these months we maintained continuity of operations, launching Ariane 5 in July and, a few days ago, Vega. We are already working in Guyana on the new VV20 flight, which is scheduled in November, and immediately afterwards, we will start the final preparations for the maiden flight of Vega C, the new and most high-performance space launcher produced in Colleferro. At the same time, in 2022, the inaugural launch of Ariane 6 is also scheduled, for which Avio will produce the P120C engine, the largest monolithic propeller in the world made of carbon fibre, which also powers Vega C".

"Finally - concludes Giulio Ranzo - in the next few weeks we will inaugurate the new SPTF plant in Sardinia, where the new-generation liquid propellant (oxygen and methane) 'green' space engines that will power Vega E in the coming years will be tested".

The Half-Year Report Key Financial Highlights will be available in the Investor Relations section of www.avio.com to assist the call with financial analysts and investors scheduled for Friday, September the 10th at 5.30 PM CEST. The Half-Year Financial Report will be made available in Italian and in English in accordance with Law.

* * *

The Executive Officer for Financial Reporting, Alessandro Agosti, declares in accordance with paragraph 2, Article 154-bis of the Consolidated Finance Act that the accounting information in the present press release corresponds to the underlying accounting documents, records and entries.

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Avio is a leading international group engaged in the construction and development of space launchers and solid and liquid propulsion systems for space travel. The experience and know-how built up over more than 50 years puts Avio at the cutting-edge of the space launcher sector, solid, liquid and cryogenic propulsion and tactical propulsion. Avio operates in Italy, France and French Guyana with 5 facilities, employing approx. 1,000 highly-qualified personnel, of which approx. 30% involved in research and development. Avio is a prime contractor for the Vega programme and a sub-contractor for the Ariane programme, both financed by the European Space Agency ("ESA"), placing Italy among the limited number of countries capable of producing a complete spacecraft.

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[Annex – Accounting information](#)

RECLASSIFIED STATEMENTS

GROUP RESULTS & EQUITY AND FINANCIAL POSITION

Operating results

The table below summarises the comparable performance of the Group for the first half of 2021 and the first half of 2020 (in Euro thousands):

	H1 2021	H1 2020	Change
Revenue	132,879	175,311	(42,432)
of which: Pass-through revenues	5,135	7,440	(2,305)
Revenues, net of pass-through revenues	127,744	167,871	(40,127)
Other operating revenues and changes in inventory of finished products, in progress and semi-finished	5,707	5,179	528
Costs for goods and services, personnel, other operating costs, net of capitalised costs & pass-through	(125,825)	(156,270)	30,444
Effect valuation of investments under equity method - operating income/(charges)	442	143	299
EBITDA	8,067	16,923	(8,856)
Amortisation, depreciation & write-downs	(10,477)	(8,389)	(2,088)
EBIT	(2,410)	8,534	(10,944)
Interest and other financial income (charges)	(91)	(343)	252
Net financial charges	(91)	(343)	252
Investment income/(charges)	-	-	-
Profit/(loss) before taxes	(2,501)	8,191	(10,692)
Current and deferred taxes	60	227	(167)
Group & minority interest net profit/(loss)	(2,441)	8,418	(10,859)



Balance Sheet

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

	June 30, 2021	December 31, 2020	Change
Tangible assets and investment property	118,638	115,137	3,501
Rights-of-use	8,546	9,209	(663)
Goodwill	61,005	61,005	-
Intangible assets with definite life	127,530	125,581	1,949
Investments	9,554	9,112	442
Total fixed assets	325,273	320,044	5,229
Net working capital	(56,877)	(58,224)	1,347
Other non-current assets	71,439	74,140	(2,701)
Other non-current liabilities	(123,325)	(127,840)	4,515
Net deferred tax assets	78,119	77,975	144
Provisions for risks and charges	(27,463)	(31,735)	4,271
Employee benefits	(10,868)	(11,261)	393
Net capital employed	256,298	243,100	13,198
Non-current financial assets	6,337	6,259	78
Net capital employed & Non-current financial assets	262,635	249,359	13,276
Net Financial Position	36,575	62,635	(26,060)
Equity	(299,210)	(311,994)	12,784
Source of funds	(262,635)	(249,359)	(13,276)

Net cash position

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

	June 30, 2021	December 31, 2020	Change
A Cash and cash equivalents	(88,020)	(124,666)	36,646
B Other liquidity	-	-	-
A Other current financial assets	-	-	-
D Liquidity (A+B+C)	(88,020)	(124,666)	36,646
E Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	9,540	15,425	(5,885)
F Current portion of non-current bank payables	10,056	10,063	(8)
G Current financial debt (E+F)	19,596	25,488	(5,892)
H Net current financial debt (G-D)	(68,424)	(99,178)	30,754
I Non-current financial debt (excluding current portion and debt instruments)	31,849	36,543	(4,694)
J Debt instruments	-	-	-
K Trade payables and other non-current payables	-	-	-
L Non-current financial debt (I + J + K)	31,849	36,543	(4,694)
M Total financial debt (H + L)	(36,575)	(62,635)	26,060

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET	June 30, 2021	<i>of which related parties</i>	December 31, 2020	<i>of which related parties</i>
<i>(In Euro thousands)</i>				
ASSETS				
Non-current assets				
Property, plant and equipment	115,537		111,999	
Rights-of-use	8,546		9,209	
Investment property	3,101		3,138	
Goodwill	61,005		61,005	
Intangible assets with definite life	127,530		125,581	
Investments	9,554		9,112	
Non-current financial assets	6,337	6,337	6,259	6,259
Deferred tax assets	78,119		77,975	
Other non-current assets	71,439		74,140	
Total non-current assets	481,168		478,418	
Current assets				
Inventories and advances to suppliers	150,030	32,007	140,309	38,232
Contract work in progress	409,193	90,409	334,860	92,792
Trade receivables	4,533	1,547	2,175	1,634
Cash and cash equivalents	88,020		124,666	
Current tax receivables	25,628		33,094	
Other current assets	11,751	18	8,954	4
Total current assets	689,155		644,058	
TOTAL ASSETS	1,170,323		1,122,476	

CONSOLIDATED BALANCE SHEET

June 30,
2021

of which
related
parties

December
31, 2020

of which
related
parties

(In Euro thousands)

EQUITY

Share capital	90,964		90,964	
Share Premium Reserve	135,176		135,176	
Other reserves	14,053		13,851	
Retained earnings	54,265		49,373	
Group net profit	(2,450)		14,118	
Total Group Equity	292,008		303,482	

Equity attributable to non-controlling interests

7,203

8,512

TOTAL EQUITY

299,211

311,994

LIABILITIES

Non-current liabilities

Non-current financial liabilities	27,000		32,000	
Non-current financial liabilities for leasing	4,849	1,116	4,543	1,107
Employee Benefit Provisions	10,868		11,261	
Provisions for risks and charges	21,331		19,382	
Other non-current liabilities	123,325		127,840	
Total non-current liabilities	187,373		195,026	

Current liabilities

Current financial liabilities	7,749	7,749	12,749	12,749
Current financial liabilities for leasing	1,791	73	2,676	150
Current portion of non-current financial payables	10,056		10,063	
Provisions for risks and charges	6,132		12,352	
Trade payables	52,674	4,714	66,454	10,257
Advances from clients for contract work-in-progress	562,725	70,838	477,871	79,515
Current income tax payables	8,767		8,488	
Other current liabilities	33,846	266	24,803	248
Total current liabilities	683,740		615,456	

TOTAL LIABILITIES

871,113

810,482

TOTAL LIABILITIES AND EQUITY

1,170,323

1,122,476



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CONSOLIDATED INCOME STATEMENT	H1 2021	<i>of which related parties</i>	H1 2020	<i>of which related parties</i>
<i>(In Euro thousands)</i>				
Revenue	132,879	45,634	175,311	54,004
Change in inventory of finished products, in progress and semi-finished	2,790		2,865	
Other operating income	2,916		2,315	
Consumption of raw materials	(37,553)		(40,552)	
Service costs	(59,194)	(20,016)	(85,378)	(14,383)
Personnel expenses	(39,157)		(38,614)	
Amortisation & depreciation	(10,477)		(8,389)	
Other operating costs	(2,333)		(3,128)	
Effect valuation of investments under equity method - operating income/(charges)	442	442	143	143
Costs capitalised for internal works	7,277		3,961	
EBIT	(2,410)		8,534	
Financial income	348	78	347	77
Financial charges	(439)	(8)	(690)	(5)
NET FINANCIAL INCOME/(CHARGES)	(91)		(343)	
Other investment income/(charges)				
INVESTMENT INCOME/(CHARGES)	-		-	
PROFIT/(LOSS) BEFORE TAXES	(2,501)		8,191	
Income taxes	60		227	
NET PROFIT/(LOSS) FOR THE PERIOD	(2,441)		8,418	
-- of which: Owners of the parent	(2,450)		8,309	
Non-controlling interests	9		108	
(Loss)/Earnings per Share (in Euro)	-0.10		0.32	
Diluted (Loss)/Earnings per Share (in Euro)	-0.09		0.31	

CONSOLIDATED CASH FLOW STATEMENT

(Euro thousands)

	H1 2021	<i>of which related parties</i>	H1 2020	<i>of which related parties</i>
OPERATING ACTIVITIES				
Net profit/(loss) for the period	(2,441)		8,418	
Adjustments for:				
- Income taxes	(60)		(227)	
- (Income)/charges from measurement at equity of investment in Europropulsion S.A.	(442)	(442)	(143)	(143)
- Financial (Income)/Charges	91		343	
- Amortisation & Depreciation	10,477		8,389	
- (Gains)/losses on sale of property, plant & equipment & other (income)/charges				
Dividends received				
Net change provisions for risks and charges	(4,272)		(2,703)	
Net change employee provisions	(189)		(276)	
Changes in:				
- Inventories and Advances to suppliers	(9,722)	6,225	(3,664)	1,824
- Contract work-in-progress & advances from clients	10,521	(6,294)	(16,754)	(24,557)
- Trade receivables	(2,358)	88	3,623	180
- Trade payables	(13,779)	(5,544)	(16,418)	3,512
- Other current & non-current assets	7,234	(14)	(934)	181
- Other current & non-current liabilities	1,629	18	3,622	41
Income taxes paid	15		(35)	
Interest paid	(126)		(150)	
Net liquidity generated/(employed) in operating activities	(A) (3,422)		(16,910)	
INVESTING ACTIVITIES				
Investments in:				
- Tangible assets and investment property	(7,105)		(7,240)	
- Intangible assets with definite life	(7,675)		(4,109)	
- Equity Investments	(1)			
Disposal price of tangible, intangible & financial assets				
Liquidity generated (employed) in investing activities	(B) (14,781)		(11,349)	
FINANCING ACTIVITIES				
EIB loan	(5,000)		(4,000)	
Centralised treasury effect with Europropulsion S.A. joint control company	(5,000)	(5,000)	(11,000)	(11,000)
Dividends paid by the parent Avio S.p.A.	(7,321)			
Dividends attributable to minorities of subsidiaries			(1,407)	
Acquisition of treasury shares			(1,326)	(46)
Other changes to financial assets and liabilities	(1,122)	(68)		
Liquidity generated (employed) in financing activities	(C) (18,443)		(17,733)	
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS	(A)+(B)+(C) (36,646)		(45,992)	
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	124,666		144,303	
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	88,020		98,311	

Fine Comunicato n.1771-20

Numero di Pagine: 12