



AEROSTAR S.A.
GRUP INDUSTRIAL AERONAUTIC-BACAU-ROMANIA

Str. Condorilor nr.9, Bacau 600302; Inmatriculat cu nr: J04/1137/1991-R.C.Bacau;
Cod Unic de Inregistrare: RO 950531; Capital social: 48.728.784 lei
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Current Report
as per ASF Regulation no 5/2018
Report Date: 05.06.2020

Issuer: **AEROSTAR S.A.**

Registered headoffice: **BACAU, Str.Condorilor nr.9**

Tel/fax: **0234.575.070; Fax:0234.572.023/572.259**

Sole registration index: **950531**

Number in Trade Registry: **J04/1137/1991**

LEI Code: **315700G9KRN3B7XDBB73**

Web/e-mail: www.aerostar.ro, aerostar@aerostar.ro

Share capital, subscribed and paid: **48.728.784 LEI**

Regular market for shares trading: **Bucharest Stock Exchange (symbol "ARS")**

Taking into account the obligation of the company AEROSTAR S.A. to inform the investors on the capital market on a regular basis and given the new context of the economic crisis generated by the COVID-19 pandemic, the management of the company AEROSTAR S.A. appreciates its impact on the aviation industry as a high concern.

The Budget of the General Activity for the year 2020 as approved in the GMS held on the date of 11 December 2019 was fundamented on the economic premises as known in the month of November 2019, when there was no indication of a possible future pandemic.

In the assessment of the risk factors which could impact on the evolution of AEROSTAR's business in the year 2020, we did not provide for the effects of a global economic crisis as it is the crisis caused by the COVID-19 pandemic.

The inset of the global economic crisis during the first quarter of the year 2020 gathered widespreading momentum day by day and certainly the effects of the crisis will be resented all along the year 2020 while the return to the 2019 situation will take a few years. The economic crisis had an unprecedented ample impact on the aviation industry.

The big airline operators in the European and world aviation industry reduced their activity in a drastic manner focusing on the operations to reduce the costs and ensure survival in order to be able to benefit during the relaunching period to come after the crisis.

Our current estimates lead to a turnover significantly reduced in the field of manufacturing of parts, subassemblies and equipment for the big global commercial aircraft programmes, but also in the field of MRO services.

This will entail a reduction in sales in the year 2020 with around 100 million lei, down to 278 million lei. The company will keep its production capabilities unaffected and shall keep the manpower and their related qualifications but will use partly the legal solution of furloughs.

The reduction of the operational expenses takes into account both keeping the economic balances but also to preserve the company capabilities in all the domains in order to be able to get the fruits in the economic rebound period which will follow after the mitigation of the economic crisis. We envisage to preserve the manpower, their qualifications, skills and authorisations as well as all the existing certifications and approvals of the quality, environmental and production and other systems as well.

Nevertheless for the periods of inactivity we will apply the legal provisions and part of the employees will be under furlough ("technical unemployment") which will lead to a reduction of the expenses with manpower.

In these conditions we estimate that the result of the year 2020 will be reduced with around 33 milion lei down to a net profit of 10 milion lei.

Grigore FILIP
President & General Director