



News Release

## IAI Publishes Financial Statements, Q1:2021

### Showing continued earnings and growth for the ninth quarter straight

## **Increase of 23.5% in net income in the quarter to approx. USD 42 million**

**Approx. 10% growth in operating income, 17.6% growth in EBITDA to approx. USD 120 million in Q1, 2021**

### **Sales exceeding USD 1 billion, Military Groups showing continued growth and strong performances**

- **Growth of 23.5% in net income** to approx. USD 42 million compared to approx. USD 34 million in Q1, 2020
- **Increase of 17.6% in EBITDA** to approx. USD 120 million compared with approx. USD 102 million in Q1, 2020
- **10% growth in operating income** to approx. USD 67 million (about 6.6% of sales) compared with approx. USD 61 million (approx. 6.0% of sales) in Q1, 2020
- **Gross profit** amounted to approx. USD 166 million (approx. 16.4% of sales) compared with approx. USD 170 million (approx. 16.7% of sales) in Q1, 2020
- **Sales** in Q1 amounted to approx. USD 1,015 million compared with sales of approx. USD 1,018 million in Q1, 2020
- **Positive cash flows** from operating activities of approx. USD 167 million
- The company's **order backlog** is approx. USD 12.2 billion, representing approx. 3 years of operation
- The company has **free cash flows** totaling approx. USD 1.2 billion

**Boaz Levy, IAI's President & CEO:** "IAI continues to record excellent results in the first quarter of 2021. The increase in operating performance ratios alongside the increase in bottom line profit in the current quarter reinforces the strategic growth process the company has undergone in recent years. The company was recently ranked third place in the list of best companies to work for in the Israeli market and is currently in the midst of recruiting talented engineers with hundreds of positions available— another testament to the company's growth and business expansion worldwide and in Israel. The company's C-Suite has recently received a major boost with the addition of two key officers focusing on enhancing the company's strategy, the rapport with Israel's defense establishment and operations in North America. The company is prepared and preparing to promote its operations in the coming year and beyond. IAI is looking ahead to the challenges in these areas of operation and is preparing by developing creative and exceptional solutions while leveraging outside the box thinking and inventing new capabilities for existing systems and innovating systems – all by adapting to the future battlefield's challenges and the changing aviation world."

**May 13, 2021: Israel Aerospace Industries Ltd., Israel's largest national military and civilian security defense company, issues its consolidated financial statements for the quarter ended March 31, 2021.**

**The company's sales in Q1 2021** totaled approx. USD 1,015 million compared with approx. USD 1,018 million in Q1 2020, a decrease of USD 3 million mainly arising from the increase in the sales of Systems Missiles & Space Group and of ELTA Group, offset by the decrease in the sales of Aviation Group and Military Aircraft Group. **The sales of the Military Groups (\*)** in Q1 2021 increased by approx. 12% to USD 914 million compared with USD 816 million in Q1 2020, an increase of about USD 98 million. **The Aviation Group (\*)** sales in Q1 2021 decreased by approx. 27% to

(\*) The data of the divisions' sales, gross profit, operating income and net income (loss) consist of inter-divisionary activities and are identical to the data included in the note on business segments in the consolidated financial statements.

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USD 237 million compared with USD 323 million in Q1 2020 – a decrease of USD 86 million arising from the crisis in the global aviation industry.

Export sales in Q1 2021 accounted for 71% of sales at approx. USD 722 million (approx. USD 293 million to Israel, representing 29% of sales) compared with approx. USD 724 million, accounting for 71% of sales in Q1 2020 (approx. USD 294 million to Israel, representing 29% of sales).

**Net income** in Q1 2021 grew by approx. 23.5% to USD 42 million (approx. 4.1% of sales), compared with net income of approx. USD 34 million (approx. 3.3% of sales) in Q1 2020. **The net income of the Military Groups<sup>(\*)</sup>** in Q1 2021 increased by some 39% to approx. USD 68 million compared with approx. USD 49 million in Q1 2020, an increase of USD 19 million. **The net loss of the Aviation Group<sup>(\*)</sup>** in Q1 2021 amounted to approx. USD 8 million compared with a loss of approx. USD 2 million in Q1 2020.

**EBITDA** in Q1 2021 grew by approx. 17.6% to approx. USD 120 million (approx. 11.8% of sales), compared with approx. USD 102 million (approx. 10% of sales) in Q1, 2020.

**Gross profit** in Q1 2021 amounted to approx. USD 166 million (approx. 16.4% of sales) compared with approx. USD 170 million (approx. 16.7% of sales) in Q1, 2020. **The gross profit of the Military Groups<sup>(\*)</sup>** in Q1 2021 increased by approx. 5.6% to approx. USD 152 million compared with approx. USD 144 million in Q1 2020. **The gross profit of the Aviation Group<sup>(\*)</sup>** in Q1 2021 amounted to approx. USD 14 million compared with approx. USD 22 million in Q1, 2020.

**Operating income** in Q1 2021 grew by some 10% to approx. USD 67 million (approx. 6.6% of sales), compared with operating income of approx. USD 61 million in Q1 2020 (approx. 6% of sales). The increase in operating income stems from the decrease in general and administrative expenses, selling and marketing expenses and employee retirement expenses. **The operating income of the Military Groups<sup>(\*)</sup>** in Q1 2021 grew by 8.5% to approx. USD 77 million compared with approx. USD 71 million in Q1 2020. **The operating loss of the Aviation Group<sup>(\*)</sup>** in Q1 2021 amounted to approx. USD 5 million compared with an operating income of approx. USD 3 million in Q1 2020.

**Net finance expenses** in Q1 2020 amounted to approx. USD 16 million compared with approx. USD 14 million in Q1, 2020.

**In-house research and development expenses** in Q1 2021 amounted to approx. USD 36 million compared with approx. USD 39 million in Q1 2020 (representing 3.5% and 3.8% of sales, respectively).

**Net tax expenses** - in Q1 2021, the company recorded net tax expenses of approx. USD 10 million compared with net tax expenses of approx. USD 11 million in Q1 2020. **The company's income is subject to the ordinary corporate tax rate in Israel – 23%, and is not entitled to any tax benefits pursuant to the Israeli Law for the Encouragement of Capital Investments, 1959 as it is a wholly-owned government company. The sale of any interests in the company, even at a miniscule rate, to a non-government party will render the company eligible for a reduced corporate income tax rate as per said Law.**

**The order backlog** in Q1, 2021 amounted to approx. USD 12.2 billion, compared to approx. USD 12.6 billion at the end of 2020. Of the order backlog, 79% is held for sale to foreign customers that are widely geographically dispersed, based on a large variety of projects and secures about 3 years of operation given the current sales volume.

**Positive cash flow from operating activities** in Q1 2021 amounted to USD 167 million compared with positive cash flow from operating activities of approx. USD 5 million in Q1 2020.

(\*) The data of the divisions' sales, gross profit, operating income and net income (loss) consist of inter-divisionary activities and are identical to the data included in the note on business segments in the consolidated financial statements.



**Condensed balance sheet data (USD in millions)**

	March 31, 2021		December 31, 2020	
	Amount	% of Total Balance Sheet	Amount	% of Total Balance Sheet
<b>The Group's Total Assets</b>	<b>6,141</b>	100%	6,257	100%
<b>Current Assets</b>	<b>4,593</b>	75%	4,756	76%
of which:				
Cash and current investments in financial assets	1,170	19%	1,254	20%
Contract assets, net	940	15%	945	15%
<b>Current liabilities</b>	<b>4,660</b>	76%	4,747	76%
of which:				
contract liabilities, net	2,389	39%	2,167	35%
<b>Equity</b>	<b>1,084</b>	18%	1,082	17%
Current ratio	0.99		1.00	
Quick ratio	0.79		0.82	

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**Condensed profit and loss data (USD in millions)**

	Three months, ending March 31,		Increase (decrease) compared to corresponding quarter of last year (%)
	2021	2020	
<b>Sales</b>	<b>1,015</b>	1,018	(0%)
<b>Gross profit</b>	<b>166</b>	170	(2%)
% of gross profit from sales	16.4%	16.7%	
Research and development expenses	<b>36</b>	39	(8%)
Costs of early retirement	<b>1</b>	4	-
<b>Operating income</b>	<b>67</b>	61	10%
% of operating income from sales	6.6%	6.0%	
<b>Net income</b>	<b>42</b>	34	24%
% of net income from sales	4.1%	3.3%	
<b>EBITDA (*)</b>	<b>120</b>	102	18%
% of EBITDA from sales	11.8%	10.0%	

(\*) Operating income before financial expenses (income), net and tax expenses (income), with the addition of depreciation and amortization.

**Israel Aerospace Industries (IAI)** is a world-leading aerospace and defense company innovating and delivering state-of-the-art technologies in space, air, land, naval, cyber & homeland security for defense and commercial markets. Combining the “Start-up Nation” spirit of innovation with decades of combat-proven experience, IAI provides customers with tailor-made, cutting-edge solutions to the unique challenges they face including satellites, UAVs, missiles, intelligence solutions, weapon systems, air defense systems, robotic systems, radars, business jets, aerostructures, and more. Established in 1953, IAI is one of Israel’s largest technology employers with offices and R&D centers in Israel and abroad. For more information: **Errore. Riferimento a collegamento ipertestuale non valido.**

**Pictured:** IAI's President & CEO, Boaz Levy (credit- IAI)

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