



## FIRST HALF 2017 RESULTS<sup>1</sup>

---

### REVENUE GROWTH CONTINUES MARGINS IMPROVE AND ORDER BACKLOG GROWS

- Revenues<sup>2</sup>: Euro 148.6 million (+24.4% on H1 2016)
- Adjusted EBITDA<sup>3</sup>: Euro 15.2 million (+7.8%)
- Adjusted EBIT<sup>3</sup>: Euro 10.3 million (+38.5%)
- Net Profit: Euro 1.7 million (loss of Euro 1.1 million in H1 2016)
- Net Financial Position: cash position of Euro 35.9 million (debt of Euro 18.6 million at December 31, 2016<sup>4</sup>).

**Colleferro (Rome), September 13, 2017** – The Board of Directors of Avio S.p.A. today reviewed and approved the H1 2017 results.

Avio, a leading aerospace enterprise listed on the STAR segment of the Italian Stock Exchange, reports revenues of Euro 148.6 million for the first half of 2017 - up 24.4% on the same period of the previous year. The increase is primarily due to production on the Vega launcher and progress on the development of the new P120C motor for the next generation launchers Ariane 6 and Vega C.

Adjusted EBITDA reached Euro 15.2 million (up 7.8% on H1 2016) while Adjusted EBIT grew at Euro 10.3 million (up 38.5% on the previous year), also as a result of the completion of amortisation on a number of Vega programme research and development items.

The net financial position improved to a liquidity position of Euro 35.9 million (from a debt of Euro 18.6 million at December 31, 2016<sup>4</sup>), thanks to the cash contribution from the merger with Space 2 S.p.A. leading to the company's stock market listing.

In particular, in May 2017 approx. Euro 65M of existing bank debt was repaid in advance as no longer required to support company operations. This advance repayment will also significantly reduce funding charges on the company's income statement.

The backlog also grew to Euro 716.2 million (+11.3% on H1 2016), benefitting from both new Ariane and Vega contracts.

---

<sup>1</sup> In consideration of the merger with Space2 S.p.A. which led to the company's stock market listing, for comparability of the results for the first half of 2017 with the first half of 2016, the pro-forma figures are reported as described in greater detail for the "Pro-Forma" Statements below. The first half of 2016 figures include Space2 S.p.A. for comparability with the first half of 2017.

<sup>2</sup> Net of "pass-through" revenues.

<sup>3</sup> The Adjusted indicators exclude non-recurring or unusual items.

<sup>4</sup> Does not include contribution from merger with Space2 S.p.A. on April 10, 2017.

Avio delivered two major results following period ending on June 30, 2017: the tenth successful Vega flight in a row since the inaugural flight in 2012 - a world record for the space launchers sector - and the acquisition (as expected) of additional production and development orders, primarily for the Vega launcher for a total of over Euro 300 million.

*“Our double-digit growth continued in the first half of 2017, building on the Group’s 2016 results - stated Giulio Ranzo, Chief Executive Officer of Avio.*

*The first half of 2017 saw intense flight activity with 4 Ariane flights and one Vega flight (the second Vega flight of the year took place on August 2, consolidating therefore the result of 4 consecutive flights in 10 months). The Ariane launcher has reached an unmatched reliability record with 80 consecutive successful flights; Vega has confirmed its outstanding performance by completing its 10<sup>th</sup> successful consecutive flight.*

*We then pursued the development of the new Ariane 6 and Vega C launchers - added Ranzo - completing the P120C’s first booster case. In parallel, works on the new facility have advanced significantly. As part of the development of the Vega C, we delivered major technological development with completion of the first version of the Zefiro 40 motor. Finally - concluded Giulio Ranzo - highlighting the relevance of the Vega C project, in June Arianespace signed (two years ahead of development completion) contracts for 2 Vega C launches for Airbus Defense & Space from 2020“.*

The H1 highlights document will be available in the Investor Relations section of the avio.com website. The document will be illustrated during the conference call with analysts and investors scheduled for September 15 at 12 pm.

The H1 Financial Statements will be made available in Italian and English in compliance with the applicable law.

\* \* \*

The Executive Responsible for the preparation of the corporate accounting documents, Mr. Alessandro Agosti, declares in accordance with Legs. Decree 58/1998, that the accounting information contained in the present press release corresponds to the underlying accounting documents, records and accounting entries.

\* \* \*

**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 France Guyana with 5 facilities, employing approx. 850 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**

Investor Relations Contacts

[investor.relations@avio.com](mailto:investor.relations@avio.com)

Media Contacts - Avio Communications Department

giuseppe.coccon@service.avio

## AVIO GROUP CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED BALANCE SHEET

June 30, 2017    December 31, 2016

(in Euro)

#### ASSETS

##### Non-current assets

Property, plant & equipment	63,269,931	
Investment property	2,817,768	
Goodwill	80,342,274	
Intangible assets with definite life	88,110,194	
Investments	4,092,767	50,000
Non-current financial assets	7,440,000	10,000
Deferred tax assets	82,026,838	
Other non-current assets	65,912,254	
<b>Total non-current assets</b>	<b>394,012,027</b>	<b>60,000</b>

##### Current assets

Inventories	127,267,792	
Contract work in progress	150,176,338	
Trade receivables	5,789,049	
Current financial assets	28,950,782	304,165,745
Cash and cash equivalents	63,374,655	444,788
Tax receivables	41,658,842	1,013,555
Other current assets	10,444,475	107,852
<b>Total current assets</b>	<b>427,661,934</b>	<b>305,731,940</b>

Assets held-for-sale and Discontinued Operations

-                      -  
-                      -

#### TOTAL ASSETS

**821,673,962                  305,791,940**

**CONSOLIDATED BALANCE SHEET**

June 30, 2017      December 31, 2016

*(in Euro)***EQUITY**

Share capital	90,761,669	30,845,000
Share premium reserve	163,897,217	277,155,000
Other reserves	(4,739,615)	(2,896,914)
Retained earnings	3,517,067	289,682
Group net profit/(loss) for the period	2,060,107	(331,964)
<b>Total Group Equity</b>	<b>255,496,445</b>	<b>305,060,804</b>

Equity attributable to non-controlling interests

6,304,535

**TOTAL EQUITY****261,800,980****305,060,804****LIABILITIES****Non-current liabilities**

Non-current financial liabilities	0	
Post-employment benefits	10,813,961	
Provisions for risks and charges	6,039,390	
Other non-current liabilities	116,516,721	
<b>Total non-current liabilities</b>	<b>133,370,072</b>	<b>0</b>

**Current liabilities**

Current financial liabilities	29,308,605	
Current portion of non-current financial payables	27,138,105	
Provisions for risks and charges	7,890,207	
Trade payables	89,997,347	580,780
Advances for contract work in progress	252,130,621	
Current income tax liabilities	943,979	88,450
Other current liabilities	19,094,046	61,906
<b>Total current liabilities</b>	<b>426,502,910</b>	<b>731,136</b>

**TOTAL LIABILITIES****559,872,982****731,136**

Liabilities available-for-sale and discontinued operations

-

-

-

-

**TOTAL LIABILITIES AND EQUITY****821,673,962****305,791,940**

<b>CONSOLIDATED INCOME STATEMENT</b>	<b>H1 2017 <sup>(1)</sup></b>	<b>H1 2016</b>
<i>(in Euro)</i>		
Revenues	101,287,263	
Change in inventory of finished products, in progress and semi-finished	3,042,871	
Other operating income	1,238,298	
Consumption of raw materials	(32,209,358)	(8,150)
Service costs	(49,875,647)	
Personnel costs	(16,643,677)	
Amortisation & Depreciation	(3,329,720)	
Write-downs and write-backs	-	
Other operating costs	(1,264,493)	(670,284)
Effect valuation of investments under equity method - operating income/(charges)	259,026	
Costs capitalised for internal works	754,775	
<b>EBIT</b>	<b>3,259,337</b>	<b>(678,434)</b>
Financial income	653,645	979,952
Financial charges	(2,143,712)	
<b>NET FINANCIAL INCOME/(CHARGES)</b>	<b>(1,490,067)</b>	<b>979,952</b>
Effect valuation of investments under equity method - financial income/(charges)		
Other income/(charges) from investments		
<b>INCOME/(CHARGES) FROM INVESTMENTS</b>	<b>-</b>	<b>-</b>
<b>PROFIT BEFORE TAXES AND DISCONTINUED OPERATIONS</b>	<b>1,769,270</b>	<b>301,518</b>
Income taxes	575,014	
<b>PROFIT FROM CONTINUING OPERATIONS</b>	<b>2,344,284</b>	<b>301,518</b>
<b>NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS</b>	<b>-</b>	<b>-</b>
<b>NET PROFIT FOR THE PERIOD</b>	<b>2,344,284</b>	<b>301,518</b>
-- of which: Owners of the parent	2,060,107	
Non-controlling interests	284,177	
<b>Basic earnings per share</b>	<b>0.135</b>	<b>0.012</b>
<b>Diluted earnings per share</b>	<b>0.114</b>	<b>0.010</b>

Note (1): Space 2 S.p.A. operations in the half-year including Avio Group operations for the second quarter 2017. For a detailed analysis, reference should be made to the Director's Report.

## CONSOLIDATED CASH FLOW STATEMENT

(Euro thousands)

	H1 2017	H1 2016
<b>OPERATING ACTIVITIES</b>		
Net profit for the period	2,344	302
Adjustments for:		
- Income taxes	(575)	
- (Income)/charges from equity investments	-	
- Financial (Income)/Charges	1,490	256
- Amortisation & Depreciation	3,330	
- (Gains)/losses on sale of property, plant & equipment & other (income)/charges	-	
Dividends received	2,460	
Net change provisions for risks and charges	(8,855)	
Net change employee provisions	(28)	
Changes in:		
- Inventories	3,893	
- Contract work-in-progress & advances	(19,042)	
- Trade receivables	1,642	2
- Trade payables	15,591	23
- Other current & non-current assets	(9,476)	(188)
- Other current & non-current liabilities	(4,208)	
Income taxes paid (*)	(289)	
Interest paid	(2,622)	(3)
<b>Net liquidity generated/(employed) in operating activities</b>	<b>(14,346)</b>	<b>393</b>
	(A)	
<b>INVESTING ACTIVITIES</b>		
Investments in:		
- Tangible assets and property investments	(4,905)	
- Intangible assets with definite life	(733)	
Disposal price of tangible, intangible & financial assets	-	
<b>Changes in consolidation scope</b>		
<i>a) Avio Business combination</i>		
- Price paid	(84,871)	
- Cash and cash equivalents of Avio Group acquired at March 31, 2017	111,140	
	-	
<i>b) Spin-off with Space3 beneficiary</i>		
- Financial assets subject to spin-off and investment in Space3	152,847	
<b>Liquidity generated (employed) in investing activities</b>	<b>173,610</b>	-
	(B)	
<b>FINANCING ACTIVITIES</b>		
Grant / (Repayment) of bank loans	(63,360)	
Centralised treasury effect with Europropulsion S.A. joint control company	(615)	
Repayment / (Issue) of loans to associate Termica Colleferro S.p.A.	-	
Share capital increase and share premium reserve	-	
Dividends attributable to minorities of subsidiaries	(1,920)	
Other changes to financial assets and liabilities	(30,440)	
<b>Liquidity generated (employed) in financing activities</b>	<b>(96,335)</b>	-
	(C)	
<b>INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS</b>	<b>(A)+(B)+(C)</b>	<b>393</b>
<b>NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>445</b>	<b>140</b>
<b>NET CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>63,375</b>	<b>533</b>

Note: Space 2 S.p.A. operations in the half-year including Avio Group operations for the second quarter 2017. For a detailed analysis, reference should be made to the Director's Report.

## “PRO-FORMA” STATEMENTS

### GROUP RESULTS & EQUITY AND FINANCIAL POSITION

#### Introduction

In consideration of the Avio-Space2 corporate operation, for comparability of the Group results and equity and financial position for the first half of 2017 with the first half of 2016, the following “Pro-Forma” tables are presented.

#### Operating results

The “Pro-Forma” table below summarises the comparable operating performance of the Avio Group for the first half of 2017 and the first half of 2016 (in Euro thousands).

	H1 2017 "Pro-Forma"	H1 2016 "Pro-Forma"	Change
Revenues	161,184	127,892	33,292
of which: Pass-through revenues	12,626	8,529	4,097
<b>Revenues, net of pass-through revenues</b>	<b>148,558</b>	<b>119,363</b>	<b>29,195</b>
Other operating revenues and changes in inventory of finished products, in progress and semi-finished	5,423	5,466	(43)
Costs for goods and services, personnel, other operating costs, net of capitalised costs & pass-through	(143,585)	(115,390)	(28,195)
Effect valuation of investments under equity method - operating income/(charges)	825	1,270	(445)
<b>EBITDA</b>	<b>11,221</b>	<b>10,709</b>	<b>512</b>
Amortisation, depreciation & write-downs	(6,927)	(8,703)	1,775
<b>EBIT</b>	<b>4,293</b>	<b>2,008</b>	<b>2,287</b>
Interest and other financial income (charges)	(3,099)	(1,961)	(1,138)
<b>Net financial charges</b>	<b>(3,099)</b>	<b>(1,961)</b>	<b>(1,138)</b>
Investment income/(charges)	-	-	-
<b>Profit before taxes</b>	<b>1,194</b>	<b>47</b>	<b>1,148</b>
Current and deferred taxes	541	(1,192)	1,733
<b>Group &amp; minority interest net profit/(loss)</b>	<b>1,735</b>	<b>(1,145)</b>	<b>2,881</b>

In addition to the “Pro-Forma” presentation to neutralise the results from corporate operations, for a more complete representation of the Group’s earnings performance, the EBITDA and EBIT adjusted to exclude Group non-recurring and unusual components are presented below. These adjusted amounts (in Euro thousands) and the relative margins for H1 2017 and H1 2016 are reported below:

	H1 2017 "Pro-Forma"	H1 2016 "Pro-Forma"	Change
<b>Adjusted EBITDA</b>	<b>15,207</b>	<b>14,111</b>	<b>1,096</b>
Adjusted EBITDA Margin (against revenues net of pass-through revs.)	10.2%	11.8%	
<b>Adjusted EBIT</b>	<b>10,322</b>	<b>7,450</b>	<b>2,871</b>
Adjusted EBIT Margin (against revenues net of pass-through revs.)	6.9%	6.2%	



## Balance Sheet

The following "Pro-Forma" table summarises the balance sheet at June 30, 2017 of the Avio Group post Space2 and Avio S.p.A. merger, compared with the "Pro-Forma" comparative figures which include the effects of the Space2 and Avio S.p.A. merger at December 31, 2016, ensuring their comparability with the June 30, 2017 figures (in Euro thousands).

	June 30, 2017	December 31, 2016 "Pro-Forma"	Change
Tangible assets and property investments	66,088	61,789	4,299
Goodwill	80,342	80,342	-
Intangible assets with definite life	88,110	90,677	(2,567)
Investments	4,093	5,728	(1,635)
<b>Total fixed assets</b>	<b>238,633</b>	<b>238,536</b>	<b>97</b>
<b>Net working capital</b>	<b>(26,829)</b>	<b>(28,418)</b>	<b>1,589</b>
Other non-current assets	65,912	68,149	(2,237)
Other non-current liabilities	(116,517)	(117,734)	1,217
Net deferred tax assets	82,027	81,188	839
Provisions for risks and charges	(13,930)	(24,865)	10,935
Post-employment benefits	(10,814)	(10,930)	116
<b>Net capital employed</b>	<b>218,482</b>	<b>205,926</b>	<b>12,556</b>
<b>Net financial position</b>	<b>35,879</b>	<b>48,343</b>	<b>(12,464)</b>
Non-current financial assets	7,440	7,450	(10)
<b>Adjusted Net Financial Position</b>	<b>43,319</b>	<b>55,793</b>	<b>(12,474)</b>
Equity	(261,801)	(261,718)	(83)
<b>Source of funds</b>	<b>(218,482)</b>	<b>(205,926)</b>	<b>(12,557)</b>

## Financial position

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

	June 30, 2017	Dec 31, 2016 "Pro-Forma"	Change
Cash and cash equivalents	63,375	87,620	(24,245)
<b>(A) Liquidity</b>	<b>63,375</b>	<b>87,620</b>	<b>(24,245)</b>
(B) Current financial assets	28,951	66,499	(37,548)
<b>(C) Total current financial assets (A+B)</b>	<b>92,325</b>	<b>154,119</b>	<b>(61,793)</b>
Financial payables on interest rate hedges	(59)	(312)	252
Current financial payables to companies under joint control	(29,249)	(13,850)	(15,399)
<b>(D) Current financial liabilities</b>	<b>(29,309)</b>	<b>(14,162)</b>	<b>(15,147)</b>
Current portion of non-current bank payables	(27,138)	(91,615)	64,476
<b>(E) Current portion of non-current financial payables</b>	<b>(27,138)</b>	<b>(91,615)</b>	<b>64,476</b>
<b>(F) Current financial debt (D+E)</b>	<b>(56,447)</b>	<b>(105,776)</b>	<b>49,329</b>
<b>(G) Net current financial position (C+F)</b>	<b>35,879</b>	<b>48,342</b>	<b>(12,464)</b>
Non-current portion of bank payables	-	-	-
<b>(H) Non-current financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(I) Net non-current debt (H)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(J) Net Financial Position (G-I)</b>	<b>35,879</b>	<b>48,342</b>	<b>(12,464)</b>

The financial position reported in the "Dec 31 2016 "Pro-Forma"" column includes financial resources from Space2 as a result of the merger.