



## 2018 RESULTS

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### REVENUE, NET PROFIT AND CASH GROWTH CONTINUES

- Revenues: Euro 388.7 million (+13% on 2017<sup>1</sup>)
- Reported EBITDA: Euro 42.6 million (+8% on 2017<sup>1</sup>)
- Reported EBIT: Euro 28.5 million (+14% on 2017<sup>1</sup>)
- Net Profit: Euro 25.8 million (+18% on 2017<sup>1</sup>)
- Backlog: Euro 877 million (-8% on December 31, 2017)
- Net Financial Position: cash position of Euro 49 million (+18% on December 31, 2017)

**Milan, March 14, 2019** – The Board of Directors of Avio S.p.A. today reviewed and approved the statutory financial statements and presented the consolidated financial statements of Avio S.p.A. at December 31, 2018.

Avio, a leading aerospace enterprise listed on the STAR segment of the Italian Stock Exchange, reports **revenues** for 2018 of **Euro 388.7 million - up 13%** on the previous year and beating 2018 Guidance of Euro 345-365 million. The increase in revenues is mainly due to the advancement of Vega C and development activities on the new P120C motor.

**Reported EBITDA of Euro 42.6 million grew 8%** on the previous year, mainly due to lower non-recurring costs, as indicated by 2018 Guidance, better absorption of overheads and the research and development tax credit benefit.

**The net profit of Euro 25.8 million was also significantly up** (+18% on Euro 21.8 million in 2017), thanks to the improved EBITDA and the considerable reduction in financial charges (Euro 0.7 million against Euro 3.6 million in 2017) relating to the new Group debt structure, whose benefits became fully apparent in 2018.

**The backlog of Euro 877 million at December 31, 2018 significantly outstripped Guidance indications (Euro 700-775 million)** and benefitted from the bringing forward of some contracts initially scheduled for 2019. The main orders include the contract signed in February 2018 regarding the PC batch for the supply of solid propulsion engines for the last 10 Ariane 5 launches before the introduction of the new Ariane 6 launcher.

**Net Financial Position improves to a cash position of Euro 49.1 million** (compared to Euro 41.7 million at December 31, 2017), thanks to the contribution of cash from the improved operating performance, the contribution from the Research and Development tax credit and optimized

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<sup>1</sup> In view of the corporate transaction of April 10, 2017 resulting in the company's stock market listing, the 2017 figures are "pro-forma" i.e. referring to the twelve months of financial year 2017 and including the results of the Avio Group for the first quarter of 2017 pre-corporate transaction.

capitalized expenses management, with the deferment of some investments to 2019, while keeping the main industrial and production milestones unchanged (Capex of Euro 22.9 million, compared to Euro 28.6 million in 2017). Dividends of Euro 0.38 per share were paid in May 2018 (approx. Euro 10 million in total).

The Board of Directors raised the payout ratio and dividend yield thresholds set out in the dividend policy in order to provide greater flexibility and in addition, on the basis of the results delivered, proposes to the Shareholders' Meeting scheduled for April 29, 2019 to distribute a dividend of Euro 11.5 million (Euro 0.44 per share).

It is also proposed that the dividend is paid out from May 22, 2019, with coupon date (coupon No. 3) of May 20, 2019 and record date of May 21, 2019, in accordance with Article 83-*terdecies* of the CFA.

*"2018 saw double-digit growth for the third year in a row and is considered a turning point for our company - stated Chief Executive Officer of Avio, Giulio Ranzo. Market dynamics, our advanced technology, sustained investments and robust financial position allow us to look forward with confidence to the next 4-5 years in which we can convert the major opportunities to boost our competitiveness".*

**2018 saw 6 successful Ariane 5 flights and 2 for Vega**, which has now therefore delivered 13 consecutive successful launches (from the inaugural flight in 2012) - consolidating its world reliability record in terms of a new space launch product.

The presentation outlining the 2018 highlights will be made available in the Investor Relations section of the website to assist the call with financial analysts and investors scheduled for Friday, March 15 at 10.30 AM. The Annual Financial Report will be made available in Italian and in English in accordance with Law.

#### Non financial report

Together with the 2018 Annual Financial Report, the Board of Directors of Avio S.p.A. approved the 2018 Non-Financial Report, in line with the obligation for listed companies under Legislative Decree 254/2016.

#### Other Decisions

- Shareholders' Meeting call

In the coming days the Shareholders' Meeting call notice for the 29 of April 2019, with the following agenda: 1. 2018 Annual Report; Directors', Board of Auditors and Auditing Company relations; Presentation of the Consolidated Financial Statements as of 31 December 2018; 2. Decisions concerning the 2018 economic result allocation; 3. Relation on remuneration according to Italian Law art. 123-ter, comma 6, D.lgs. n. 58/98; 4 Approval of the proposal to authorize the stock buy-back according to the art. 2357 of Italian Civil Code.

The Shareholder Meeting Call notice will be published and thereafter made available on the company website at [www.investors.avio.com/Investors/](http://www.investors.avio.com/Investors/) and on the centralized storage mechanism, where the Illustrative Report to the Shareholders' Meeting on the proposals concerning the matters on the agenda shall also be made available.

- Authorization to the stocks' buyback

The Board of Directors decided to propose to the Shareholder Meeting the stock buyback for a maximum possible amount of 10% of the Share Capital (around Euro 9 million) for a 18 months time span for a unit price not lower than 10% and not higher than 10% reference price as derived from the reference price observed on the STAR segment of the Italian Stock Exchange the day preceding every operation. More detailed information will be available in the Directors' relation which will be published within the appropriate law terms.

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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. 900 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**

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## AVIO GROUP CONSOLIDATED FINANCIAL STATEMENTS

<b>CONSOLIDATED BALANCE SHEET</b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
<i>(in Euro)</i>		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	89,314,581	71,852,360
Investment property	2,945,216	2,832,219
Goodwill	61,005,397	61,005,397
Intangible assets with definite life	116,953,729	117,577,280
Investments	8,137,948	7,974,612
Non-current financial assets	5,812,000	5,812,000
Deferred tax assets	76,150,361	76,546,723
Other non-current assets	66,520,882	65,521,105
<b>Total non-current assets</b>	<b>426,840,114</b>	<b>409,121,695</b>
<b>Current assets</b>		
Inventories	116,079,957	125,789,247
Contract work in progress	103,151,448	111,236,680
Trade receivables	7,017,095	8,507,533
Cash and cash equivalents	108,434,880	107,033,059
Current tax receivables	62,775,066	72,230,694
Other current assets	7,607,803	8,663,659
<b>Total current assets</b>	<b>405,066,249</b>	<b>433,460,873</b>
Assets held-for-sale and Discontinued Operations	-	-
<b>TOTAL ASSETS</b>	<b>831,906,363</b>	<b>842,582,567</b>

**CONSOLIDATED BALANCE SHEET****December 31,  
2018****December 31,  
2017***(in Euro)***EQUITY**

Share capital	90,964,212	90,964,212
Share premium reserve	144,255,918	163,897,217
Other reserves	14,580,499	(4,682,849)
Retained earnings	10,442,902	3,611,315
Group net profit/(loss) for the year	24,337,954	18,360,625

<b>Total Group Equity</b>	<b>284,581,484</b>	<b>272,150,519</b>
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<b>Equity attributable to non-controlling interests</b>	<b>11,404,835</b>	<b>10,054,880</b>
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<b>TOTAL EQUITY</b>	<b>295,986,319</b>	<b>282,205,399</b>
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**LIABILITIES****Non-current liabilities**

Non-current financial liabilities	40,000,000	40,000,000
Employee benefit provisions	10,706,213	10,906,705
Provisions for risks and charges	7,841,101	7,788,960
Other non-current liabilities	122,452,889	116,269,657

<b>Total non-current liabilities</b>	<b>181,000,203</b>	<b>174,965,322</b>
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**Current liabilities**

Current financial liabilities	19,249,221	25,259,221
Current portion of non-current financial payables	60,000	60,000
Provisions for risks and charges	8,022,416	8,550,872
Trade payables	131,407,118	89,441,365
Advances for contract work-in-progress	177,072,126	242,518,981
Current tax payables	2,308,320	1,981,723
Other current liabilities	16,800,639	17,599,685

<b>Total current liabilities</b>	<b>354,919,841</b>	<b>385,411,847</b>
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<b>TOTAL LIABILITIES</b>	<b>535,920,044</b>	<b>560,377,169</b>
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Liabilities available-for-sale and discontinued operations	-	-
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<b>TOTAL LIABILITIES AND EQUITY</b>	<b>831,906,363</b>	<b>842,582,567</b>
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<b>CONSOLIDATED INCOME STATEMENT</b>	<b>FY 2018</b>	<b>FY 2017 <sup>(1)</sup></b>
<i>(in Euro)</i>		
Revenues	439,695,356	325,331,684
Change in inventory of finished products, in progress and semi-finished	1,527,204	(201,741)
Other operating income	5,605,138	4,527,791
Consumption of raw materials	(131,840,876)	(98,573,405)
Service costs	(213,800,538)	(155,101,661)
Personnel expenses	(62,402,976)	(46,694,948)
Amortisation & Depreciation	(14,031,856)	(10,628,811)
Write-down and write-backs	-	-
Other operating costs	(9,393,759)	(6,498,068)
Effect valuation of investments under equity method - operating income/(charges)	3,239,413	2,513,093
Costs capitalised for internal works	9,924,245	9,312,658
<b>EBIT</b>	<b>28,521,351</b>	<b>23,986,593</b>
Financial income	813,223	1,418,689
Financial charges	(1,476,390)	(3,377,345)
<b>NET FINANCIAL INCOME/(CHARGES)</b>	<b>(663,167)</b>	<b>(1,958,655)</b>
Effect valuation of investments under equity method - financial income/(charges)		
Other income/(charges) from investments		
<b>INVESTMENT INCOME/(CHARGES)</b>	<b>-</b>	<b>-</b>
<b>PROFIT/(LOSS) BEFORE TAXES AND DISCONTINUED OPERATIONS</b>	<b>27,858,184</b>	<b>22,027,938</b>
Income taxes	(2,020,269)	369,477
<b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>25,837,916</b>	<b>22,397,415</b>
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>	<b>25,837,916</b>	<b>22,397,415</b>
-- of which: Owners of the parent	24,337,954	
Non-controlling interests	1,499,962	

(1) Period from April 1 to December 31, 2017

## CONSOLIDATED CASH FLOW STATEMENT

(Euro thousands)

		2018	2017 <sup>(1)</sup>
<b>OPERATING ACTIVITIES</b>			
Net profit/(loss) for the year		25,838	22,397
Adjustments for:			-
- Income taxes		2,020	(369)
- (Income)/charges from equity investments		(3,239)	(2,513)
- Financial (Income)/Charges			1,959
- Amortisation & Depreciation		14,032	10,629
- (Gains)/losses on sale of property, plant & equipment & other (income)/charges			-
Dividends received		3,080	2,460
			-
Net change provisions for risks and charges		(476)	(6,445)
Net change employee provisions		(200)	65
			-
Changes in:			-
- Inventories		9,709	5,372
- Contract work-in-progress & advances		(57,362)	10,286
- Trade receivables		1,490	(1,076)
- Trade payables		41,966	14,454
- Other current & non-current assets		9,912	(37,375)
- Other current & non-current liabilities		6,361	(3,485)
			-
Income taxes paid		(1,474)	(973)
Interest paid		(1,476)	(2,147)
<b>Net liquidity generated/(employed) in operating activities</b>	(A)	<b>50,180</b>	<b>13,237</b>
<b>INVESTING ACTIVITIES</b>			
Investments in:			
- Tangible assets and investment property		(23,425)	(16,452)
- Intangible assets with definite life		(7,559)	(9,189)
- Savings Bonds/Restricted Bank Deposits		(4)	
Disposal price of tangible, intangible & financial assets		-	-
<b>Changes in consolidation scope</b>			
<i>Avio Business combination</i>			
- Price paid			(84,871)
- Cash and cash equivalents of Avio Group acquired at March 31, 2017			111,585
			-
Disposal price financial assets			152,847
<b>Liquidity generated (employed) in investing activities</b>	(B)	<b>(30,987)</b>	<b>153,920</b>
<b>FINANCING ACTIVITIES</b>			
EIB loan drawdown			40,000
Senior Term and Revolving Facilities Agreement repayment			(90,654)
Centralised treasury effect with Europropulsion S.A. joint control company		(6,014)	(4,343)
Repayment / (Issue) of loans to associate Termica Colleferro S.p.A.		(10,017)	
Share capital increase and share premium reserve			203
Dividends attributable to minorities of subsidiaries		(1,760)	(1,920)
Other changes to financial assets and liabilities			(3,855)
<b>Liquidity generated (employed) in financing activities</b>	(C)	<b>(17,791)</b>	<b>(60,570)</b>
<b>INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS</b>	(A)+(B)+(C)	<b>1,402</b>	<b>106,588</b>
<b>NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>107,033</b>	<b>445</b>
<b>NET CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>108,435</b>	<b>107,033</b>

(1) Period from April 1 to December 31, 2017

## RECLASSIFIED STATEMENTS

### GROUP RESULTS & EQUITY AND FINANCIAL POSITION

#### Introduction

In consideration of the Avio-Space2 corporate transaction occurred in 2017, for comparability of the Group results and equity and financial position for 2017 the following "Pro-Forma" tables are presented.

#### Operating results

The "Pro-Forma" table below summarises the comparable operating performances of the Avio Group (in Euro thousands).

	FY 2018	FY 2017 "Pro-Forma"	Change
Revenues	439,695	385,229	54,467
of which: Pass-through revenues	51,000	41,402	9,598
<b>Revenues, net of pass-through revenues</b>	<b>388,695</b>	<b>343,827</b>	<b>44,869</b>
Other operating revenues and changes in inventory of finished products, in progress and semi-finished	7,132	5,468	1,664
Costs for goods and services, personnel, other operating costs, net of capitalised costs & pass-through	(356,514)	(313,126)	(43,388)
Effect valuation of investments under equity method - operating income/(charges)	3,239	3,079	161
<b>EBITDA</b>	<b>42,552</b>	<b>39,247</b>	<b>3,306</b>
Amortisation, depreciation & write-downs	(14,032)	(14,226)	195
<b>EBIT</b>	<b>28,520</b>	<b>25,021</b>	<b>3,501</b>
Interest and other financial income (charges)	(663)	(3,568)	2,905
<b>Net financial charges</b>	<b>(663)</b>	<b>(3,568)</b>	<b>2,905</b>
Investment income/(charges)	-	-	-
<b>Profit before taxes</b>	<b>27,857</b>	<b>21,453</b>	<b>6,405</b>
Current and deferred taxes	(2,020)	335	(2,355)
<b>Group &amp; non-control. interest net profit</b>	<b>25,837</b>	<b>21,788</b>	<b>4,050</b>



## Balance Sheet

The analysis of the Group Balance Sheet is reported in the following table (Euro thousands).

	December 31, 2018	December 31, 2017	Change
Tangible assets and investment property	92,260	82,928	9,332
Goodwill	61,005	61,005	(0)
Intangible assets with definite life	116,954	117,577	(624)
Investments	8,138	7,975	163
<b>Total fixed assets</b>	<b>278,357</b>	<b>269,485</b>	<b>8,872</b>
<b>Net working capital</b>	<b>(30,957)</b>	<b>(33,357)</b>	<b>2,400</b>
Other non-current assets	66,521	65,521	1,000
Other non-current liabilities	(122,453)	(116,270)	(6,183)
Net deferred tax assets	76,150	76,547	(396)
Provisions for risks and charges	(15,864)	(16,340)	476
Employee benefits	(10,706)	(10,907)	200
<b>Net capital employed</b>	<b>241,049</b>	<b>234,680</b>	<b>6,369</b>
Non-current financial assets	5,812	5,812	-
<b>Net capital employed &amp; Non-current financial assets</b>	<b>246,861</b>	<b>240,492</b>	<b>6,369</b>
Net Financial Position	49,126	41,714	7,412
Equity	(295,986)	(282,205)	(13,781)
<b>Source of funds</b>	<b>(246,861)</b>	<b>(240,492)</b>	<b>(6,369)</b>

## Financial position

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

	Dec 31, 2018	Dec 31, 2017	Change
Cash and cash equivalents	108,435	107,033	1,402
<b>(A) Liquidity</b>	<b>108,435</b>	<b>107,033</b>	<b>1,402</b>
(B) Current financial assets	-	-	-
<b>(C) Total current financial assets (A+B)</b>	<b>108,435</b>	<b>107,033</b>	<b>1,402</b>
Financial payables on interest rate hedges	-	-	-
Current financial payables to companies under joint control	(19,249)	(25,259)	6,010
<b>(D) Current financial liabilities</b>	<b>(19,249)</b>	<b>(25,259)</b>	<b>6,010</b>
Current portion of non-current bank payables	(60)	(60)	-
<b>(E) Current portion of non-current financial payables</b>	<b>(60)</b>	<b>(60)</b>	<b>-</b>
<b>(F) Current financial debt (D+E)</b>	<b>(19,309)</b>	<b>(25,319)</b>	<b>6,010</b>
<b>(G) Net current financial position (C+F)</b>	<b>89,126</b>	<b>81,714</b>	<b>7,412</b>
Non-current portion of bank payables	(40,000)	(40,000)	-
<b>(H) Non-current financial liabilities</b>	<b>(40,000)</b>	<b>(40,000)</b>	<b>-</b>
<b>(I) Net non-current debt (H)</b>	<b>(40,000)</b>	<b>(40,000)</b>	<b>-</b>
<b>(J) Net Financial Position (G-I)</b>	<b>49,126</b>	<b>41,714</b>	<b>7,412</b>