

Bit Market Services

Informazione Regolamentata n. 1771-17-2016	Data/Ora Ricezione 20 Ottobre 2016 13:40:22	MIV - Segmento Professionale
--	---	---------------------------------

Societa' : SPACE2
Identificativo : 80403
Informazione
Regolamentata
Nome utilizzatore : SPACE2N05 - r
Tipologia : IROS 01
Data/Ora Ricezione : 20 Ottobre 2016 13:40:22
Data/Ora Inizio : 20 Ottobre 2016 13:55:23
Diffusione presunta
Oggetto : PR

Testo del comunicato

Vedi allegato.



SPACE2 BRINGS AVIO TO THE MARKET TOGETHER WITH LEONARDO FINMECCANICA

- Avio is a European space travel technologies and systems leader.
- Following the Business Combination with Space2, Avio to list on the Italian Stock Exchange with a free float exceeding 65%.
- Leonardo Finmeccanica S.p.A., an Avio shareholder since 2003, to invest in the transaction together with Space2 and company management, increasing its stake to approx. 28% following the Business Combination with Space2.
- Transaction to employ approx. Euro 154 million of Space2 resources, half of its equity.
- The remaining equity, less Space2's payment in exercise of the right to withdraw, to be contributed to the newly incorporated Space3 following the partial proportional spin-off of Space2 in favour of Space3.
- Thanks to the merger with Space2, Avio will have new funding up to a maximum Euro 80 million available, stepping up its growth and technological innovation plans.
- Business Combination subject to a number of conditions.
- Cinven to divest entirely from Avio.

Milan, October 20, 2016 – The Boards of Directors of Space2 S.p.A. (“Space”) – an Italian SPAC listed on the MIV market/SIV segment of Borsa Italiana S.p.A. - Leonardo Finmeccanica S.p.A. (“Leonardo”) - a company listed on Borsa Italiana S.p.A.’s MTA - and Avio S.p.A. (“AVIO”) - the leading Italian company supplying technologies and launcher systems to the European industry - on October 19, 2016 approved the merger between Space2 and Avio, to be executed principally through the acquisition by Space2 and Leonardo of 85.68% of Avio and the merger of Avio into Space2 (the “Business Combination”).

AVIO is a leading international space propulsion system provider. Headquartered in Colleferro (Rome), it operates in Italy, France and French Guyana with 5 facilities, employing approx. 760 highly-qualified personnel, of which approx. 30% dedicated to research and development. Revenue of approx. Euro 280 million was generated in 2015, up 24% on 2014 (Euro 224 million).

The share capital of Avio is currently held:

- i. 56.02% by a number of private equity funds managed by Cinven Limited (the “Cinven Funds”);
- ii. 25.13% by institutional investors, with voting rights exercised as per instructions issued by Cinven Limited (the “Other Investors”);
- iii. 14.32% by Leonardo; and
- iv. 4.53% by Viasimo S.à. r.l., a vehicle held by various investors, including a number of Avio managers (“Viasimo”).

Leonardo, an Avio shareholder since 2003, will invest in the transaction, increasing its Avio stake following the Business Combination with Space2. Avio's management will invest together with Space2 and Leonardo, while Cinven Limited will divest entirely from Avio.

The transaction will employ approx. Euro 154 million of Space2's capital, half of its equity. The remaining equity will be contributed, less Space2's payment in exercise of the right to withdraw, to the newly incorporated Space3 S.p.A. ("Space3") following the partial proportional spin-off of Space2 in favour of Space3, as approved by the respective Boards of Directors on October 19, 2016. Following the spin-off, Space3 will also be a SPAC listed on the MIV market/SIV segment of Borsa Italiana, with duration until July 31, 2018.

The Board of Directors of Space2 on October 19, 2016 called a Shareholders' Meeting, in single call, for December 1, 2016 to consider the transaction.

Purposes of the Business Combination

The capital conferred to Avio by the Business Combination (to range from approx. Euro 57 million to Euro 80 million based on a number of variables, including the payment which Space2 may incur for the purchase of the treasury shares subject to the right to withdrawal) will be deployed to support Avio's business development plans and, in particular, to improve its capacity to launch the VEGA system, consolidate its supply chain and extend its portfolio of launch solutions and technologies.

"The Business Combination with Avio is hugely satisfying for Space 2" stated Gianni Mion, chairman of Space2. **"Following the substantial success of Space with FILA, we are proud to bring to our investors another true Italian jewel, a sector leader which has showcased the excellence of our technology on the global stage. We look forward to a solid partnership with the management of Avio and with Leonardo, a leading Aerospace, Defense and Security group. We strongly believe in the many and significant growth opportunities which with this backing will present themselves to a listed Avio in the coming years"** concluded Gianni Mion.

"Thanks to the combination with Space2, Avio will list on the Stock Market, which for some time has been a key and strategic objective for our company - stated Giulio Ranzo, Chief Executive Officer of Avio. **"We will now step up our development plans, leveraging even further the globally recognised quality of our technologies, also on the basis of the renewed relationship with Leonardo, a long-standing shareholder. We are pleased to come to the market together, along with our new investors and share in the major opportunities which are now before us"** concluded Giulio Ranzo.

Business Combination stages

The Business Combination will be broken down into the following stages:

- the partial and proportional spin-off of Space2 in favour of Space3 - a joint-stock company incorporated by Space2 on October 6, 2016 as an SIV, whose share capital is currently entirely held by Space2 (the “Spin-off”);
- the acquisition by Space2, by Leonardo and a number of Avio’s managers (the “Managers”), through a specifically incorporated vehicle, In Orbit S.p.A., of the entire share capital of Avio currently not held by Leonardo, totalling 342,715,637 ordinary Avio shares, representing 85.68% of Avio’s share capital, against the payment of consideration of approx. Euro 137 million (the “Acquisition”) on the basis of a valuation of the entire share capital of Avio of approx. Euro 160 million;
- the merger by incorporation of Avio into Space2 (the “Merger”), with simultaneous granting to Avio shareholders other than Space2 of ordinary shares issued by Space2 - based on a valuation of Euro 10 per share - with the latter requesting admission for listing on an Italian regulated market (preferably the MTA).

The Spin-off

The Spin-off shall be carried out through the granting of (i) ordinary and special shares issued by Space3 - of the same class and with the same features as those held by each Space2 shareholder; and (ii) market warrants and sponsor warrants issued by Space3 - with the same features of the “**Space2 S.p.A. Market Warrants**” and of the “**Space2 S.p.A. Sponsor Warrants**” - according to a share swap ratio which, with regards to the shares only, shall vary based on the payment required by Space2 for the purchase of the treasury shares required by the exercise of the right to withdrawal by its shareholders not in agreement with the Merger motion (the “Right to Withdrawal”).

In particular, the share swap ratio shall be between: (i) one Space3 ordinary share/special share for every two Space2 ordinary shares/special shares held pre-Spin-off, where the Right to Withdrawal is not exercised; and (ii) one Space3 ordinary share/special share for every 3.941176 Space2 residual ordinary shares following exercise of the Right to Withdrawal/special shares held pre-Spin-off, where the Right to Withdrawal is fully exercised. For each Space3 ordinary and special share and each market warrant and sponsor warrant granted as part of the Spin-off a corresponding financial instrument issued by Space2 will be cancelled.

The warrant swap ratio will always be equal to one Space3 warrant for every two Space2 warrants held pre-Spin-off.

The definitive share swap ratio shall be announced following the final results of the exercise of the Right to Withdrawal.

As concerning a partial and proportional spin-off, it shall not result in, on the basis of the Spin-off, any change in Space2’s ownership structure and therefore a reasonableness opinion

upon the ratio in accordance with Article 2506ter, third paragraph of the Civil Code will not be required.

For the ordinary shares and the market warrants issued by Space3 in exchange as part of the Spin-off, an application for listing on the MIV, SIV segment shall be presented.

The signing of the Merger deed is subject to, in addition to further conditions upon the execution of the overall Business Combination (as identified below), the following conditions:

- the approval by Borsa Italiana S.p.A. for admission to trading of Space3 on the MIV; and
- the approval by Consob upon the prospectus to be prepared in accordance with Article 57, paragraph 1, letter d) of the Regulation adopted with Consob motion No. 11971/99 for admission to listing.

The Acquisition

The terms and conditions of the Acquisition shall mainly be governed by a binding contract (the “SPA”) signed on October 19 by Space2, Leonardo and In Orbit S.p.A. on the one hand, and the Cinven Funds, Cinven Limited and Viasimo on the other, covering, among other issues, the requirements to be fulfilled for execution of the Business Combination. The Other Investors shall subscribe to the SPA by the tenth day before the Shareholders’ Meeting called to approve the Business Combination.

The breakdown of the payment between Space2 and Leonardo will be based on criteria which take account of any exercise of the Right to Withdrawal. Where this Right is not exercised, the breakdown between Space2 and Leonardo shall respectively be approx. Euro 94 million and Euro 43 million. The Managers may participate in the Acquisition and therefore will have the right by the closing to acquire up to a maximum 22,545,090 Avio shares, equal to 5.6% of Avio’s pre-merger share capital; the number of Avio shares which may be acquired by the Managers shall be deducted from the maximum number of Avio shares which may be acquired by Space2.

In addition, the following further agreements concerning the Acquisition were signed on October 19:

- a) a contract between Space2 and a number of top managers and employees of Avio, under which the latter have provided to Space2 a set of “business representations and warranties” concerning the Avio Group;
- b) a “warranties and indemnities” insurance policy signed by Space2 with the insurance company Dual Specialty M&A GmbH, with Avio as the beneficiary, concerning payment obligations in the case of the violation of the “business representations and warranties” concerning the Avio Group;
- c) a term sheet between Space2 and Leonardo governing, among other issues, certain terms and financial conditions of the Business Combination, in addition to additional commitments by the parties for its execution, also with regard to the governance of Avio (the “Term-Sheet”).

The Merger

The Merger shall be executed through (i) cancellation of the Avio shares held by the Avio shareholders at the Effective Merger Date and (ii) the granting to Avio shareholders at the Effective Merger Date other than Space2 of newly issued shares from the share capital increase of Space2 in service of the share swap.

In particular, the share swap ratio of the Merger shall be 0.0399 Space2 shares for every 1 Avio share, while this formula shall be subject to adjustment - in line with that established in the contractual agreements - where the effective amount of cash (and equivalent items), net of any liabilities of any type, held by Space2 on conclusion of the Spin-off, is under a set amount.

The definitive share swap ratio shall be announced as soon as established through a press release published on Space2's website <http://www.space2spa.com>. On October 10, 2016, the Milan Court appointed the independent audit firm PricewaterhouseCoopers S.p.A. as the expert to prepare an opinion on the share swap ratio, in accordance with Article 2501-**sexies** of the Civil Code. This shall be made available according to the terms established by the applicable regulation.

The Shareholders' Meeting of Space2 shall be called to approve the share capital increase in service of the Merger share swap for a maximum nominal amount of Euro 89,816,890, to be executed by June 30, 2017 through the issue of a maximum 8,981,689 ordinary shares, without indication of a nominal value and with the same features of the ordinary Space2 shares in circulation. The maximum amount of the above-stated share capital increase was established assuming that Space2 acquires the minimum number of Avio shares according to the terms and conditions of the transaction and that, therefore, the share swap would apply to the maximum number of Avio shares held by parties other than Space2.

For the ordinary shares and the market warrants of the post-Business Combination company, Space2 will request admission to listing on an Italian regulated market (preferably the MTA).

The Merger's efficacy shall therefore be subject to, in addition to further conditions on the execution of the overall Business Combination (as set out below), the issue by Consob and Borsa Italiana S.p.A. of approval for listing on an Italian regulated market (preferably the MTA) of the newly issued shares in service of the Merger share swap.

Dependent on the Merger and from the Effective Merger Date, Space2 will adopt the name "Avio S.p.A." and, from the same date, shall adopt a new By-Laws, attached to the Merger proposal. For further information on the new By-Laws, reference should be made to the merger proposal and the Space2 Directors' Report, prepared in accordance with applicable regulations, which will be made available to the public according to the applicable terms and conditions.

Right to withdrawal

Space2 ordinary shareholders not in agreement with the Merger resolution, within 15 days from filing in the company's register of the Shareholders' Meeting resolution in approval of the Merger, may exercise the Right to Withdrawal in accordance with Article 2437, paragraph 1, letter a) and paragraph 2 of letter a) of the Civil Code, against payment of a unitary liquidation amount of Euro 9.85, established by the Board of Directors of Space2 based on the company's current equity, according to the criteria at Article 7 of the Space2 By-Laws and in compliance with Article 2437-ter, paragraph 3, second section, of the Civil Code.

The terms and conditions for the exercise of the Right to Withdrawal are described in detail in the Board of Directors' Report on the Agenda which will be made available to shareholders according to the terms and conditions established by the applicable regulation.

In this regard, the Shareholders' Meeting of Space2 called for December 1, 2016 will be requested to approve the granting to the Board of Directors of the power to cancel, without reduction of the share capital, any treasury shares for which the Right to Withdrawal is exercised and which are acquired by Space2 in accordance with Article 2437-**quater**, fifth paragraph, of the Civil Code.

Post-Business Combination Ownership Structure

Where the Acquisition concerns 85.68% of Avio's share capital, and:

- a) no Space2 shareholder exercises the Right to Withdrawal; and
- b) the Managers acquire 5.6% of the Avio share capital;

the Avio shareholder structure at the Business Combination efficacy date, shall be the following:

- Leonardo shall hold 28.15%;
- the Managers shall hold 3.85%;
- Space Holding S.r.l., the promoter of Space2 ("Space Holding") shall hold 3.81%;
- the current Space2 Investors shall hold overall 64.19%.

Business Combination conditions

The Business Combination shall be subject to a number of conditions, to be complied with, on a case by case basis, before the Shareholders' Meeting or by the closing. Among others, in addition to conditions upon the size of the investment to be sold by the Other Investors as part of the Acquisition, before the Shareholders' Meeting, the approval of the Italian Government in accordance with the so-called "Golden Power Regulation", in addition to authorisation of the Acquisition and the Merger by the French Government by February 28, 2017 in accordance with Article L 151-3 and Articles R 153-1 and subsequent of the "Code Monétaire et Financier".

Business Combination timeline

On the basis of the agreements reached, the execution of the Acquisition and the signing of the Merger deed will take place by the fifth working day subsequent to the effective Spin-off date and, in any case, by February 28, 2017. In particular, the Acquisition will be executed immediately before - however substantially in concert with - the signing of the Merger deed, while considering that (i) the Merger approval motion shall be fully subject to the non-completion of the Acquisition by February 28, 2017; and (ii) the efficacy of the Merger shall be subject to admission to listing of the swapped shares on an Italian regulated market.

Space2 corporate governance post-merger motions

All members of the Board of Directors and of the Board of Statutory Auditors of Space2 on October 19, 2016 resigned with effect from the Effective Merger Date, to allow the entry at that date of the new corporate boards, based on the altered ownership structure of Space2 post-merger.

The Shareholders' Meeting of Space2 called for December 1, 2016 shall be therefore requested to appoint the new corporate boards, in office from the Effective Merger Date, and revoke the liability action in accordance with Article 2393 of the Civil Code against the resigning Directors.

On the basis of the Term-Sheet conditions, Space2 and Leonardo have agreed the following:

- 1) the first post-merger Space2 Board of Directors - which will take office from the Effective Merger Date - will remain in office for three-years and comprise 9 members, of which (i) 3 designated by Leonardo, of which one independent; (ii) Mr. Giulio Ranzo, Avio's current Chief Executive Officer, shall continue in the role; (iii) a member designated by Space Holding, who will act as Chairman and (iv) 3 members designated by Space2 (of which 2 independent), subject to the fact that, where no minority slate exists, Space2 will designate a fourth independent member; and
- 2) the first post-merger Space2 Board of Statutory Auditors, which will take office from the Effective Merger Date - will remain in office for three years and comprise 3 standing auditors and 2 alternate auditors, of which, as far as compatible with the applicable legal provisions, Leonardo will appoint the Chairman and an alternate auditor and Space Holding will appoint one standing auditor and one alternate auditor.

In the coming days, and however sufficiently in advance for the presentation of the slates of candidates in accordance with the applicable regulation, Space2 will announce in a press release to be published on the <http://www.space2spa.com> website, the names of the respective candidates for the office of director and statutory auditor, as agreed with Leonardo, presented in a slate drawn up in accordance with the agreements.

Space2 and Leonardo are, in addition, committed to incorporate certain principles into a shareholder agreement to be signed at the Acquisition execution date, with effect from the Effective Merger Date and with 24 month duration, containing in particular: (a) provisions defining the setting up of the internal committees to the post-merger Space2 Board of Directors; and (b) a 24 month lock-up commitment of Leonardo concerning its investment in Space2 post-merger. Equally In Orbit S.p.A. will undertake a lock-up commitment in relation to any investment in Space2 post-merger, of 24 month duration. Finally, Space Holding, on the basis of the commitments undertaken on the listing of Space2, will have a lock-up on the ordinary shares deriving from the conversion of special shares under the Business Combination of 12 months from the effective merger date.

* * *

The documentation concerning the Spin-off and the Merger and the other proposals to be submitted to the Space2 Shareholders' Meeting will be made available to the market according to the statutory and regulatory terms and conditions.

* * *

For the transaction, Space2 was assisted by Leonardo & Co. S.p.A. - Houlihan Lokey as the financial advisor and for the legal aspects by the BonelliErede and Giovannelli e Associati firms. KPMG S.p.A. is the auditor of Space2.

* * *

The Space2-Avio transaction shall be presented to the financial community on October 26, 2016 at 9:30 AM at the Palazzo Parigi, Corso di Porta Nuova, 1, Milan.

Media&Investor Contact:

Community Strategic Communications Advisers
Tel. (+39) 02 89404231 - space2@communitygroup.it
Mail: investor@space2spa.com

Companies involved

Space2 is an Italian registered SPAC (Special Purpose Acquisition Company) listed on the

regulated MIV (Investment Vehicles Market)/Professional segment organised and managed by Borsa Italiana S.p.A..

Space2 is the second SPAC promoted by Space Holding, an investment company held equally by Sergio Erede, Roberto Italia, Gianni Mion, Carlo Pagliani and Edoardo Subert. In 2013 Space Holding incorporated Space S.p.A., the first Italian registered SPAC listed on the MIV, which undertook a business combination with F.I.L.A. - a world leader in the production and sale of colouring, drawing, modelling, writing and painting tools, principally for school and pre-school age children.

Avio is a leading international group engaged in the construction and development of solid and liquid propulsion systems for space launchers and 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. The group operates in Italy, France and French Guyana with 5 facilities, employing approx. 760 highly-qualified personnel, of which approx. 30% involved in research and development.

Avio is a sub-contractor and prime contractor respectively for the Ariane and Vega space programmes, both financed by the European Space Agency (“ESA”), placing Italy among the limited number of countries capable of producing a complete spacecraft.

Avio will construct the new Vega C launcher and be involved in the new Ariane 6 launcher with the new solid motors and liquid oxygen Vinci and Vulcain turbo-pumps.

The Ariane and Vega programmes shall develop and construct launchers to position payloads respectively in Geostationary Earth Orbit (GEO) and in Low Earth Orbit (LEO). Arianespace, a launch services provider (“LSP”) in which Avio has a minority holding, acquired the Ariane and Vega launchers from the prime contractors of the respective programmes (i.e. Avio, through ELV, with regards to Vega) and sold the launch service to end institutional and commercial clients seeking to position their satellites in orbit.

In addition to space propulsion products, approx. 4% of the company's business volumes are in tactical military missile propulsion systems business, mainly manufacturing boosters for Aster 30 missiles sold to the prime contractor Matra BAE Dynamics Alenia (“MBDA”).

For the construction of solid and liquid propulsion systems and complete launchers, Avio principally utilises the Italian manufacturing plants at Colleferro and two facilities at the European Space Center in Kourou, French Guyana.

Avio's 2015 revenues totalled approx. Euro 280 million. 2015 Adjusted EBITDA was approx. Euro 35.5 million. The net financial position at December 31, 2015 was a debt of approx. Euro 28 million, based on a net cash position of Euro 57 million and a non-current financial debt of Euro 85 million.

Fine Comunicato n.1771-17

Numero di Pagine: 11