



SPAFID CONNECT

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Oggetto : H1 2017 RESULTS

Testo del comunicato

Vedi allegato.



FIRST HALF 2017 RESULTS¹

REVENUE GROWTH CONTINUES MARGINS IMPROVE AND ORDER BACKLOG GROWS

- Revenues²: Euro 148.6 million (+24.4% on H1 2016)
- Adjusted EBITDA³: Euro 15.2 million (+7.8%)
- Adjusted EBIT³: 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, 2016⁴).

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 H1 2016), 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, 2016⁴), 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.

¹ 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.

² Net of "pass-through" revenues.

³ The Adjusted indicators exclude non-recurring or unusual items.

⁴ 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 10th 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

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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	
Total non-current assets	394,012,027	60,000

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
Total current assets	427,661,934	305,731,940

Assets held-for-sale and Discontinued Operations

-	-
-	-

TOTAL ASSETS

821,673,962	305,791,940
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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)
Total Group Equity	255,496,445	305,060,804

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	
Total non-current liabilities	133,370,072	0

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
Total current liabilities	426,502,910	731,136

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

Liabilities available-for-sale and discontinued operations

-

-

-

-

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

CONSOLIDATED INCOME STATEMENT	H1 2017 ⁽¹⁾	H1 2016
<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	
EBIT	3,259,337	(678,434)
Financial income	653,645	979,952
Financial charges	(2,143,712)	
NET FINANCIAL INCOME/(CHARGES)	(1,490,067)	979,952
Effect valuation of investments under equity method - financial income/(charges)		
Other income/(charges) from investments		
INCOME/(CHARGES) FROM INVESTMENTS	-	-
PROFIT BEFORE TAXES AND DISCONTINUED OPERATIONS	1,769,270	301,518
Income taxes	575,014	
PROFIT FROM CONTINUING OPERATIONS	2,344,284	301,518
NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	-	-
NET PROFIT FOR THE PERIOD	2,344,284	301,518
-- of which: Owners of the parent	2,060,107	
Non-controlling interests	284,177	
Basic earnings per share	0.135	0.012
Diluted earnings per share	0.114	0.010

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
OPERATING ACTIVITIES		
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)
Net liquidity generated/(employed) in operating activities	(14,346)	393
	(A)	
INVESTING ACTIVITIES		
Investments in:		
- Tangible assets and property investments	(4,905)	
- Intangible assets with definite life	(733)	
Disposal price of tangible, intangible & financial assets	-	
Changes in consolidation scope		
<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	
Liquidity generated (employed) in investing activities	173,610	-
	(B)	
FINANCING ACTIVITIES		
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)	
Liquidity generated (employed) in financing activities	(96,335)	-
	(C)	
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS	(A)+(B)+(C)	393
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	445	140
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	63,375	533

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
Revenues, net of pass-through revenues	148,558	119,363	29,195
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)
EBITDA	11,221	10,709	512
Amortisation, depreciation & write-downs	(6,927)	(8,703)	1,775
EBIT	4,293	2,008	2,287
Interest and other financial income (charges)	(3,099)	(1,961)	(1,138)
Net financial charges	(3,099)	(1,961)	(1,138)
Investment income/(charges)	-	-	-
Profit before taxes	1,194	47	1,148
Current and deferred taxes	541	(1,192)	1,733
Group & minority interest net profit/(loss)	1,735	(1,145)	2,881

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
Adjusted EBITDA	15,207	14,111	1,096
Adjusted EBITDA Margin (against revenues net of pass-through revs.)	10.2%	11.8%	
Adjusted EBIT	10,322	7,450	2,871
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)
Total fixed assets	238,633	238,536	97
Net working capital	(26,829)	(28,418)	1,589
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
Net capital employed	218,482	205,926	12,556
Net financial position	35,879	48,343	(12,464)
Non-current financial assets	7,440	7,450	(10)
Adjusted Net Financial Position	43,319	55,793	(12,474)
Equity	(261,801)	(261,718)	(83)
Source of funds	(218,482)	(205,926)	(12,557)

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

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

Fine Comunicato n.1771-60

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