



Avio 9M 2017 results

Conference call with Analysts

10 November 2017

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9M 2017 Highlights



- **Net Revenues: +20% vs. 9M 2016**
 - Vega: higher production volumes
 - Ariane: ramp-up on P120 development project
- **EBITDA Adjusted: +9% vs. 9M 2016**
 - Increase mainly driven by Gross Profit contribution and flat G&A expenses
- **EBIT Adjusted: +27% vs. 9M 2016**
 - Positive structural impact of completion of certain R&D amortization items related to past development projects (amortization completed in 2016)
- **Net Financial Position: +€34.3M vs. +€48.3M at 31 December 2016**
 - Cash absorption (as expected) driven by progress achieved on current programs
 - After 30 September, positive impact of cash inflows for ca. € 15M
- **Most relevant business facts occurred in 9M 2017**
 - 5 Ariane 5 successful flights, 2 Vega successful flights
 - 1st P120C booster case successfully completed and cast with inert propellant
 - New orders acquired for ca. €400M (over €300M after 30 June)
- **Key facts occurred post 30 September 2017**
 - 5 October 2017: Completed prepayment and termination of Senior Term and Revolving Facilities
 - 6 October 2017: Signed new €40M financing with European Investment Bank

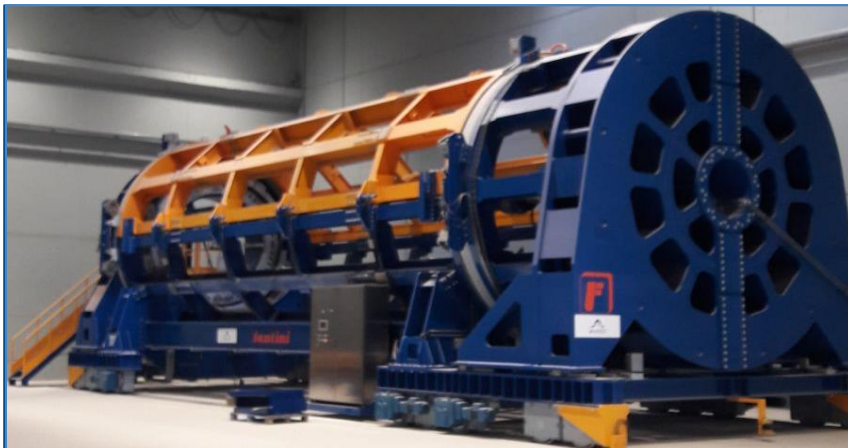
Continuing to get ready for future growth and next generation products – Key accomplishments of 3Q 2017



- **P120 plant construction nearly completed**



- **Fully integrated Z40 and ready for firing test**



- **New pressure testing equipment installed**



- **New digital Radiography equipment installed**

Most relevant business activities



Flight&Production

5 successful launches in 2017 and 81 consecutive successful flights



3 successful launches in 2017 and 11 in a row



Contracts signed for:

- «Batch 3» of 10 Vega/Vega C launchers in 2019-2021
- 2 Vega C launches (2020 and 2021) to carry 4 hi-resolution optical satellite
- 1 Vega C launch in 2021 to carry the new ASI COSMO SkyMed satellite

Development & complementary

- Integration of new Vega Z40 completed and ready for firing test
- Construction of new P120 facilities on track (mechanical proof testing and digital radiography equipment installed)
- First 2 IMC P120 boosters completed. First P120 shipped to Kourou for casting expected within year end

Avio 9M economic and financial highlights



9M 2016 "PRO-FORMA" ACTUAL	HIGHLIGHTS	9M 2017 "PRO-FORMA" ACTUAL	DELTA	DELTA	Comments
€ - M		€ - M	€ - M	%	
190.5	NET REVENUES	228.4	37.8	20%	• Vega production and Ariane development (P120)
21.5 11.3%	EBITDA ADJUSTED <i>% on net revenues</i>	23.5 10.3%	2.0	9%	• Increase mainly driven by Gross Profit contribution
12.4 6.5%	EBIT ADJUSTED <i>% on net revenues</i>	15.7 6.9%	3.3	27%	• End of amortization of certain Vega R&D items (completion in 2016)
DEC 2016 "PRO-FORMA" ACTUAL		30 SEP 2017 ACTUAL	Delta	Delta	
€ - M		€ - M	€ - M	%	
48.3	NET FINANCIAL POSITION	34.3	(14.0)	-29%	• Expected cash absorption mainly driven by progress achieved on current programs

Relevant financial events occurred after 30 September - new debt structure



Old structure

“Senior Term and Revolving Facilities Agreement”
(1 April 2015):

7 year term variable interest rate

- Term Loan B *tranche* → €65M outstanding balance **fully prepayed** on 22 May 2017
- Term Loan A *tranche* → €30M outstanding balance **fully prepayed** on 5 October 2017
- Revolving *tranche* → €30M **terminated**

New structure

Euro 40 Million financing by the European Investment Bank (6 October 2017):

7 year term fixed interest rate

The financing is aimed at supporting the:

- development of new products and technologies related to space propulsion systems through Research and Development activities
- modernization and expansion of the production capacity at the facilities in Colleferro (Rome), the main Avio S.p.A. industrial site in Italy



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