



Avio Interim Financials Q1 2017

Colleferro, 11 May 2017

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Q1 2017 highlights

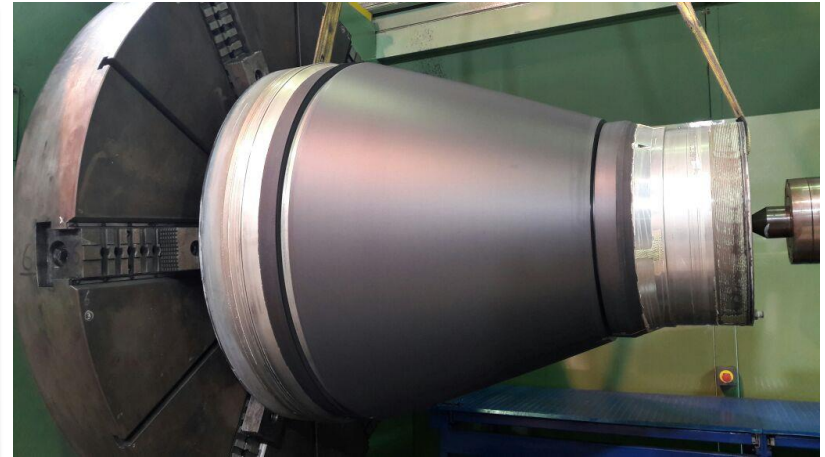


- **Net Revenues: double digit growth vs. Q1 2016**
 - Vega: higher production volumes
 - Ariane: significantly increased volume of activity on P120 development
- **EBITDA Adjusted higher than Q1 2016**
 - Slightly improved impact of fixed costs on higher revenues
 - Lower level of non-recurring expenses in the definition of Adjusted EBITDA
- **EBIT Adjusted: double digit growth vs. Q1 2016**
 - Positive impact of completion of certain R&D amortization items related to past development projects (amortization completed in 2016)
- **Net Financial Position**
 - Improved NFP reflecting positive progress on new project activities currently under execution
- **Most relevant business facts occurred in Q1 2017**
 - Ariane 5 VA235 launch on 14 February
 - Vega VV09 launch on 7 March
- **Successfully completed the extraordinary transaction leading to Avio listing on 10 April**
 1. Acquisition of Avio shares from Cinven (31 March)
 2. Space2 demerger (5 April);
 3. Merger of Avio by Space2 and concurrent listing on the Milan Stock Exchange (10 April)

Continuing to get ready for future growth and next generation products – Key accomplishments of 1Q 2017



- Further progress on P120 plant construction



- Z40 nozzle carbon-phenolic exit cone manufactured



- P120 IMC* completed (world's largest carbon fibre monolithic solid rocket motor case – 142ton)



- Successful LOx-CH combustion chamber test for upper stage engine

Most relevant business activities in Q1



Flight&Production activity



Telkom-3S

SKY BRASIL-1

14 February

VA235



Copernicus

Sentinel 2B

7 March

VV09

77th consecutive successful flight

9th consecutive successful flight (out of 9)

In mid March launch activities at the Guyana Spaceport were suspended due to local strikes. On April 21 protests ended and activities were resumed with a new accelerated planning:

- Ariane VA236 launched on 4 May
- Ariane VA 237 planned for 1 June
- Vega VV10 end July (schedule unchanged)

Development & complementary activity

- Manufacturing of first P120 IMC (Insulated Motor Case) completed successfully
- Mechanical Qualification of Z40 IMC successful
- VEGA C Launch System additional Preliminary Design Review (with enhanced Vega C+ configuration) completed successfully
- Successful LOx-CH upper stage liquid motor prototype test
- Progress of VEGA C sub-components Preliminary Design Reviews
- ESA launched Vega SSMS call for opportunity for customers to fly on the first qualification flight in second half 2018

Avio Q1 economic and financial highlights



Q1 2016 ACTUAL	CAPTIONS	Q1 2017 ACTUAL	Delta	Delta	Comments
€ - M		€ - M	€ - M	%	
45,3	NET REVENUES	59,9	14,6	32%	• Vega production and Ariane devel. (P120, new plants)
5,1 11,3%	EBITDA ADJUSTED <i>% on net revenues</i>	5,4 9,0%	0,3	5%	• Slightly improved fixed costs impact
1,8 4,0%	EBIT ADJUSTED <i>% on net revenues</i>	2,8 4,7%	1,0	54%	• End of amortization of certain R&D items (completion in 2016)
31 DEC 2016 ACTUAL		31 MAR 2017 ACTUAL	Delta	Delta	
€ - M		€ - M	€ - M	%	
(18,6)	NET FINANCIAL POSITION	(11,5)	7,1	38%	• Improved over 2016 Year End thanks to operating cash flow

Steps of the Transaction Space2 S.p.A. – Avio S.p.A.



31 March 2017

- Space2 S.p.A., Leonardo S.p.A. and In Orbit S.p.A. purchased 85.68% of share capital of Avio S.p.A. from Cinven
- Space2 S.p.A. purchased 55.15% for a total consideration of about €85.1M. This reduced its NFP from € 304.6M to €219.5M

5 April 2017

- Demerger of Space2 S.p.A. with contribution of cash and cash equivalents of €152.8M from Space2 S.p.A. to Space3 S.p.A.. This reduced the NFP of Space2 S.p.A. from €219.5M to €66.7M
- Such demerger has been reported “pro-forma” at 31 March 2017 in order to obtain the net contribution of Space2 S.p.A. to the merger with Avio S.p.A.

10 April 2017

- Merger of Avio S.p.A into Space2 S.p.A. which has been renamed Avio S.p.A.
- Such merger has been reported “pro-forma” at 31 March 2017 in order to obtain the financials of the merged company also at 31 March 2017 for future comparative purposes

«Pro-forma» Avio Group+Space2 Q1 economic and financial highlights



CAPTIONS	AVIO GROUP	SPACE2 S.p.A. ("PRO-FORMA")	AVIO GROUP + S2 "PRO-FORMA"	Comments
	Q1 2017 ACTUAL	Q1 2017 ACTUAL	Q1 2017 ACTUAL	
	€ - M	€ - M	€ - M	
NET REVENUES	59.9	-	59.9	Avio Grup + Space2 S.p.A. – «Pro-forma» • Effect of the merger of Avio into Space2 S.p.A., occurred on 10 April 2017, anticipated in the «pro-forma» of Avio Group + Space2 S.p.A. at 31 March 2017
ADJUSTED EBITDA	5.4	-	5.4	
<i>% on net revenues</i>	9.0%	<i>n.a.</i>	9.0%	
ADJUSTED EBIT	2.8	-	2.8	Space2 S.p.A. – «Pro-forma» • Effect of the demerger with beneficiary Space3 S.p.A., occurred on 5 April 2017, anticipated in the «pro-forma» of Space2 S.p.A. at 31 March 2017
<i>% on net revenues</i>	4.7%	<i>n.a.</i>	4.7%	
	31 MAR 2017 ACTUAL	31 MAR 2017 ACTUAL	31 MAR 2017 ACTUAL	
	€ - M	€ - M	€ - M	
NET FINANCIAL POSITION	(11.5)	66.7	55.2	



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