



Investor Presentation

Paris, 3rd *December 2018*

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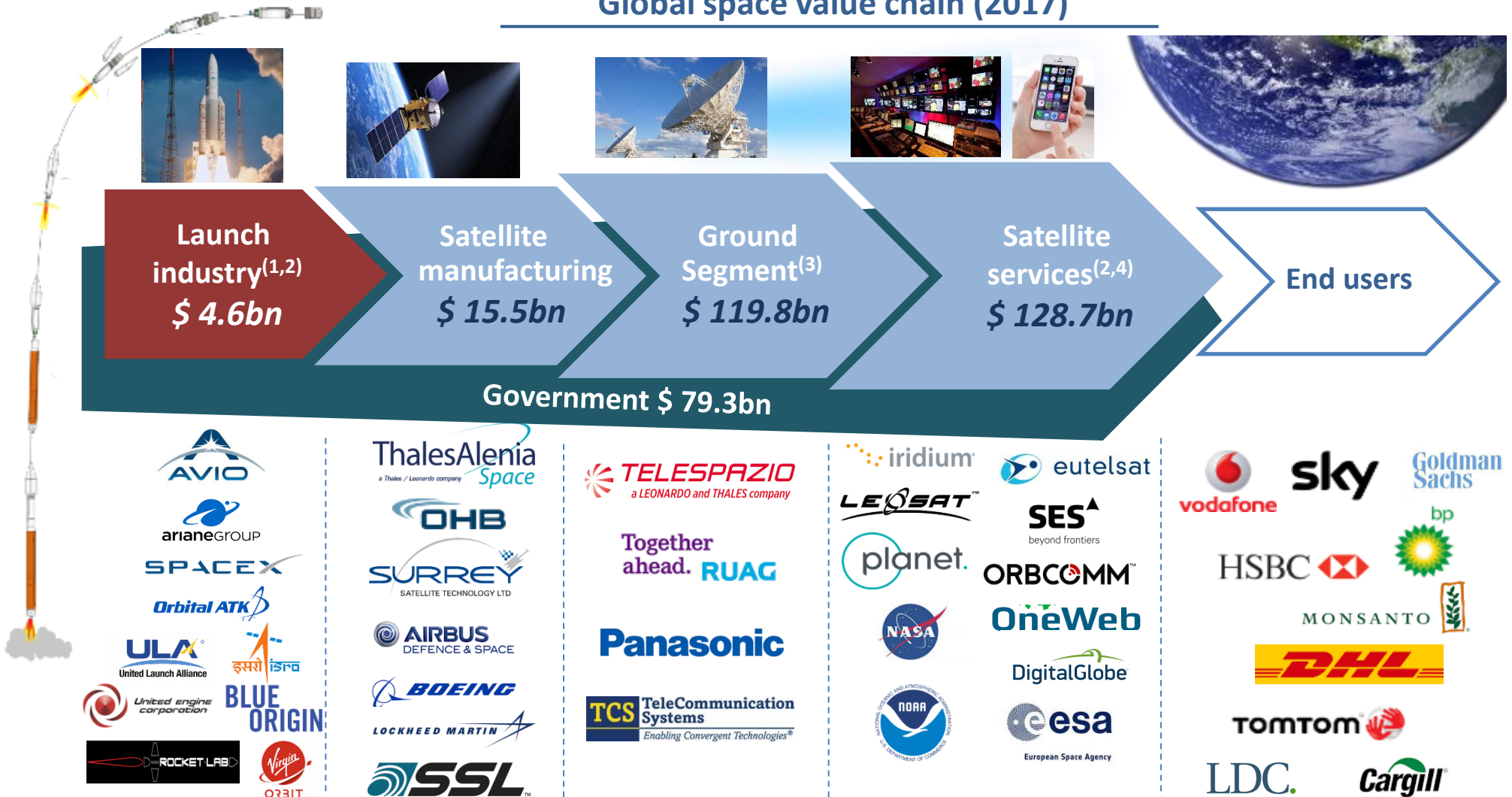
Avio: a European leader in Space Launch



- 50 years in Space Launchers transporting satellites into Space
- Prime Contractor of *Vega* (light launcher)
- Partner to *Ariane* (heavy launcher)
- 900 employees, 340 M€ revenues
- 300M€ Market Cap (AVIO.MI)
- 63% free float, no controlling shareholder
- Management invested with 4% share

The space industry is on a fast growing path with Avio operating in the upstream segment

Global space value chain (2017)



Source: Satellite Industry Association (2018); Morgan Stanley

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- (1): Includes launcher manufacturing and launch service activities
 (2): Commercial services revenues only
 (3): Includes GNSS chipsets and Related
 (4): Includes commercial humanflight

The Space launch service has three distinctive market segments addressed by Ariane and Vega



Geostationary Earth Orbit

Altitude 36,000km



- Avg Satellite mass : 5,000 kg
- Avg Service life: 12-15 years

Mostly mature market with replenishment opportunities



Medium Earth Orbit

Altitude 3,000-22,000km

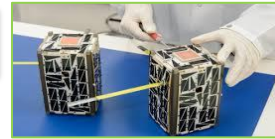


- Avg Satellite mass : 1,000-2,000 kg
- Avg Service life: 10-12 years

Niche market, growing demand

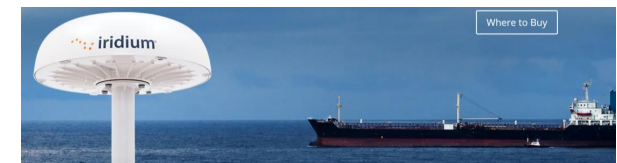
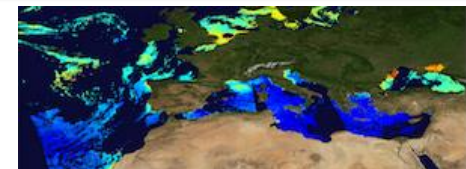
Low Earth Orbit

Altitude 500-2,000km



- Avg Satellite mass : 50 Kg – 1000 kg
- Avg Service life: 3-7 years

New services and technologies available, booming demand

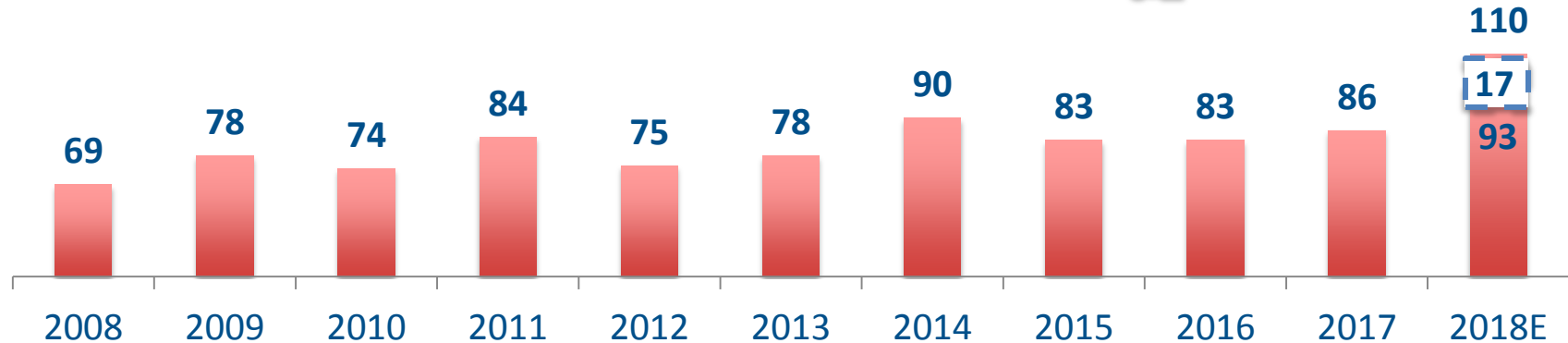


Space launch demand grows at 5% CAGR globally - Launch offering concentrated in only 6 countries worldwide



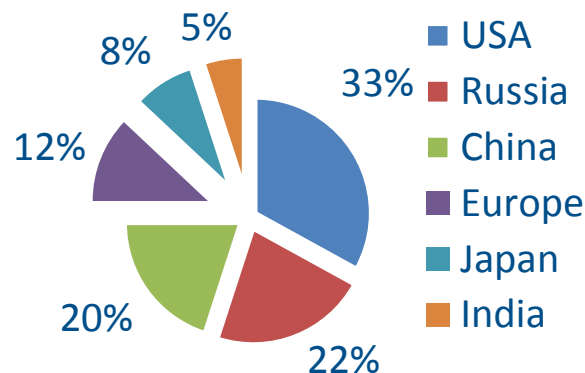
2008-2018E Total # of Space Launches Worldwide - CAGR 5%

xx = Expected upcoming flights in 2018



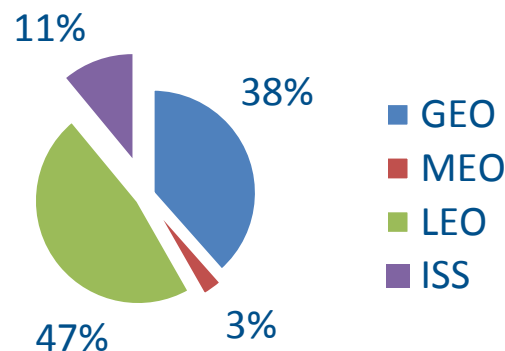
Space Launches by country

2017



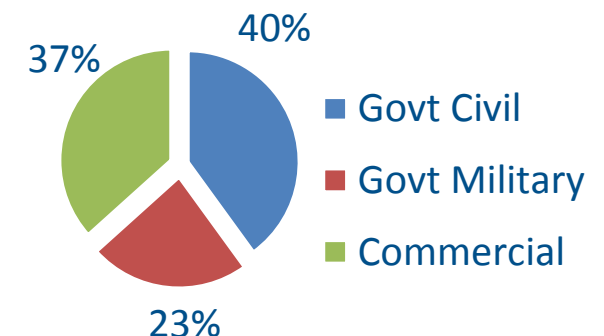
Space Launches by orbit

2017



Space Launches by customer type

2017



Space launch demand expected to grow for smallsats - Government demand continues to play a significant role

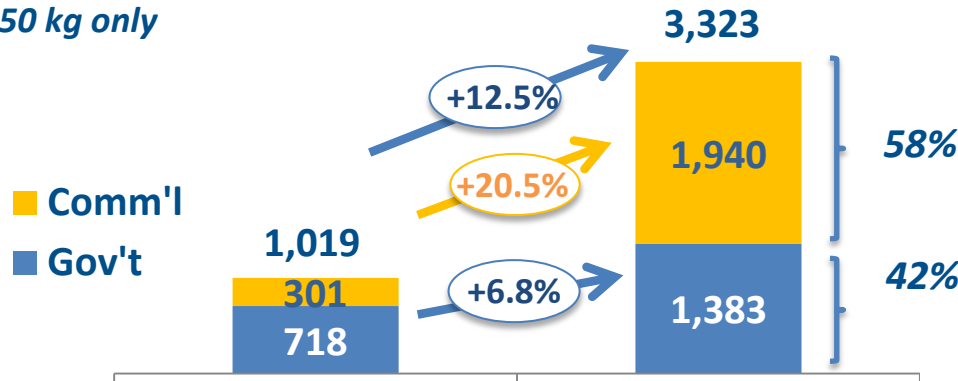


of Satellites to Space

+x% = CAGR

Growth drivers

>50 kg only



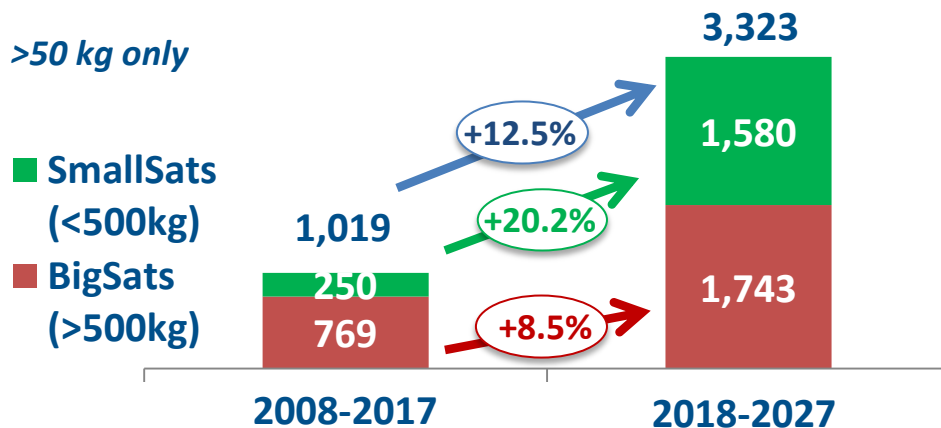
Commercial

- Rise of constellations
- New services
- Challenging business cases

Government

- Large economies strengthening space programs
- Emerging economies seeking space access

>50 kg only



SmallSats

- Miniaturization
- Series production

BigSats

- Downward cost pressure
- Electric propulsion

Source : Avio estimate on Euroconsult data

Note: Commercial demand excludes OneWeb and Starlink constellations, amounting to over 5,500 sats



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Avio operates both in heavy and small launchers, working on production and development activities



Avio activity by main product lines

Ariane 5 - Heavy launcher
(Avio Industrial partner)

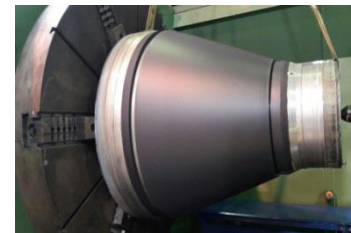


Vega - Light launcher
(Avio Prime Contractor)

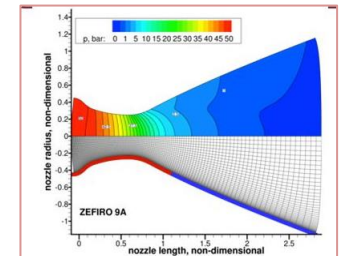


Avio activity by type of business

Production
70% of Revenues



Development
29% of Revenues



European Launcher offering evolving to meet market demand



Perf

10.5 tons
in GTO

1.5 tons
in LEO

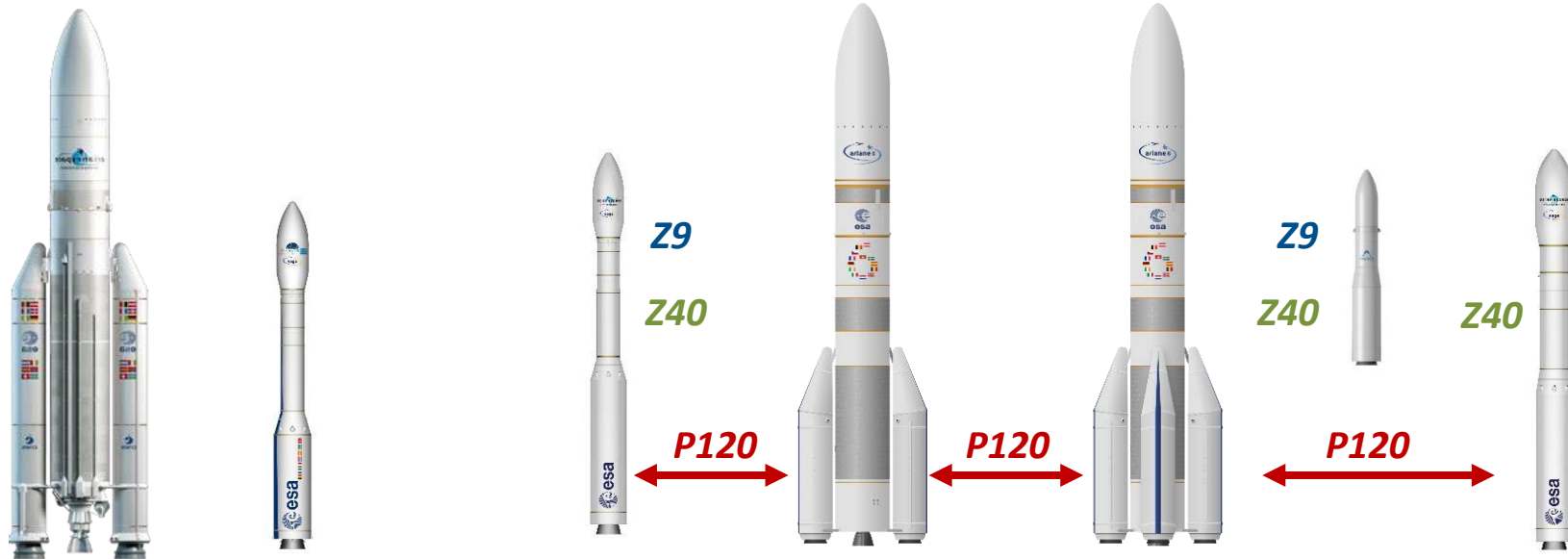
2.3 tons
in LEO

6 tons
in GTO

11 tons
in GTO

TBD
in LEO

2.8 tons
in LEO



Today
Ariane 5 / Vega

2019
Vega C

2020
Ariane 62, Ariane 64

2021
Vega light
(study)

2024
Vega E

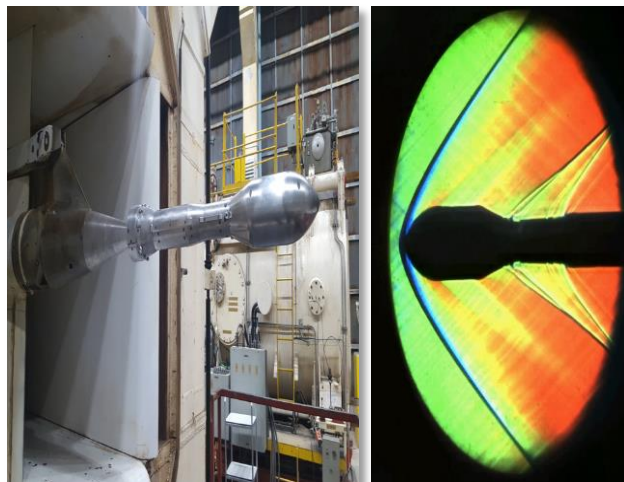
Vega now also re-tooled with adapters to meet all sub-segments of demand for piggy back, rideshare or dedicated launch



Development and Testing achievements



P120 Static Firing Test (July 2018, Kourou)



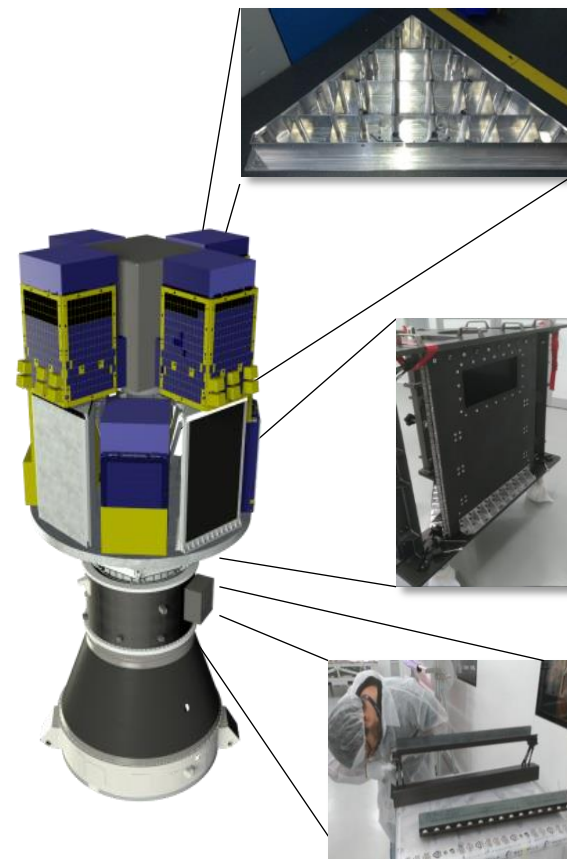
Wind Tunnel Test for Vega C



Z40 Static Firing Test (March 2018, Sardinia)



Firing test of M10 prototype engine



Ongoing SSMS assembly
for Maiden Flight in 2019

Success on
13th November

Vega C competitiveness generating positive market momentum – recent commercial achievements



Vega and Vega C future launches

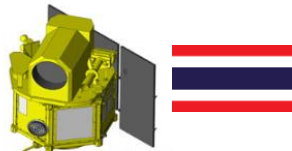


Pleiades

- 4 satellites
- 2 Launches in 2020 and 2021



- COSMO SkyMed satellite
- Launch in 2021



- Thailand's THEOS-2
- Launch in 2021



- NAOS satellite for Luxembourg and NATO
- Launch in 2021



- South Korean Space Agency (KARI) satellite KOMPSAT-7
- Launch in 2021



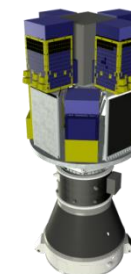
- Spain Ingenio Satellite
- Launch in 2019



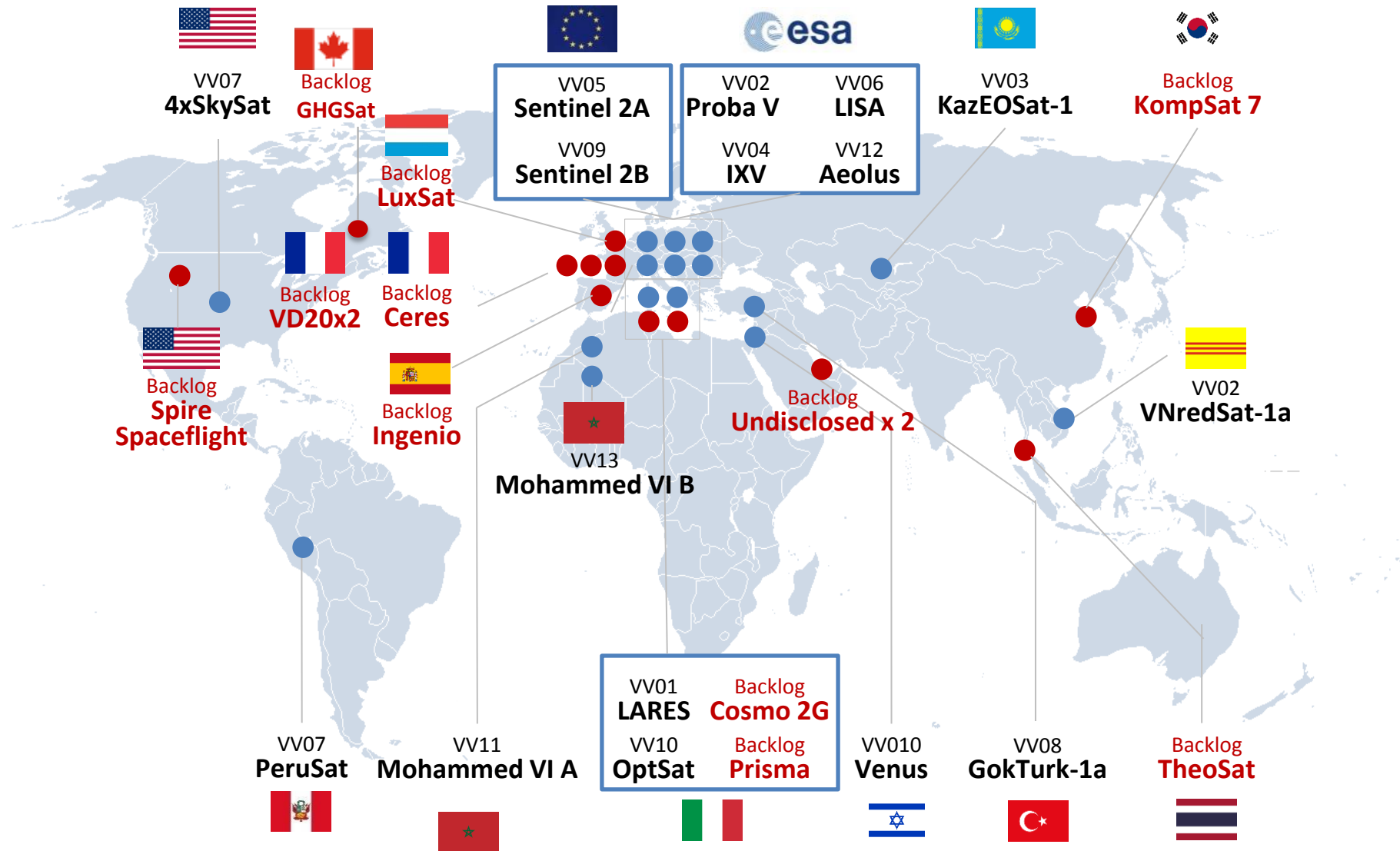
- 25 Oct 2018 : Joint Statement for Institutional Exploitation signed by major EU countries and ESA
- Aggregation of launch demand for EU institutional payloads in the long term
- Robust EU/domestic backlog for Ariane 6 and Vega C



- SSMS maiden flight to fly by mid 2019



International commercial success for Vega



Avio is part of the EU critical space infrastructures also through partnership with Ariane Group

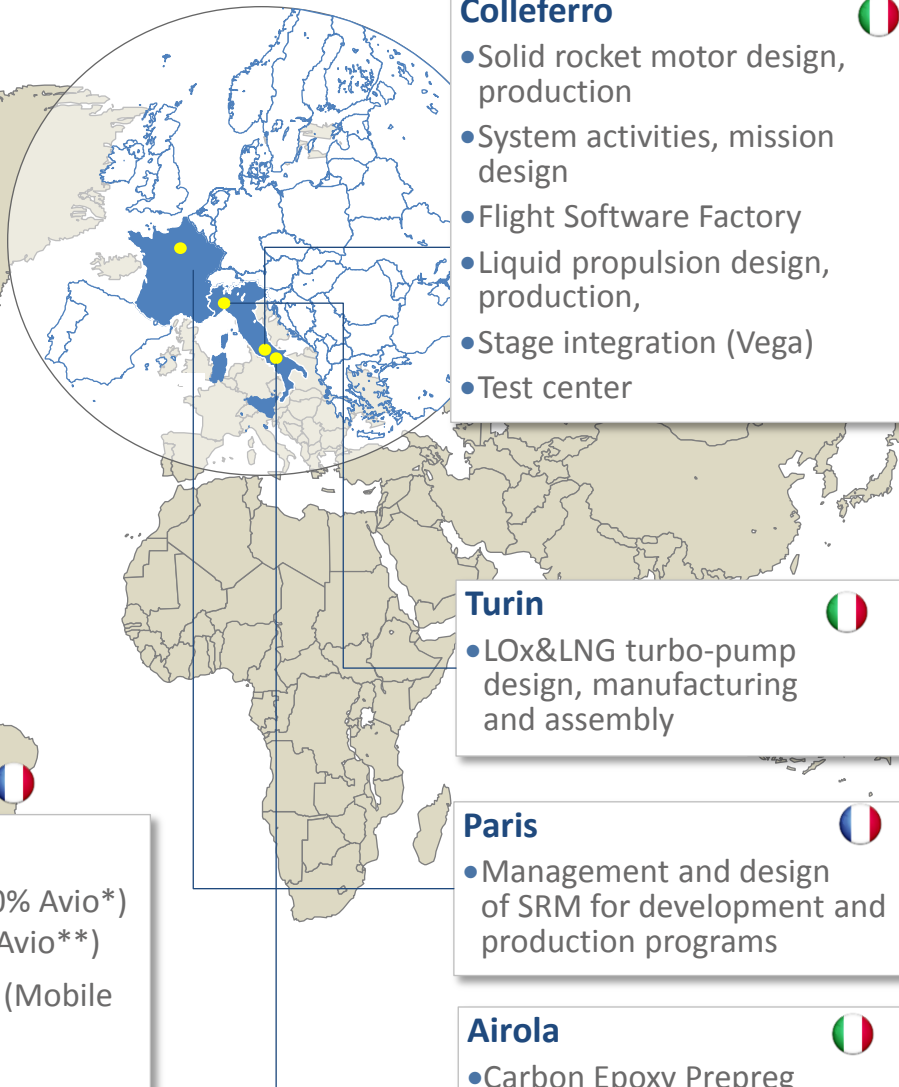


Kourou European Spaceport (CSG)

- Solid rocket motor casting (Regulus – 60% Avio*) and integration (Europropulsion – 50% Avio**)
- Vega integration and launch operations (Mobile Gantry)



* 40% Ariane Group, ** 50% Ariane Group
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Colleferro



- Solid rocket motor design, production
- System activities, mission design
- Flight Software Factory
- Liquid propulsion design, production,
- Stage integration (Vega)
- Test center



Turin



- LOx&LNG turbo-pump design, manufacturing and assembly



Paris



- Management and design of SRM for development and production programs



Airola



- Carbon Epoxy Prepreg manufacturing and testing

Source: Company information

Main Plants in Italy



Booster Cases Facilities, Colleferro



Interstage manufacturing



New Vampire P/L dispenser



Design of new SPTF Facilities, Sardinia



New Rubber Plants



Thermal Protection Rubber

Main Plants in French Guiana



EUP – Stage Integration



**The Mobile Gantry
Launcher Integration**



**Regulus – Propellant
casting**

Economic Highlights Evolution FYs 2015-2017



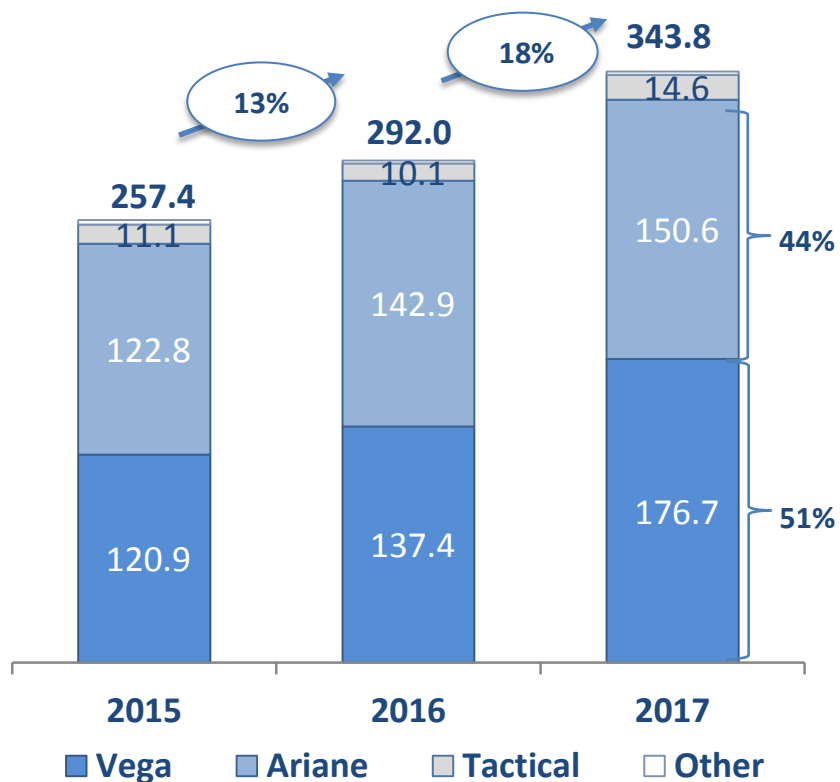
MAIN ECONOMICS	FY 2015	FY 2016	FY 2017*	CAGR	
€ - M	€ - M	€ - M	€ - M	%	Comments
NET ORDER BACKLOG	905.4	775.1	952.1	3%	Cyclical order backlog ~3yrs visibility
NET REVENUES	257.4	292.0	343.8	16%	Increase in both production volumes and development activities
EBITDA REPORTED	27.9	26.9	39.2	19%	Peak of Non-recurring costs in 2016 in connection with the listing process
<i>% on net revenues</i>	<i>10.8%</i>	<i>9.2%</i>	<i>11.4%</i>		
EBITDA ADJUSTED	35.5	36.5	46.5	14%	
<i>% on net revenues</i>	<i>13.8%</i>	<i>12.5%</i>	<i>13.5%</i>		
EBIT REPORTED	10.5	13.2	25.0	54%	EBIT structural improvement in 2016 after completion of Vega development phase
<i>% on net revenues</i>	<i>4.1%</i>	<i>4.5%</i>	<i>7.3%</i>		
EBIT ADJUSTED	22.2	26.9	32.3	21%	EBIT Adjusted impacted by new Customer Relationship Amortization
<i>% on net revenues</i>	<i>8.6%</i>	<i>9.2%</i>	<i>9.4%</i>		
NET INCOME	5.4	3.1	21.8	101%	Lower financial expenses following changes in debt structure in 2015 and 2017
<i>% on net revenues</i>	<i>2.1%</i>	<i>1.1%</i>	<i>6.3%</i>		

* Pro-Forma figures to compare on a “like-for-like” basis the 2017 with previous years financials, following the business combination which led to the listing of the Company in April 2017

Net Revenues Evolution FYs 2015-2017

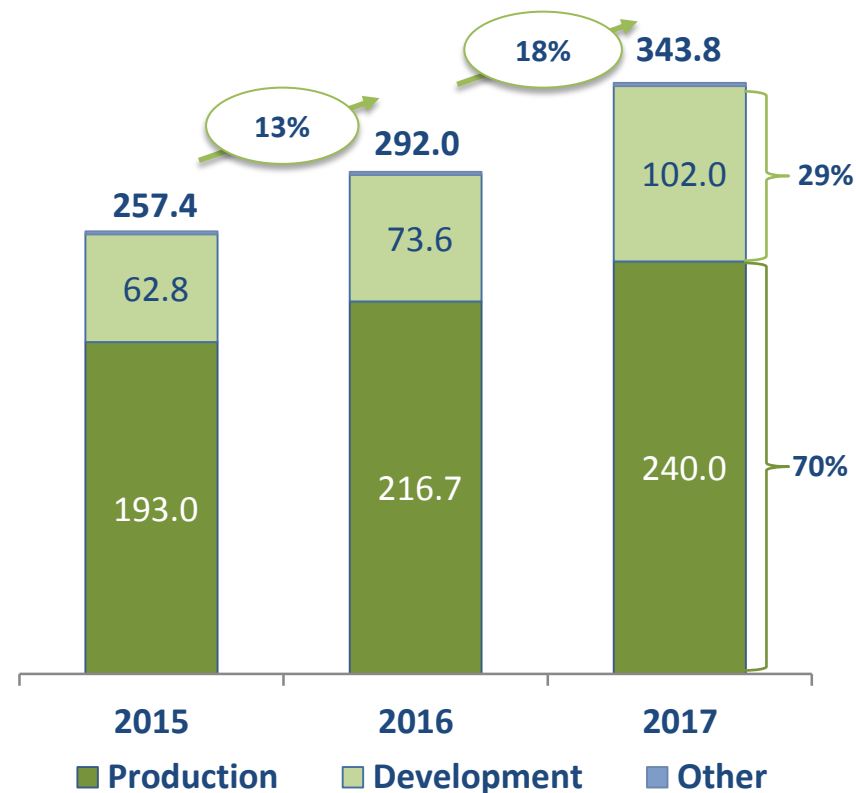


by Line of Business (€ - M)



Vega production increasing

by Activity (€ - M)



Development activity increasing

Sources and Uses Evolution FYs 2015-2017



MAIN SOURCE AND USES	31 DEC 2015	31 DEC 2016	31 DEC 2017	Comments
	€ - M	€ - M	€ - M	
WORKING CAPITAL	(50.0)	(78.2)	(75.9)	Working capital structurally negative
DEFERRED TAX ASSETS	56.8	56.1	76.5	
PROVISIONS (EMPLOYEES' BENEFITS AND RISKS)	(38.3)	(35.8)	(27.2)	Liquidation of one-off incentive plan upon listing
GOODWILL	221.0	221.0	61.0	New goodwill defined post business combination
CUSTOMER RELATIONSHIP ASSET	24.5	20.4	42.5	New and higher value of CRA related to Ariane and Vega programs defined post business combination
FIXED ASSETS	122.4	137.8	156.2	Capex mainly for production facilities and development of P120 and Z40
FINANCIAL RECEIVABLES	6.5	7.4	7.4	
NET INVESTED CAPITAL	342.9	328.7	240.5	
NET FINANCIAL POSITION	(34.1)	(18.6)	41.7	Improvement in NFP following the business combination
EQUITY	(308.8)	(310.1)	(282.2)	
TOTAL SOURCES	(342.9)	(328.7)	(240.5)	

9M 2018 economic and financial highlights



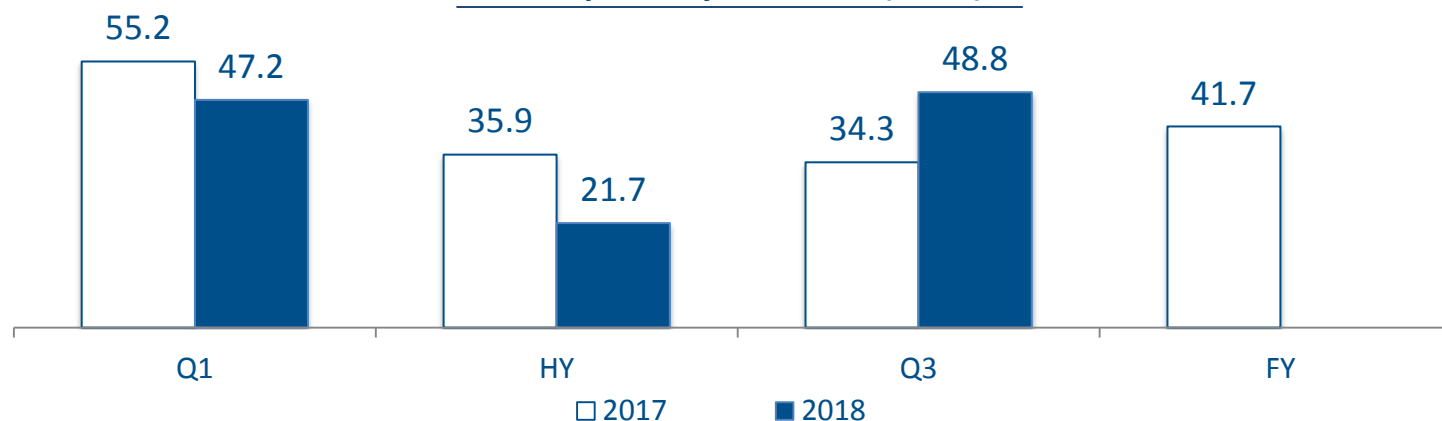
9M 2017 "PRO-FORMA" ⁽¹⁾ ACTUAL € - M	MAIN ECONOMICS/ FINANCIALS	9M 2018 ACTUAL € - M	Delta € - M	Delta %	Comments
228.4	NET REVENUES	261.5	33.1	15%	<ul style="list-style-type: none"> • Growth mainly for Vega C development activities • 9M18 results include €1.8M of R&D Tax Credit matured in Q4 2017 (not present in 9M17) • R&D tax credit 2018 to be assessed at year end on the basis of actual progress achieved on development activities • Non-recurring costs reduced by 60%
17.8 7.8%	EBITDA REPORTED <i>% on net revenues</i>	22.5 8.6%	4.7	27%	
23.5 10.3%	EBITDA ADJUSTED <i>% on net revenues</i>	24.9 9.5%	1.4	6%	
7.0 3.1%	EBIT REPORTED <i>% on net revenues</i>	12.3 4.7%	5.2	75%	
12.7 5.6%	EBIT ADJUSTED <i>% on net revenues</i>	14.6 5.6%	1.9	15%	
31 DEC 2017 ACTUAL € - M		30 SEP 2018 ACTUAL € - M	Delta € - M	Delta %	
41.7	NET FINANCIAL POSITION	48.7	7.0	17%	<ul style="list-style-type: none"> • Improved on 2017 Year End thanks to operating cash flow

(1) * Pro-Forma figures to compare on a "like-for-like" basis the 9M 2017 with 9M 2018, following the business combination which led to the listing of the Company in April 2017

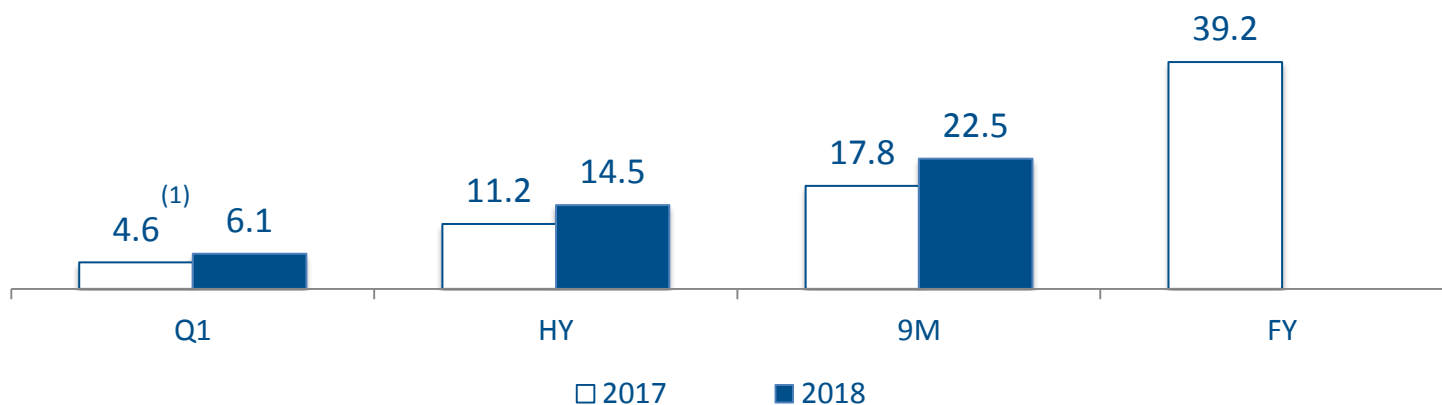
Net Financial Position and EBITDA quarterly pattern



NFP quarterly evolution (€ - M)



EBITDA reported quarterly evolution (€ - M)



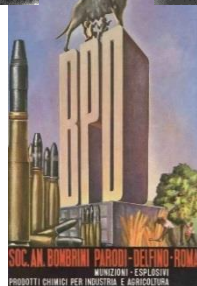
Appendix



An important heritage of corporate evolution



1912 – 1967



2 entrepreneurs
(and Senators)
Defense focus

1968 – 1990



Industrial
group
(listed)
Chemicals
focus

1994 – 2003



Industrial
group
(listed)
Aerospace
focus

2003 – 2015



THE CARLYLE GROUP

Cinven

Private Equity
Financial focus

2017

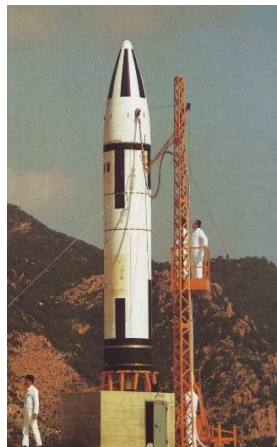


Public
Company
Space
Launchers

50 years in Space Launchers



1965 – Europa
7 launches



1976 Alfa Missile
3 launches



1979 - Ariane 1
11 launches



1984 - Ariane 2
6 launches



1986 Ariane 3
11 launches



1988 - Ariane 4
104 launches
(16/year)



1996 - Ariane 5
100 launches
(6/year)



2012 - Vega
13 launches (2-3/year)



2019 – Vega C
(4-5/year)



2020 – Ariane
6
(11/year)

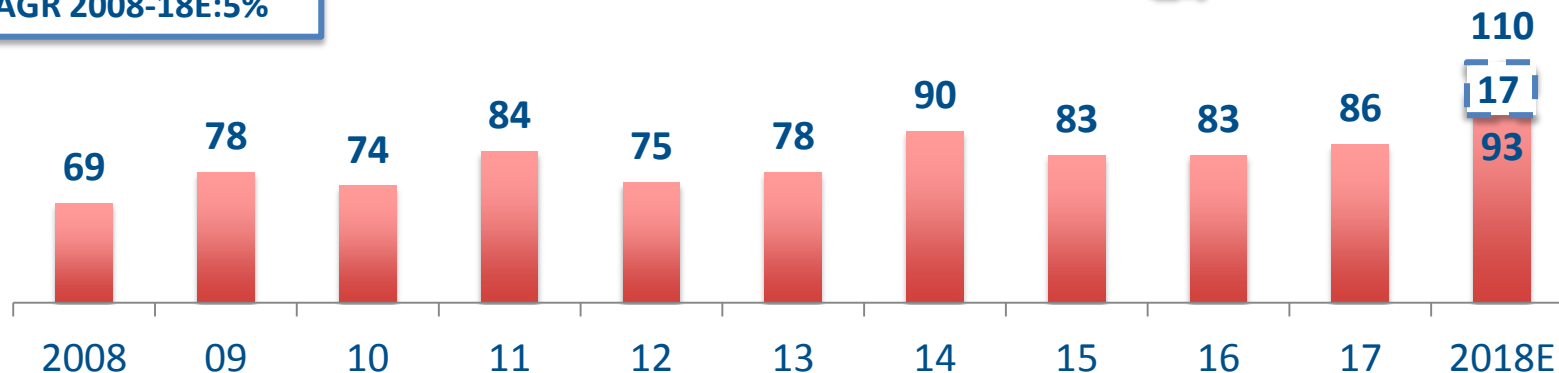
Global space launches grow at 5% CAGR, with the number of satellites launched showing a higher growth rate



Total # of Space Launches Worldwide

CAGR 2008-18E: 5%

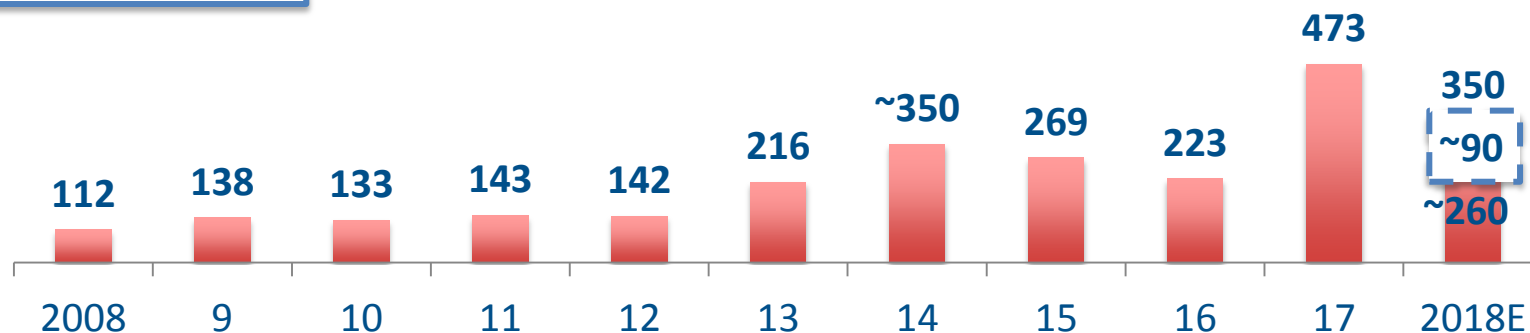
xx = Expected upcoming flights in 2018



Total # of Satellites Launched Worldwide

CAGR 2008-18E: 12%

xx = Expected upcoming flights in 2018

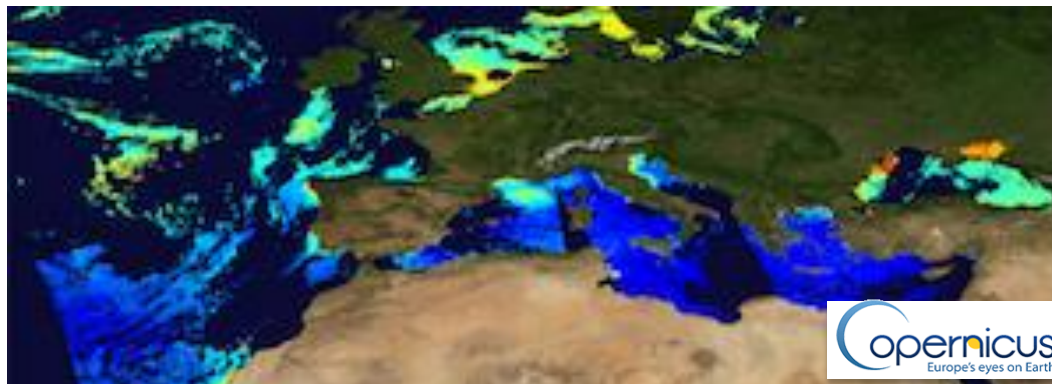
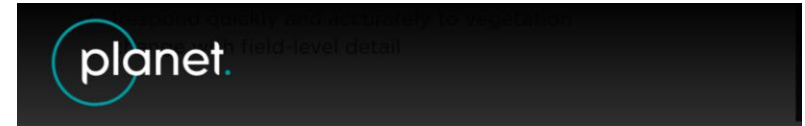


Source : Gunter Space Page and SpaceFlightNow

Smallsat growing demand is fueled by the increasing need for advanced telecom and remote sensing services



Satellite telephone communication



Mediterranean Sea temperature monitoring



Crop vitality monitoring

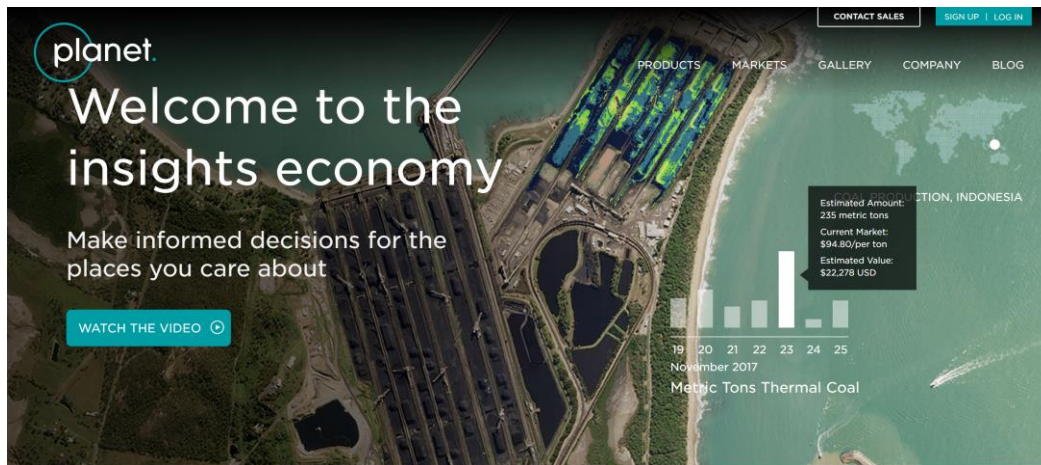
Satellite imaging is creating a new «insights economy» to support civil, military and commercial needs



Military Airfield monitoring



Damage assessment : Pre-earthquake view

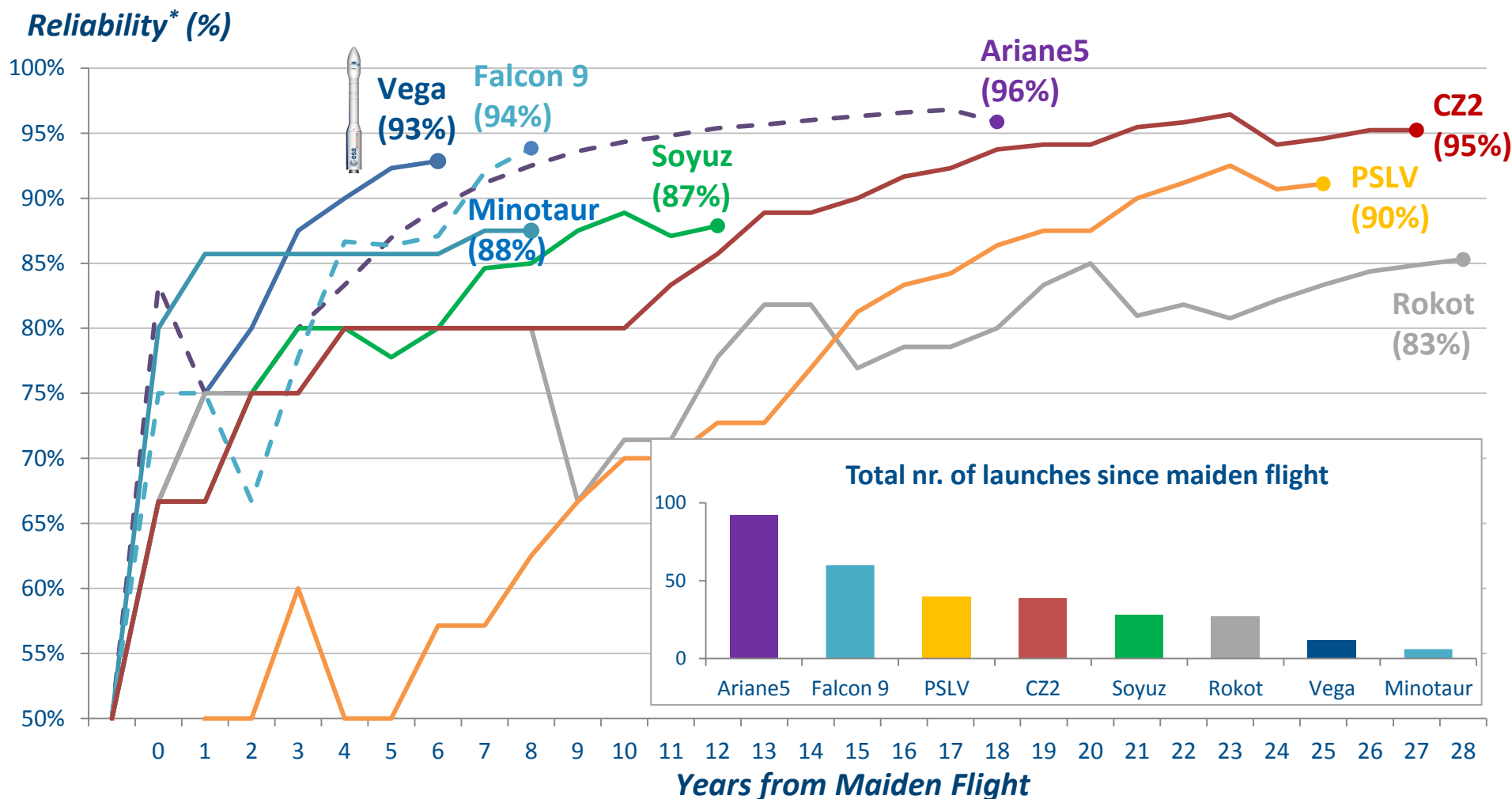


Coal production monitoring



Damage assessment : Post-earthquake view

Vega – the fastest track to top-class reliability worldwide

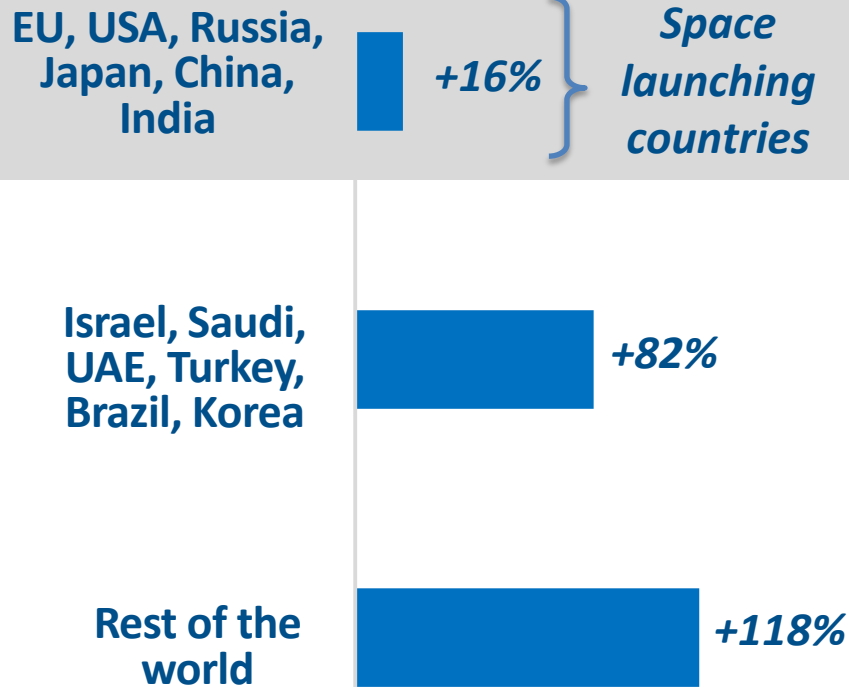


* First level Bayesian estimate of mean predicted probability of success for next launch attempt $(k+1)/(n+2)$ where k is the number of successful events and n is the number of trials



SOURCE: Avio elaboration on SpaceLaunchReport data

Incremental opportunities from growing domestic government demand in EU

Government satellite demand growth by geography



EU Multiannual Financial Framework EC Proposed Space Budget (€Bn)

	2014-2020	2021-2027
<ul style="list-style-type: none">  	7.7	9.7
<ul style="list-style-type: none">  	4.8	5.8
<ul style="list-style-type: none"> Other programs 	-	0.5
	12.5**	16.0**
	+28%	



Source: the Space Launch Report, FAA annual compendium 2018

* Ariane 5 has double launch capacity in GTO, unlike most other launchers

** 2021 economic conditions

Commercial Operators Deep-Dive



Business Description

Broadband Internet

Broadband TLC

Broadband Internet

Broadband TLC

Business Model

Low-cost, sat based broadband network to deliver global internet access to poor countries

Solution to provide connection in remote areas to corporate clients

Low-cost, sat based broadband network to deliver global internet access to consumers. Already approved by FCC

Leading global operator providing satellite-delivered TCOMM. Already approved by FCC

Launch Size



648



94t

145 kg/sat



108



135t

1,250 kg/sat



4.4K



1.7 Mt

380 kg/sat



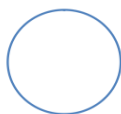
300



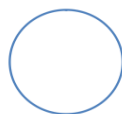
150 Kt

500 kg/sat

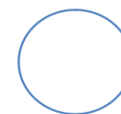
Constellation Maturity



Full build-out: **2027**



Full build-out: **2022**



Full build-out: **2024**



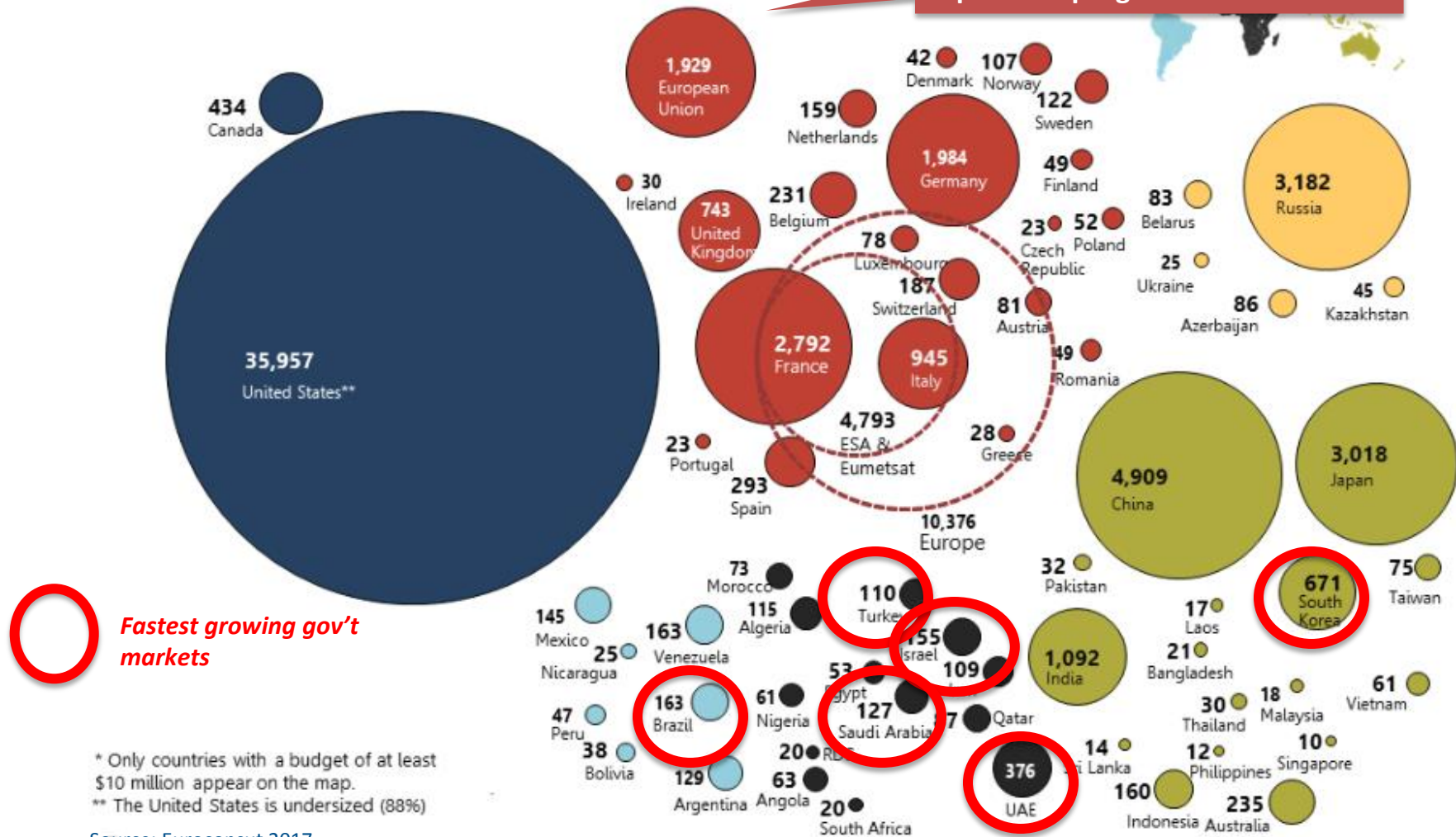
Full build-out: **2022**

Outside Europe, most of the gov't demand growth to occur in Middle East, Asia and Latin America



Government Space budget in 2017 (M\$)

30% expected growth of Galileo and Copernicus programs in EU

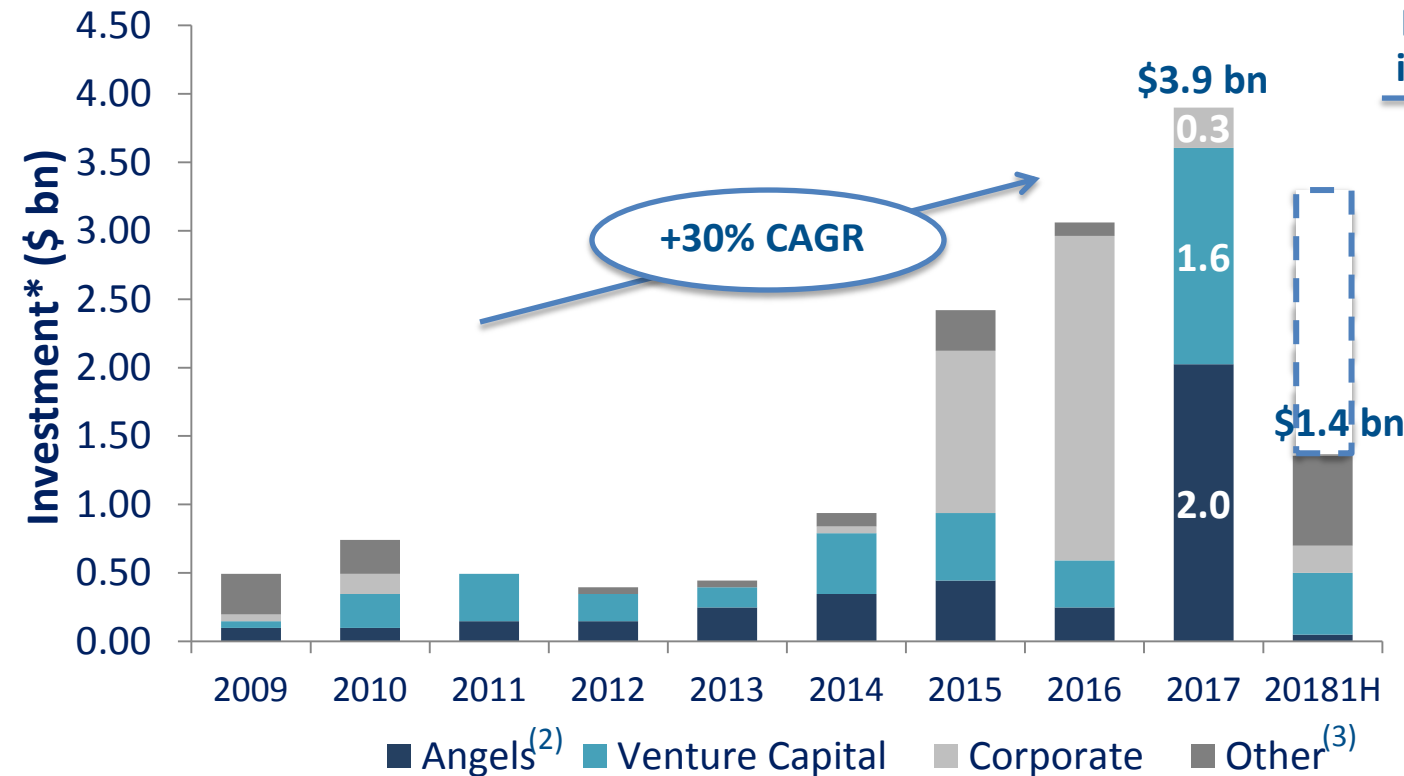


Source: Euroconsult 2017

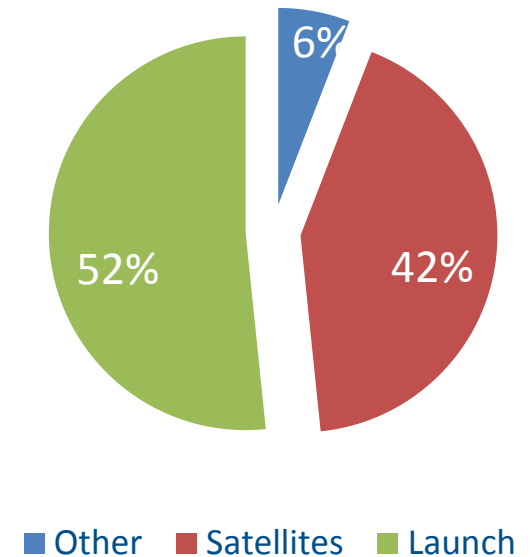
Investment in the Space sector continues to grow rapidly



Equity investment in Space Ventures



Breakdown of cumulated 2009-2Q18 investments by sector (% of 15.3\$ Bn)



(1) Annual non-governmental equity investment

(2) Angels include investments from Jeff Bezos, Richard Branson, Elon Musk, and Robert Bigelow (total \$2 bn)

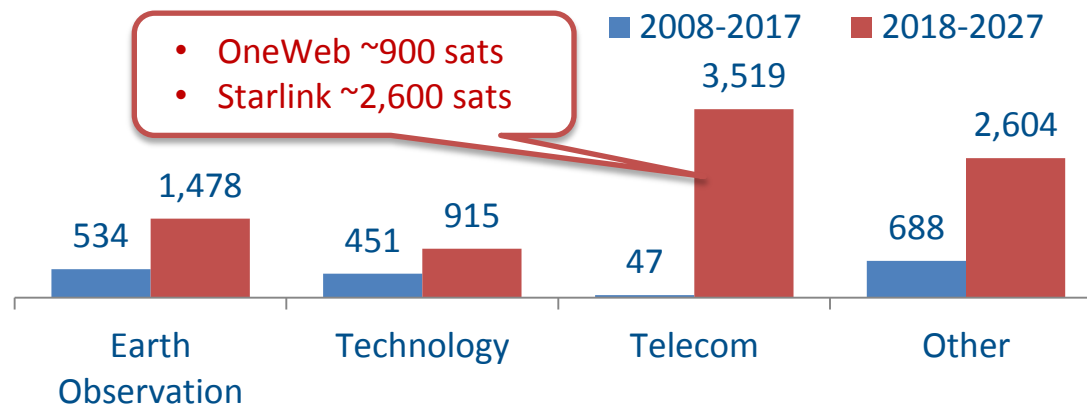
(3) Other includes Foundations, Private Equity, Sovereign Funds, Crowd Platforms, etc.

Source: Space Angels Q2 2018 Investment Report

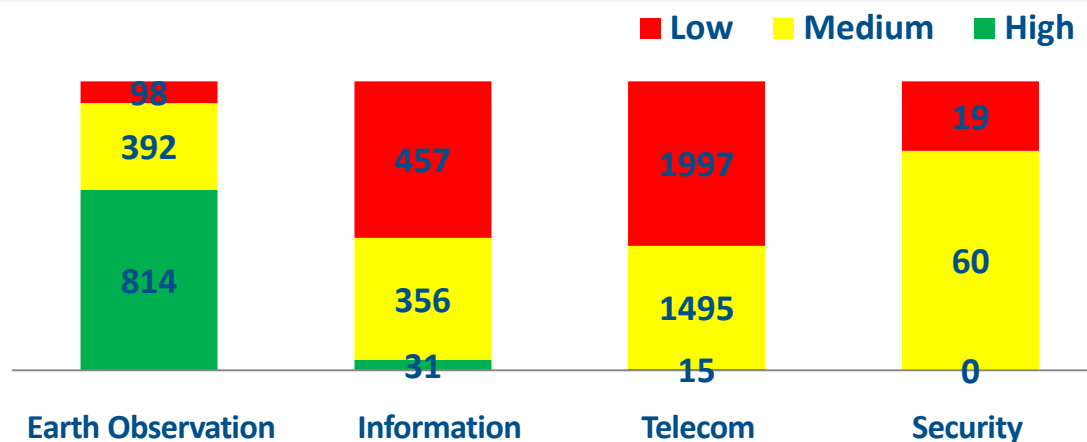
Within smallsats, more robust growth expectations appear to be for Earth Observation applications



SmallSats demand by application domain (0-500kg)



Maturity of constellations by application domain 2018-2027

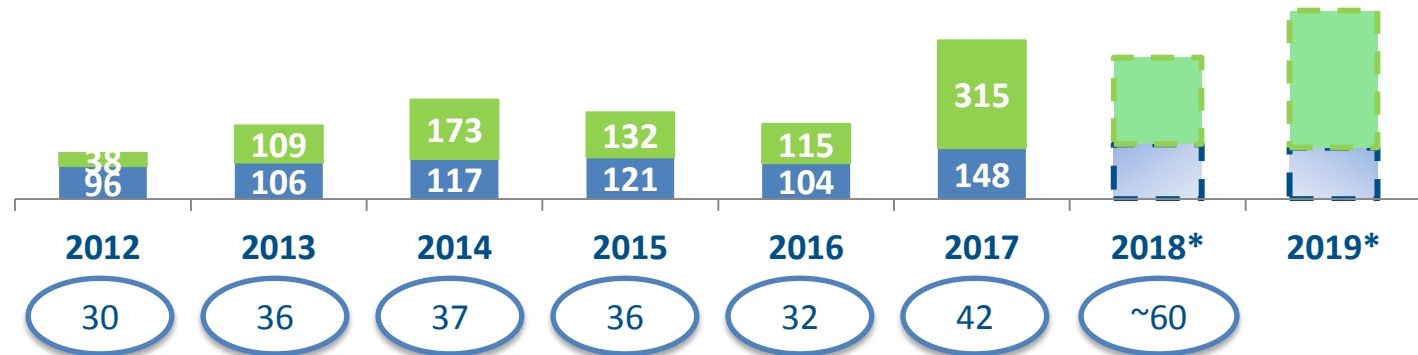
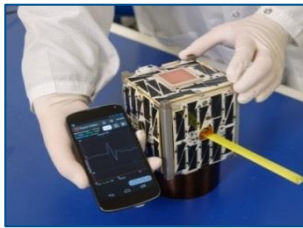


Vega flight rate increases as demand is shifting towards small sats (<500kg)



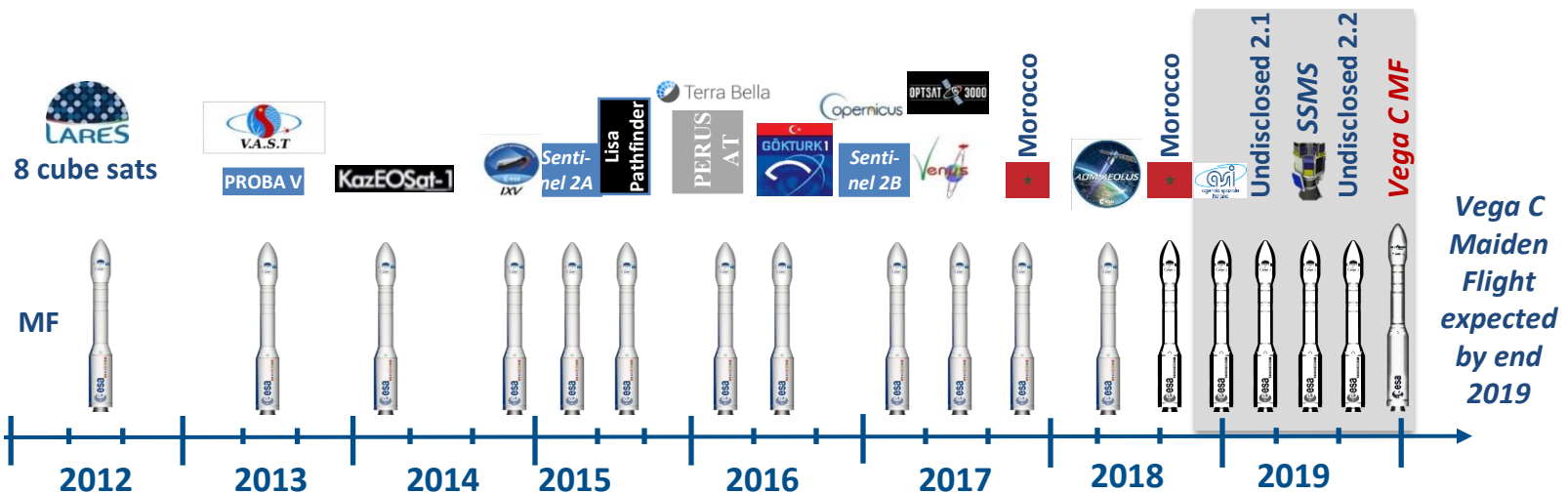
Total nr. of satellites launched into Space worldwide

■ Sats > 500 kg ■ Sats < 500 kg



Nr. of flights in LEO

Vega flight record since 2012 and near term manifest**



• Estimated figures for 2018 year end and 2019 forecast

** Launches already sold and accounted for as the order backlog for 2018- 2019

Source: Space Launch Report; Gunter's Space

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Space segment : main Products / Technologies / Raw Materials



Carbon fibre booster cases



Nozzles



Structures



Propellant



Turbopumps



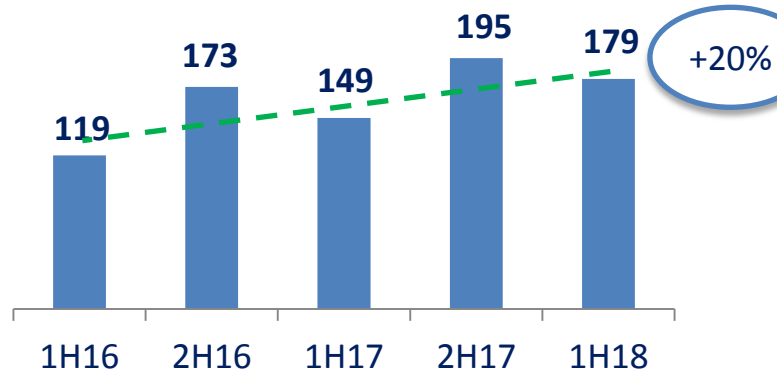
Upper stage integration

Evolution of Key Performance Indicators

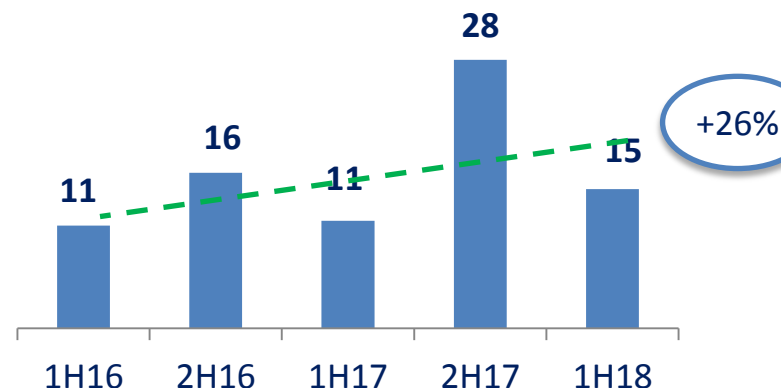
CAGR%*

€M

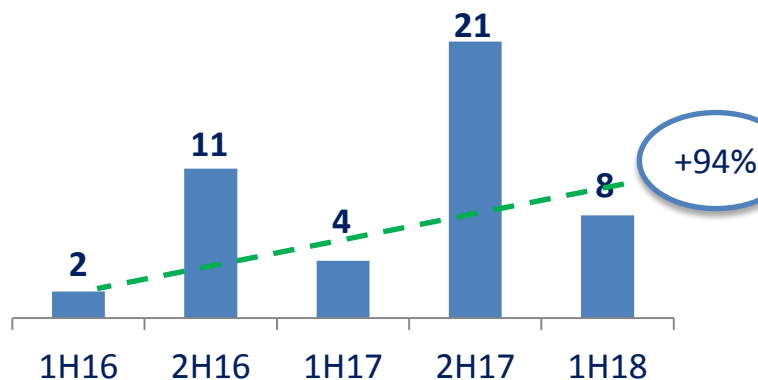
Revenues



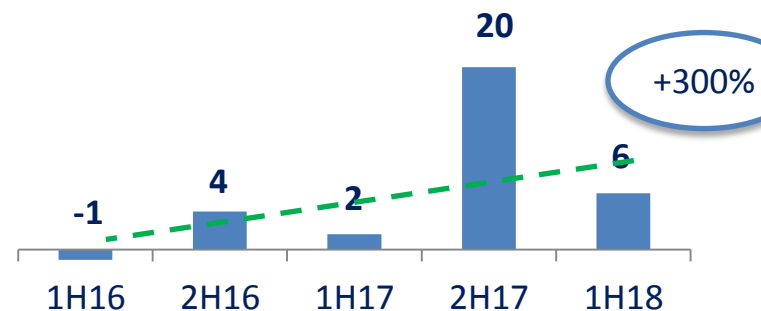
EBITDA



EBIT



Net Income



*Based on exponential interpolation

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Key economics HY 2018



HY 2017	MAIN ECONOMICS	HY 2018	DELTA	
€ - M		€ - M	%	Comments
952,1 ⁽¹⁾	NET ORDER BACKLOG	961.5	+1%	<ul style="list-style-type: none"> Slightly ahead of schedule (timing)
148.6	REVENUES	178.8	+20%	<ul style="list-style-type: none"> Growth mainly due to Vega C development activities
11.2 7.6%	EBITDA REPORTED <i>% on net revenues</i>	14.5 8.1%	+29%	<ul style="list-style-type: none"> HY18 results include €1.2M of R&D Tax Credit matured in Q4 2017 (not present in HY17) R&D tax credit 2018 to be assessed at year end and to be included in 2018 results on the basis of actual progress achieved on development activities Non-recurring costs reduced by 60%
15.2 10.2%	EBITDA ADJUSTED <i>% on net revenues</i>	16.1 9.0%	+6%	
4.3 2.9%	EBIT REPORTED <i>% on net revenues</i>	7.7 4.3%	+79%	
8.3 5.6%	EBIT ADJUSTED <i>% on net revenues</i>	9.3 5.2%	+12%	
1.7 1.2%	NET INCOME <i>% on net revenues</i>	6.2 3.5%	3.6x	
				<ul style="list-style-type: none"> Interest expenses reduced by 90% (from €3.1M to €0.2M)

(1) As of 31st December 2017

Sources and Uses at 30 June 2018



31 DEC 2017 ACTUAL	MAIN SOURCE AND USES	30 JUN 2018 ACTUAL	DELTA	Comments
€ - M		€ - M	€ - M	
(75.9)	WORKING CAPITAL	(60.7)	15.1	• Cyclical trend of Net WIP (activities vs advances already collected)
76.5	DEFERRED TAX ASSETS	75.5	(1.0)	
(27.2)	PROVISIONS (EMPLOYEES' BENEFITS AND RISKS)	(25.6)	1.6	
61.0	GOODWILL	61.0	-	
42.5	CUSTOMER RELATIONSHIP ASSET	41.1	(1.5)	
156.1	FIXED ASSETS	155.8	(0.2)	
7.4	FINANCIAL RECEIVABLES	7.4	-	
240.5	NET INVESTED CAPITAL	254.5	14.0	
41.7	NET FINANCIAL POSITION (IFRS)	21.7	(20.0)	• €10M Dividend payment in May and typical seasonality of business cycle
(282.2)	EQUITY	(276.2)	6.0	• Net decrease principally from Dividend payment and net income of the period
(240.5)	TOTAL SOURCES	(254.5)	(14.0)	



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