



Avio 2017 Half Year Results

Colleferro, 15 September 2017

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Half Year 2017 highlights



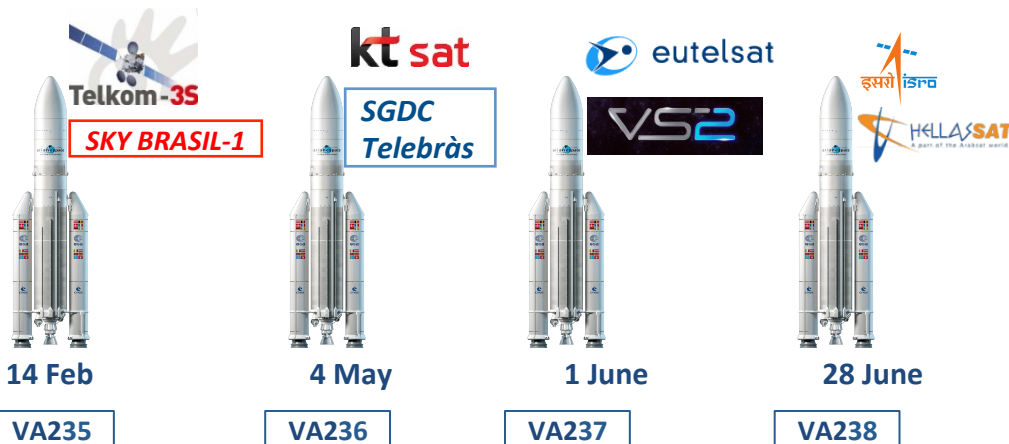
- **Robust Net Order backlog : €716.2M (+11% vs H1 2016)**
 - New contracts received in the first 6 months of 2017 for ca. €90M
 - By end of August 2017 additional orders acquired for over €300M
- **Net Revenues up 24% vs HY 2016**
 - Vega and Ariane up 15% and 31% respectively
 - Consolidation of production volumes and progress on new development activities (Ariane 6 – Vega C)
- **Adjusted EBITDA growing (+8% vs HY 2016)**
 - Additional non-recurring costs for extraordinary transaction impacting reported EBITDA
- **Adjusted EBIT structurally improved (+37% vs HY 2016)**
 - End of amortization of certain Vega Maiden Flight R&D items
- **Net Financial Position at €35.9M**
 - As expected no significant cash flow generation in H1 (advances already cashed-in in 2016)
 - Impact from cash-out related to one-off charges (set up in 2016) upon business combination and listing
- **Transition to new generation products on track**
 - P120 development on track
 - Vega C development in progress
- **Consolidation of share capital structure**
 - Conversion of special shares and market warrants completed on August 16
 - Share count stable at 26.4M

Ariane – HY 2017 highlights



Flight&Production activity

4 successful launches in 2017 and 80 consecutive successful flights



*Operations resumed in May after a 5-week strike at the Guyana Spaceport
Launch schedule adapted to maintain 2017 objectives (2 A5 flights in June)*

Production activity

3 units produced (boosters and LOx TBP)
(to fly from second half 2018)

Development & complementary activity

- **Ariane 6 development in progress**
 - First P120 booster case completed, successfully tested and shipped to Kourou for propellant casting
 - New hydraulic test equipment and digital radiography facilities installed in Colleferro
 - Construction progress of new P120 plants on track
- **Other complementary activities**
 - 14 August, first 2 Ariane 6 launch contracts signed by Arianespace for 2020/2021 flights (4 EU Galileo satellites)

Ariane 62



Ariane 64



Maiden Flight 2020

Vega – HY 2017 highlights



Flight&Production activity

2 successful launches in 2017 and 10 in a row



Copernicus
Sentinel 2B

7 March

VV09



2 August

VV10

after 30 June

4 launches executed in 10 months (VV07 – VV08 – VV09 – VV10) demonstrating ability to increase rate

Production activity

1,7 launcher units produced
(1 to fly by end of 2017, others in 2018)

Development & complementary activity

- **Vega C program development on track**
 - First Z40 Nozzle produced and assembled in Colleferro
 - Vega C+ development contract signed
 - Getting ready for Z40 static firing test
- **Other complementary and devel. activities**
 - Extended perimeter of launch pad operations with Avio responsibility for integration activities up to lift off (started with VV10)
 - First 2 Vega C launch contracts signed by Arianespace for 2020/2021 flights (4 Airbus Defense&Space satellites)
 - Next production batch order acquired for 10 Vega/Vega C for the period 2019 – 2021
 - SSMS new adapter for small payloads development started

Vega C



**Maiden Flight
2019**

Vega E

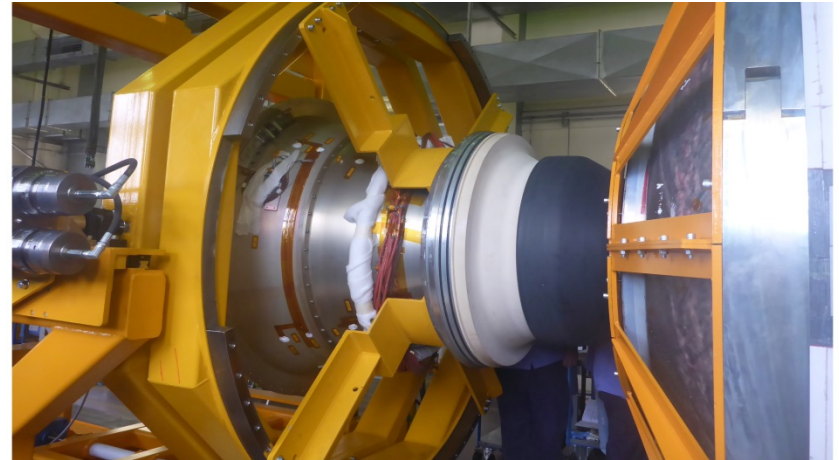


**Maiden Flight
2024**

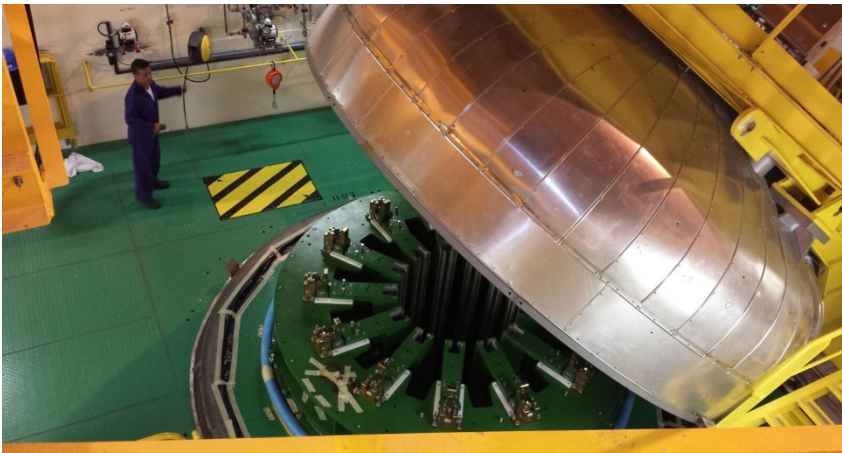
Continuing to get ready for future growth and next generation products – Key accomplishments of HY 2017



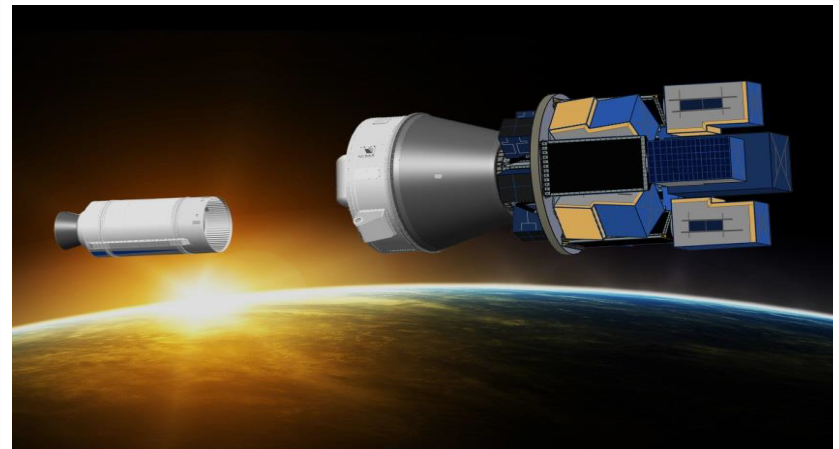
- Further progress on P120 plant construction



- Z40 nozzle carbon-phenolic exit cone assembled



- P120 tested and ready for casting (world's largest carbon fibre monolithic solid rocket motor case – 142ton)

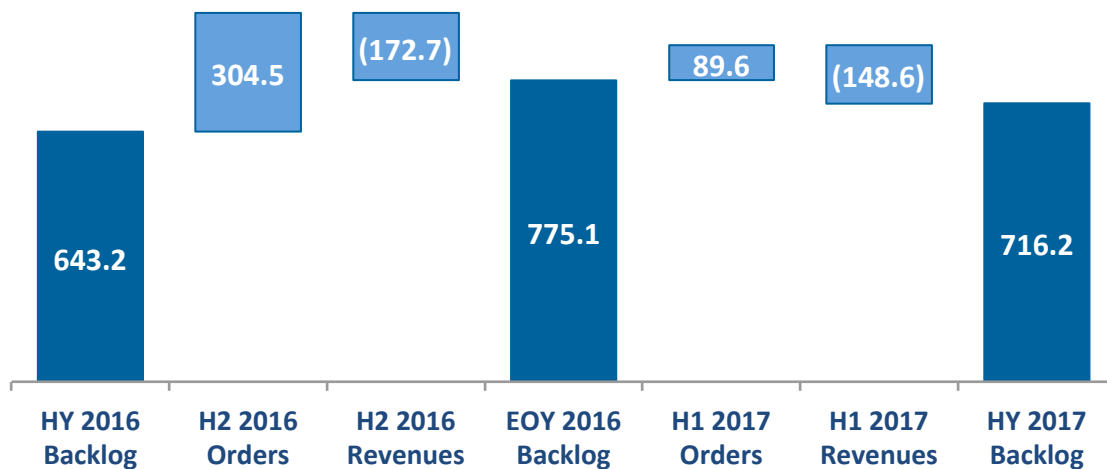


- Small Satellite Mission Service (under development)

Net Order Backlog



Net Order Backlog evolution (€ - M)



Comments

- Ca. €90M of new contracts acquired in HY 2017:
 - Vega & Ariane production and development contracts
 - Vega Batch 2 extension of perimeter for launch pad integration activities
- By end of August 2017 additional orders acquired for over €300M, including:
 - Vega Batch 3 production (10 Vega form VV17 to VV26, 2019 – 2021)
 - Vega C+ development
 - Aster

Key economics



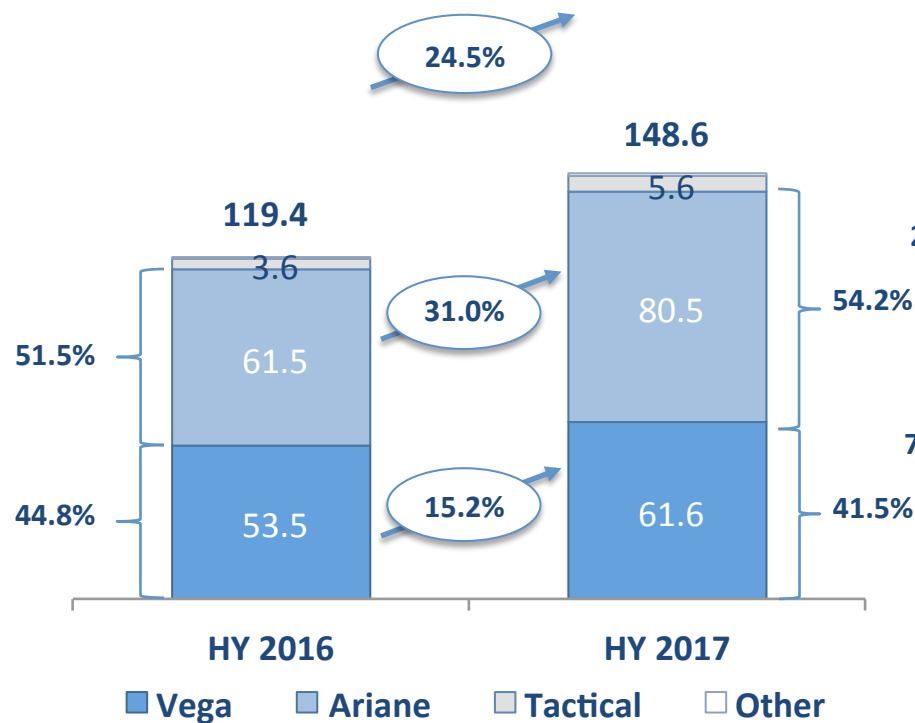
HY 2016	MAIN ECONOMICS	HY 2017	DELTA	Comments
PRO-FORMA ⁽¹⁾		PRO-FORMA ⁽¹⁾		
€ - M	€ - M	€ - M	€ - M	
119.4	NET REVENUES	148.6	29.2	• +24% growth
14.1	EBITDA ADJUSTED	15.2	1.1	• +8% growth
11.8%	% on net revenues	10.2%		
10.7	EBITDA REPORTED	11.2	0.5	• Impact of non-recurring costs for business combination and listing
9.0%	% on net revenues	7.6%		
7.5	EBIT ADJUSTED	10.3	2.8	• +38% growth
6.2%	% on net revenues	6.9%		
2.0	EBIT REPORTED	4.3	2.3	• Structural improvement mainly attributable to termination of certain Vega MF R&D
1.7%	% on net revenues	2.9%		
(1.1)	NET INCOME	1.7	3.8	• Impact of one-off debt repayment costs with no cash outflow
(1.0%)	% on net revenues	1.2%		

(1) Pro-Forma figures to compare on a “like-for-like” basis the financials of HY 2017 and HY 2016 in light of the business combination

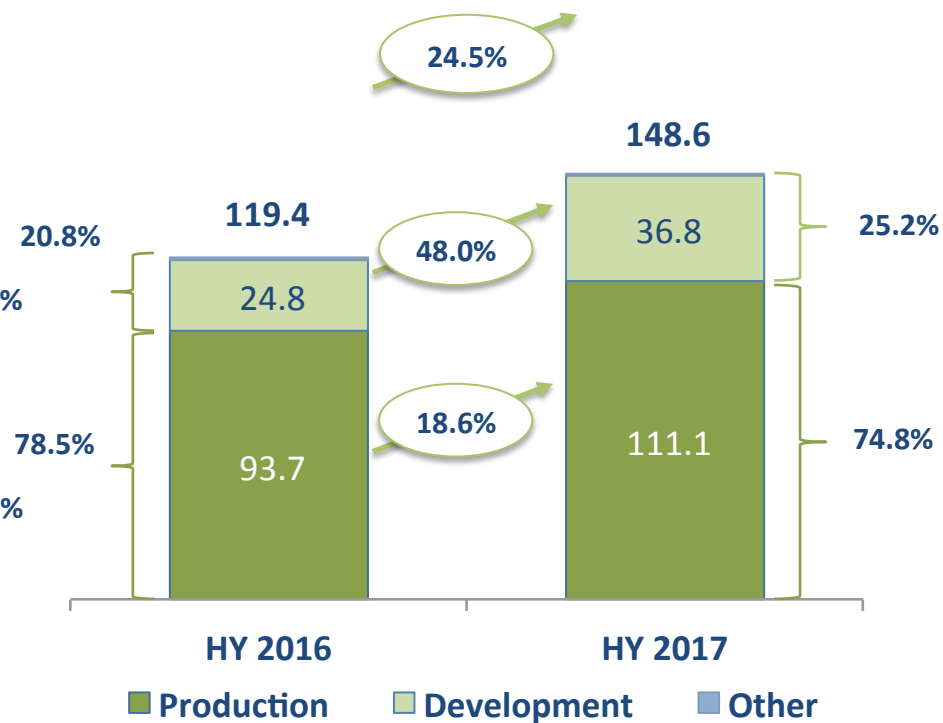
Net Revenues



by Line of Business (€ - M)



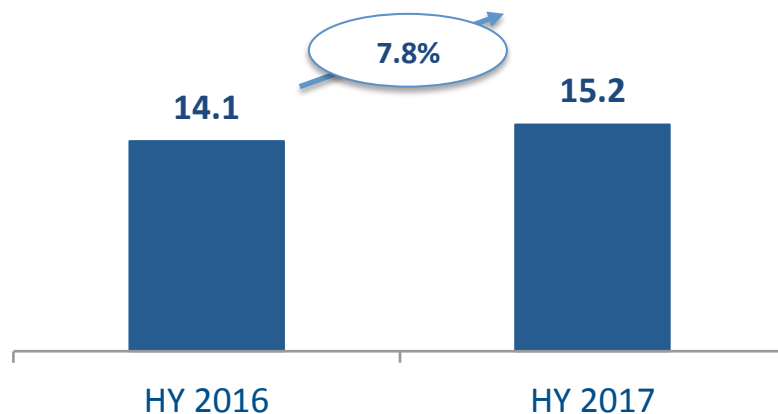
by Activity (€ - M)



Adjusted EBITDA and Adjusted EBIT evolution



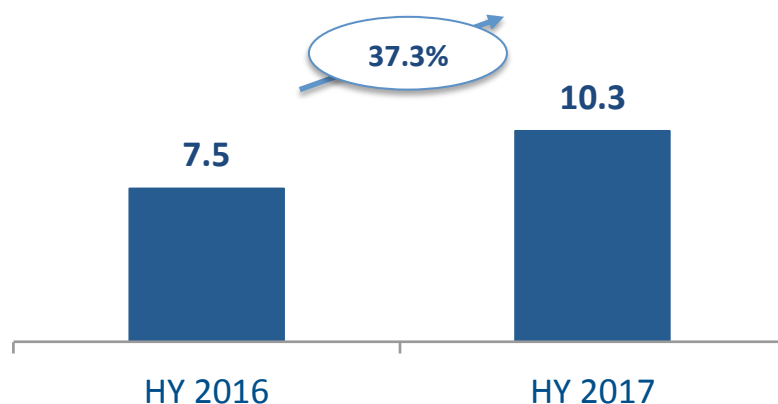
Adjusted EBITDA (€ - M)



Comments

- EBITDA improvement driven by higher volume of activity and positive effect of cost control measures

Adjusted EBIT (€ - M)

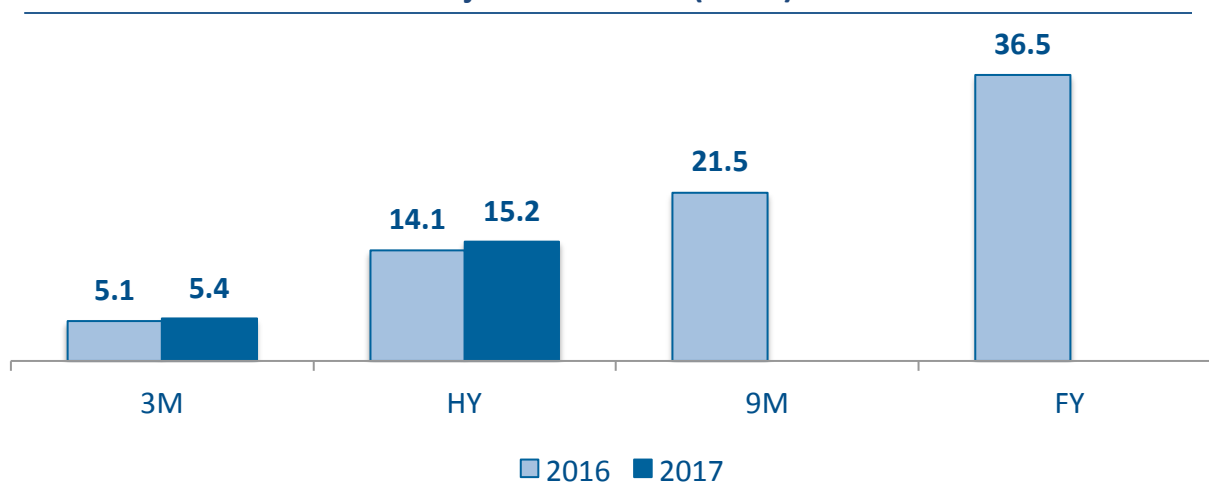


- 2016 EBIT significant structural improvement mainly due to termination of certain Vega MF R&D

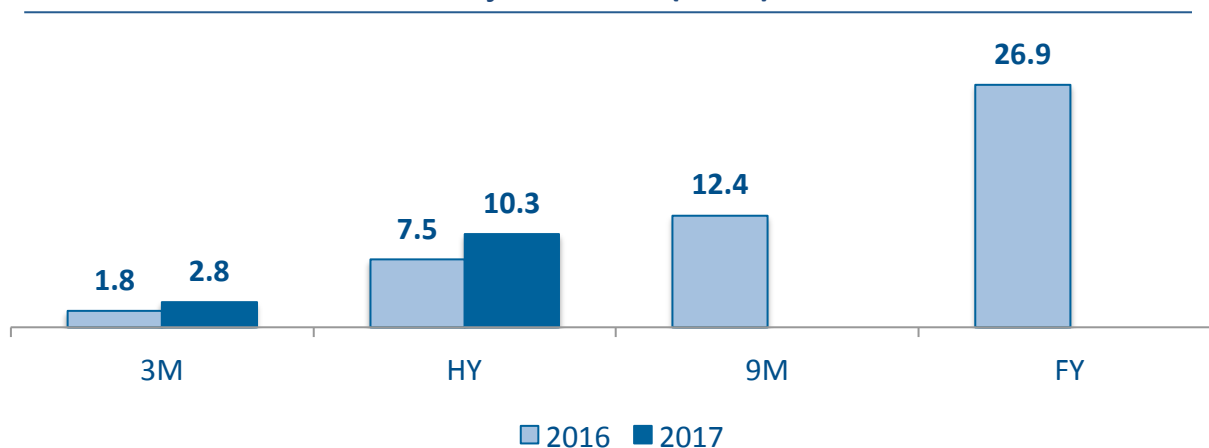
Adjusted EBIT and Adjusted EBITDA typical annual pattern



Adjusted EBITDA (€ - M)



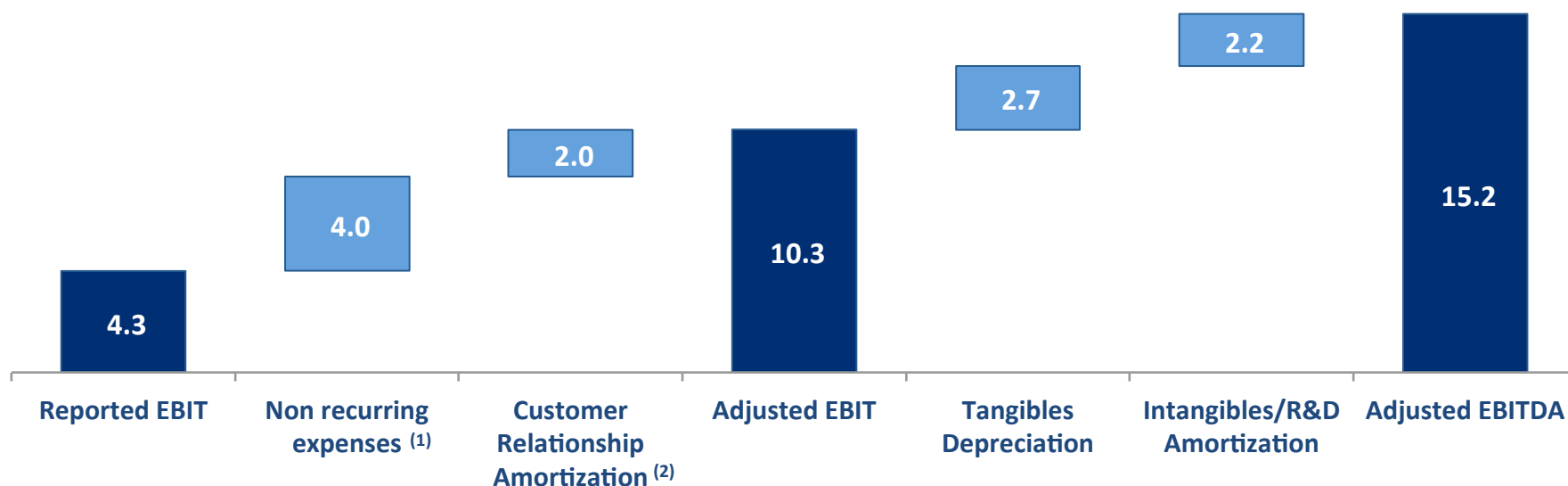
Adjusted EBIT (€ - M)



EBIT/EBITDA adjustments for non recurring items



Adjusted EBIT and Adjusted EBITDA (€ - M)



(1) It includes 1.7M of advisory fees and other consultancies costs incurred in Q1 from former Space2 in connection to the business combination and 1.8M of legal and advisory fees and other consultancies costs of Avio incurred in Q1 related to the listing and the merger with Space2

(2) It represents the amortization of the intangibles identified in the 2007 purchase price allocation following the acquisition in 2006 by Cinven. Following the business combination between Avio and Space2, the new PPA process will be completed by Q1 2018 in accordance with IFRS3

Net Income



HY 2016 PRO-FORMA ⁽¹⁾ € - M	MAIN ECONOMICS	HY 2017 PRO-FORMA ⁽¹⁾ € - M	DELTA € - M	Comments
2.0 1.7%	EBIT REPORTED <i>% on revenues</i>	4.3 2.9%	1.3	
(2.0) (1.6%)	NET FINANCIAL EXPENSES <i>% on revenues</i>	(3.1) (2.1%)	(0.2)	• Financial expenses impacted by one off debt repayment costs with no cash outflow (repaid ca. 65M Eur loan in May 2017)
(1.1) (1.0%)	TAXES <i>% on revenues</i>	0.5 0.1%	1.6	• Positive impact of deferred taxes
(1.1) (1.0%)	NET INCOME <i>% on revenues</i>	1.7 1.2%	3.8	

(1) Pro-Forma figures to compare on a “like-for-like” basis the financials of HY 2017 and HY 2016 in light of the business combination

Balance Sheet



31 DEC 2016 PRO- FORMA ⁽¹⁾	MAIN SOURCES AND USES	30 JUNE 2017 ACT	DELTA	
€ - M		€ - M	€ - M	Comments
(78.0)	WORKING CAPITAL	(77.4)	0.6	
81.2	DEFERRED TAX ASSETS	82.0	0.8	
(35.8)	PROVISIONS (EMPLOYEES' BENEFITS AND RISKS)	(24.7)	11.1	• Impact of one-off payment of long term compensation and incentive plans upon completion of business combination and listing ⁽²⁾
80.3	GOODWILL	80.3	-	
158.2	FIXED ASSETS	158.3	0.1	
7.4	FINANCIAL RECEIVABLES	7.4	-	
213.4	NET INVESTED CAPITAL	225.9	12.5	
48.3	NET FINANCIAL POSITION	35.9	(12.4)	• Principally driven by the above changes in provisions
(261.7)	EQUITY	(261.8)	(0.1)	
(213.4)	TOTAL SOURCES	(225.9)	(12.5)	

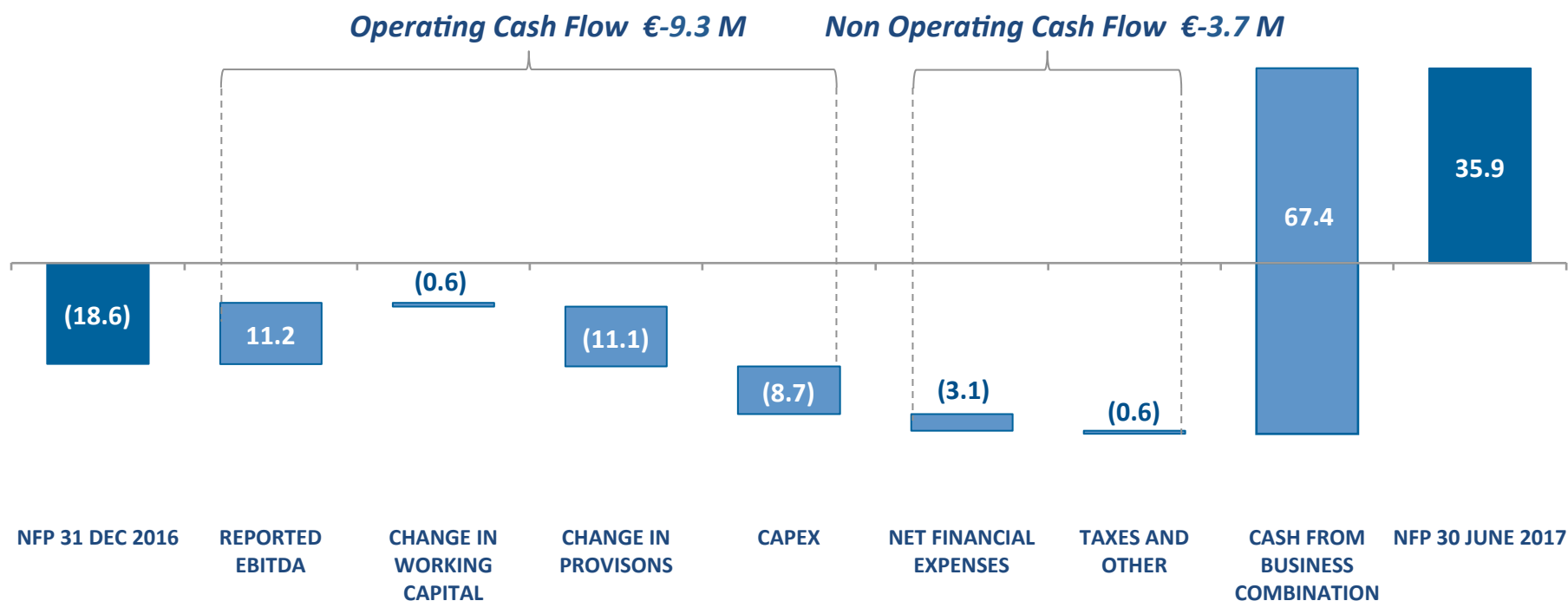
(1) Pro-Forma figures to compare on a “like-for-like” basis the financials of HY 2017 and HY 2016 in light of the business combination

(2) Mainly includes: long term compensations granted to former Directors and top managers in charge before the business combination (already set up in previous years), compensation to former Chairman and Vice Chairman of BoD in charge before the business combination (already set up in previous years), utilization of tax and legal provision in relation to the settlement of certain disputes in line with the amount previously set up, net movement of provision for yearly employees bonuses and payment of incentive plan related to the business combination Space2-Avio

Net Financial Position



NFP evolution and cash flows (€ - M)





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