



# Avio 2016 Full Year Results

*Colleferro, 2 May 2017*

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# 2016 in review



- **Robust Net Order backlog : € 775M at year-end 2016**
  - New contracts signed in 2016 for over €160M
  - Additional orders to come in 2017 for both production and development providing good visibility
- **Net Revenues up 13% vs 2015**
  - Vega and Ariane up 13% and 16% respectively
  - Consolidation of production volumes and launch of new development activities (Ariane 6 – Vega C)
- **EBITDA in line with 2015**
  - Early phase of new development activity includes low margin activity for new plant construction
  - Fixed costs base improvement providing some uplift
  - Impact of additional non-recurring costs for extraordinary transaction resulting in 2017 listing
- **EBIT up 25,7% over 2015**
  - End of amortization of certain R&D items spanning over multiple years
- **Year-end net financial position at €-18,6M** (improved by €15,5M) over 2015 thanks to operating cash flow
- **Transition to new generation products on track**
  - Ariane 6 and Vega C development fully funded and design approved
  - Vega E and complementary Vega developments funded

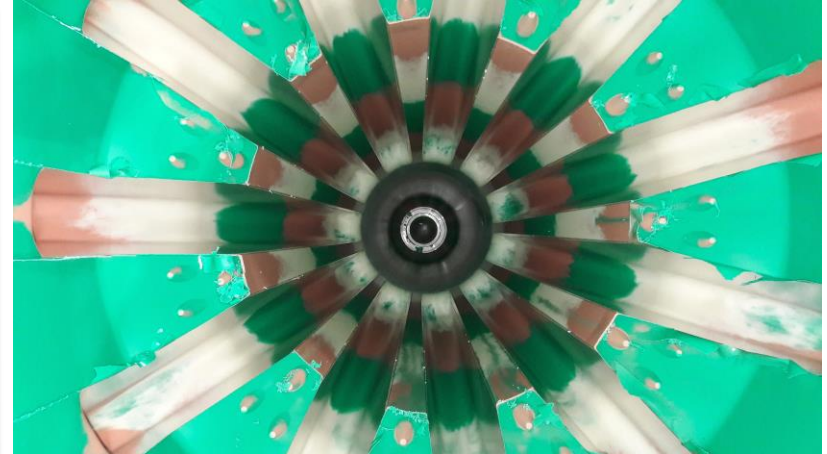


# New plants and new generation products

## Getting ready for higher volumes



- New P120 plant under construction (A6 and VC 1<sup>st</sup> stage)



- First propellant casting test for Z40 (Vega C second stage)



- New P120 mandrel development and testing



- Successful Ariane 5 booster static test firing (ARTA 6)



# New Avio Carbon Fiber material

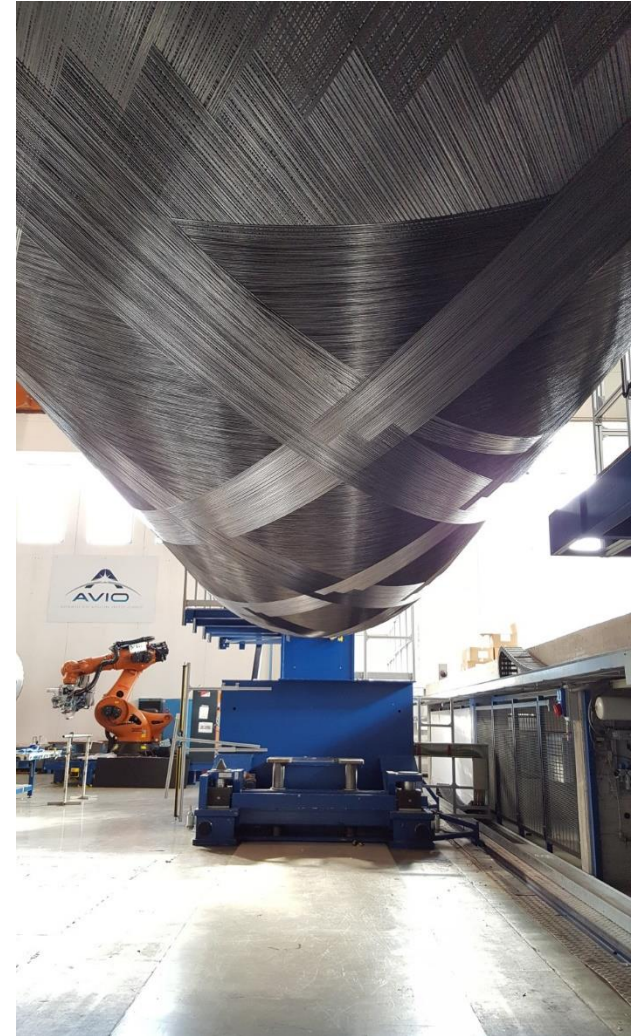
## A new frontier in performance and efficiency



- New Avio carbon fibre prepreg material HXE23<sup>®</sup> for P120, P80, Z40, Z9



- New Automated tape layup machines for skirt manufacturing



- First P80 winding with HXE23<sup>®</sup>

# Ariane - 2016 highlights



## Flight&Production activity

**7 successful launches**

underlying robust demand and product reliability



VA228   VA229   VA230   VA231   VA232   VA233   VA234

## Production activity

**6 units produced (boosters and LOx TBP)**

(to fly by end 2017)

## Development & complementary activity

- **ARTA 6 static firing test**
  - A5 boosters reliability confirmed
- **Ariane 6 development in progress**
  - P120 booster configuration finalized; booster case manufacturing tooling designed, built and tested
  - Start of construction of new P120 plants & infrastructure in Colferro

**Ariane 62**



**Ariane 64**



**Maiden Flight 2020**

# Vega - 2016 highlights



## Flight&Production activity

**2 successful launches**  
confirming performance & reliability

VERTA program  
review :



- Delta Flight-Qualification achieved
- Flight envelope confirmed and extended



**PERUSAT – 1**

*New multi  
payload  
adapter and  
dispenser*



16 September

VV02 → VV06

VV07

5 December

VV08

## Production activity

**2,8 launcher units produced**  
(1 launched in 2016, others to fly in 2017)

## Development & complementary activity

- **Vega C program development on track**
  - Z40 1st item produced and propellant cast
  - Payload capacity upgraded to 2.4 tons (Vega C+)
- **Vega E program subscribed (\*)**
  - 3-stage configuration with LOx-CH upper stage
  - Payload capacity 3.0 tons
- **Complementary devel. for Vega C subscribed (\*)**
  - SSMS new adapter for small payloads
  - Space Rider integrated re-entry&reusable vehicle
  - Venus – electric module for upper stage

**Vega C**



**Maiden Flight  
2019**

**Vega E**



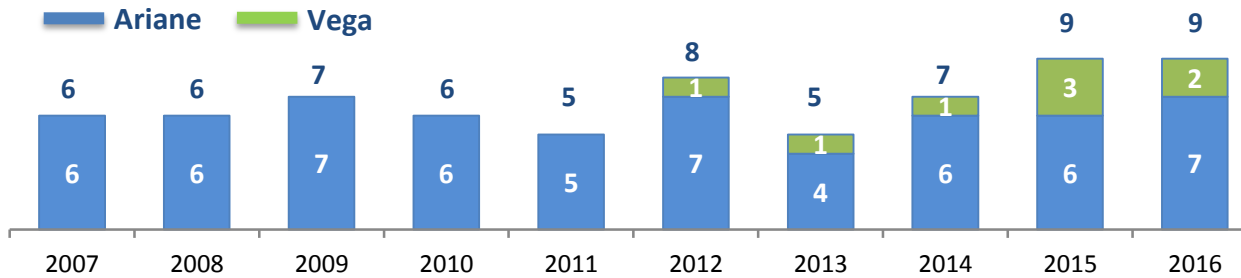
**Maiden Flight  
2024**



# 10 years growth trend in review



## Flights



Comments

Growing flight rates

## ESA Developments

Vega follow-on  
▼

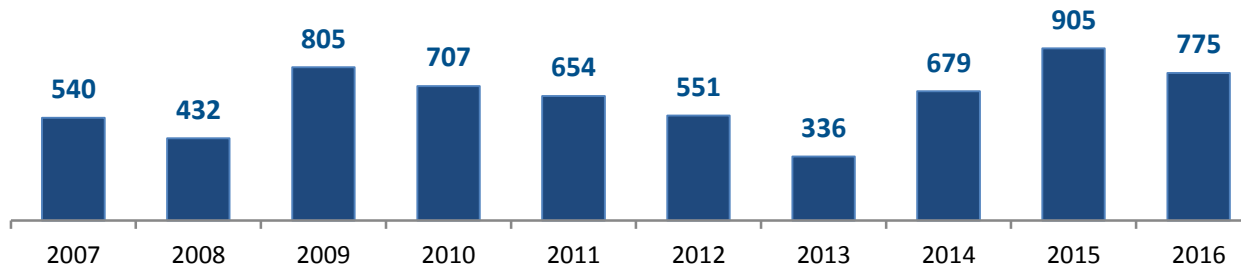
A6 initial  
▼

A6 Vega C  
▼

Vega E Initial  
▼

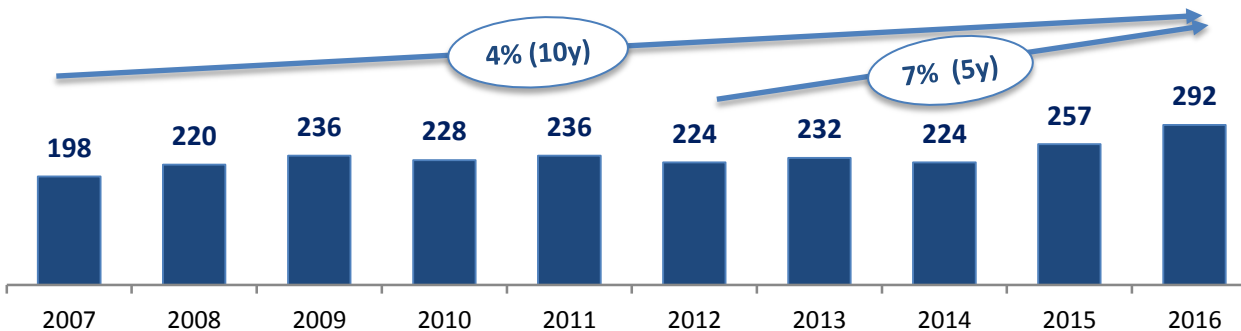
Growing frequency of devel. funding

## Net Order Backlog (M€)



Cyclical order backlog  
~3yrs visibility

## Net revenues (M€)



CAGR

Accelerating revenue growth



# Key economics



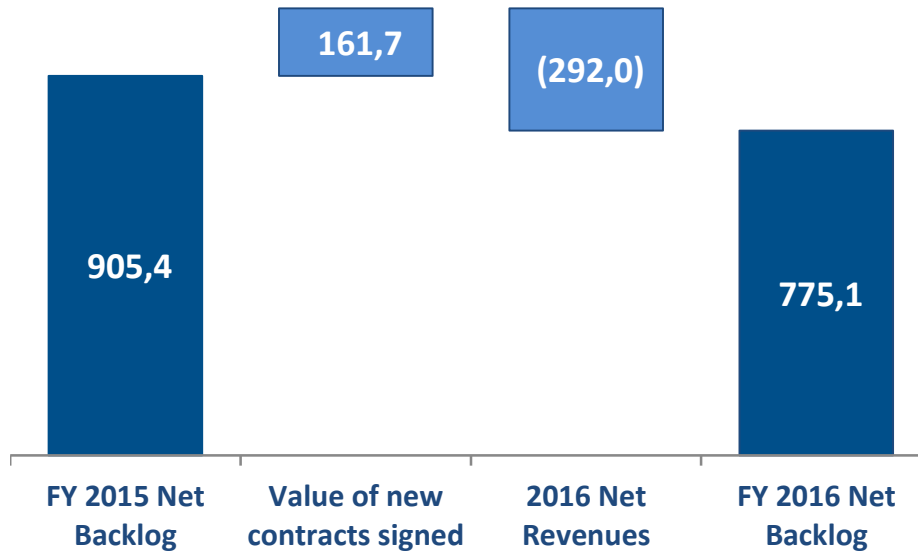
FY 2015 ACT	MAIN ECONOMICS	FY 2016 ACT	DELTA	Comments
€ - M	€ - M	€ - M	€ - M	
905,4	NET ORDER BACKLOG	775,1	(130,3)	• Effect of Revenue acceleration
257,4	NET REVENUES	292,0	34,6	• Double digit growth
27,9 10,8%	EBITDA REPORTED <i>% on net revenues</i>	26,9 9,2%	(1,0)	• Impact of low margin activity (plant constr.) & non-recurring costs
35,5 13,8%	EBITDA ADJUSTED <i>% on net revenues</i>	36,5 12,5%	1,0	
10,5 4,1%	EBIT REPORTED <i>% on net revenues</i>	13,2 4,5%	2,7	• EBIT structural improvement after completion of Vega development phase
22,2 8,6%	EBIT ADJUSTED <i>% on net revenues</i>	26,9 9,2%	4,7	
5,4 2,1%	NET INCOME <i>% on net revenues</i>	3,1 1,1%	(2,2)	• Impact of financial charges not like for like and recognition of deferred taxes in 2015

# Net Order Backlog



## Net Order Backlog evolution (€ - M)

## Comments

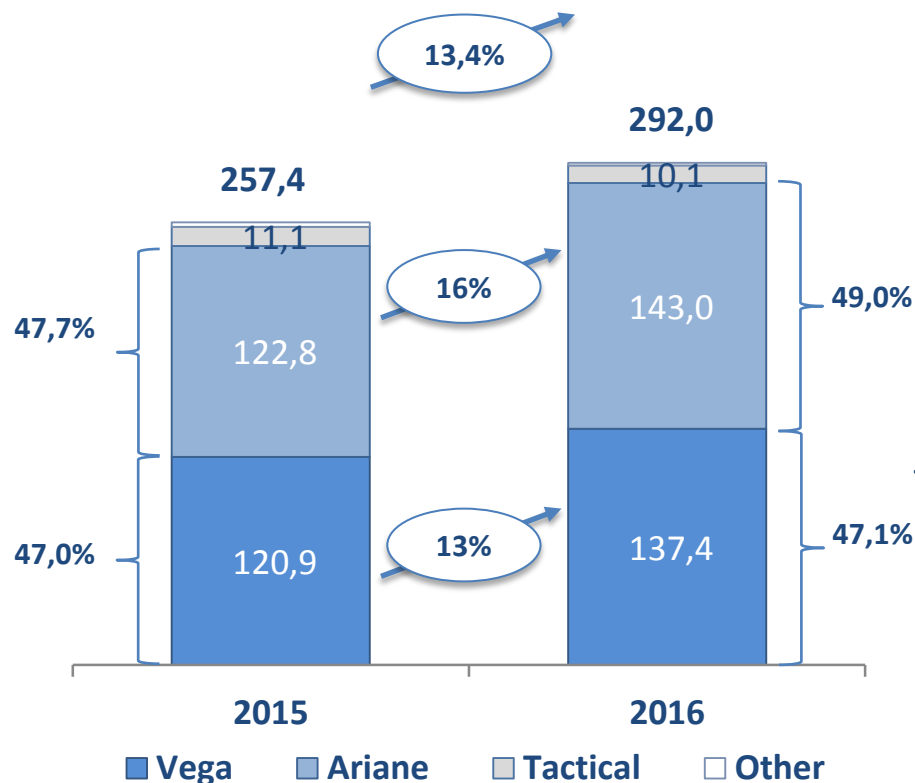


- €161 M of new contracts signed in 2016
- Subscriptions for new development activities in Dec. 2016 (\*), to be contractualized in 2017 and 2018
- New Vega production batch order in 2017 (1st tranche received in April 2017)
- Ariane 5 new production batch in discussion across the supply chain

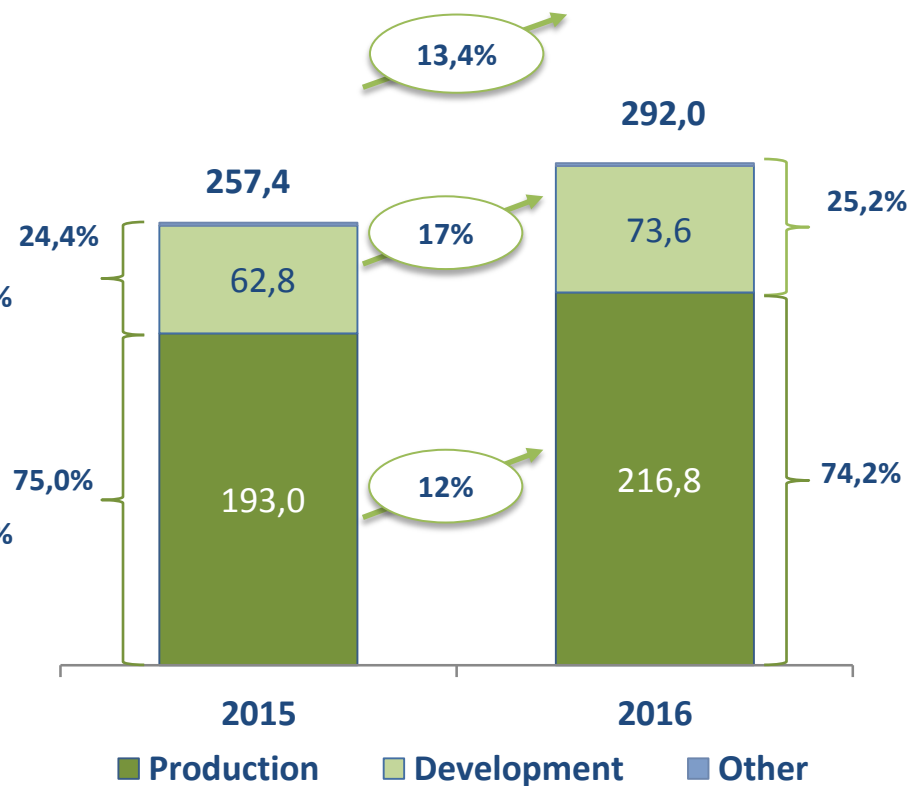
# Net Revenues



by Line of Business (€ - M)



by Activity (€ - M)



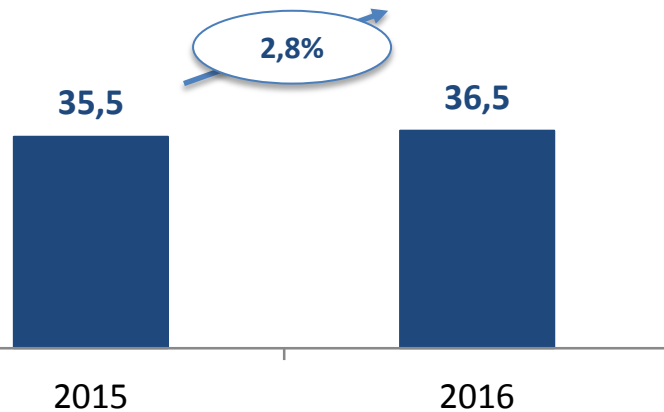


# Adjusted EBITDA and Adjusted EBIT evolution



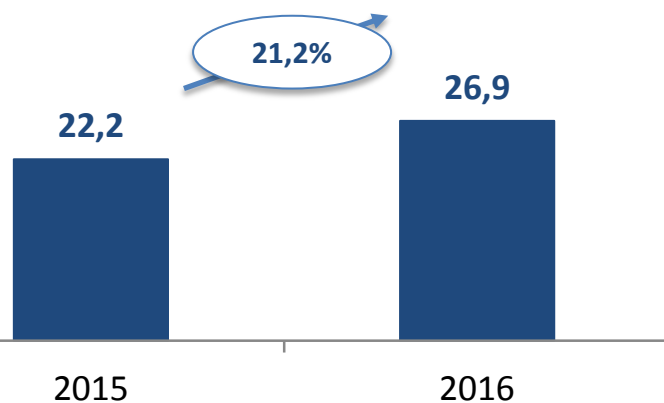
## Adjusted EBITDA (€ - M)

## Comments



- EBITDA improvement primarily driven by lower impact of fixed costs (higher volumes of activity)
- First phase of new development contracts Includes sub-contracted plant construction providing moderate positive impact on EBITDA

## Adjusted EBIT (€ - M)

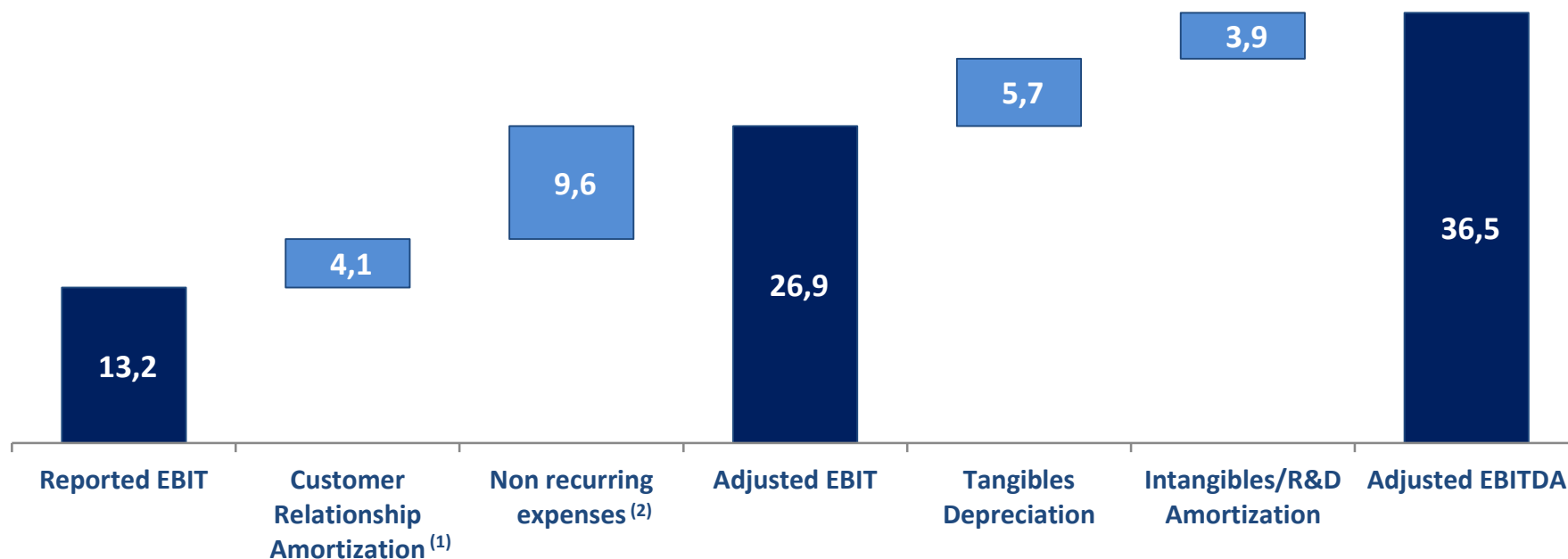


- 2016 EBIT significant improvement driven by completion of the amortization of certain R&D items related to Vega development

# EBIT/EBITDA adjustments for non recurring items



## Adjusted EBIT and Adjusted EBITDA (€ - M)



<sup>(1)</sup> It represents the amortization of the intangibles deriving from the establishment of commercial relations with customers and partners, acquired under the implementation of production and development programs. Specifically, the asset arose from the 2007 purchase price allocation of the acquisition cost borne in 2006 by Cinven for the purchase of Avio shares. The amortization will be over in 2021

<sup>(2)</sup> It includes 2016 IPO fees and Space2-Avio business combination costs, investor fees, fiscal and legal advisory expenses and one-off management incentive plan

# Net Income



31 DEC 2015 ACT € - M	MAIN ECONOMICS	31 DEC 2016 ACT € - M	DELTA € - M	Comments
10,5 4,1%	EBIT REPORTED <i>% on revenues</i>	13,2 4,5%	2,7	
(3,3) -1,3%	NET FINANCIAL EXPENSES <i>% on revenues</i>	(6,9) -2,4%	(3,6)	• In 2016 full impact of debt interests (vs. 7 months only accrued interest in 2015) and additional one-off cost for debt early repayment
(2,8) -1,1%	OTHER INCOME/(EXPENSES) <i>% on revenues</i>	0,0	2,8	• 2015 non recurring write-down of Avio's non-consolidated participation in Termica Colleferro (Avio's electricity and steam production unit)
1,0 0,4%	TAXES <i>% on revenues</i>	(3,1) -1,1%	(4,1)	• 2015 favored by effect of deferred tax assets recognition. 2016 impacted by current tax charges (Regulus)
5,4 2,1%	NET INCOME <i>% on revenues</i>	3,1 1,1%	(2,2)	



# Balance Sheet

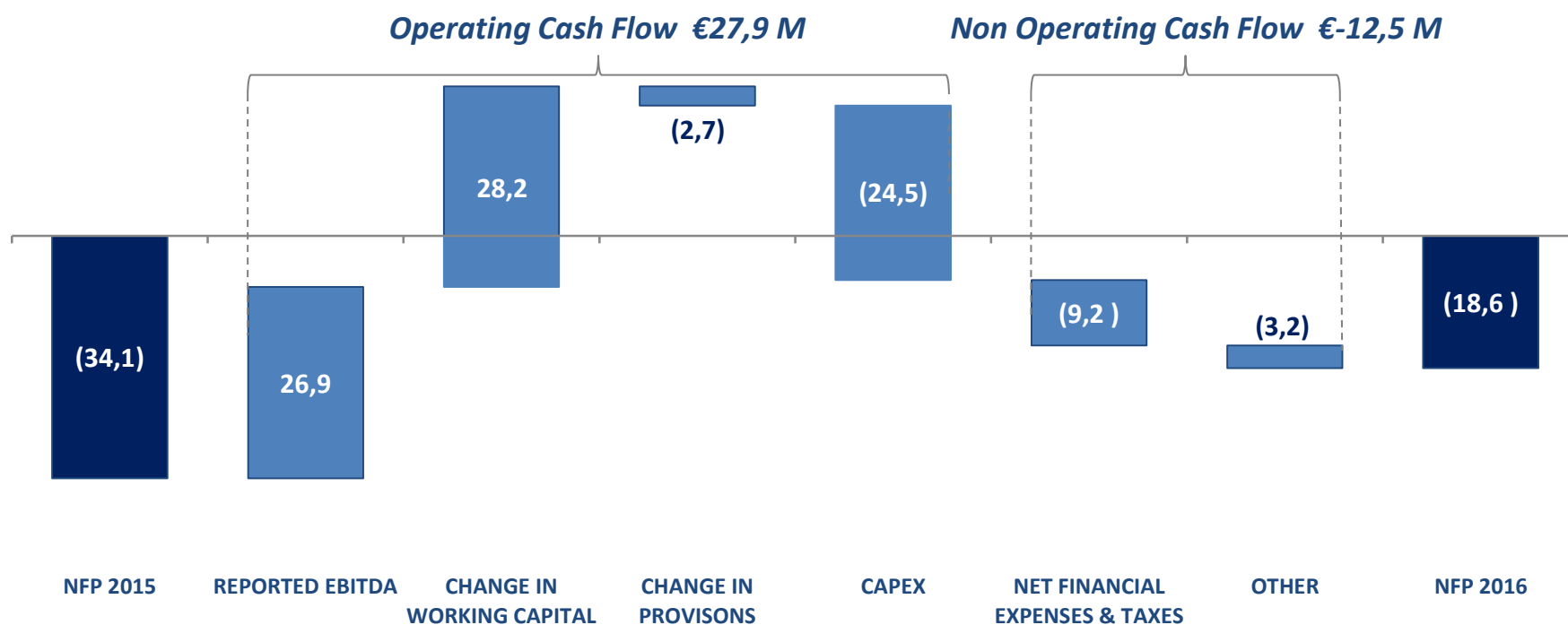


31 DEC 2015 ACT	MAIN SOURCES AND USES	31 DEC 2016 ACT	DELTA
€ - M		€ - M	€ - M
(50,0)	WORKING CAPITAL	(78,2)	(28,2)
56,8	DEFERRED TAX ASSETS	56,1	0,7
(38,3)	PROVISIONS (EMPLOYEES' BENEFITS AND RISKS)	(35,8)	2,5
367,9	FIXED ASSETS	379,2	11,3
6,5	FINANCIAL RECEIVABLES	7,4	0,9
342,9	NET INVESTED CAPITAL	328,7	(14,2)
(34,1)	NET FINANCIAL POSITION	(18,6)	15,5
(308,8)	EQUITY	(310,1)	(1,3)
(342,9)	TOTAL SOURCES	(328,7)	14,2

# Net Financial Position



## NFP evolution and cash flows (€ - M)





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