



Investor Presentation

Mid Cap Conference Milan, 3 October 2017

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Avio : a European leader in Space Transportation



- 50 years in Space Launchers
- European expert in *Solid Propulsion*
- Prime Contractor of *Vega* (EU light launcher)
- Partner to *Ariane* (EU heavy launcher)
- 850 employees
- 300 M€ revenues
- Listed on the Milan Stock Exchange
- Market Cap. 350M€

The Launchers segment represents the gateway to Space

Global space value chain (2016)



(1): Includes launcher manufacturing and launch service activities

(2): Commercial services revenues only

Sources: based on Satellite Industry Association (2016)

Growing demand for Space launch, competitive environment



Falcon 9

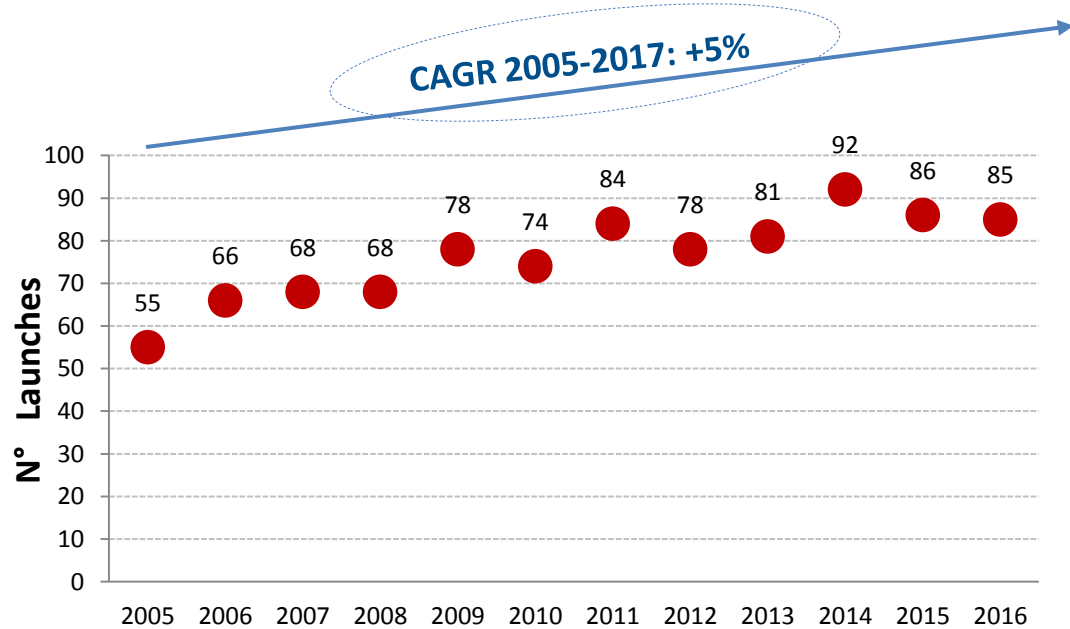


Soyuz



Ariane

History of Space launches (2005-2016)



Proton



PSLV



Vega

	LAUNCH ACTIVITIES 2006-2016					
	RUSSIA	USA	CHINA	EUROPE	INDIA	JAPAN
Tot. launches	302	205	158	90	36	31
Failure rate %	5%	4%	3%	1%	11%	0%

Source: the Space Launch Report

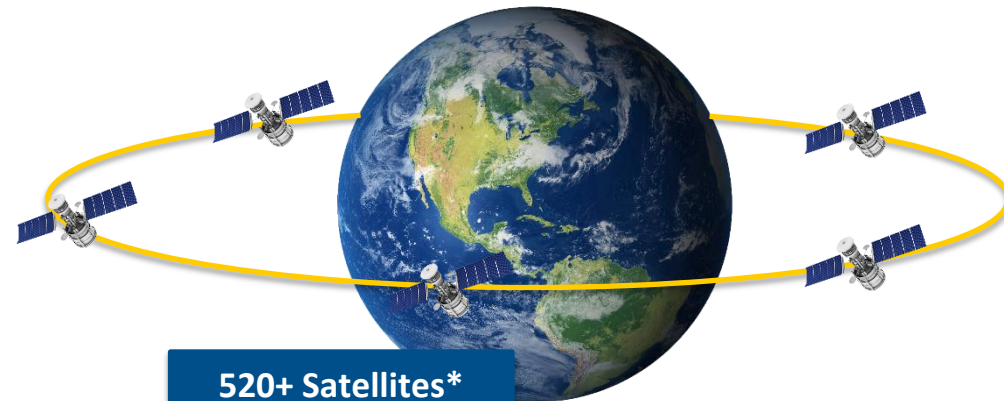
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The Space launch service has two main market segments



Geostationary Transfer Orbit

Altitude 36,000km



520+ Satellites*

1000+ tons in orbit

- **Applications** : Broadcasting, Telecoms
- **Avg Satellite mass** : 5,000 kg
- **Avg Service life**: 12-15 years
- **Avg # launches / year (worldwide)** : 36

Low Earth Orbit

Altitude 500-2,000km



804+ Satellites*

≈200 tons in orbit

- **Applications**: Earth obs., Internet, Science
- **Avg Satellite mass** : 50 Kg – 1000 kg
- **Avg Service life**: 3-7 years
- **Avg # launches / year (worldwide)** : 33

* UCS satellite database, December 2016 - GTO satellite number refers to GEO satellites

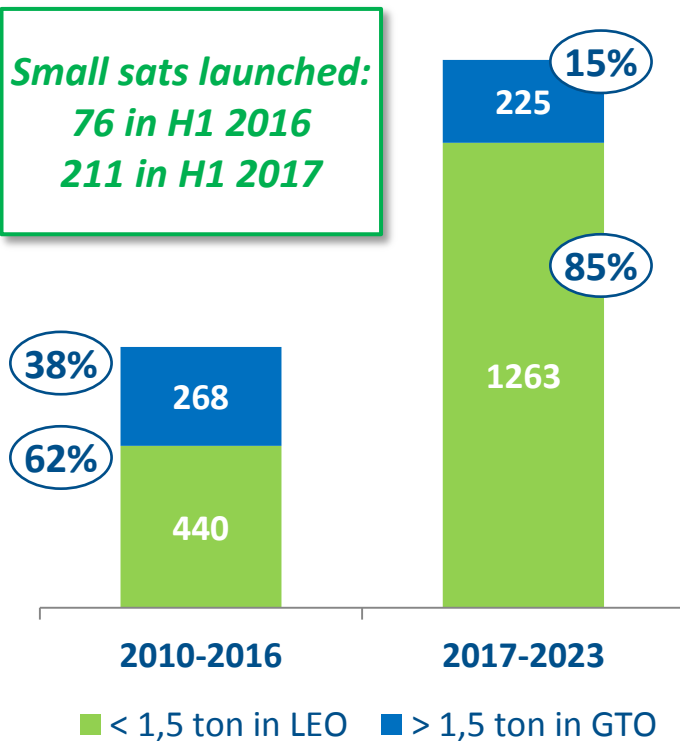
Sources: Spaceworks; International Journal of Science and Research

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Launch demand for small satellites in LEO is booming also driven by the advent of small satellite constellations



Nr. satellites by mass (2010 - 2023)



Source: LCA elaboration on Space Launch Report, Gunther, Spaceworks and OECD data

Application

- Mass: >1,5 ton
- Application: **Traditional Communication**



- Example of operators:
- INTELSAT
 - SES[^]
 - eutelsat
 - DIRECTV
 - ASIASAT

Orbit / launch service

Higher orbit reached by heavy launchers



- Mass: <1,5 ton
- Application: **Innovative Earth Observation and Comm constellations**



- Example of operators:
- PLANET LABS
 - OneWeb
ACCESS FOR EVERYONE
 - LEOSAT™
 - 3b Networks

Lower orbit serviced with light launchers

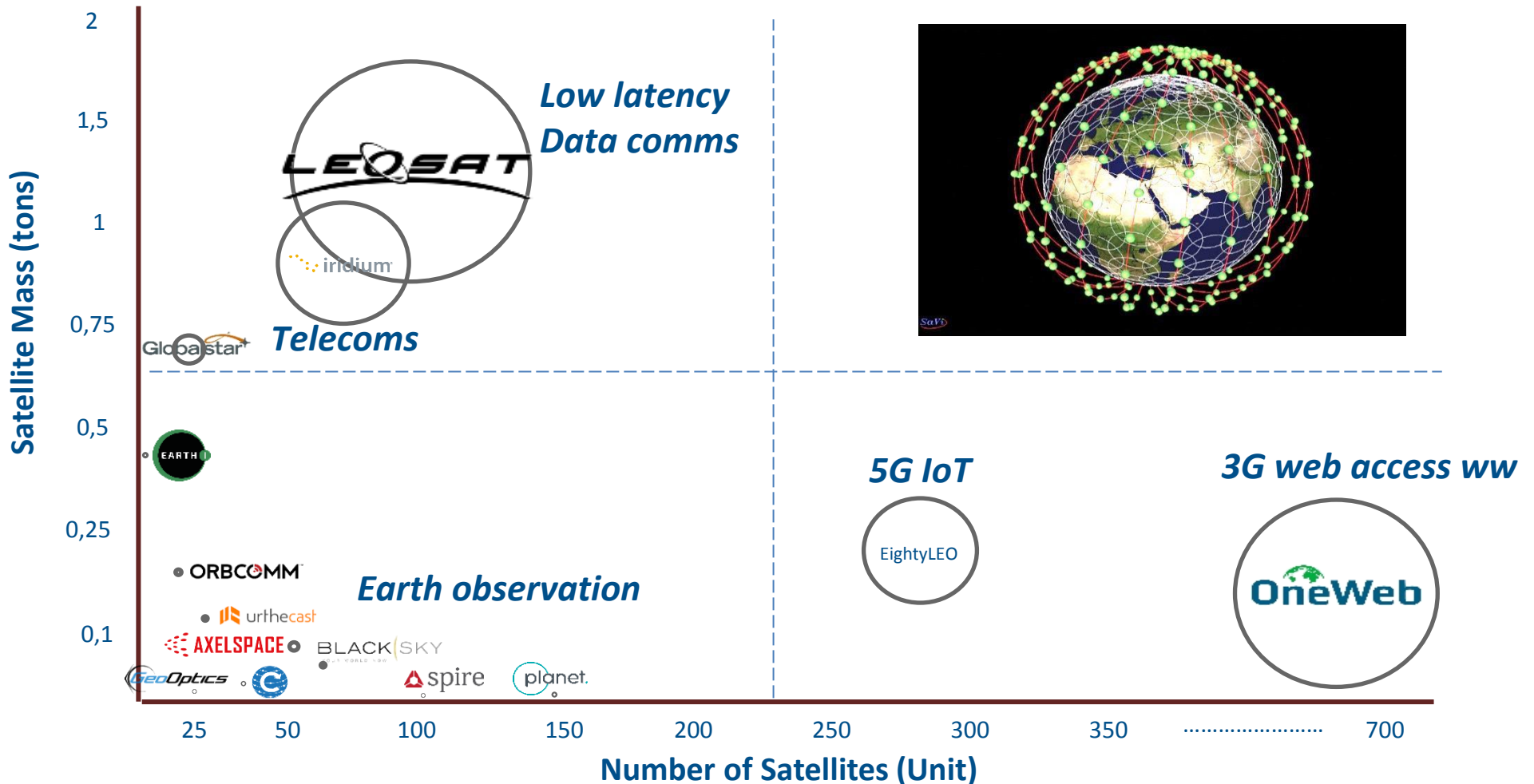


urthecast

Over 2000 satellites to be launched by 2024 to deploy new constellations in LEO



Satellite Constellations deployment plan (2017-2024)



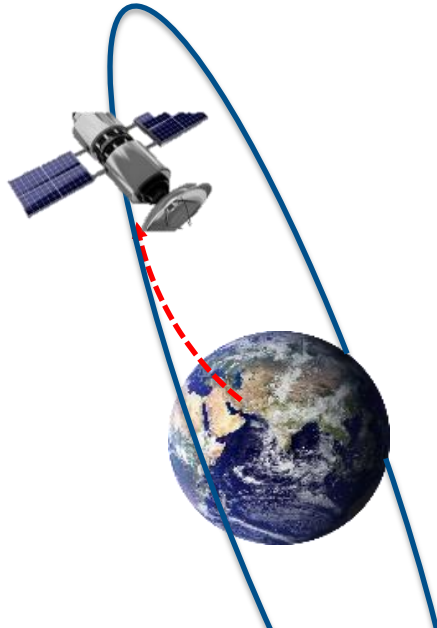
Sources: Teal WorldWide Mission Model, Analysis of long-term space macro trends, focus launch systems market – BryceTech, LCA Elaboration

Total Satellites Mass

The growing demand of small sats is changing the approach to the launch service type



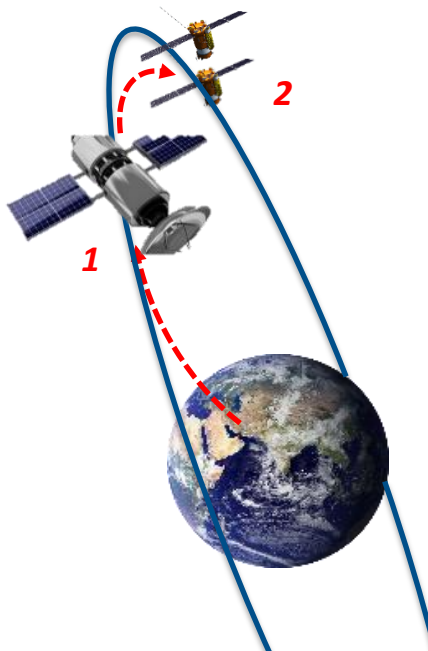
Single/Dual Launch



Yesterday

- Single payload to be dispatched directly to its destination orbit

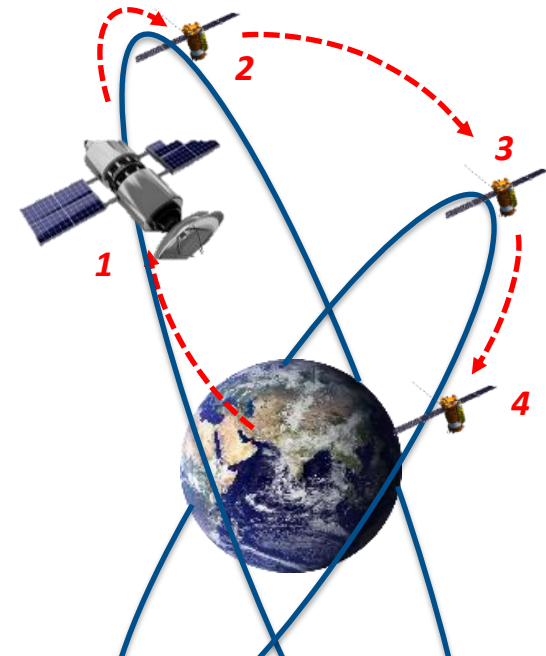
Piggyback Ride



Today

- Smaller payloads to be dispatched on the same orbital plane of the main satellite

“Multi-destination”



Tomorrow

- Multiple payloads to be deployed to multiple orbital planes

Avio is an integral part of the European space launch offering with a leading role on the LEO launcher Vega



Ariane 5 – EU Heavy lifter in GTO

Avio Industrial partner

P230 Boosters

Turbopump

Vega – EU Light launcher in LEO

Avio Prime Contractor

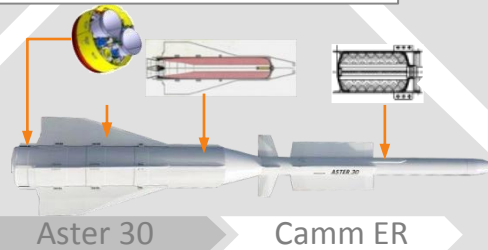
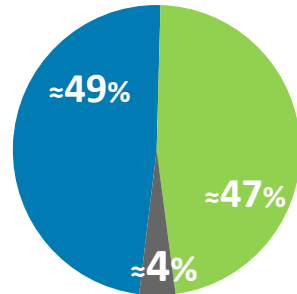
P80 motor

Zefiro 23 motor

Zefiro 9 motor

Upper stage

Launcher sys. Int.



Tactical propulsion

Ariane 5 → Ariane 6

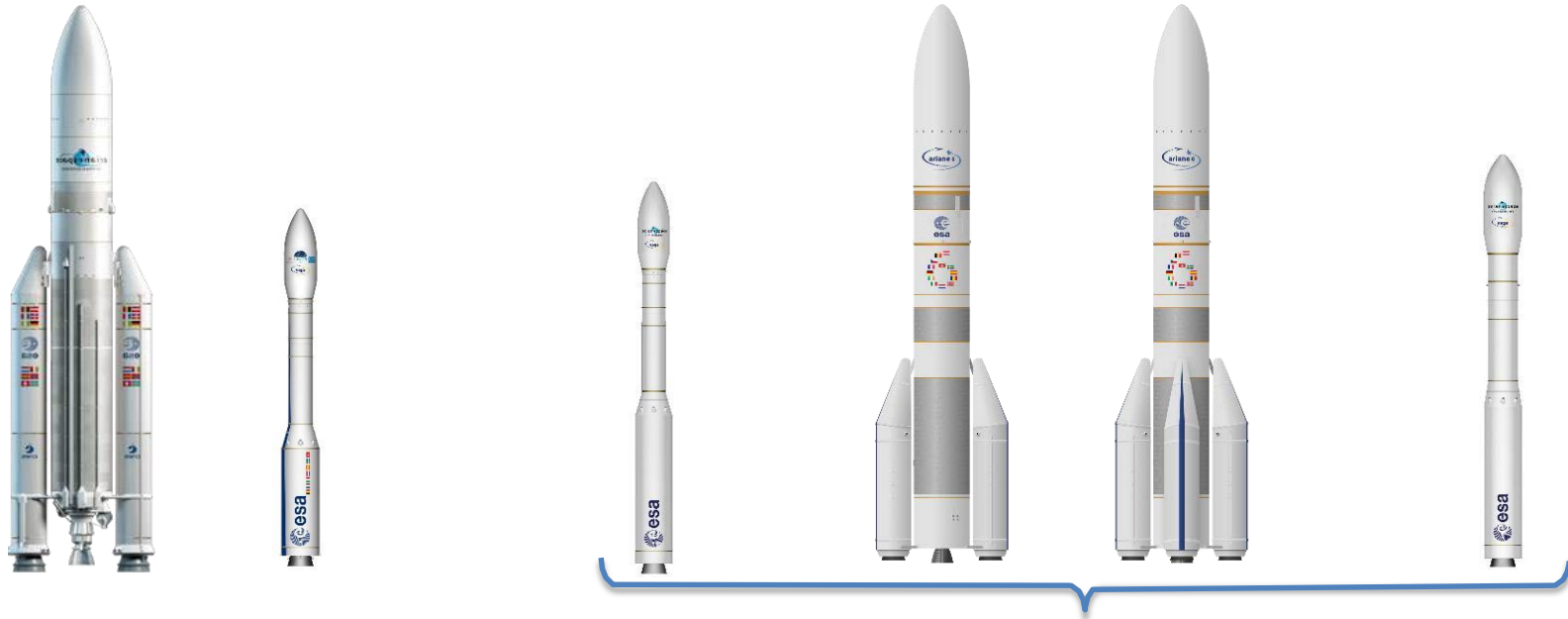
Vega → Vega C



EU family of launchers evolving to meet new market demand for flexibility and cost competitiveness



Perf	10.5 tons in GTO	1.5 tons in LEO	2.3 tons in LEO	6 tons in GTO	11 tons in GTO	3.0 tons in LEO	
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Common first stage – P120 C



Vega offering also being expanded with advanced solutions for extended LEO missions



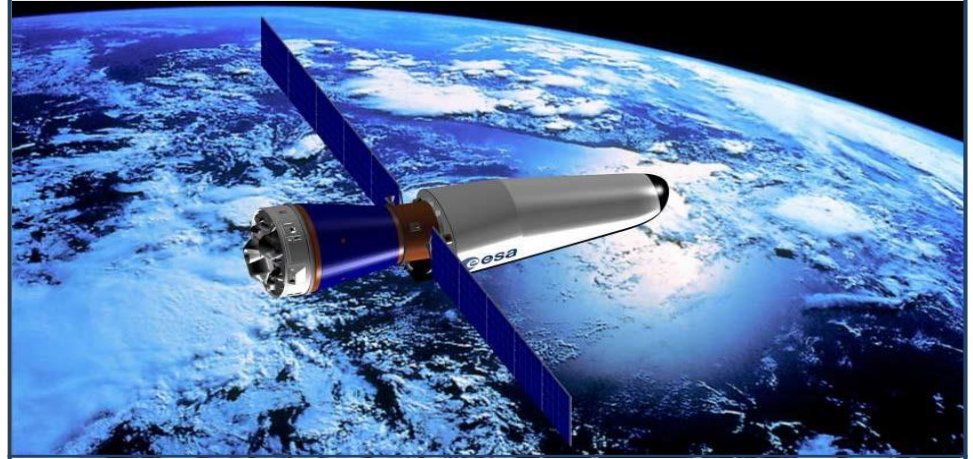
SSMS - "Small Satellite Mission Service"



- In Orbit Testing/In Orbit Validation
- P/L Deployment in multiple orbital planes
- PoC flight in 2019
- Call for Opportunity ESA february 2017 (Payload candidate selection in progress)



Space Rider – Launch, orbiting and re-entry



- Download
- Retrieval
- In Orbit Testing/In Orbit Validation
- Follow up of IXV experience (2015)
- Flight 2020

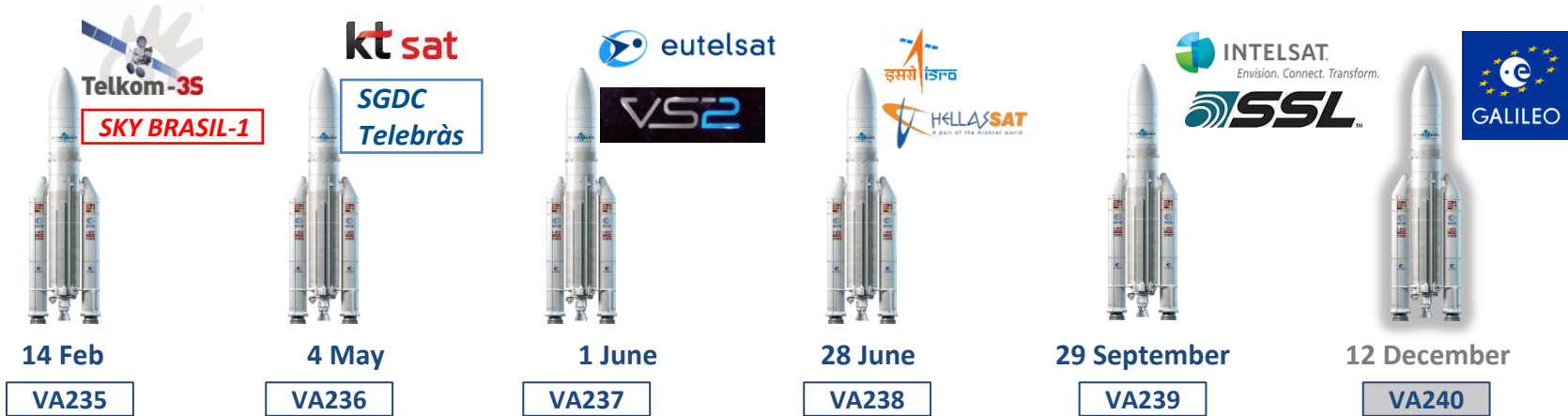


2017 flight activity on track to complete 6 Ariane and 3 Vega



Flight&Production activity

5 successful launches in 2017 and 81 consecutive successful flights



2 successful launches in 2017, 10 in a row (4 launches in 10 months VV07 – VV08 – VV09 – VV10)



Growing customer confidence on the new Vega C while its development achieves concrete progress in 2017



Vega C



Commercial achievements



- *Contract signed for «Batch 3» order 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*

Industrial achievements



P120 new plant



Z40 IMC



Z40 nozzle assembled

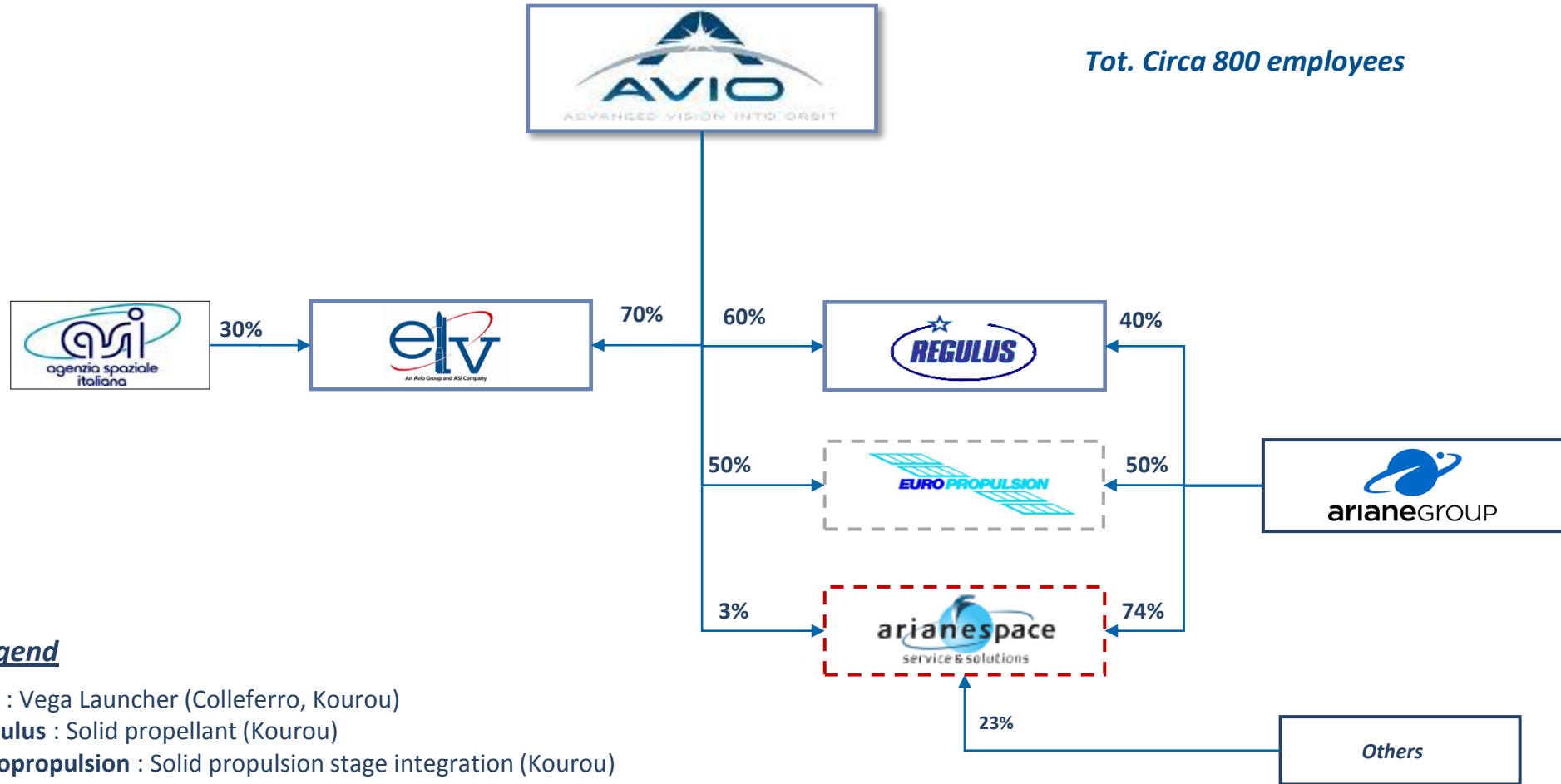


P120 IMC



P120 casting (LMC)

Avio : Group structure



Legend

ELV : Vega Launcher (Colleferro, Kourou)

Regulus : Solid propellant (Kourou)

Europropulsion : Solid propulsion stage integration (Kourou)

Arianespace : Ariane&Vega commercialization (Evry, Kourou)



Fully consolidated

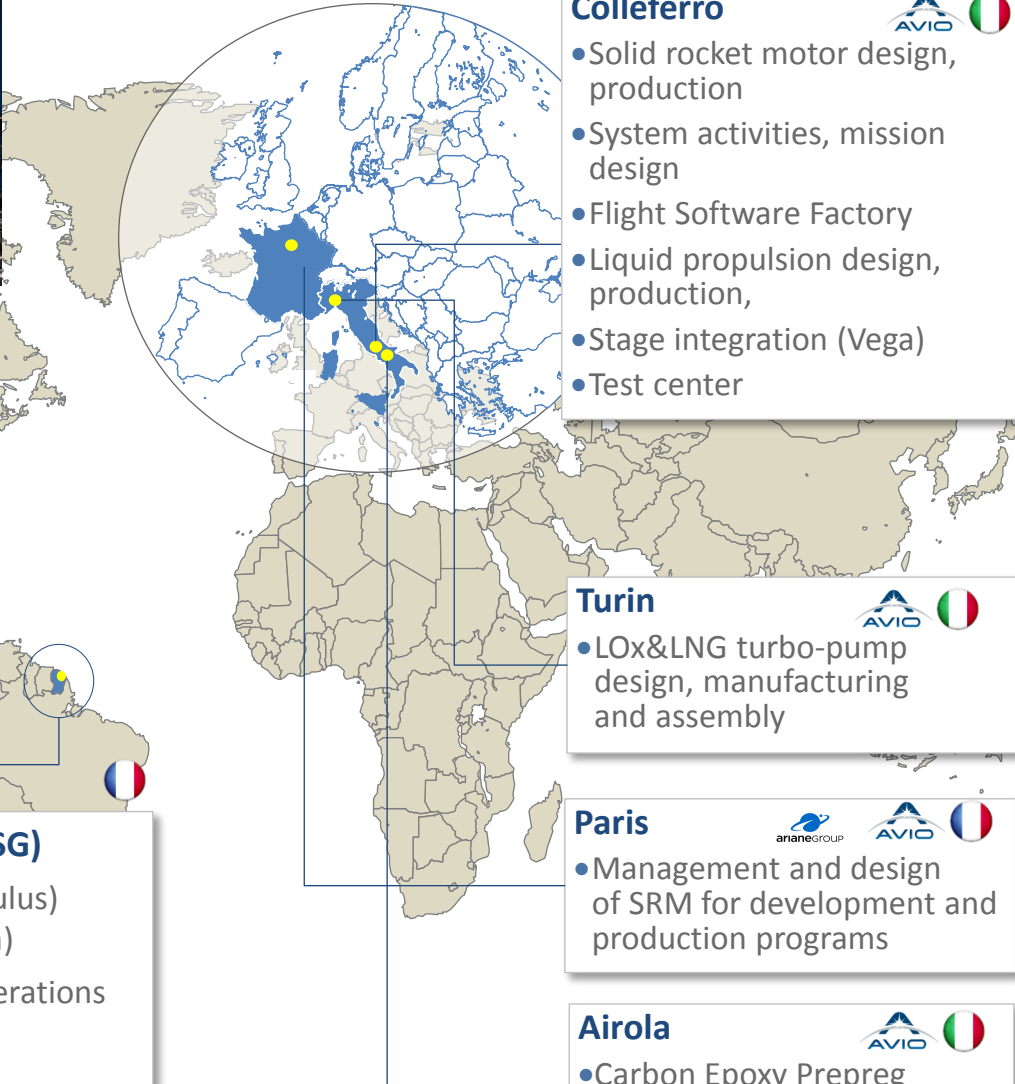


Non Consolidated company



Consolidated with equity method

Avio is part of the EU critical space infrastructures



Kourou European Spaceport (CSG)

- Solid rocket motor casting (Regulus) and integration (Europropulsion)
- Vega integration and launch operations (Mobile Gantry)

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

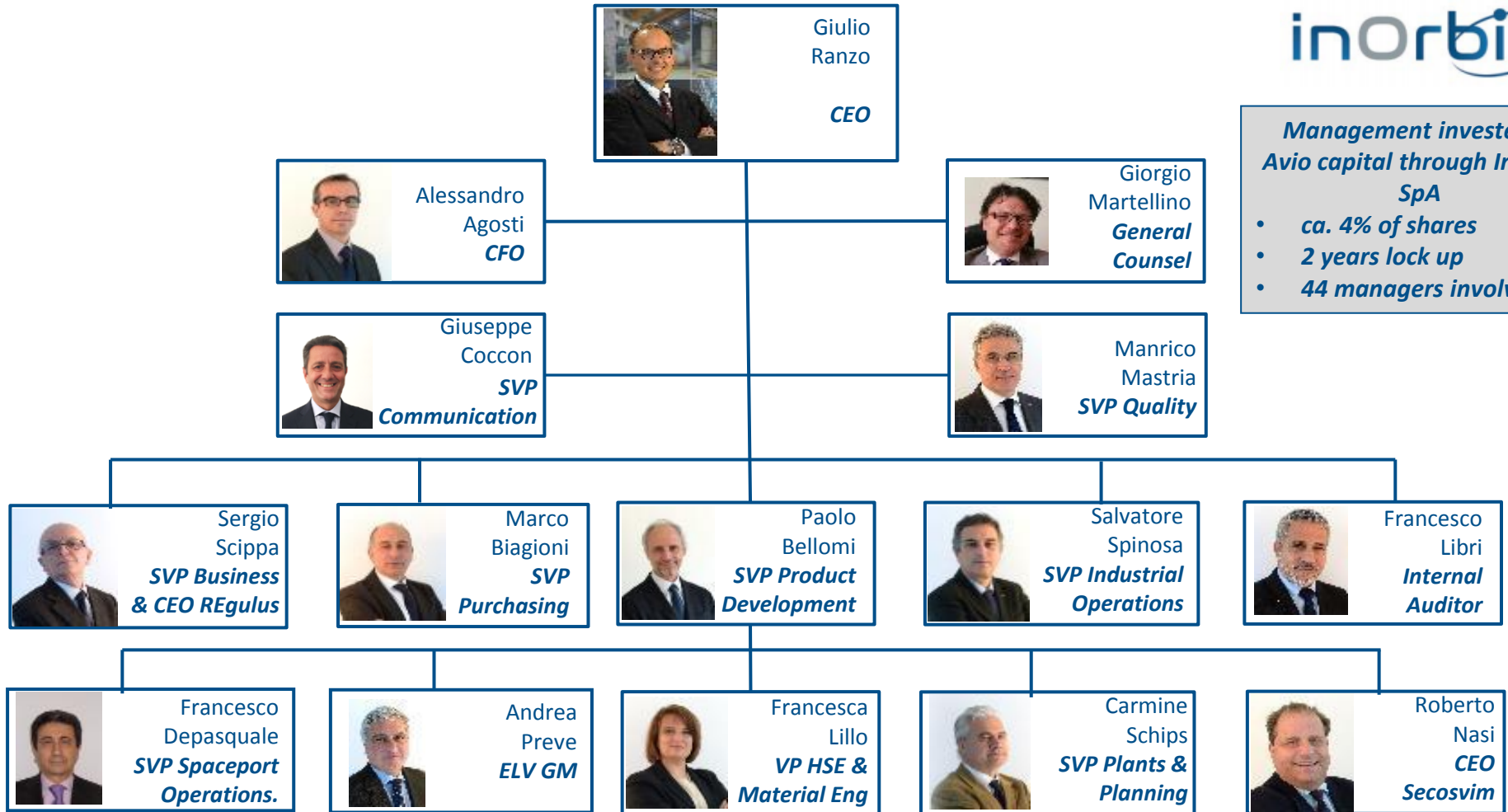


Skilled and experienced management team, invested in the capital structure through the In Orbit investment vehicle



Management invested in Avio capital through In Orbit SpA

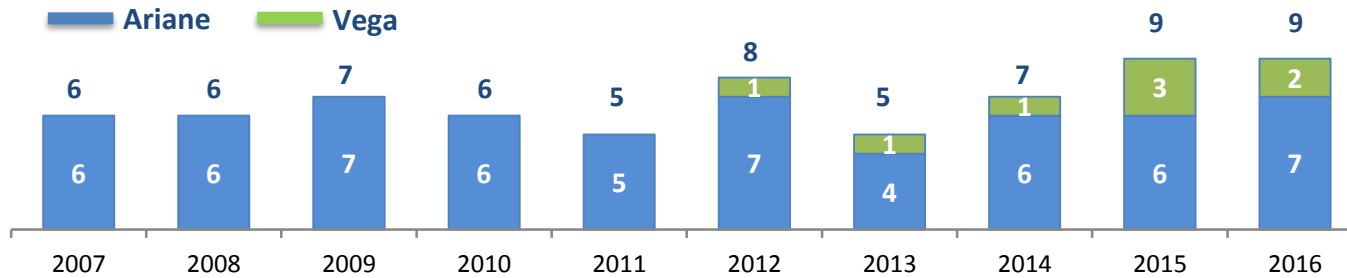
- *ca. 4% of shares*
- *2 years lock up*
- *44 managers involved*



10 years growth trend in review : accelerating revenues and 3 years visibility



Flights



Comments

Growing flight rates

ESA Developments

Vega follow-on

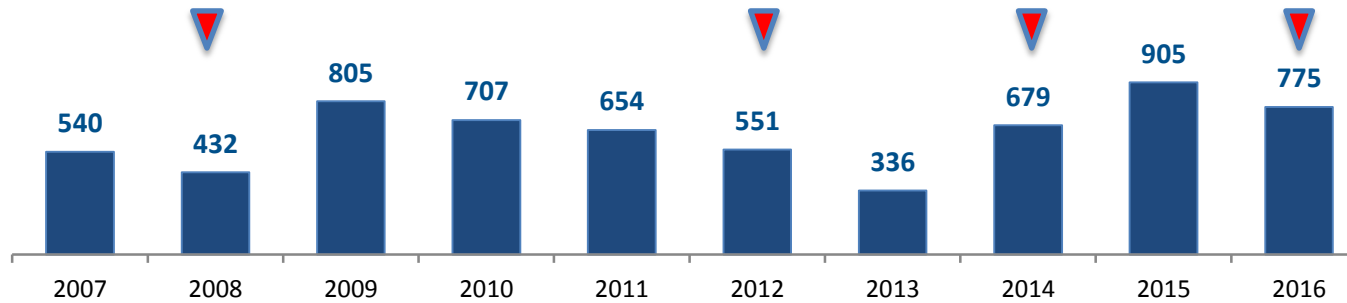
A6 initial

A6 Vega C

Vega E Initial

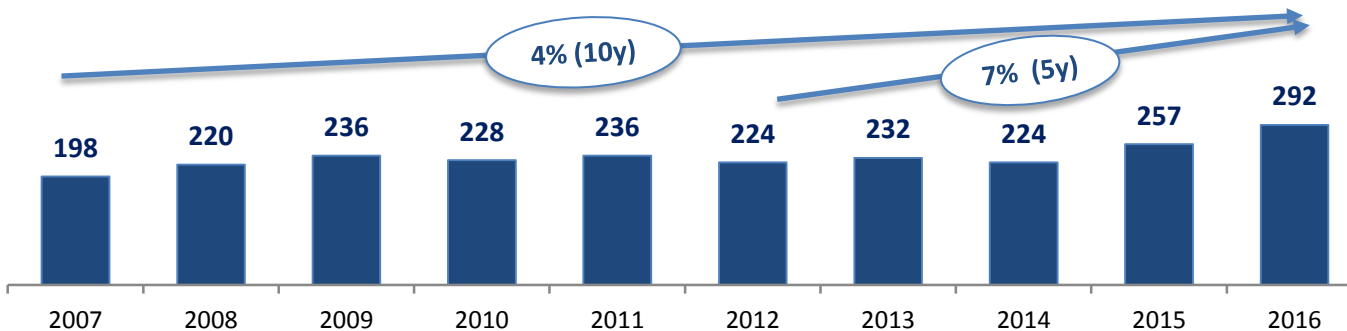
Growing frequency of devel. funding

Net Order Backlog (M€)



Cyclical order backlog ~3yrs visibility

Net revenues (M€)



CAGR

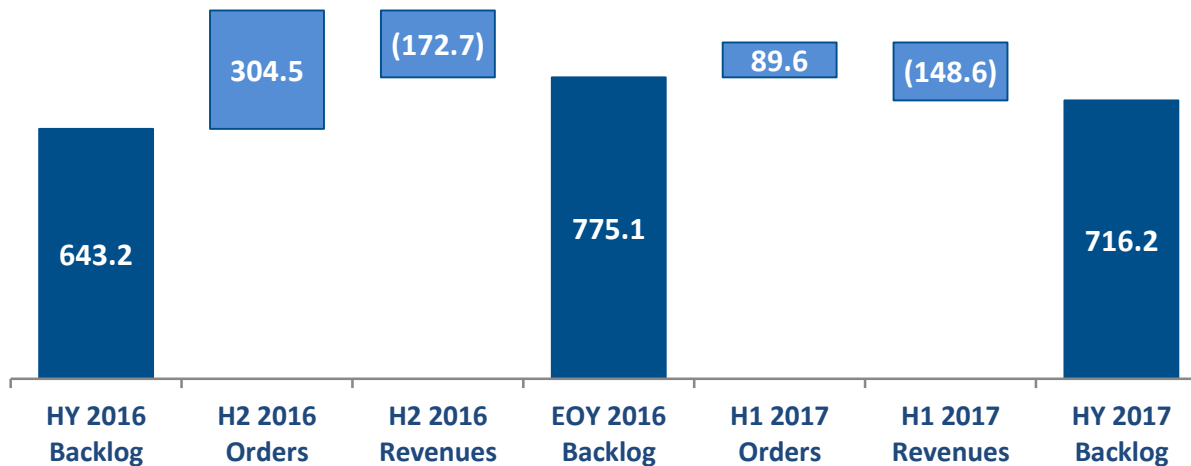
Accelerating revenue growth



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

Economic Highlights FY 2016



MAIN ECONOMICS	FY 2015 ACTUAL	FY 2016 ACTUAL	DELTA	Comments
€ - M	€ - M	€ - M	€ - M	
NET REVENUES	257.4	292.0	34.6	Double digit growth on 2016
EBITDA ADJUSTED <i>% on net revenues</i>	35.5 13.8%	36.5 12.5%	1.0	Lower impact of fixed costs (higher volumes of activity) and new development contracts including sub-contracted plant construction
EBITDA REPORTED <i>% on net revenues</i>	27.9 10.8%	26.9 9.2%	(1.0)	Impact of non-recurring costs for business combination and listing
EBIT ADJUSTED <i>% on net revenues</i>	22.2 8.6%	26.9 9.2%	4.7	
EBIT REPORTED <i>% on net revenues</i>	10.5 4.1%	13.2 4.5%	2.7	EBIT structural improvement after completion of Vega development phase
FINANCIAL EXPENSES <i>% on net revenues</i>	(3.3) -1.3%	(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
NET INCOME <i>% on net revenues</i>	5.4 2.1%	3.1 1.2%	(2.3)	Net income FY 2016 impacted by non recurring financial expenses and costs

Economic Highlights HY 2017



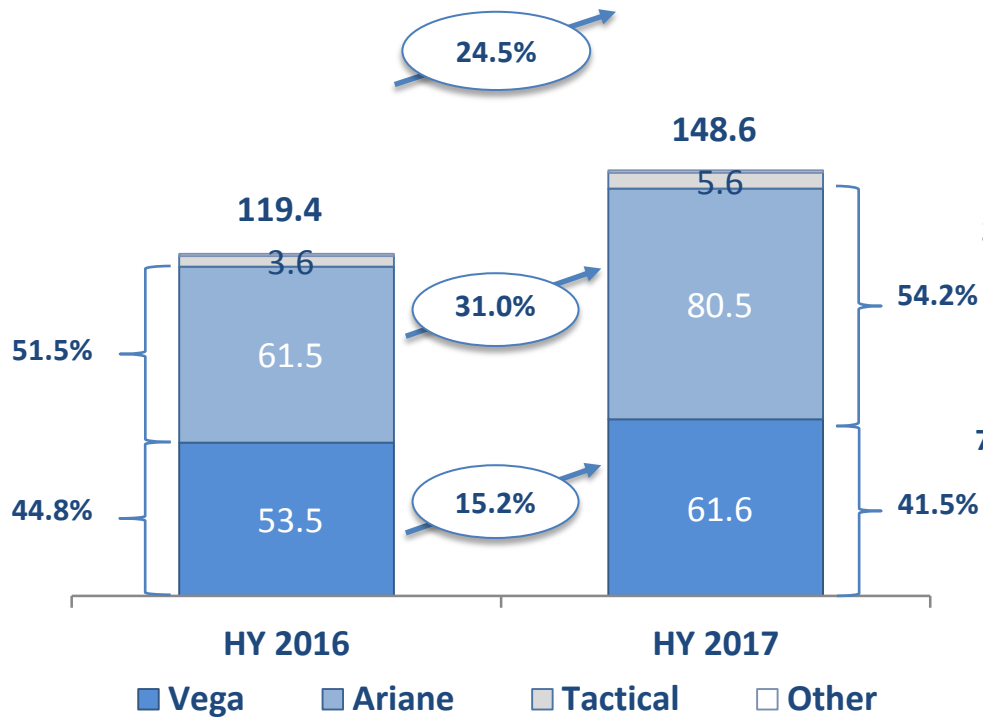
MAIN ECONOMICS	HY 2016 PRO-FORMA ⁽¹⁾	HY 2017 PRO-FORMA ⁽¹⁾	DELTA	Comments
€ - M	€ - M	€ - M	€ - M	
NET REVENUES	119.4	148.6	29.2	+24% growth
EBITDA ADJUSTED	14.1	15.2	1.1	+8% growth
<i>% on net revenues</i>	11.8%	10.2%		
EBITDA REPORTED	10.7	11.2	0.5	Impact of non-recurring costs for business combination and listing
<i>% on net revenues</i>	9.0%	7.6%		
EBIT ADJUSTED	7.5	10.3	2.8	+38% growth
<i>% on net revenues</i>	6.2%	6.9%		
EBIT REPORTED	2.0	4.3	2.3	Structural improvement mainly attributable to termination of certain Vega MF R&D
<i>% on net revenues</i>	1.7%	2.9%		
FINANCIAL EXPENSES	(2.0)	(3.1)	(1.1)	Financial expenses impacted by one off debt repayment costs with no cash outflow (repaid ca. 65M Eur loan in May 2017)
<i>% on net revenues</i>	-1.6%	-2.1%		
NET INCOME	(1.1)	1.7	3.8	
<i>% on net revenues</i>	-1.0%	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

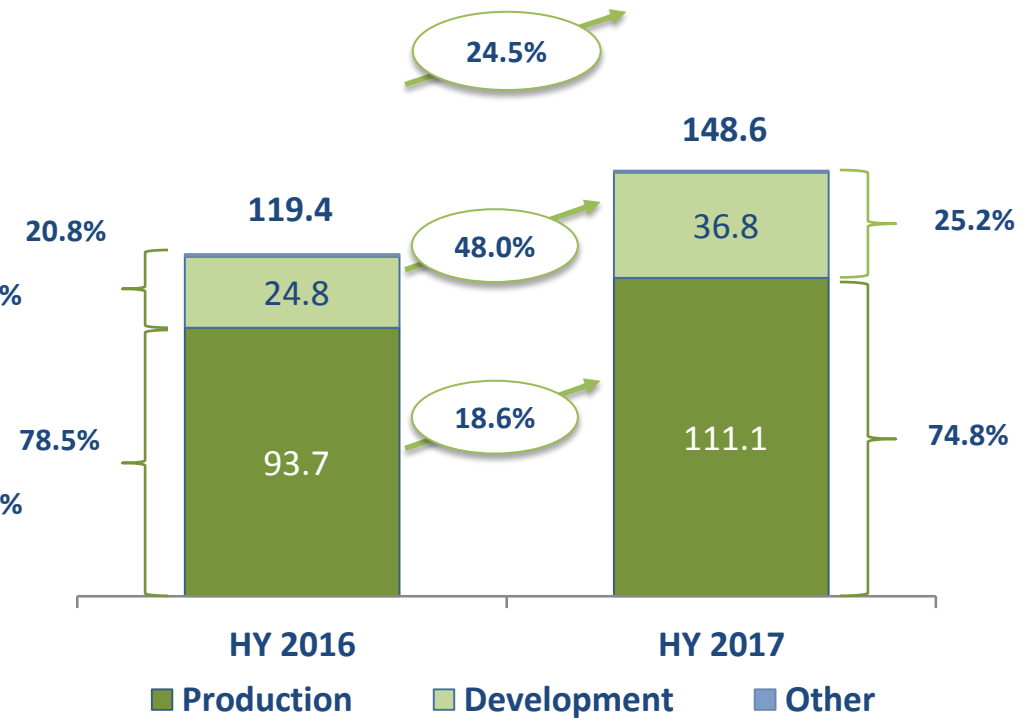
Net Revenues



by Line of Business (€ - M)



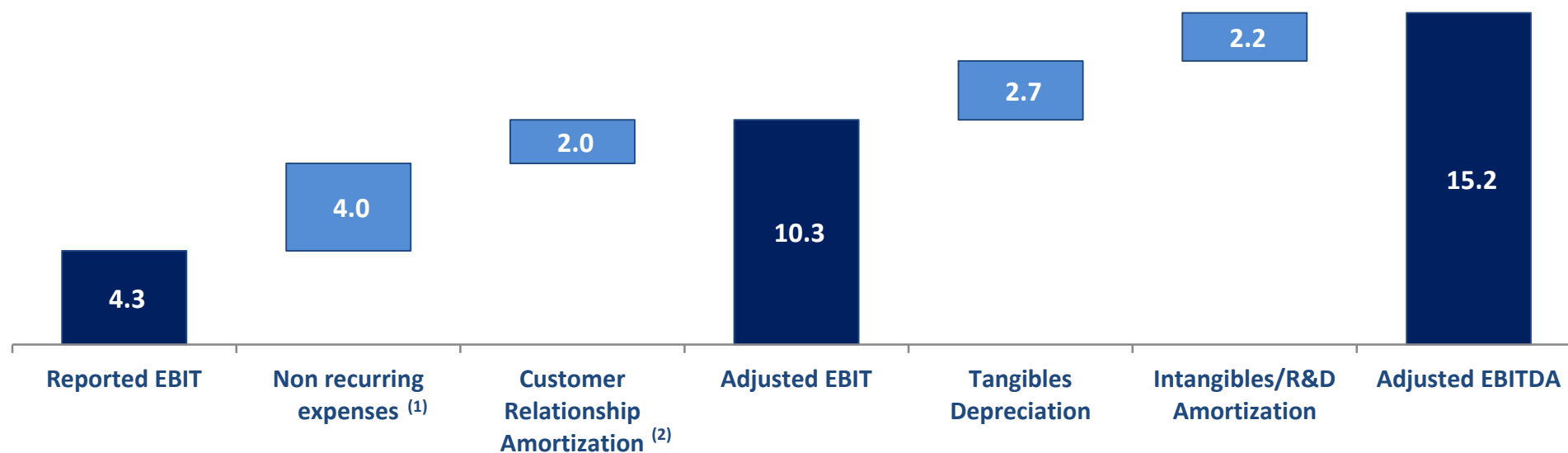
by Activity (€ - M)



EBIT/EBITDA adjustments for non recurring items



2017 Half Year 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

Balance Sheet Highlights



31 DEC 2016 PRO-FORMA ⁽¹⁾	MAIN SOURCES AND USES	30 JUNE 2017 ACT	DELTA	Comments
€ - M		€ - M	€ - M	
(78.0)	WORKING CAPITAL	(77.4)	0.6	Structurally negative working capital
81.2	DEFERRED TAX ASSETS	82.0	0.8	Significant tax assets
(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)	

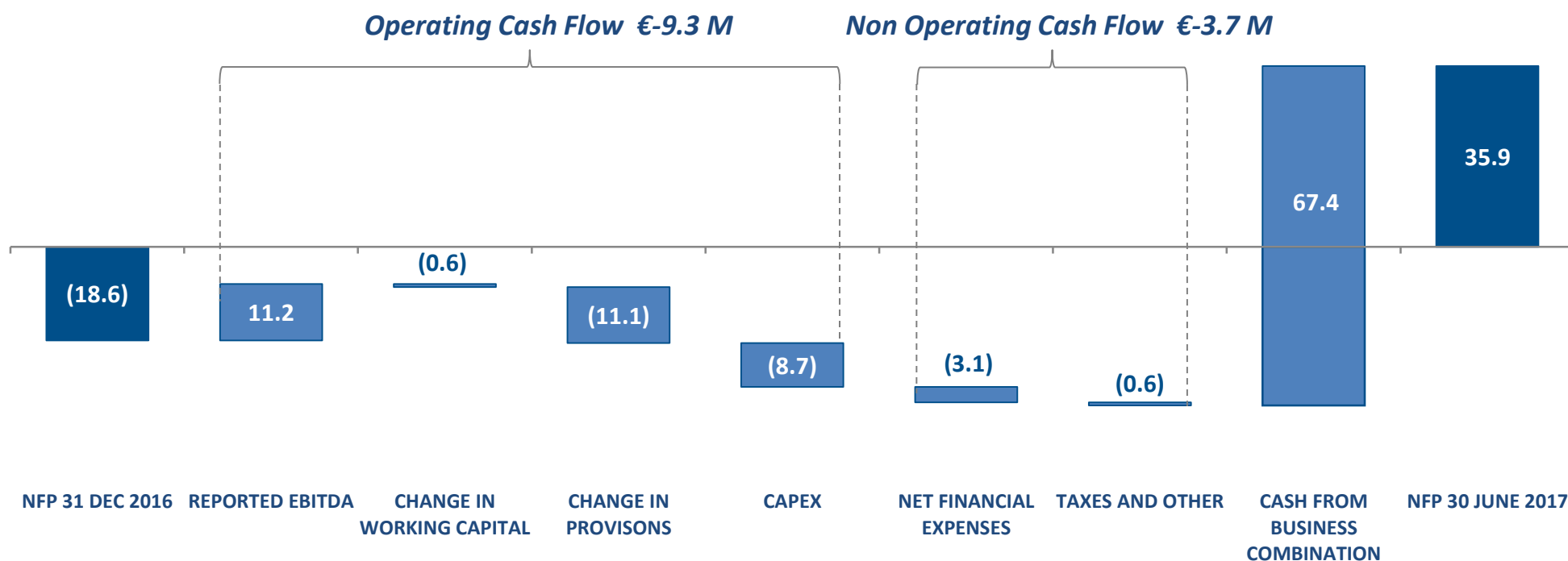
(1) Pro-Forma figures to compare on a “like-for-like” basis the financials of HY 2017 and HY 2016 in light of the business combination

(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, incentive plan related to the business combination Space2-Avio and utilization of tax and legal provision in relation to the settlement of certain disputes in line with the amount previously set up

Net Financial Position



NFP evolution and cash flows (€ - M)





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