



Avio Half Year 2018 Results

14 September 2018

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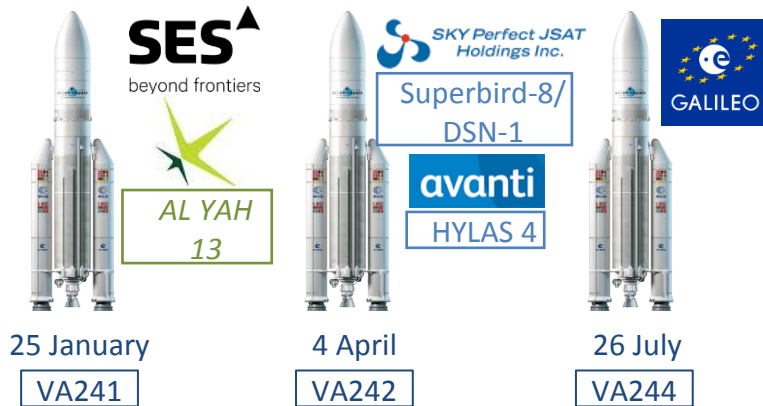
Highlights

- **Backlog:** €962M (+34% on 1H17, +1% on YE17)
- **Revenues:** €179M (+20% on 1H17)
- **EBITDA Reported:** €14.5M (+29%)
- **EBIT Reported:** €7.7M (+79%)
- **Net Income:** €6.2M (3.6x), interest expenses down by 90%
- **NFP:** €22M, reflecting typical seasonality and dividend payout in May
- **Commercial:** Strong Vega C and SSMS market momentum
- **Technical / Operations :**
 - P120 and Z40 motors (Vega C's 1st and 2nd stage) tested successfully
 - Vega C readiness coming closer (launch pad adapted to Vega C)
- **2018 guidance confirmed**

Ariane – 1H18 highlights



Ariane 5 Flight & Production



Ariane 5 upcoming flight activity



Development & Complementary

- Ariane 5:
 - Signed contracts with ISRO for 2 GTO satellites for 2019 (A5 end of life by 2022)
 - Last production batch PC (2019-2021), covering the last 8-10 flight units (in parallel to A6 ramp-up) signed
- Ariane 6:
 - Customer contracts signed for 2 Galileo satellites (EU), Multi Launch Agreement with Eutelsat, CSO-3 with CNES
 - New launch pad construction progressing as expected. Maiden flight expected in mid 2020



Vega – 1H18 highlights



Vega Flight & Production

ADM AEOLUS



21st August

VV12



1st satellite
in the world
to measure
wind speed

Development & Complementary

- Completed mechanical work at launch pad for adaptation to Vega C and other equipment upgrades
- Extension of the Vega product family (Vega E and Vega Light)
 - Funding from Ministry of Economic Development (L.808) for the period 2018-2021 (up to €22M, €2M grants)
- Space Propulsion Test Facility (SPTF) in Sardinia (for solid and liquid propulsion)
 - Ca. €9M grants from the Ministry of Economic Development and the Sardinia Region (total investment about €30M over 2018-2022)
- Signed Vega LEAP contract with ESA (maintenance of operational capability for the period 2018-2019) of €5M

Vega upcoming flight activity

November



VV13

**Mohammed VI B
(Kingdom of
Morocco)**

Early January '19



VV14



Extended perimeter of launch pad operations in Kourou



Vega Launch pad in Kourou

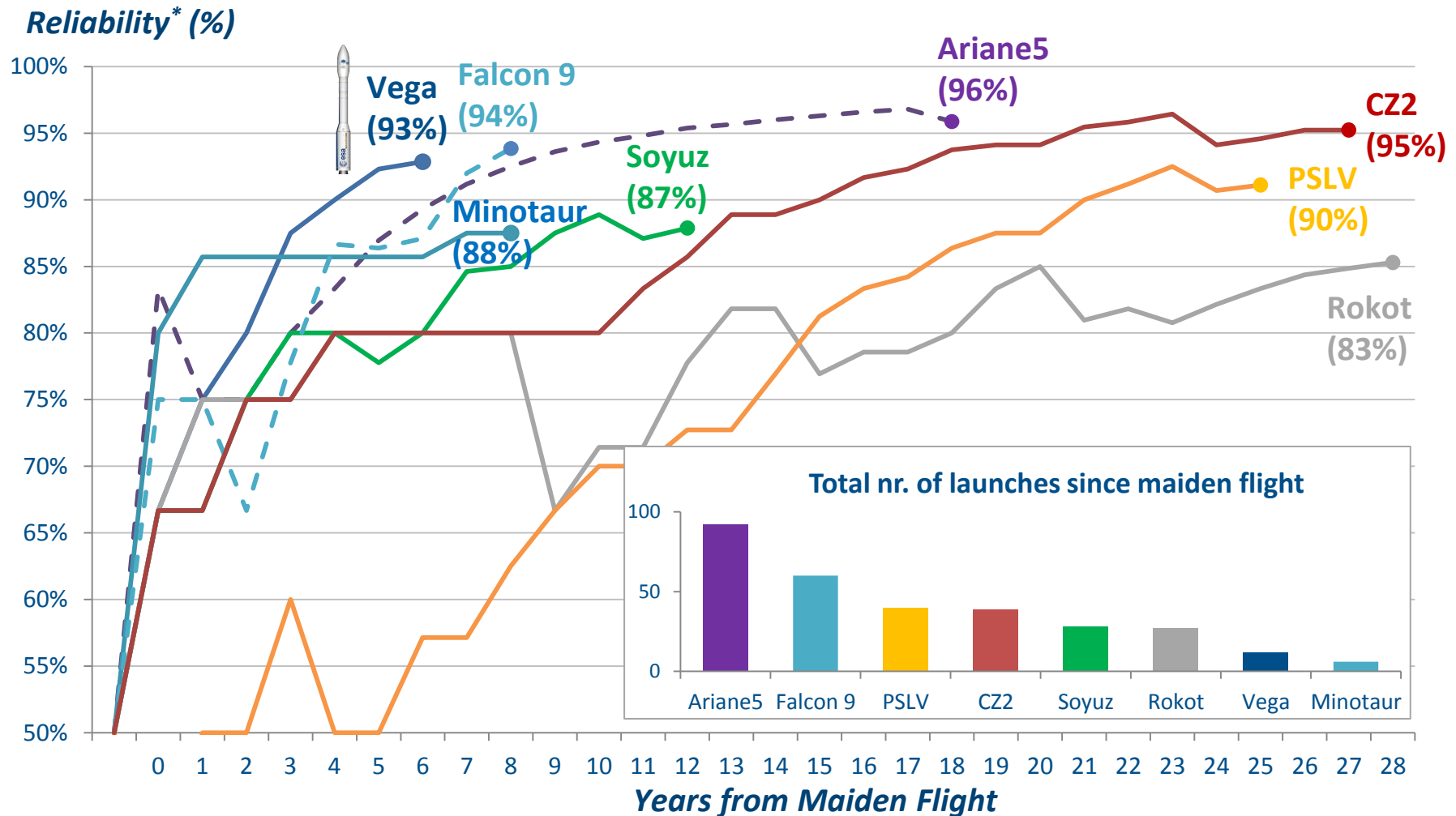


Vega Control Room in Kourou



- Ground Proximity Means (GPM) contracts transferred from Arianespace to Avio for annual value of €6M
- Scope: launch pad mechanical, fluidic and electrical equipment Maintenance and Operations
- GPM assets (for the «zone de lancement Vega») transferred from ESA to Avio (free of charge)

Vega – the fastest track to top-class reliability worldwide



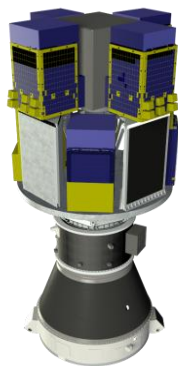
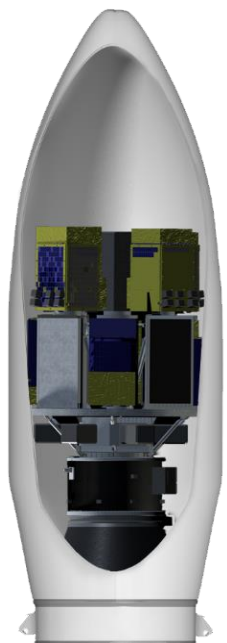
* First level Bayesian estimate of mean predicted probability of success for next launch attempt $(k+1)/(n+2)$ where k is the number of successful events and n is the number of trials

SOURCE: Avio elaboration on SpaceLaunchReport data

Commercial success



Vega "SSMS-equipped" flight for 2019



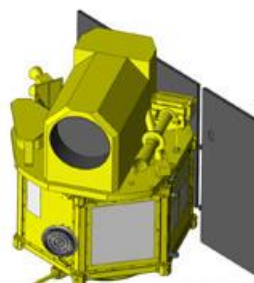
- Multi-launch agreement with **Spire**, US based satellite operator (cubesats for weather, maritime and aviation data)
- Contract signed in August, following contracts with ISIS, Spaceflight, Sitael and D-Orbit

Vega C flights for 2021



THEOS – 2

- Thailand's second earth observation satellite
- Manufactured by Airbus Defense and Space



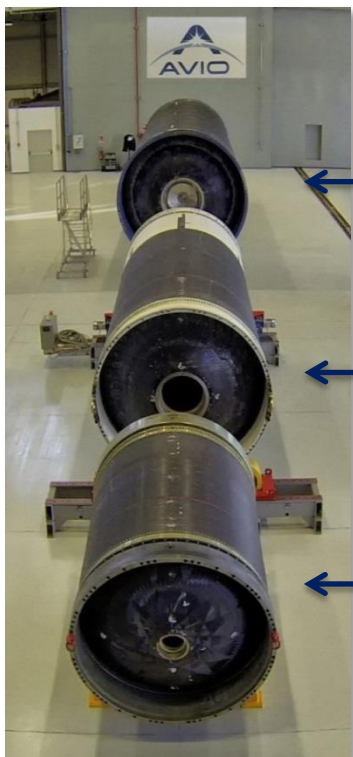
- Contract expected to be signed with the South Korean Space Agency (KARI) on September 20th for an earth observation satellite



Vega C development accomplishments in HY 2018



Industrial achievements



P120
First stage ✓
Ground Tested

Z40
second stage ✓
Ground Tested

Z9
third stage ✓
Flight Proven



Fairing Mould
ready at RUAG

Technological achievements



P120 Static Firing Test (16 July, Kourou)



Z40 Static Firing Test (7 March, Sardinia)

Preparing for next generation launchers : new facilities and technologies



New Filament Winding machine



Development of SPTF in Sardinia (rendering)



New Nozzle Plant at work



New Thermal protection Facility at work

Key economics



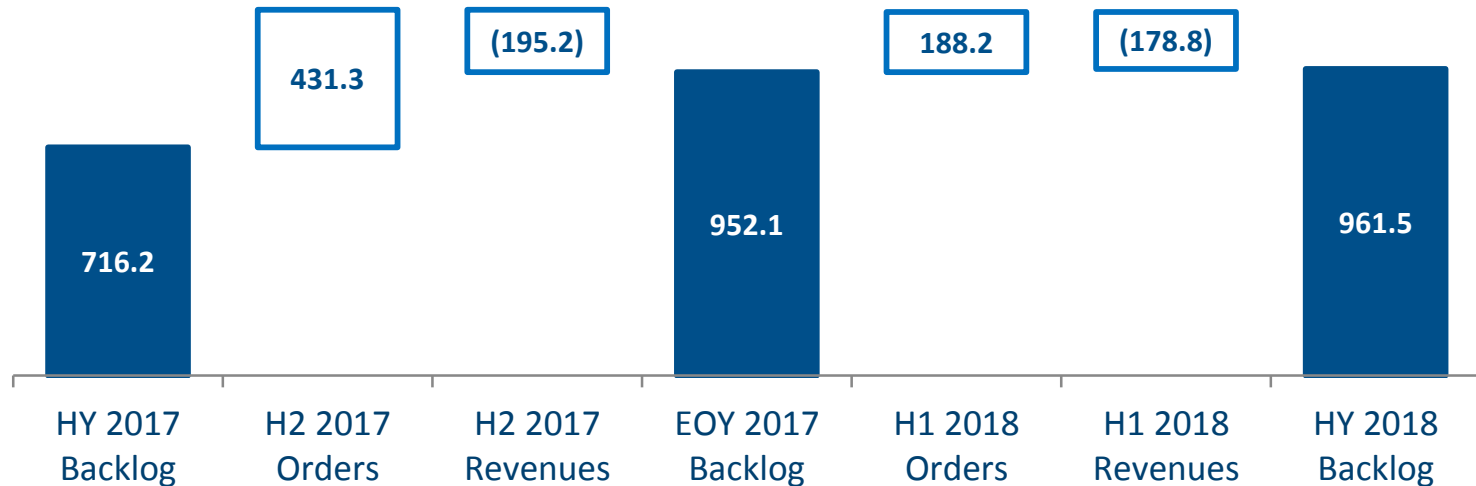
HY 2017	MAIN ECONOMICS	HY 2018	DELTA	
€ - M		€ - M	%	Comments
952,1 ⁽¹⁾	NET ORDER BACKLOG	961.5	+1%	• Slightly ahead of schedule (timing)
148.6	REVENUES	178.8	+20%	• Growth mainly due to Vega C development activities
11.2 7.6%	EBITDA REPORTED <i>% on net revenues</i>	14.5 8.1%	+29%	<ul style="list-style-type: none"> • HY18 results include €1.2M of R&D Tax Credit relative to 2017 (not present in HY17) • R&D tax credit relative 2018 to be assessed at year end and to be included in 2018 results based on actual progress achieved on development activities in 2018
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	• Interest expenses reduced by 90% (from €3.1M to €0.2M)

(1) As of 31st December 2017

Net Order Backlog



Net Order Backlog evolution (€ - M)

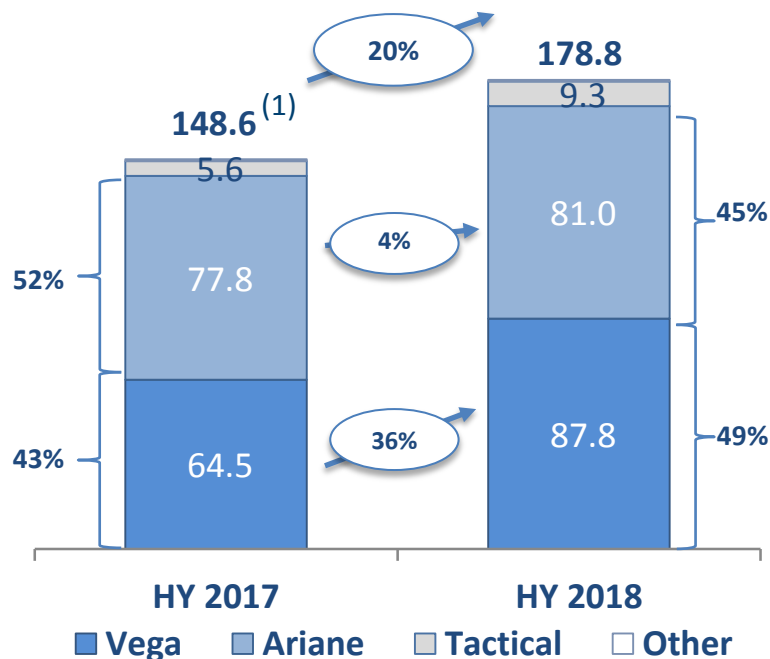


- +€188 M of new contracts signed in HY1 2018 including :
 - Ariane 5 production batch PC (2019-2021), covering the last 8-10 flight units (in parallel to Ariane 6 ramp-up)
 - ASTER-30 booster production order from MBDA for the period 2019-2022
 - Vega LEAP contract with ESA (maintenance of operational capability for Vega for the period 2018-2019)
 - VEGA GPM for the period 2018-2020

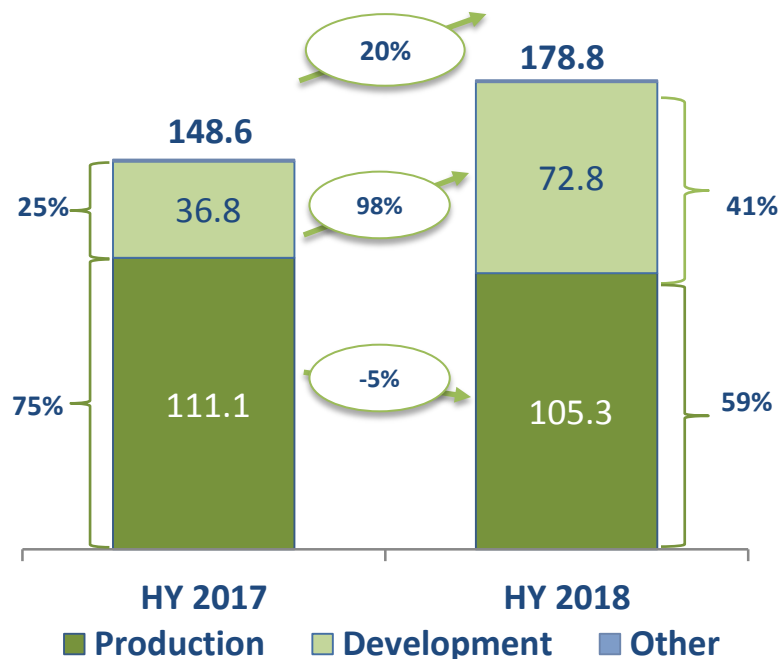
Net Revenues



by Line of Business (€ - M)



by Activity (€ - M)



- Significant growth of Vega business (production and development) with stable Ariane

- Significant growth of development activities as approaching Vega C and Ariane 6 Maiden Flights (2019 and 2020 respectively)
- Production stable. Decrease driven by timing

⁽¹⁾ Minor reclassifications of liquid revenues from Vega to Ariane

Balance Sheet

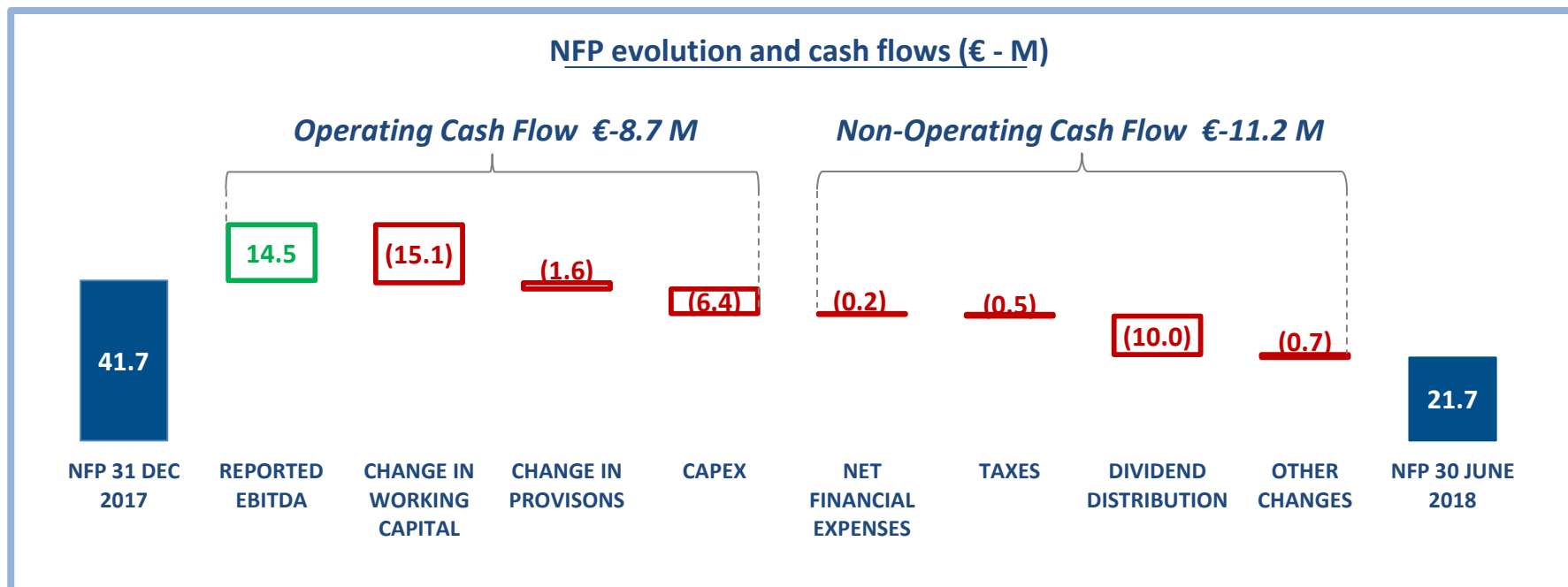


31 DEC 2017 ACTUAL	MAIN SOURCE AND USES	30 JUN 2018 ACTUAL	DELTA	
€ - M		€ - M	€ - M	Comments
(75.9)	WORKING CAPITAL	(60.7)	15.1	• Cyclical trend of Net WIP (activities vs advances already collected)
76.5	DEFERRED TAX ASSETS	75.5	(1.0)	
(27.2)	PROVISIONS (EMPLOYEES' BENEFITS AND RISKS)	(25.6)	1.6	
61.0	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 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)	

Net Financial Position



NFP evolution and cash flows (€ - M)

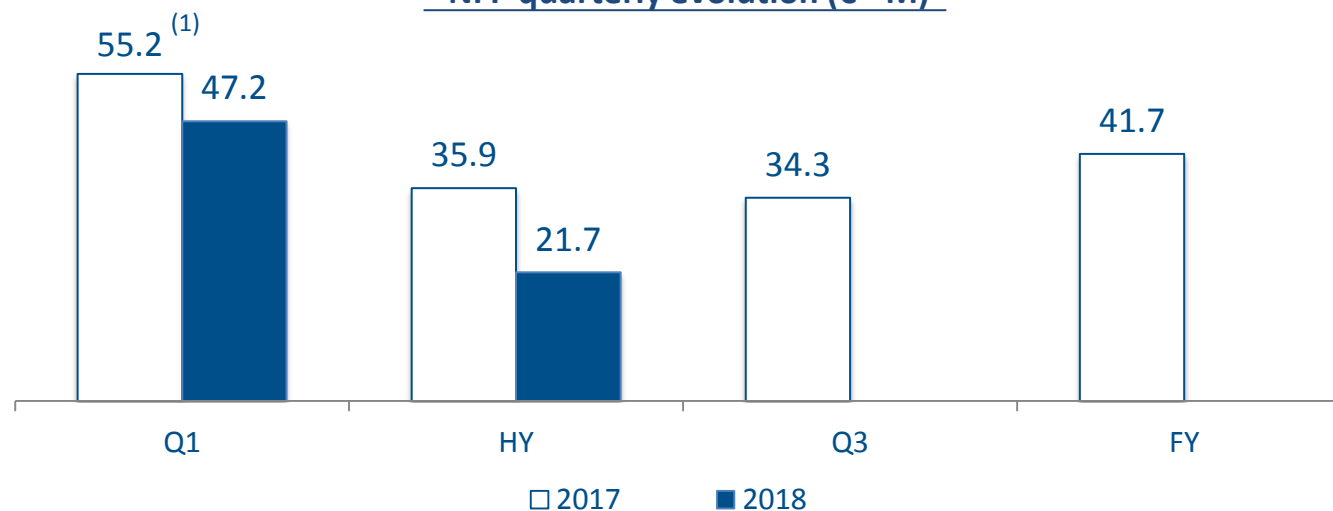


- Change in Working Capital driven by cyclical trend of Net Work In Progress
- €10M dividend payment in May 2018

Net Financial Position quarterly pattern



NFP quarterly evolution (€ - M)



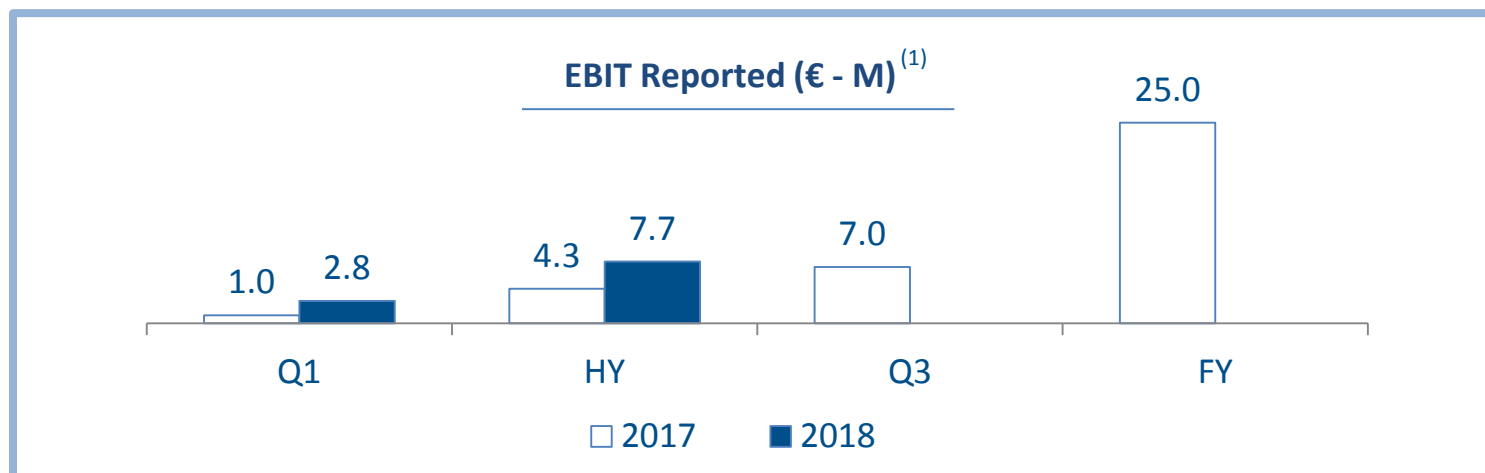
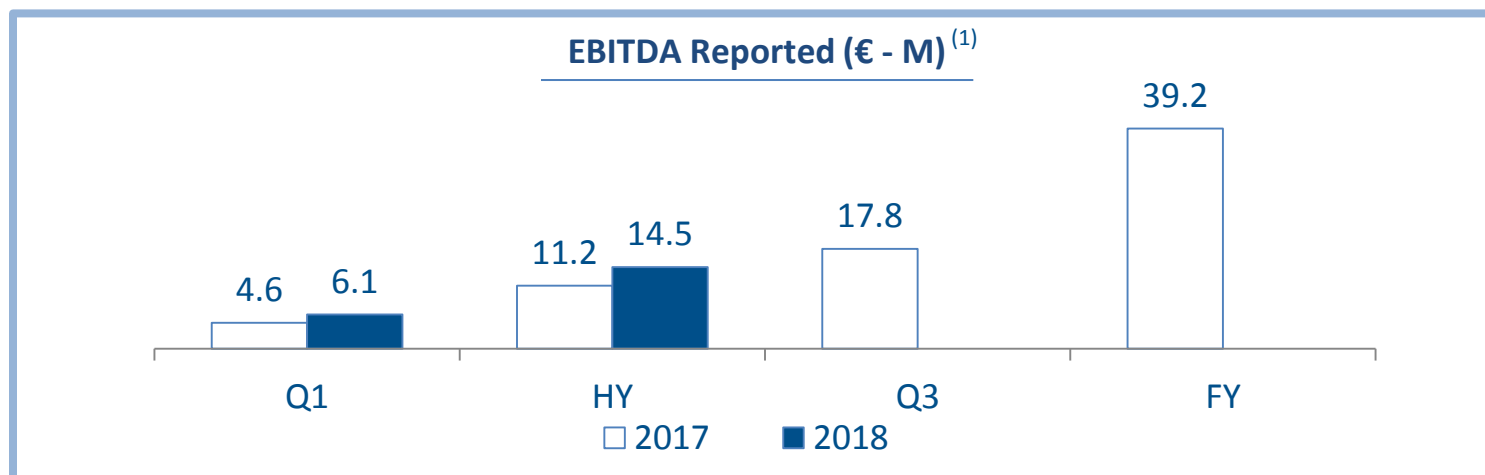
- 2018 NFP quarterly pattern in line with 2017

(1) Pro-forma following the business combination S2-Avio in Q1 2017

Appendix



Annual pattern of Reported EBITDA and Reported EBIT



- (1) R&D tax credit:
- 2017 recognized only in Q4 (6.1M)
 - 2018 recognized as follows: Q1 (0.8M), HY (1.2M)



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