



Investor Presentation

European Mid Cap - Paris, 28 June 2018

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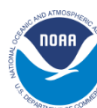
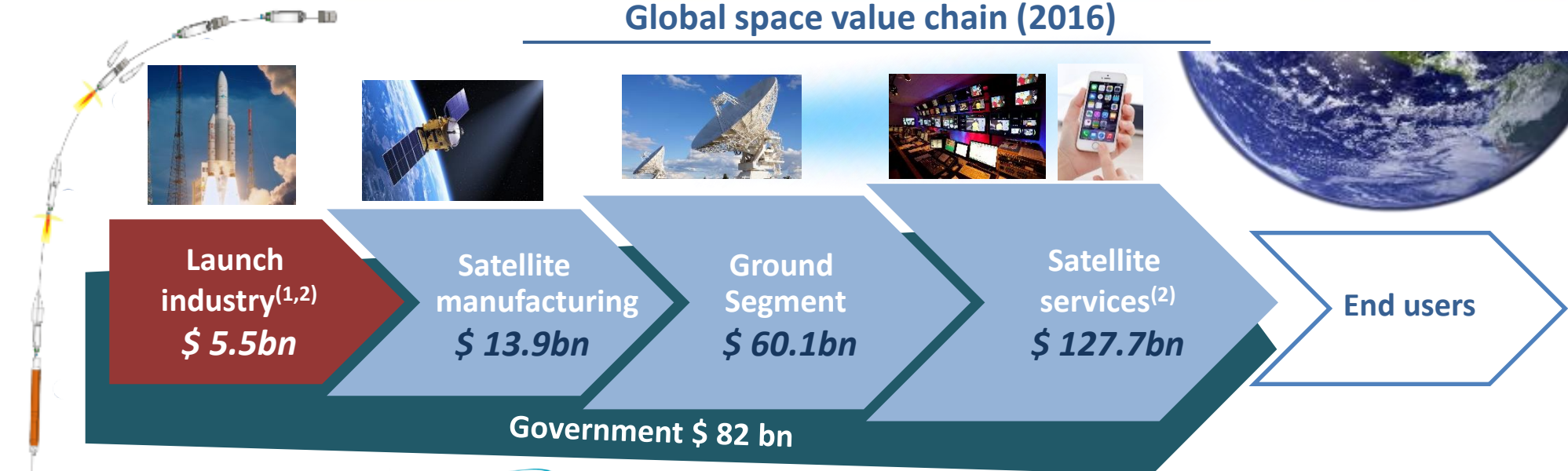
Avio : a European leader in Space Launch



- 50 years in Space Launchers
- Prime Contractor of *Vega* (light launcher)
- Partner to *Ariane* (heavy launcher)
- 850 employees, 340 M€ revenues
- 400M€ Market Cap (AVIO.MI)
- 70% free float, no controlling shareholder
- Management invested with 4% share

Avio operates today in the launcher segment, the smallest and most concentrated in the space industry

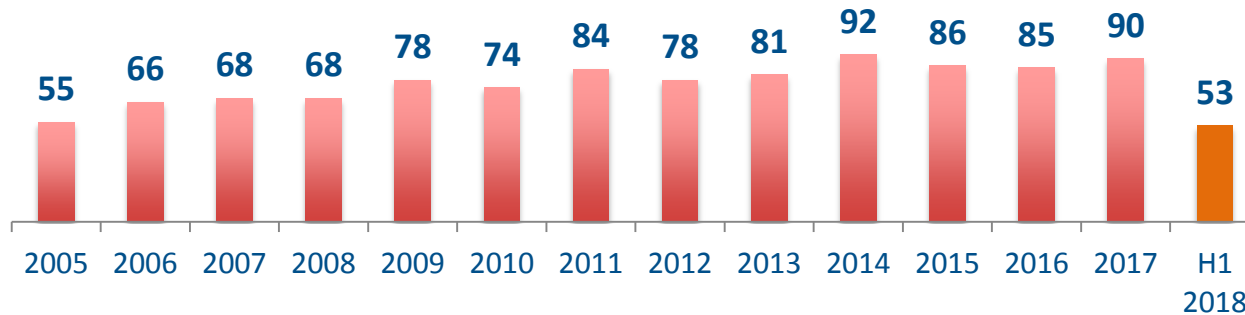
Global space value chain (2016)



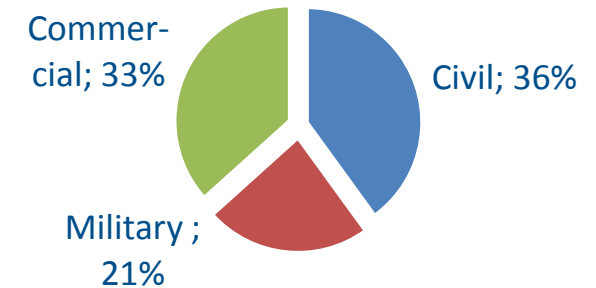
Space launch demand grows at 5% CAGR globally - Launch offering concentrated in only 6 countries worldwide



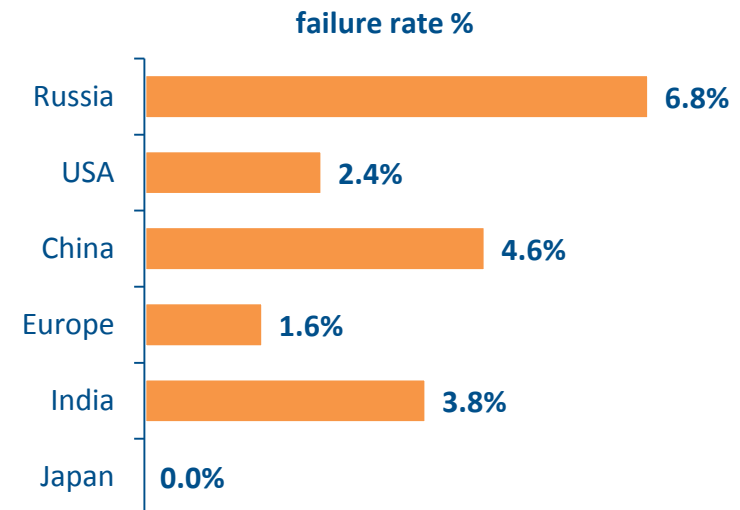
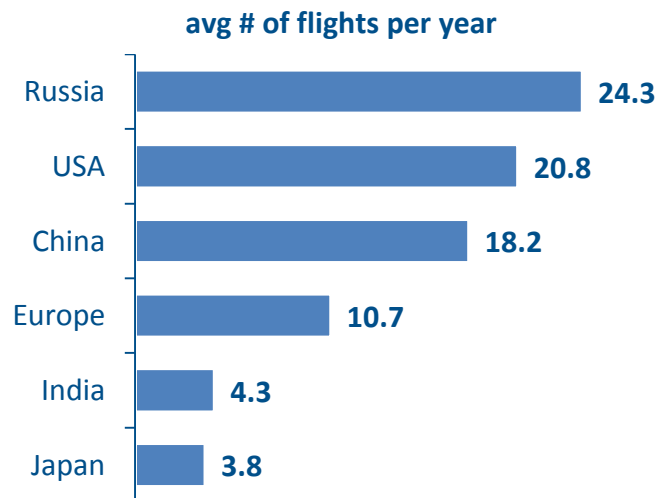
2005-2017 Total # of Space Launches Worldwide - CAGR 5%



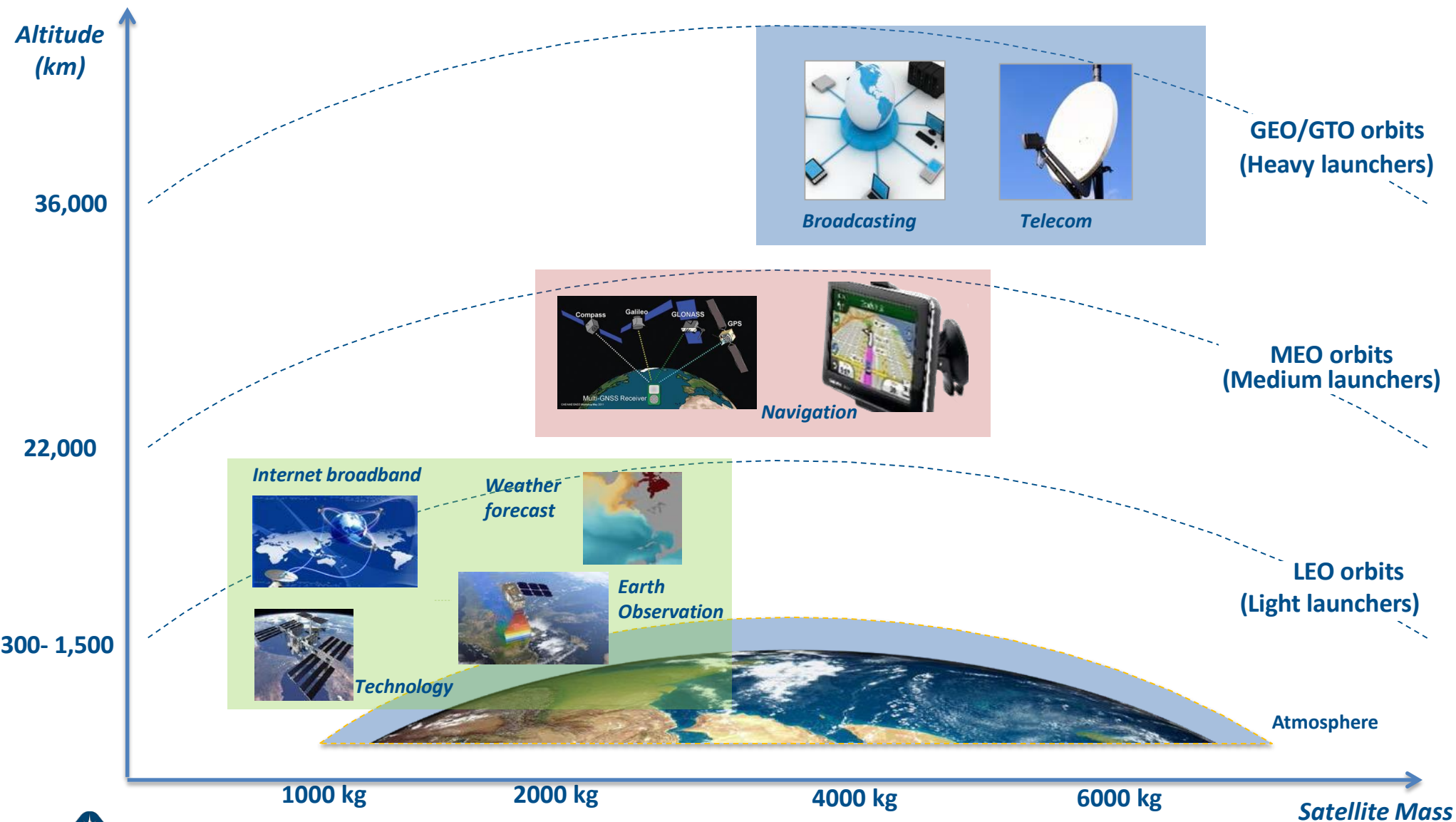
2017 by customer type



2012-2017 Launch activity by geography and by failure rate



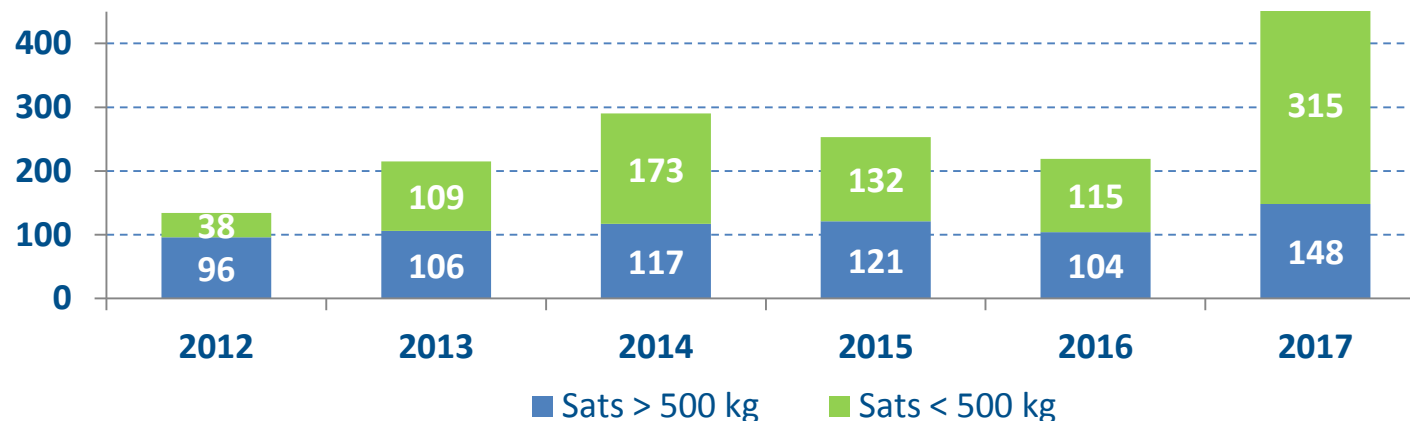
Space launch activity is segmented by satellite mass and orbit



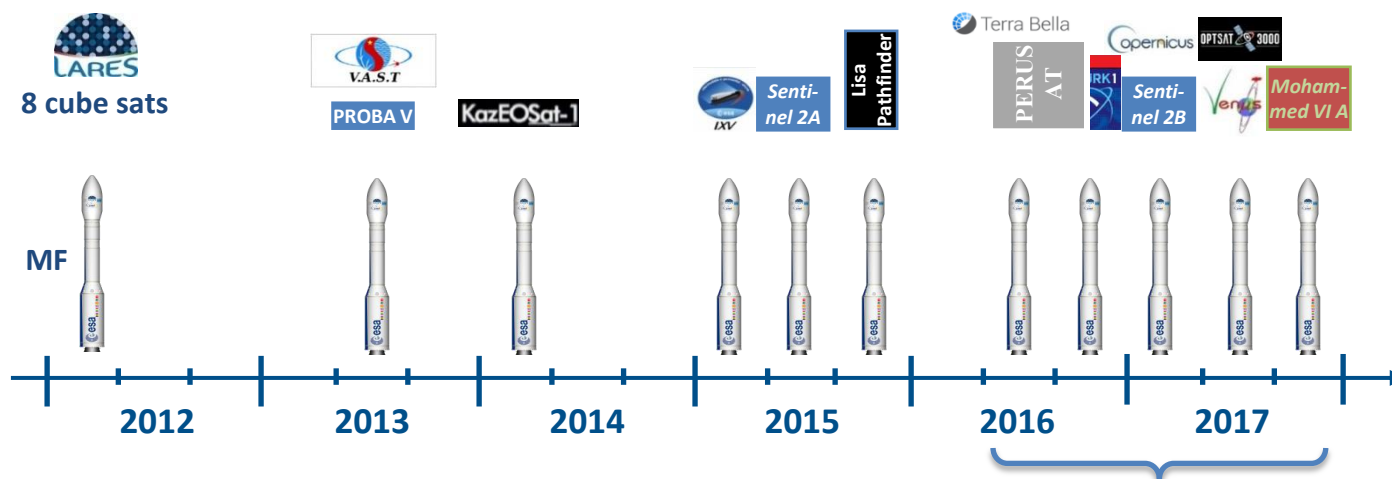
2017 marks the rapid growth of the small sat business... ...while Vega grows in annual flight rate



Total nr. of satellites launched into Space worldwide



Vega flight record since 2012 Maiden Flight : 11 successes in-a-row



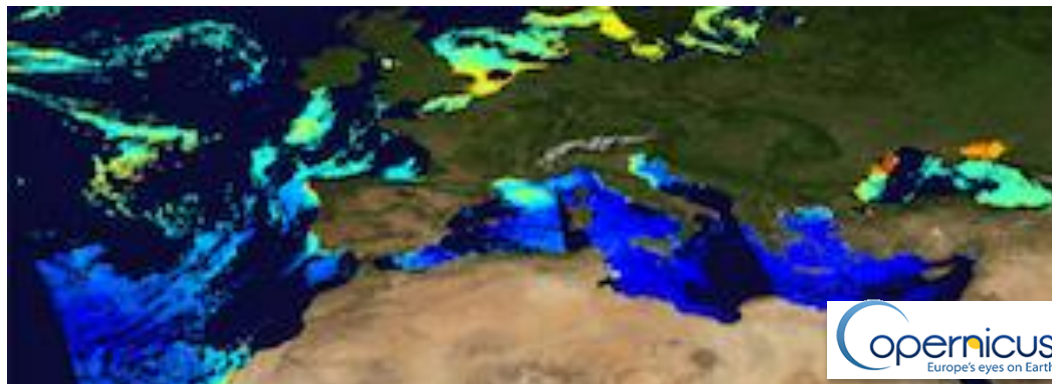
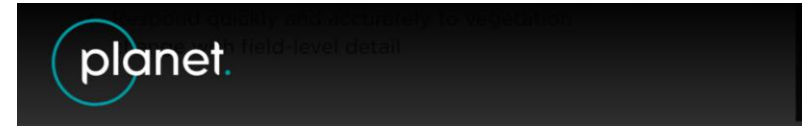
Source: Space Launch Report

5 flights in the last 14 months

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

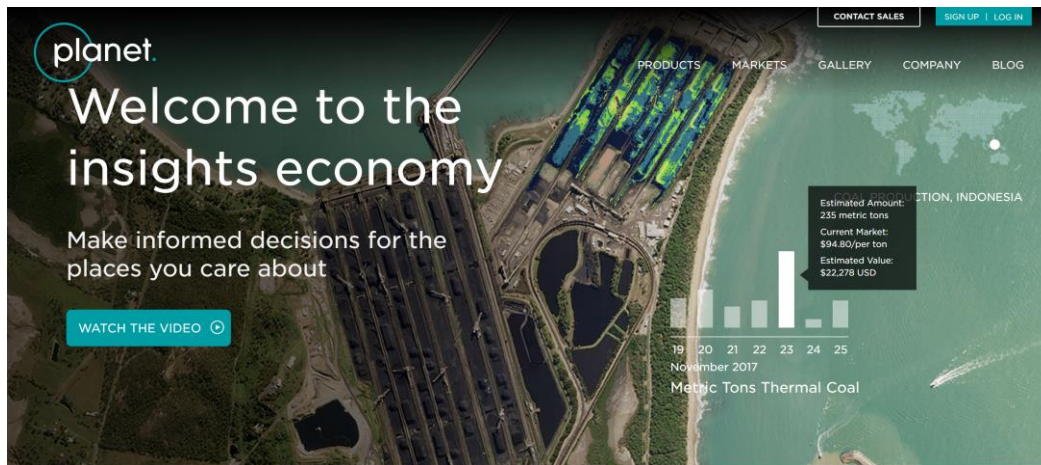
Satellite imaging is creating a new «insights economy» to support civil, military and commercial needs



Military Airfield monitoring



Damage assessment : Pre-earthquake view



Coal production monitoring



Damage assessment : Post-earthquake view

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



Avio activity by main product lines

Ariane 5 - Heavy launcher
(Industrial partner)
44% of Revenues*

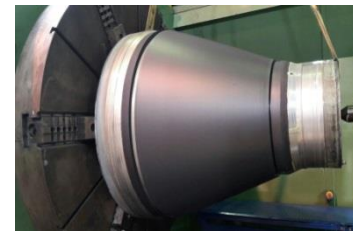
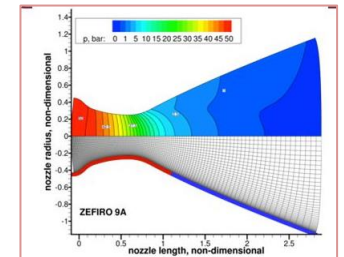
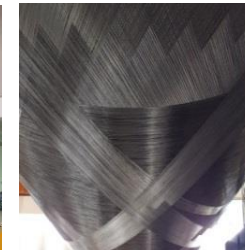
Vega - Light launcher
(Prime Contractor)
51% of Revenues*



Avio activity by type of business

Production
70% of Revenues

Development
29% of Revenues



* 4% of Revenues generated by tactical line of business

Strong year for flight activities and new orders



6 successful launches in 2017 and 82 consecutive successful flights



2018 : 2 launches completed, upcoming VA244 carrying 4 Galileo satellites in July

Ariane new orders

- Ariane 5 batch PC (2018-2022), last 10 flight units before Ariane 6 (February 2018)

3 successful launches in 2017 (5 in 14 months), 11 in-a-row



2018 upcoming flights : Vega VV12 carrying Aeolus satellite in August

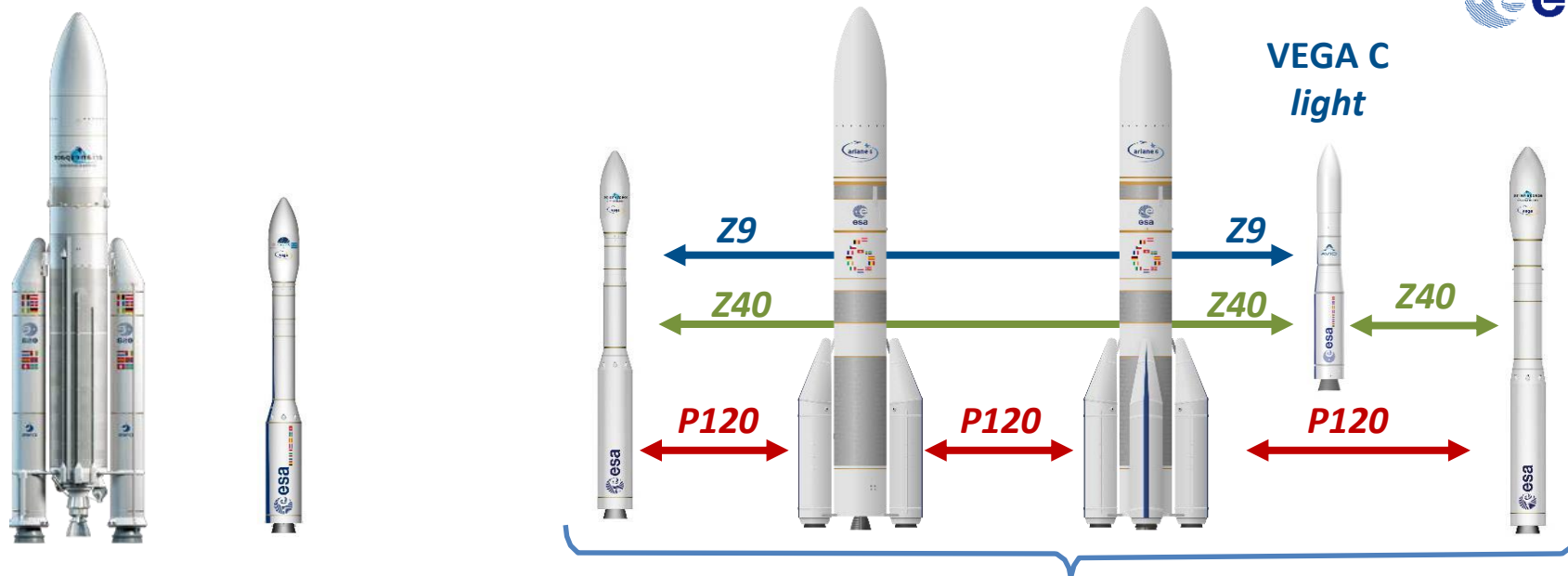
Vega new orders

- Vega batch 3 (2019 – 2021) 10 launchers
- Broader launch pad operations
- LEAP (maintenance of operational capabilities)
- Vega E initial development
- SSMS
- Space Rider

Robust product development roadmap for the future



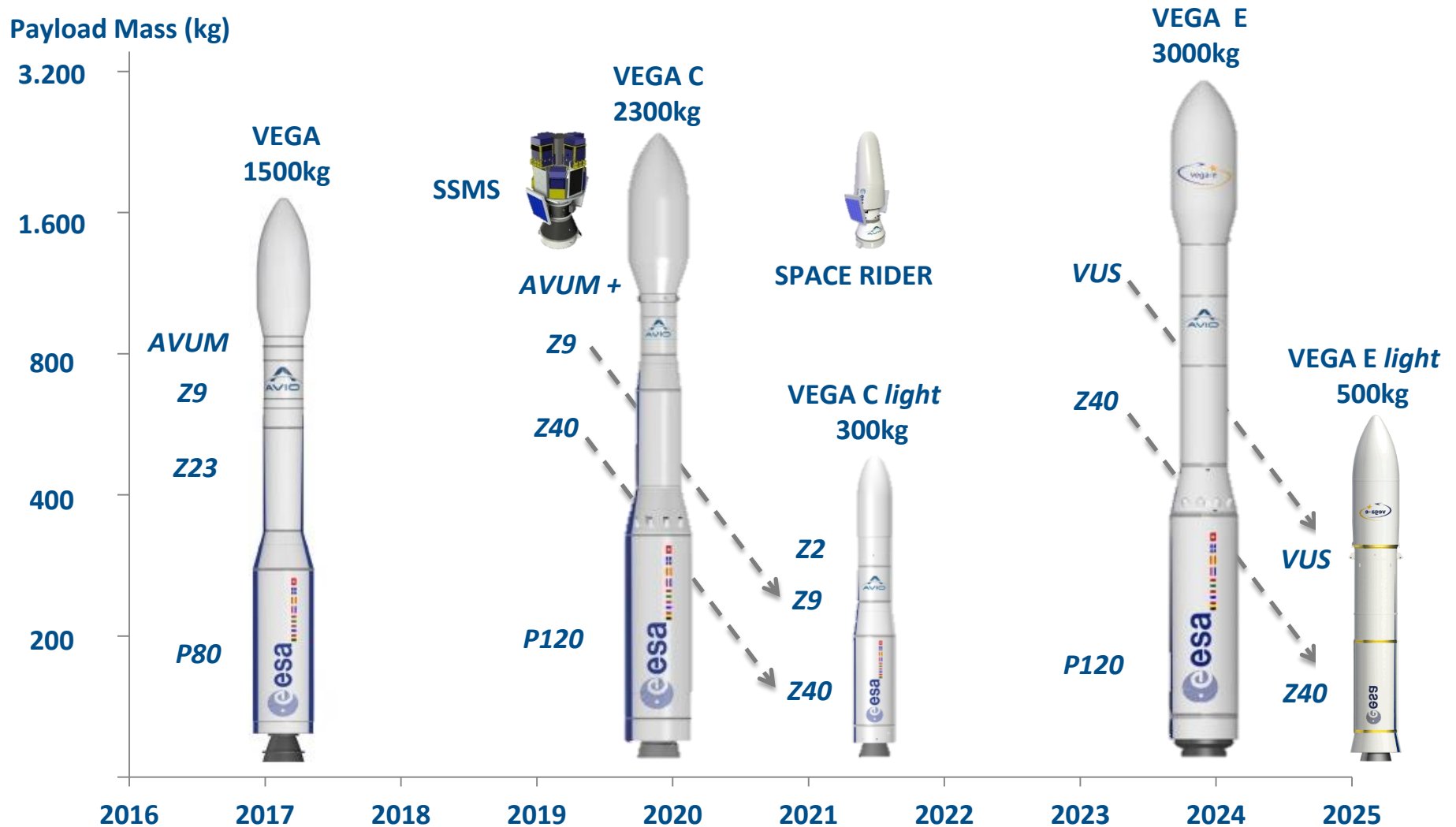
Perf	10.5 tons in GTO	1.5 tons in LEO	2.3 tons in LEO	6 tons in GTO	11 tons in GTO	3.0 tons in LEO
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Strong commonalities across products



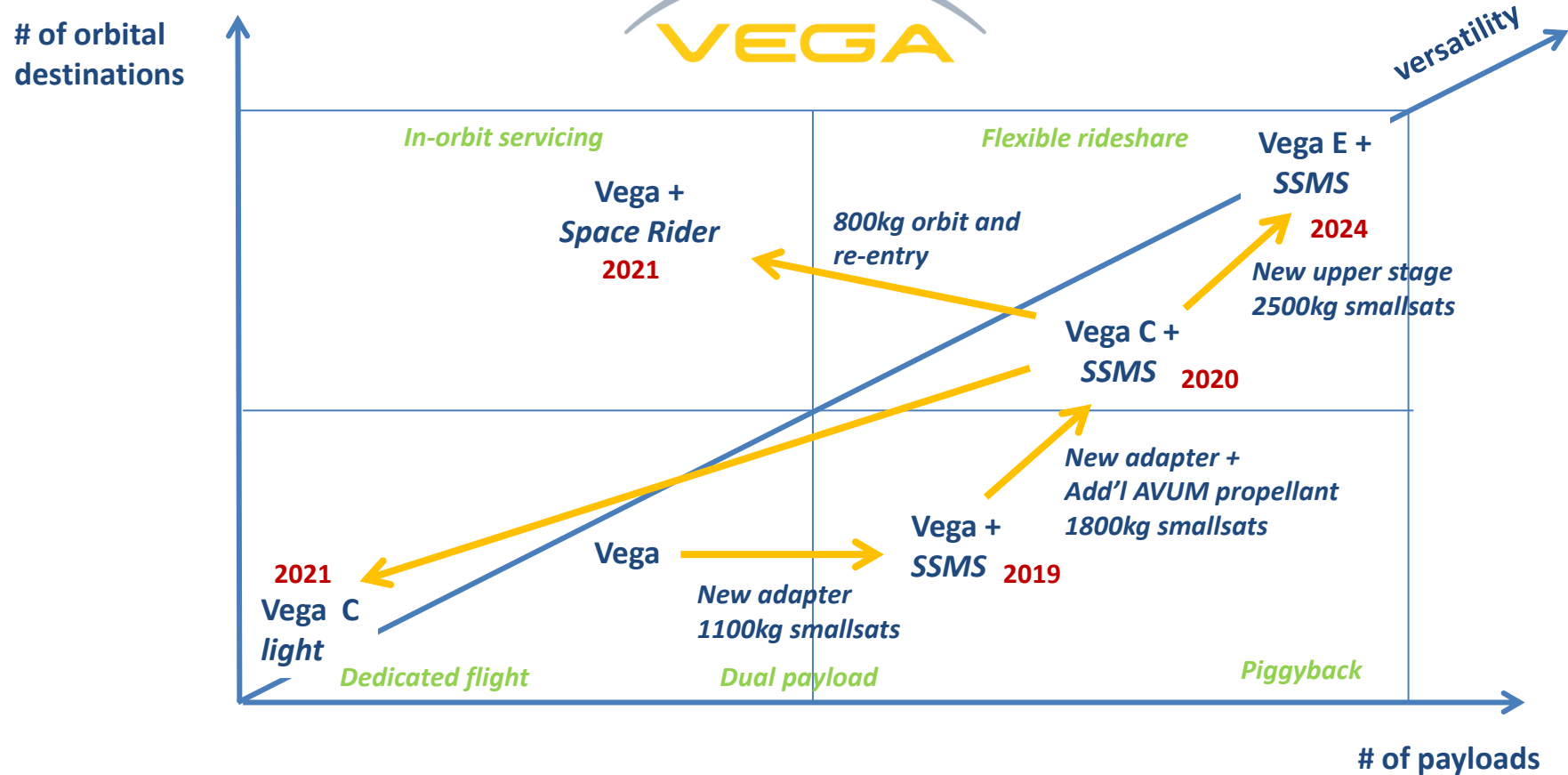
Roadmap of Vega product range



From single/dual payloads to a variety of different offerings to increase versatility – The Vega Space System



*new Vega logo following trademark agreement with ESA



Preparing for next generation launchers : new facilities and technologies in Colleferro



New filament winding and automatic tape layup machine



MIRA upper stage engine firing test



P120 production plant completed

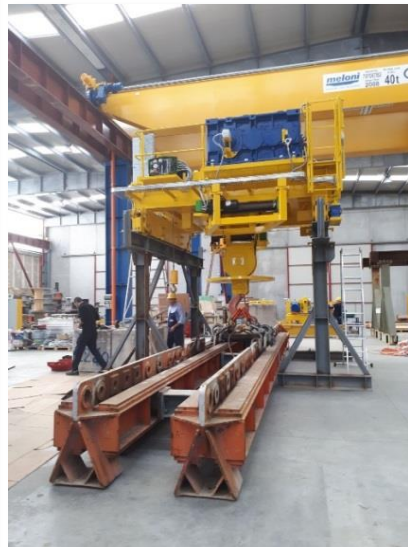


New nozzle plant

Preparing for next generation launchers : new facilities and adaptations of industrial operations in Kourou



New Vega C propellant casting pots (Regulus)



Automated nozzle integration (Europropulsion)

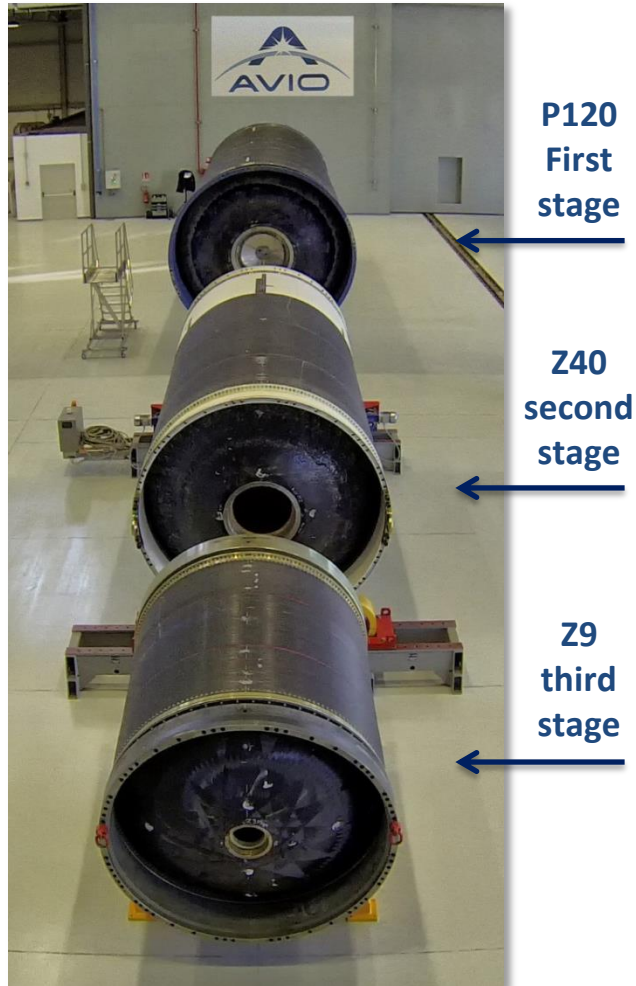
Progress on Mobile Gantry adaptation for Vega C

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



Industrial achievements



Z9, Z40, P120 motor cases for Vega C

Commercial achievements



- 2 Vega C launches (2020 and 2021) to carry 4 hi-resolution optical satellite



- 1 Vega C launch in 2021 for the COSMO SkyMed satellite

Technological achievements

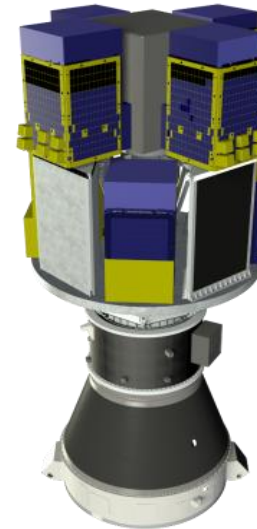
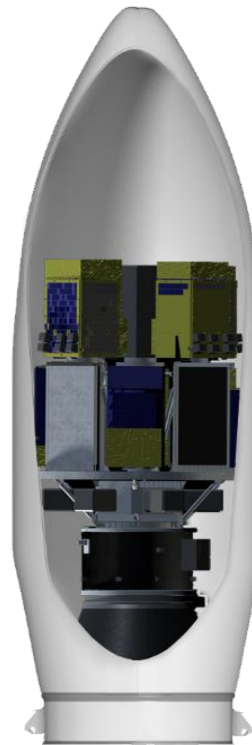


Z40 Static Firing Test

First contracts signed by Arianespace with smallsat providers to fly on Vega SSMS by 2019 – SSMS facility ready



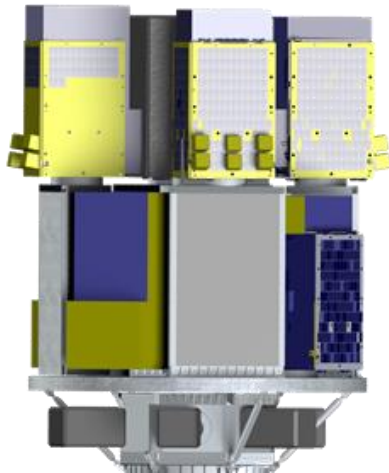
SSMS adapter clean room for satellite integration



Vega offering complemented by orbital modules for satellite deployment and re-entry



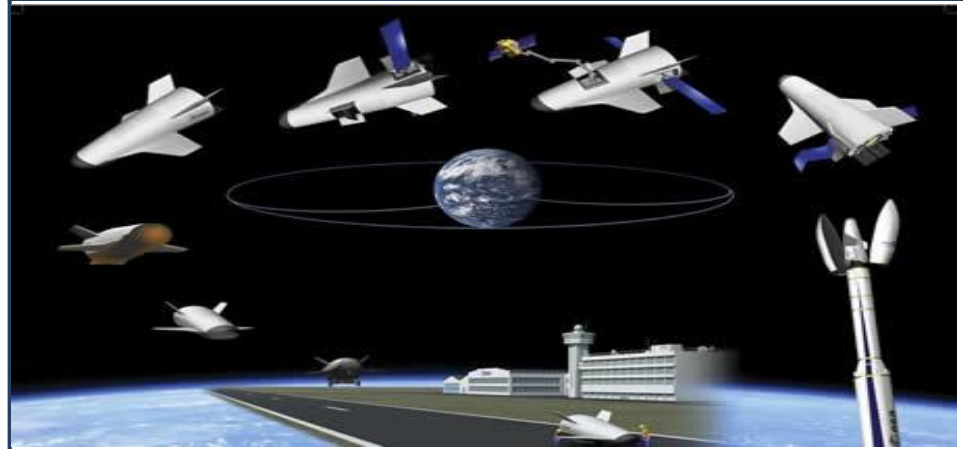
SSMS – "Small Satellite Mission Service"



- P/L deployment in multiple orbital planes
- PoC flight in 2019



Space Rider – Launch, orbiting and re-entry



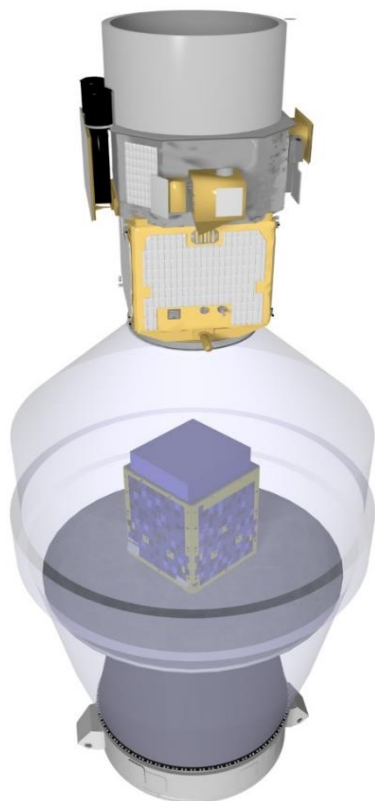
- Download and retrieval
- Follow up of IXV experience (2015)
- Flight 2021



New Vega customized solutions for smallsats and re-entry

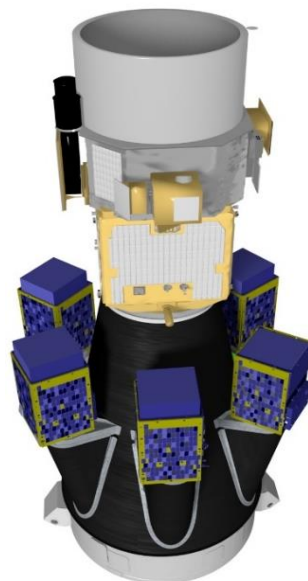


Dual payload



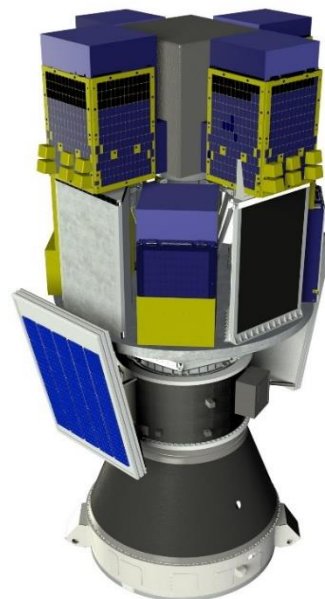
VESPA

Piggyback



Vampire

Rideshare



SSMS

Launch&re-entry



Space Rider

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



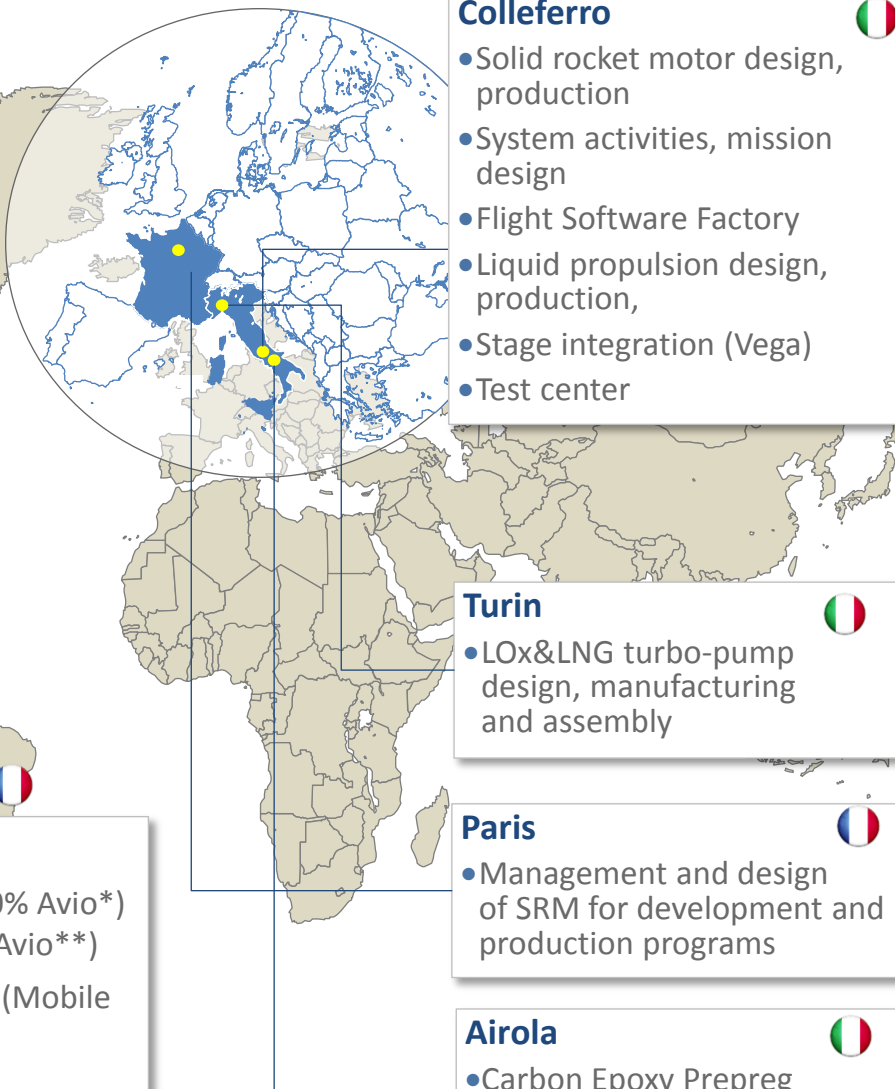
Kourou European Spaceport (CSG)

- 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

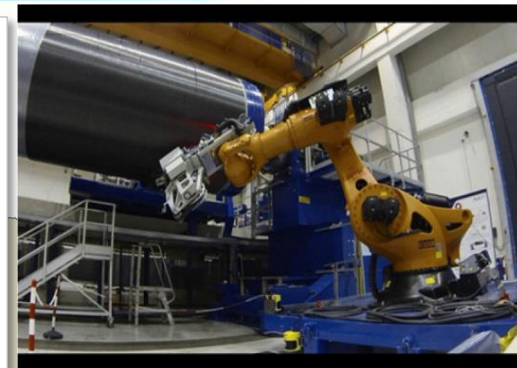
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Colleferro



- 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



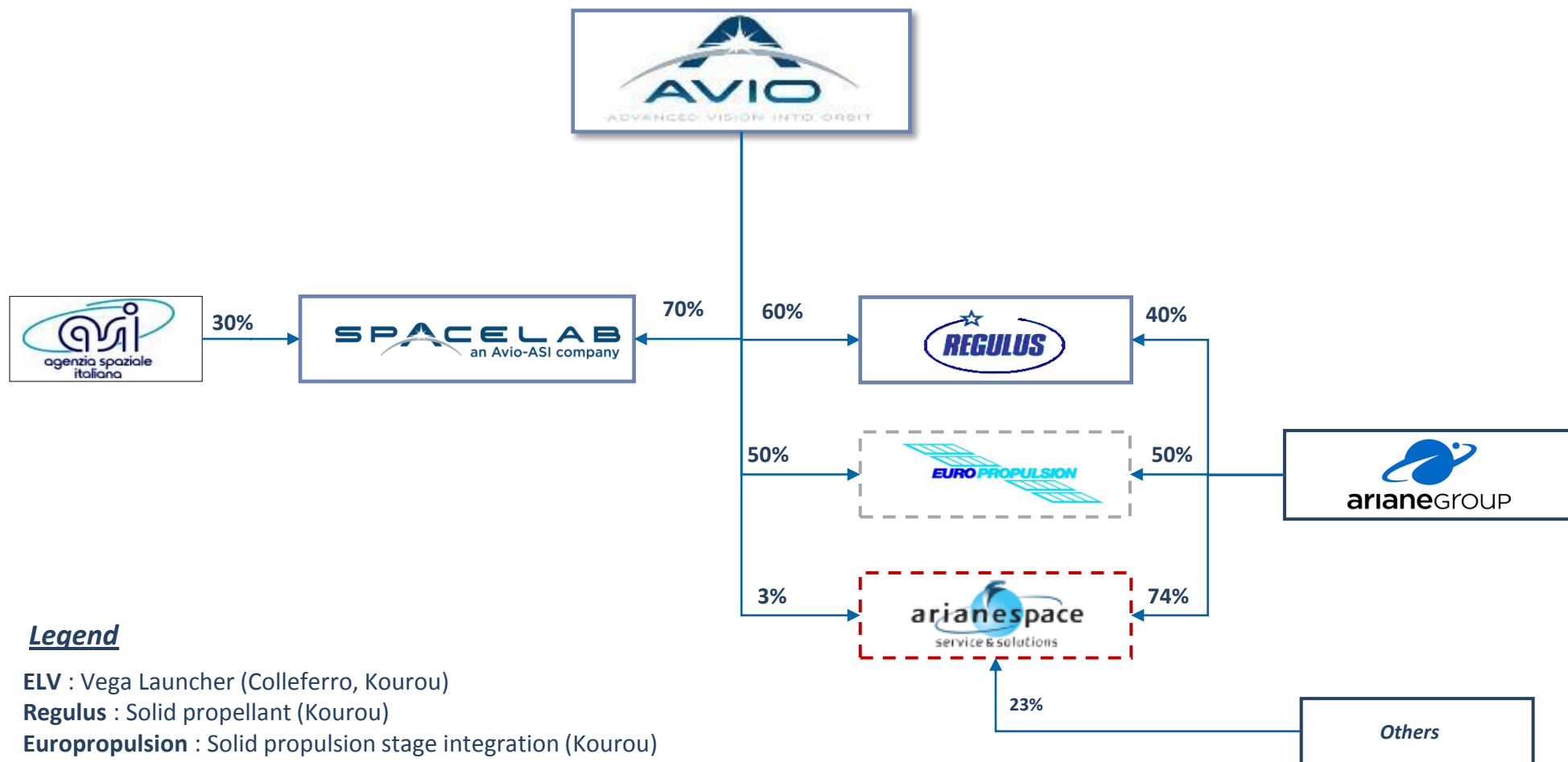
Airola



- Carbon Epoxy Prepreg manufacturing and testing

Source: Company information

Avio : Group structure



Fully consolidated

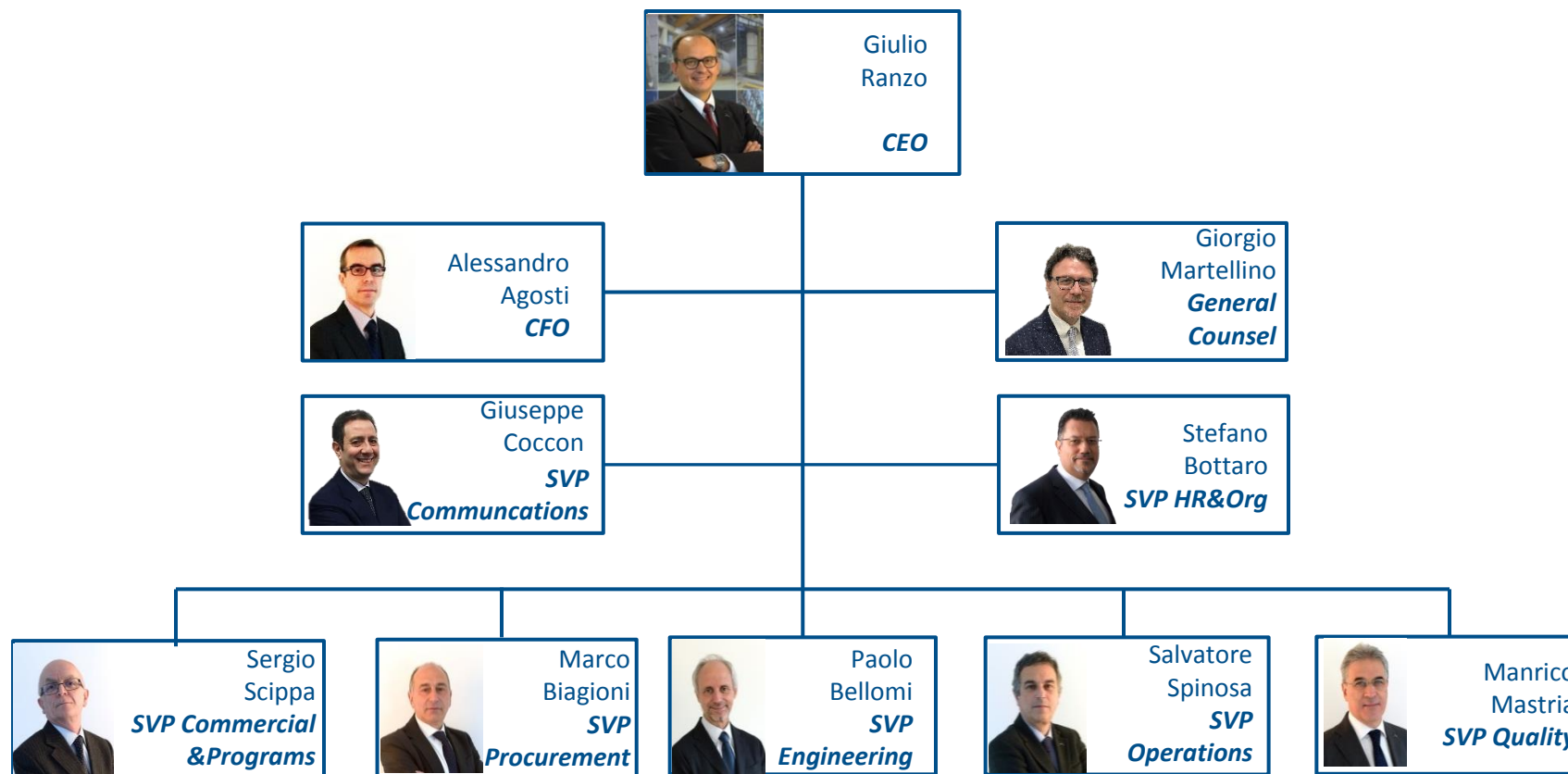


Non Consolidated company



Consolidated with equity method

A lean organization with management engaged in Avio's capital



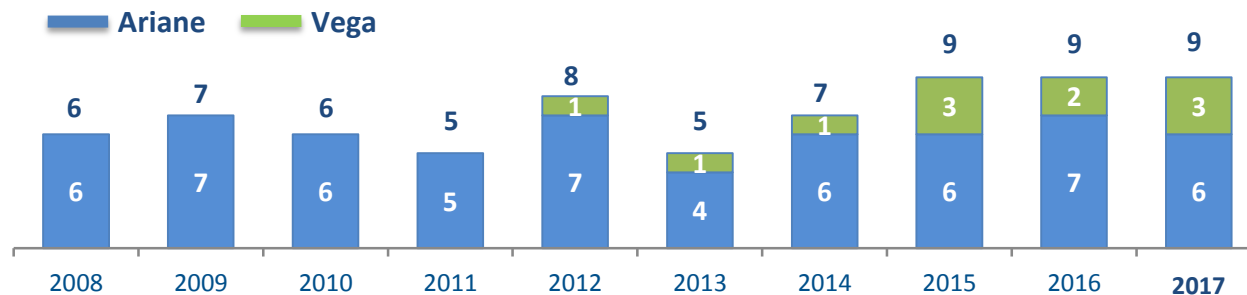
- Merged Propulsion and Launcher system activities of Avio and ELV : One Company
- Strengthened staff functions to support business lines
- Increased management investment in Avio capital, now 50 share owners through inOrbit

10 years growth trend in review



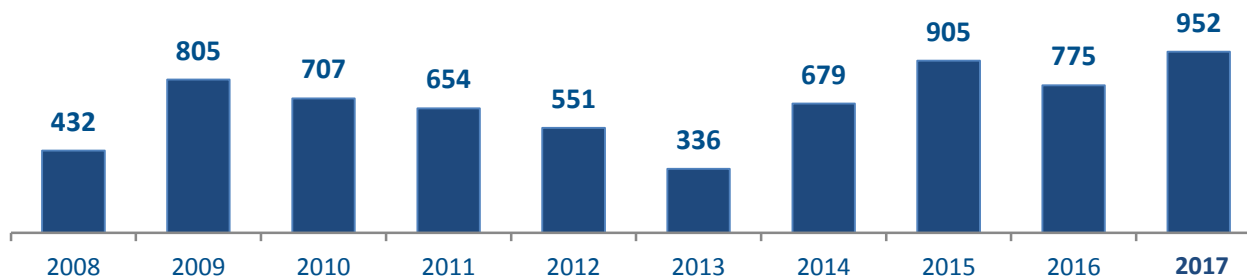
Comments

Flights



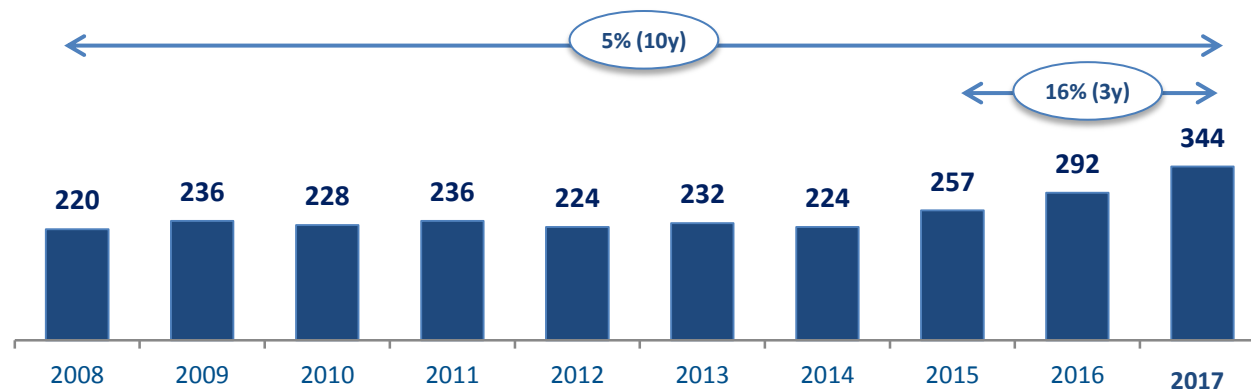
Consolidating growth in flight rates

Net Order Backlog (M€)



Record high order backlog

Net revenues (M€)



Accelerating revenue growth

Economic Highlights FY 2017

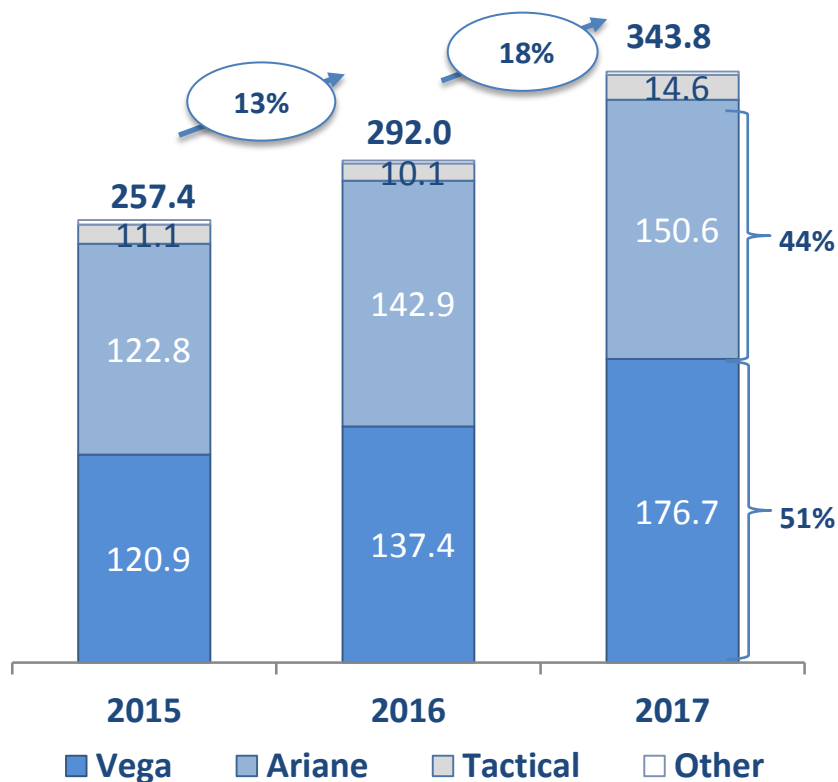


MAIN ECONOMICS	FY 2016	FY 2017*	DELTA	
€ - M	€ - M	€ - M	%	Comments
NET ORDER BACKLOG	775.1	952.1	+ 23%	+€500M new order acquisitions
NET REVENUES	292.0	343.8	+ 18%	Higher production volumes and more development activities
EBITDA REPORTED <i>% on net revenues</i>	26.9 9.2%	39.2 11.4%	+ 46%	Better absorption of fixed costs Program costs lowered by R&D tax credit effect Non-recurring costs decreasing
EBITDA ADJUSTED <i>% on net revenues</i>	36.5 12.5%	46.5 13.5%	+ 27%	
EBIT REPORTED <i>% on net revenues</i>	13.2 4.5%	25.0 7.3%	+89%	Driven by EBITDA reported
EBIT ADJUSTED <i>% on net revenues</i>	26.9 9.2%	32.3 9.4%	+ 20%	EBIT Adjusted impacted by new Customer Relationship Amortization considered recurring non cash item starting from 2017
NET INCOME <i>% on net revenues</i>	3.1 1.1%	21.8 6.3%	+ 603%	Lower financial expenses (new debt structure) Positive impact of deferred tax assets

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

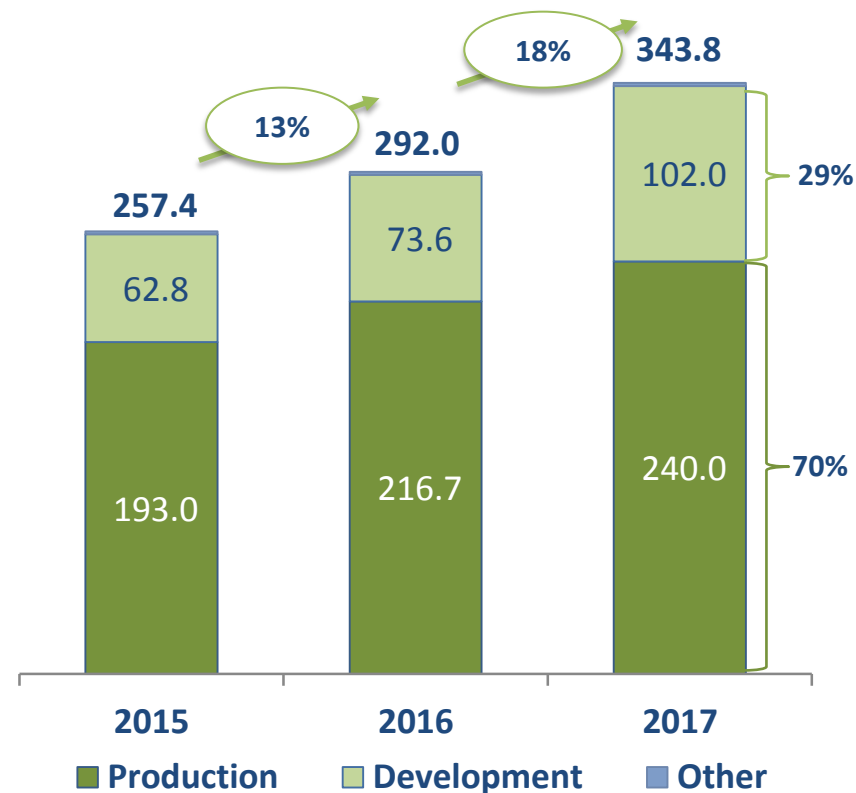
Net Revenues

by Line of Business (€ - M)



Vega production increasing

by Activity (€ - M)



Development activity increasing

Balance Sheet



MAIN SOURCE AND USES	FY 2016 PRO-FORMA*	FY 2017 ACTUAL	DELTA	Comments
	€ - M	€ - M	€ - M	
WORKING CAPITAL	(78.0)	(75.9)	2.1	Working capital structurally negative
DEFERRED TAX ASSETS	75.2	76.5	1.3	
PROVISIONS (EMPLOYEES' BENEFITS AND RISKS)	(35.8)	(27.2)	8.5	Liquidation of one-off incentive plan upon listing
GOODWILL	61.0	61.0	-	New goodwill defined post business combination
CUSTOMER RELATIONSHIP ASSET	45.8	42.5	(3.3)	New and higher value of CRA (+€20M) related to Ariane and Vega programs
FIXED ASSETS	137.8	156.1	18.3	Capex (€29M) mainly for production facilities and development of P120 and Z40
FINANCIAL RECEIVABLES	7.4	7.4	(0.0)	
NET INVESTED CAPITAL	213.5	240.5	27.0	
NET FINANCIAL POSITION (IFRS)	48.3	41.7	(6.6)	
EQUITY	(261.8)	(282.2)	(20.4)	Mainly for positive effect of 2017 Net Income
TOTAL SOURCES	(213.5)	(240.5)	(27.0)	

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

Net Financial Position



MAIN CASH ITEMS	FY 2016 ACTUAL € - M	FY 2017 ACTUAL € - M	Comments
NFP BOP	(35.0)	(18.6)	
REPORTED EBITDA	26.9	39.2	Higher 2017 results
CHANGE IN WORKING CAPITAL	28.2	(2.4)	Expected absorption of WC from cyclical trend of advances from customers and work in progress
CHANGE IN PROVISIONS	(2.5)	(8.5)	Liquidation of one-off incentive plan upon listing
CAPEX	(24.5)	(28.6)	Increase mainly for production facilities and development of P120 and Z40
OPERATING CASH FLOW	28.2	(0.3)	
NET FINANCIAL EXPENSES	(6.9)	(3.6)	Lower financial expenses for new debt structure
CURRENT TAXES	(2.3)	(1.0)	
OTHER CHANGES	(2.5)	(2.5)	
TOTAL BUSINESS CASH FLOW	16.4	(7.4)	
MAIN CHANGES FROM BUSINESS COMBINATION AND PPA*		67.7	Extra cash from business combination
NFP EOP	(18.6)	41.7	

* Include changes in Goodwill, Customer Relationship Assets and related deferred tax effect

Q1 economic and financial highlights⁽¹⁾



Q1 2017 ACTUAL € - M	MAIN ECONOMICS/ FINANCIALS	Q1 2018 ACTUAL € - M	Delta € - M	Delta %	Comments
59.9	NET REVENUES	75.4	15.5	26%	<ul style="list-style-type: none"> • Growth in Vega development and production, Ariane stable • Reduced incidence of fixed costs • Lower non-recurring costs
4.6 7.7%	EBITDA REPORTED <i>% on net revenues</i>	6.1 8.1%	1.5	33%	
5.4 9.0%	EBITDA ADJUSTED <i>% on net revenues</i>	6.3 8.4%	0.9	17%	
1.0 1.7%	EBIT REPORTED <i>% on net revenues</i>	2.8 3.7%	1.8	180%	<ul style="list-style-type: none"> • Additional contribution from lower amortization
1.8 ⁽²⁾ 3.0%	EBIT ADJUSTED <i>% on net revenues</i>	3.0 4.0%	1.2	67%	
31 DEC 2017 ACTUAL € - M		31 MAR 2017 ACTUAL € - M	Delta € - M	Delta %	
41.7	NET FINANCIAL POSITION	47.2	5.5	13%	<ul style="list-style-type: none"> • Improved on 2017 Year End thanks to operating cash flow

(1) R&D tax credit effect included only with reference to 2017. Potential benefit of 2018 tax credit to be assessed at year end according to actual R&D eligible costs incurred

(2) Amortization of the new Customer Relationship Asset (CRA) assessed in 2017 following the Purchase Price Allocation, considered as recurring non cash item and not included in Adjusted EBIT figures in Q1 2017 and Q1 2018 for a «like for like» comparison



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