

The background of the slide is a photograph of a tropical beach. In the foreground, there is a sandy beach with gentle waves lapping at the shore. A line of palm trees and several small buildings with orange roofs are visible along the coastline. A bright, white, jagged line, resembling a rocket launch trail, extends from the beach area diagonally across the sky towards the top right corner. The sky is a deep blue with scattered white clouds.

Investor Presentation

London STAR Conference, 24 October 2018

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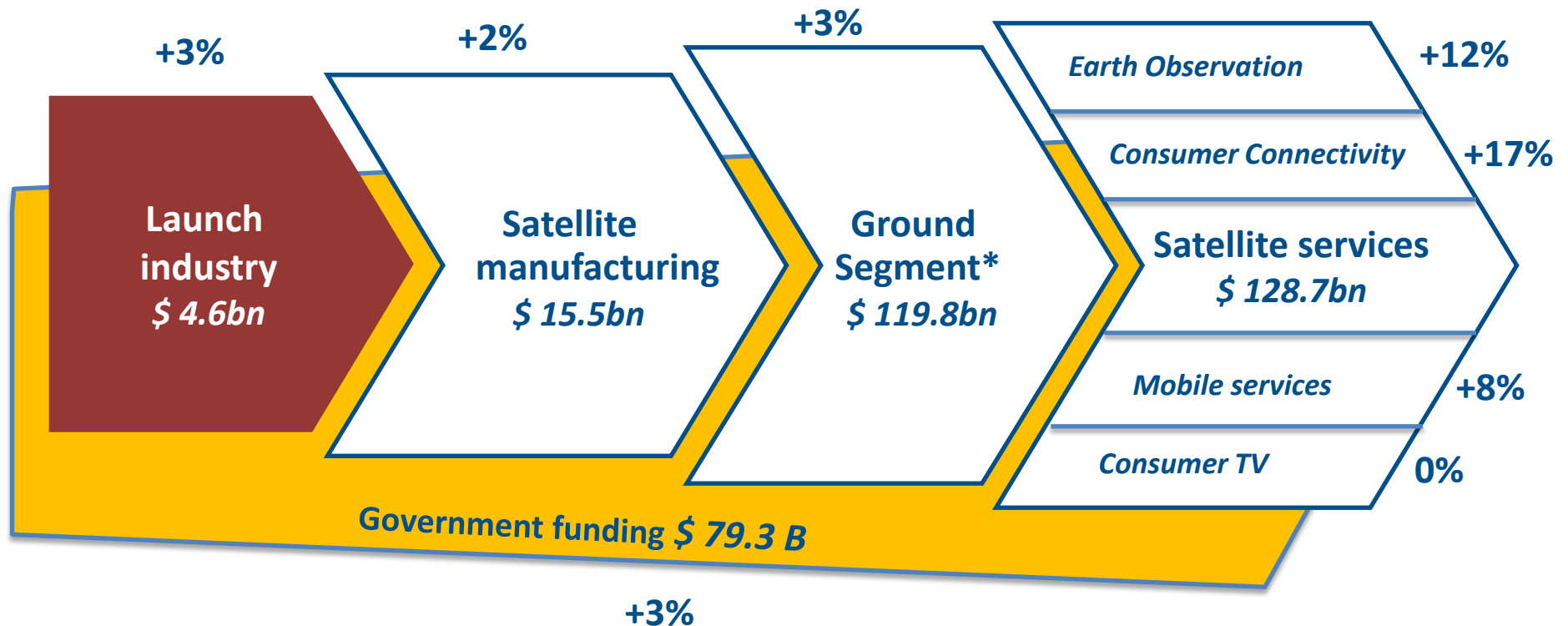
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Space industry value to triple over the next two decades



Space industry projected segment growth (CAGR to 2040)



From ~300\$ Bn in 2017 to ~1\$ Tn in 2040

**Includes GNSS chipsets and Related*

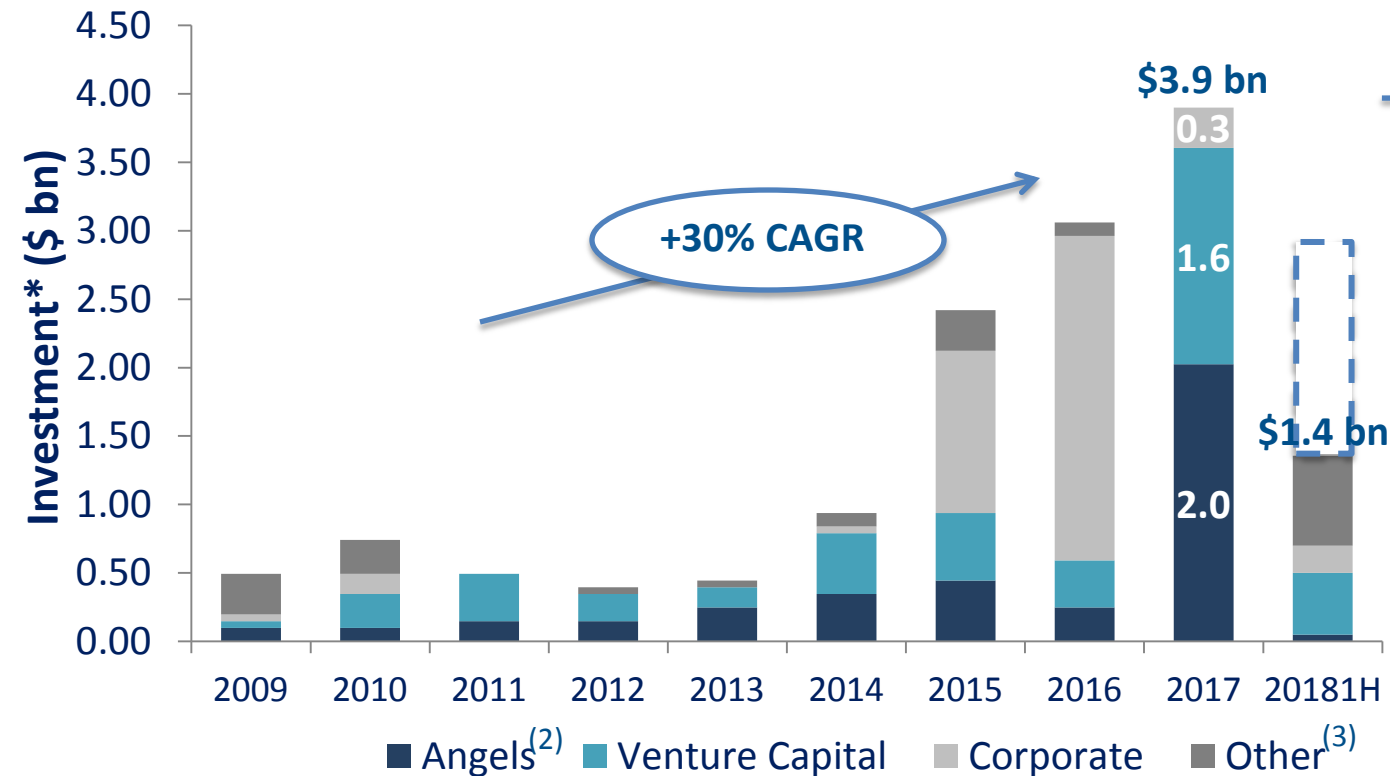
Source : Morgan Stanley

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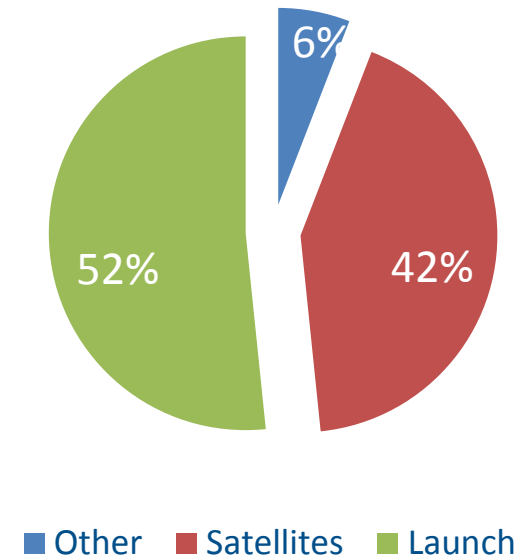
Investment in the Space sector continues to grow rapidly



Equity investment in Space Ventures



Breakdown of cumulated 2009-2Q18 investments by sector (% of 15.3\$ Bn)



(1) Annual non-governmental equity investment

(2) Angels include investments from Jeff Bezos, Richard Branson, Elon Musk, and Robert Bigelow (total \$2 bn)

(3) Other includes Foundations, Private Equity, Sovereign Funds, Crowd Platforms, etc.

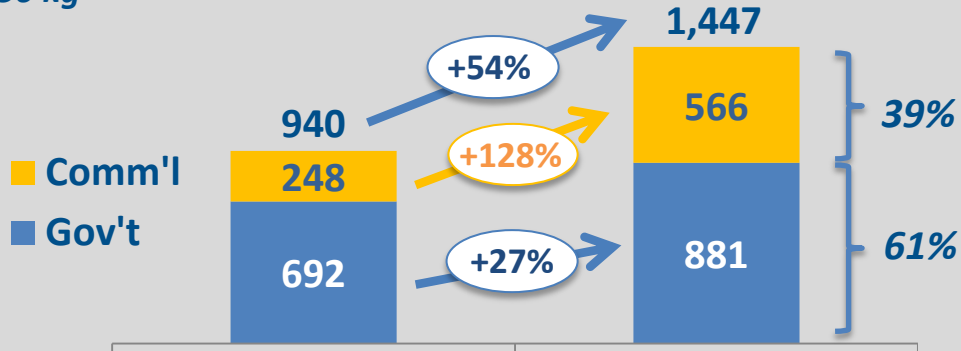
Source: Space Angels Q2 2018 Investment Report

Space launch demand expected to grow for smallsats - Government demand continues to be a major driver



of Satellites to Space

>50 kg



Growth drivers

Commercial

- Rise of constellations
- New services offered
- New countries as potential clients

Government

- Geopolitics' evolution
- Growing EU Space Program
- Demand from non-launching countries (e.g. Middle East, LatAm, APAC)



The SmallSat(< 500 kg) market is expected to grow from 60% to 90% in the total number of satellites over the 2018-2027 horizon

Source : Avio estimate on Euroconsult data

Note: Commercial demand excludes OneWeb and Starlink constellations, amounting to over 3,500 sats

Commercial growth will be reached through new constellations



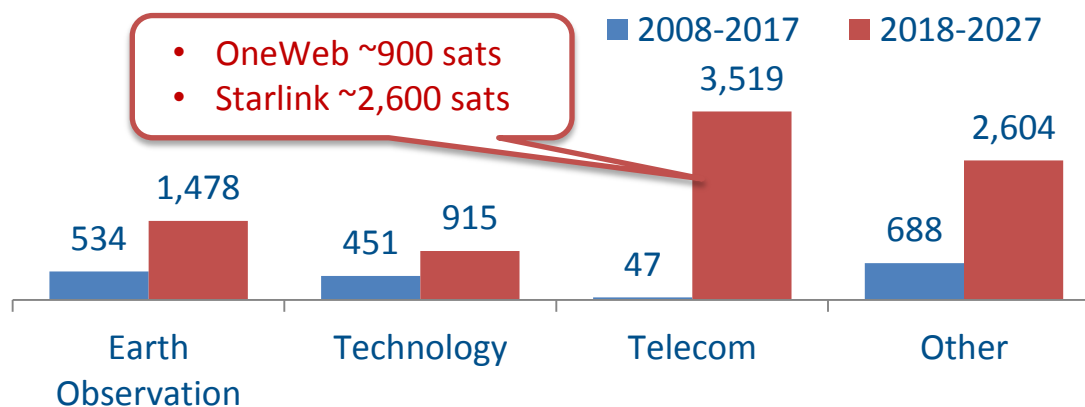
STARLINK



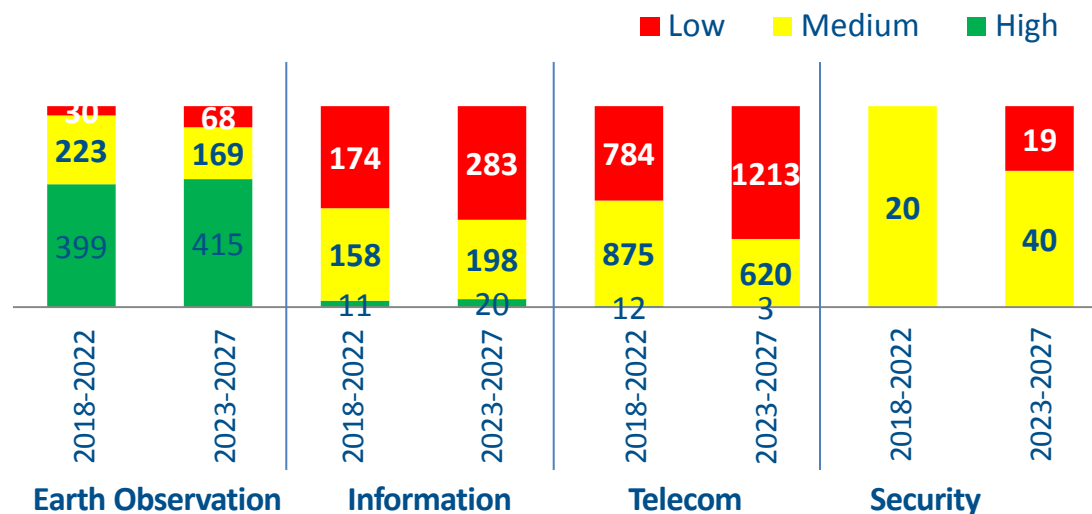
Within smallsats, more robust growth expectations appear to be for Earth Observation applications



SmallSats demand by application domain (0-500kg)



Maturity of constellations by application domain 2018-2027

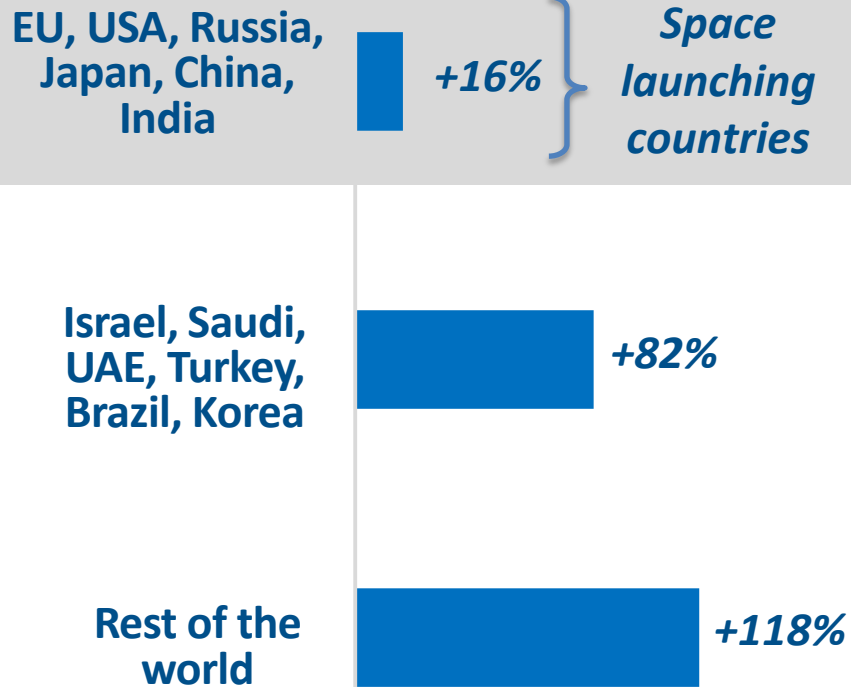


Source: Euroconsult 2018



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Incremental opportunities from growing domestic government demand in EU

Government satellite demand growth by geography



EU Multiannual Financial Framework EC Proposed Space Budget (€Bn)

	2014-2020	2021-2027
<ul style="list-style-type: none">  	7.7	9.7
<ul style="list-style-type: none">  	4.8	5.8
<ul style="list-style-type: none"> Other programs 	-	0.5
	12.5**	16.0**
	+28%	



Source: the Space Launch Report, FAA annual compendium 2018

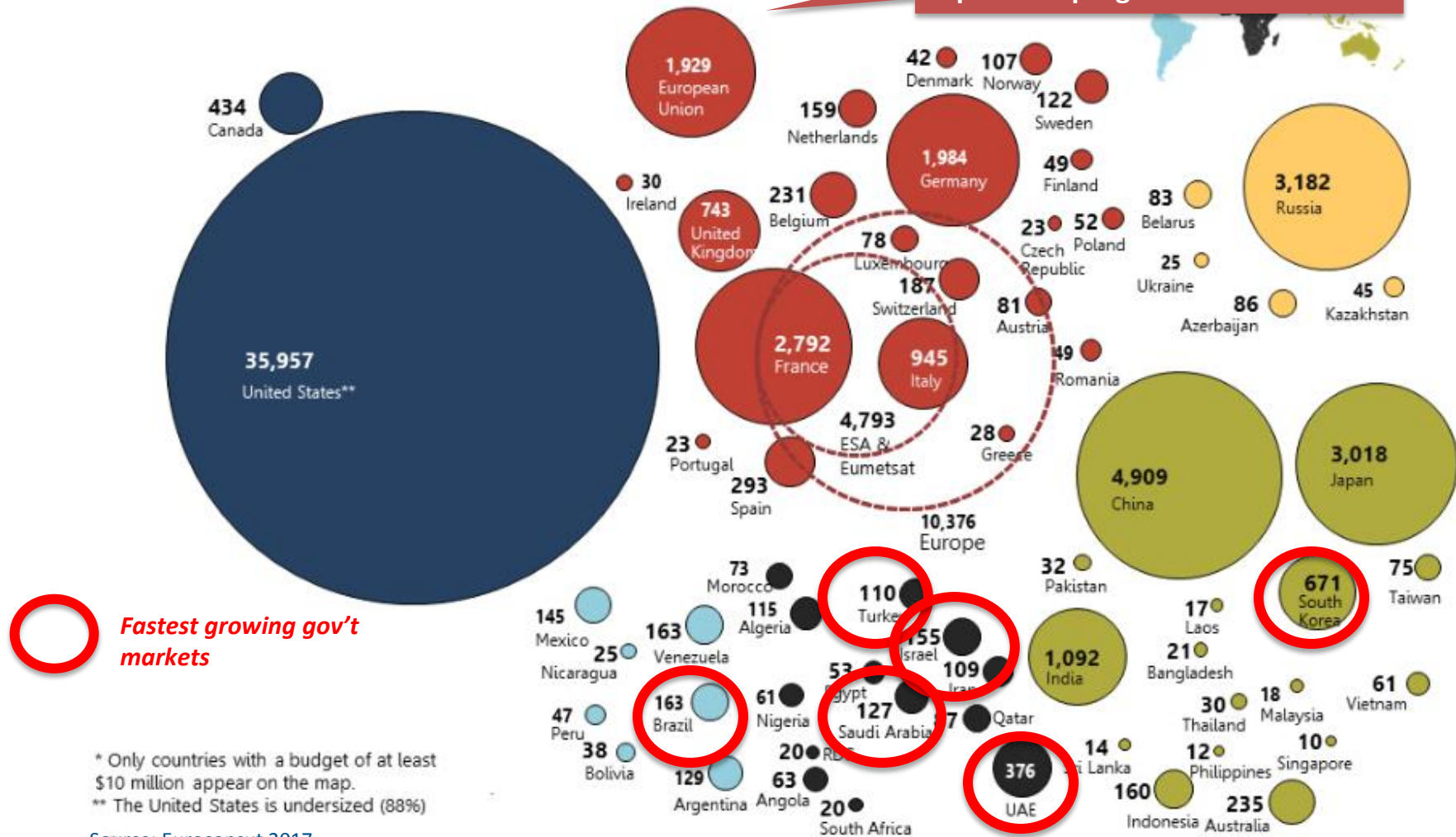
* Ariane 5 has double launch capacity in GTO, unlike most other launchers
 ** 2021 economic conditions

Outside Europe, most of the gov't demand growth to occur in Middle East, Asia and Latin America



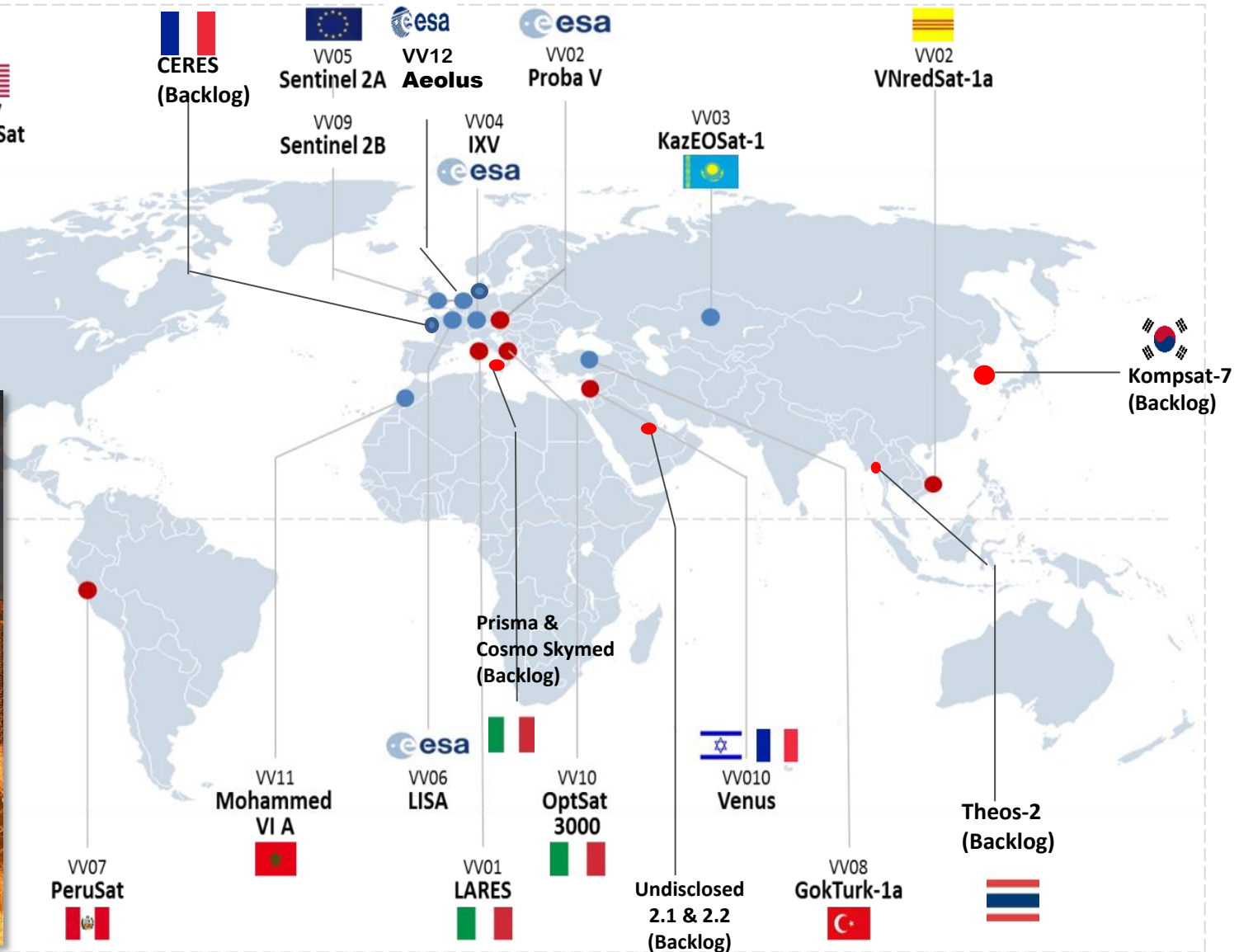
Government Space budget in 2017 (M\$)

30% expected growth of Galileo and Copernicus programs in EU



Source: Euroconsult 2017

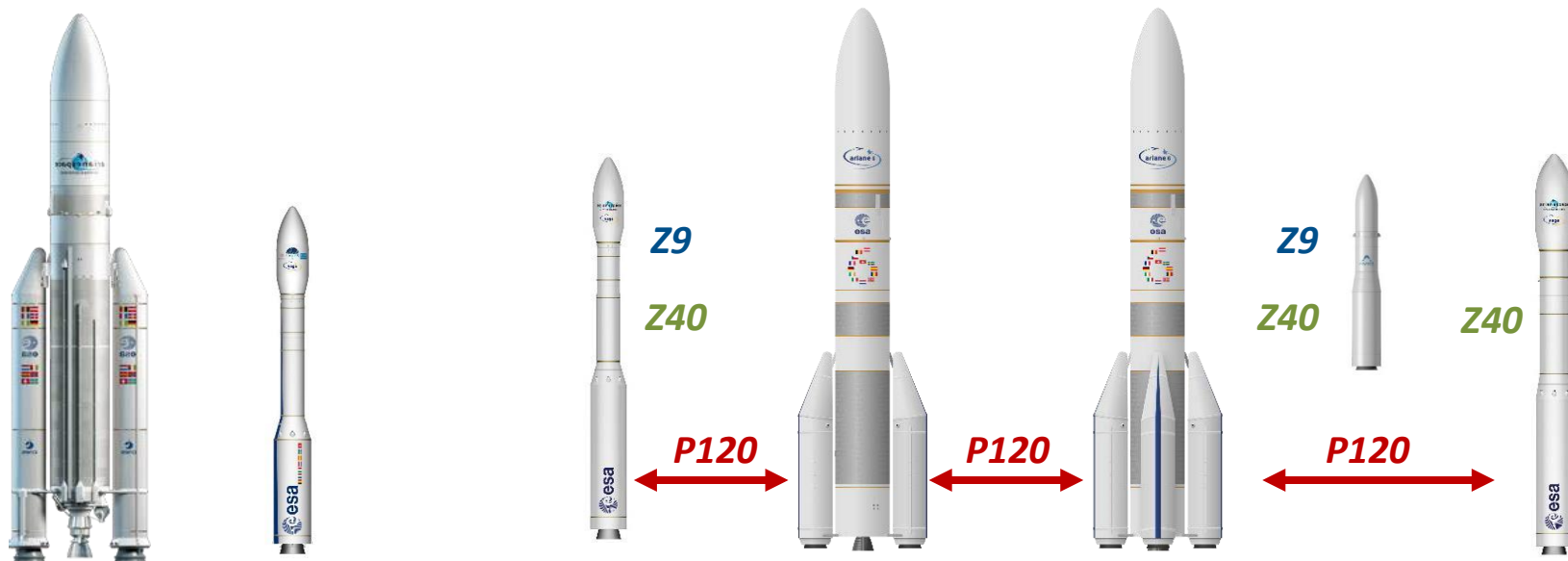
Vega is a young product but already established as a globally recognized product in several growing markets



European Launcher offering evolving to meet market demand



Perf	10.5 tons in GTO	1.5 tons in LEO	2.3 tons in LEO	6 tons in GTO	11 tons in GTO	0.3tons in LEO	2.8 tons in LEO
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Today
Ariane 5 / Vega

2019
Vega C

2020
Ariane 62, Ariane 64

2021
Vega light
(study)

2024
Vega E

Vega C competitiveness generating positive market momentum – recent commercial achievements



Vega C signed contracts

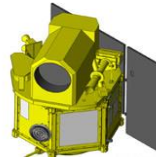


2 hi-resolution optical satellites to be launched by Vega C in 2020

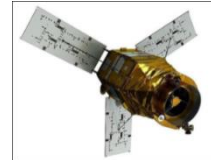
2 hi-resolution optical satellites to be launched by Vega C in 2021



1 Vega C launch in 2021 for a COSMO SkyMed satellite (second generation)



1 Vega C launch in 2021 to orbit Thailand's second earth observation satellite THEOS-2



1 Vega C launch in 2021 to orbit the South Korean Space Agency (KARI) Earth Observation satellite KOMPSAT-7



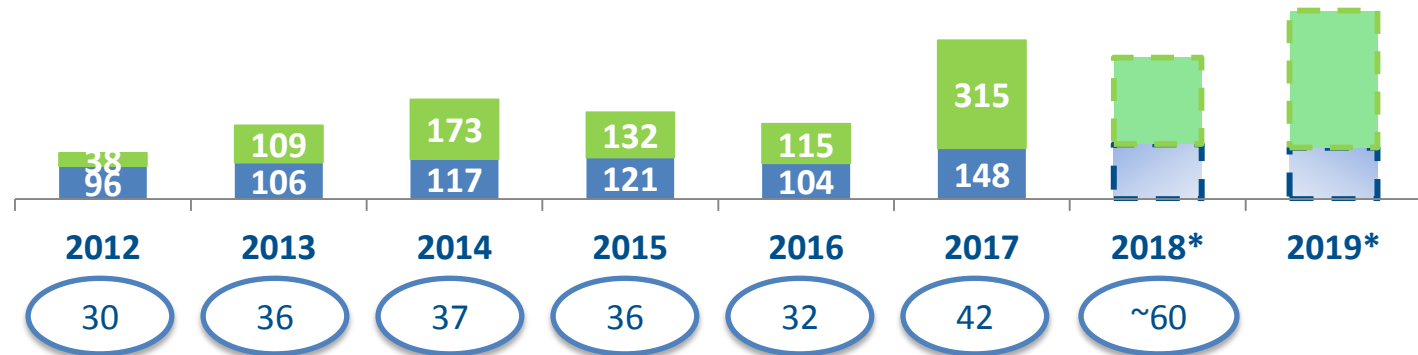
1 Vega (Vega or Vega C) launch in 2021 to orbit the NAOS Earth Observation satellite manufactured by OHB Italia for Luxembourg and NATO

Vega flight rate increases as demand is shifting towards small sats (<500kg)



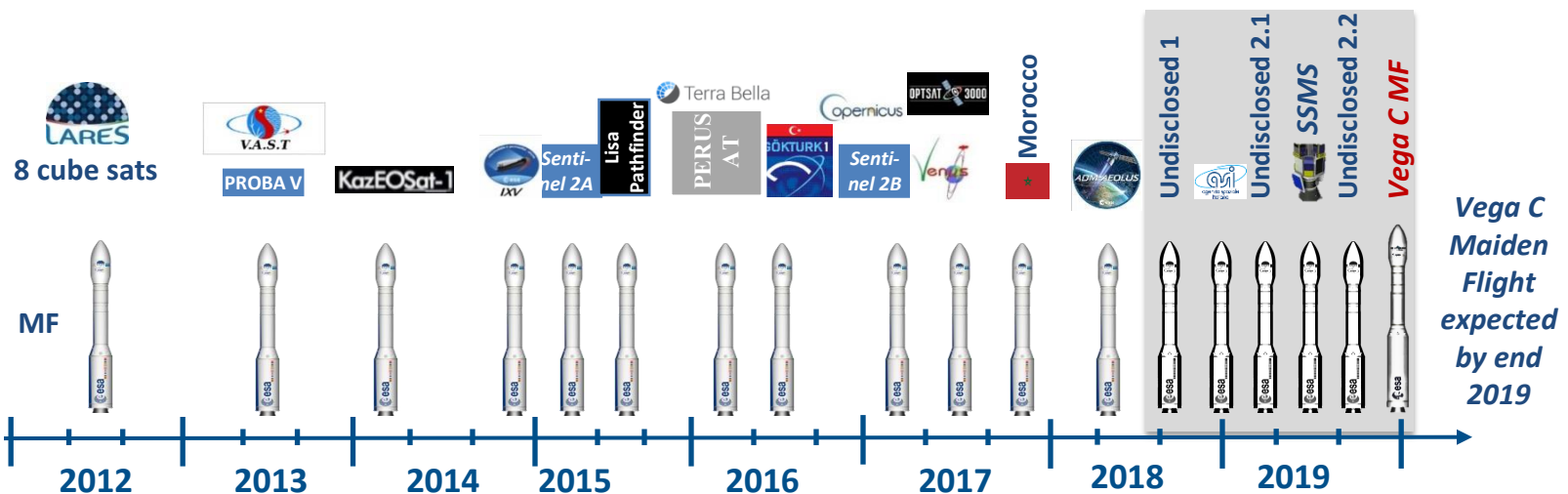
Total nr. of satellites launched into Space worldwide

■ Sats > 500 kg ■ Sats < 500 kg



Nr. of flights in LEO

Vega flight record since 2012 and near term manifest**



• Estimated figures for 2018 year end and 2019 forecast

** Launches already sold and accounted for as the order backlog for 2018- 2019

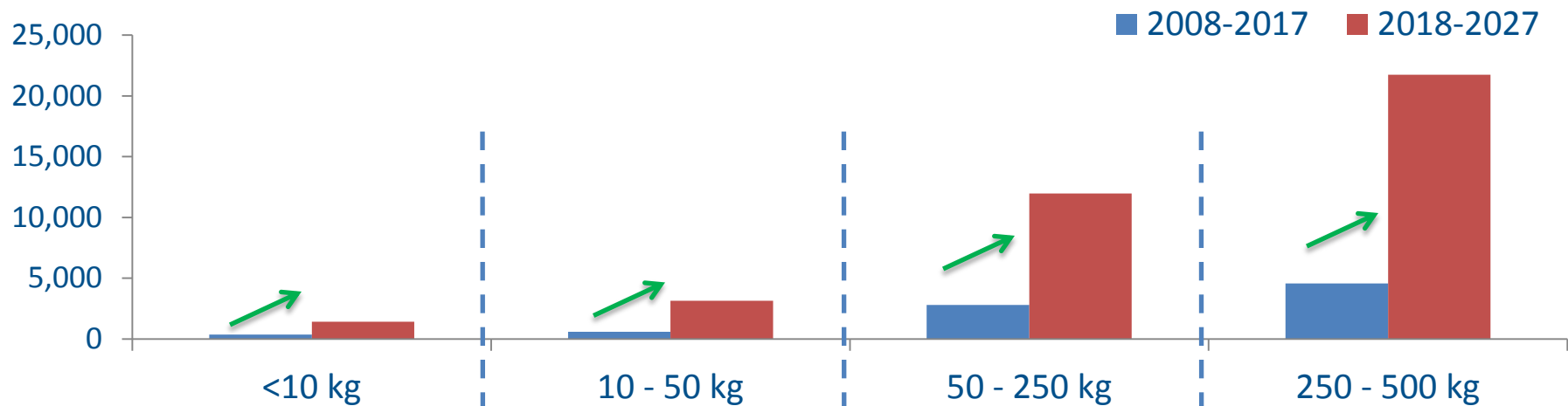
Source: Space Launch Report; Gunter's Space

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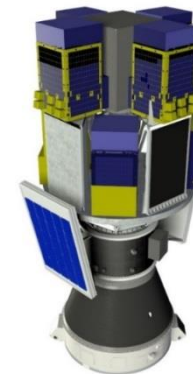
Vega now also re-tooled with adapters to meet all sub-segments of demand for piggy back, rideshare or dedicated launch



Value of satellites <500kg to be launched (\$M)



VAMPIRE



SSMS



VESPA



VEGA Light

Piggyback

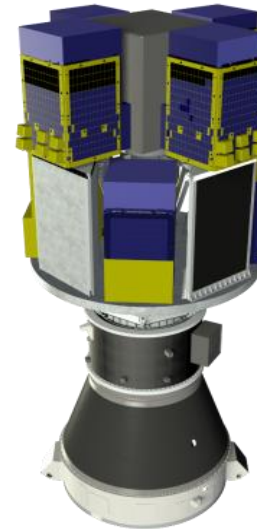
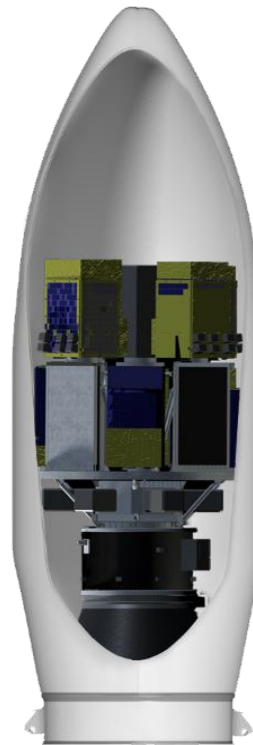
Rideshare

Dedicated (single/dual)

First commercial successes also with SSMS



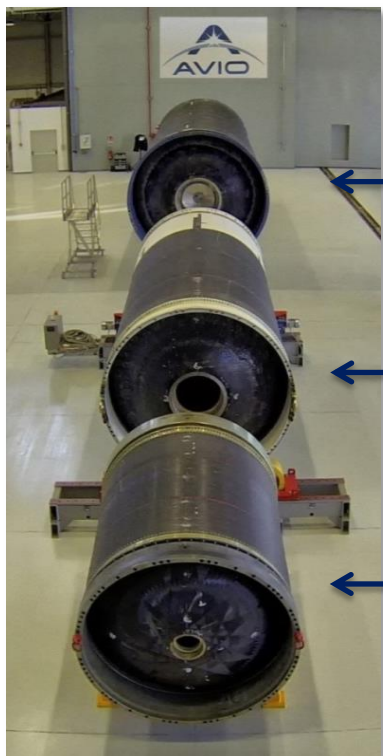
SSMS adapter clean room for satellite integration



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 production : new facilities and technologies



New Filament Winding machine



Development of SPTF in Sardinia (rendering)



New Nozzle Plant at work

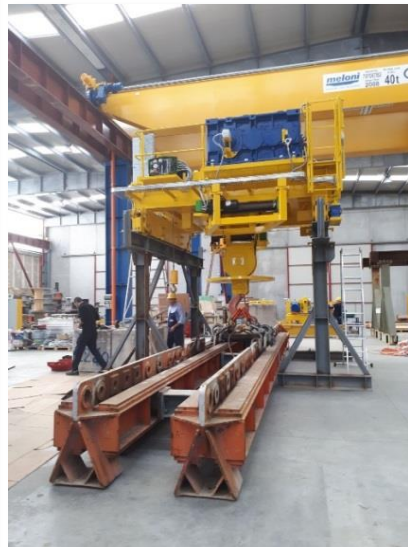


New Thermal protection Facility at work

Preparing for production : new facilities and adaptations of industrial operations in Kourou



New Vega C propellant casting pots (Regulus)



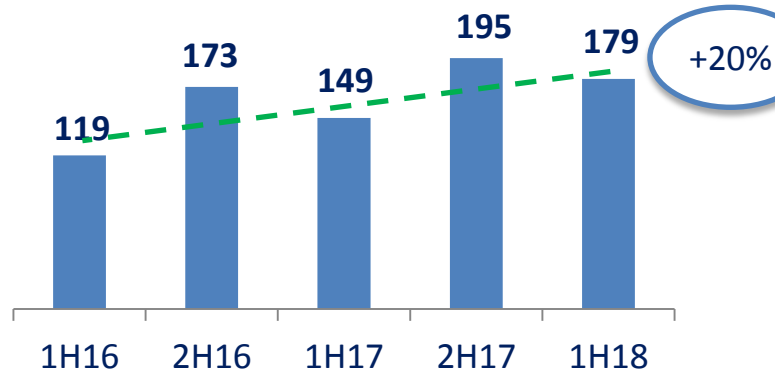
Automated nozzle integration (Europropulsion)

Evolution of Key Performance Indicators

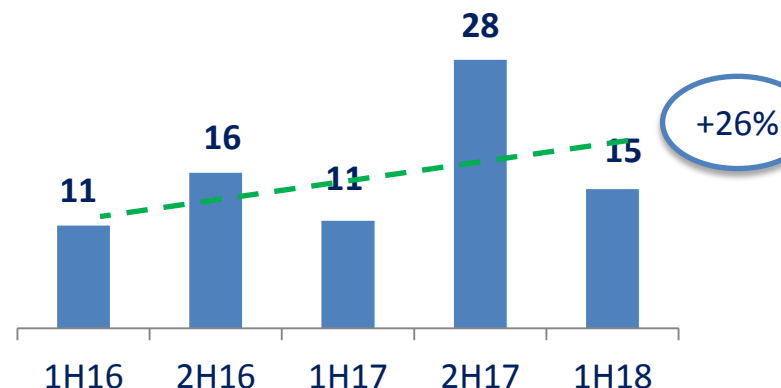
CAGR%*

€M

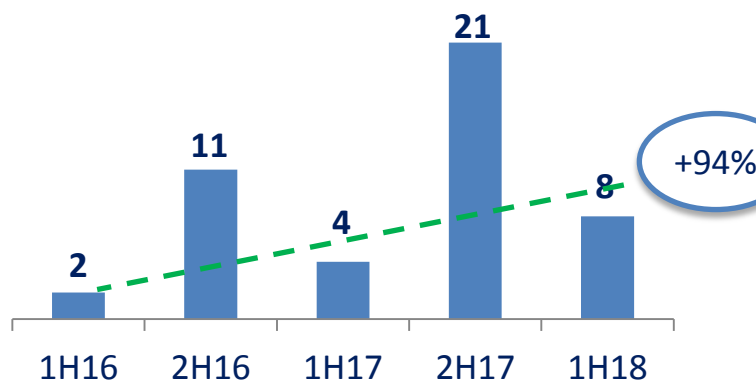
Revenues



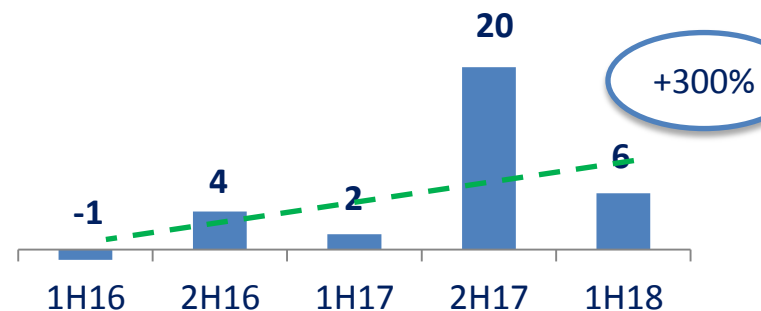
EBITDA



EBIT



Net Income



*Based on exponential interpolation

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Key economics HY 2018



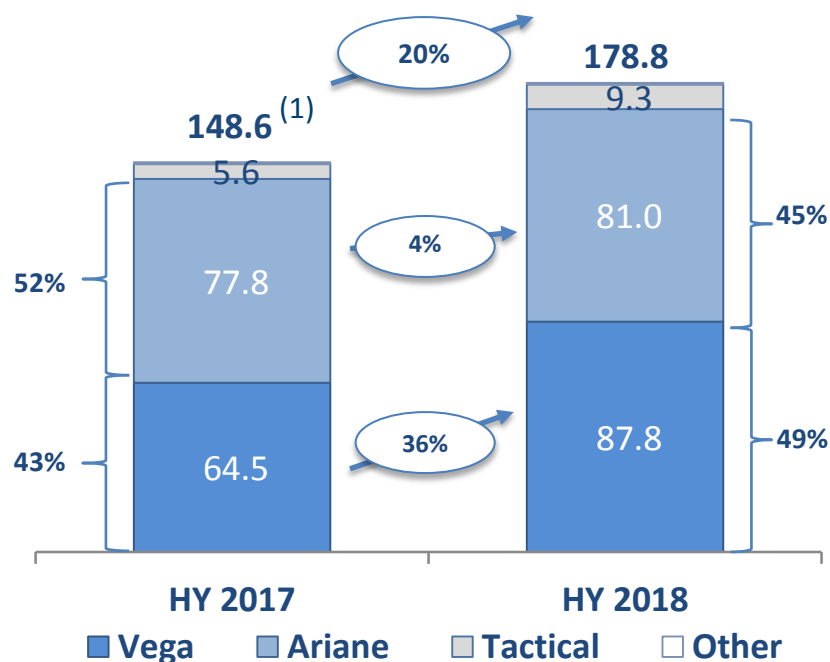
HY 2017	MAIN ECONOMICS	HY 2018	DELTA	
€ - M		€ - M	%	Comments
952,1 ⁽¹⁾	NET ORDER BACKLOG	961.5	+1%	<ul style="list-style-type: none"> Slightly ahead of schedule (timing)
148.6	REVENUES	178.8	+20%	<ul style="list-style-type: none"> Growth mainly due to Vega C development activities
11.2 7.6%	EBITDA REPORTED <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 Non-recurring costs reduced by 60% Interest expenses reduced by 90% (from €3.1M to €0.2M)
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	

(1) As of 31st December 2017

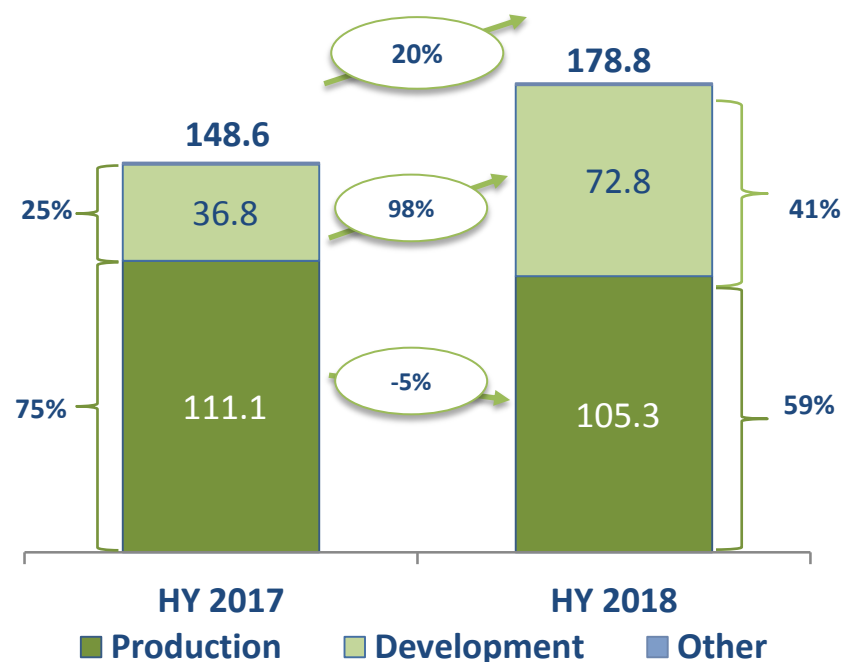
Net Revenues HY 2018



by Line of Business (€ - M)



by Activity (€ - M)

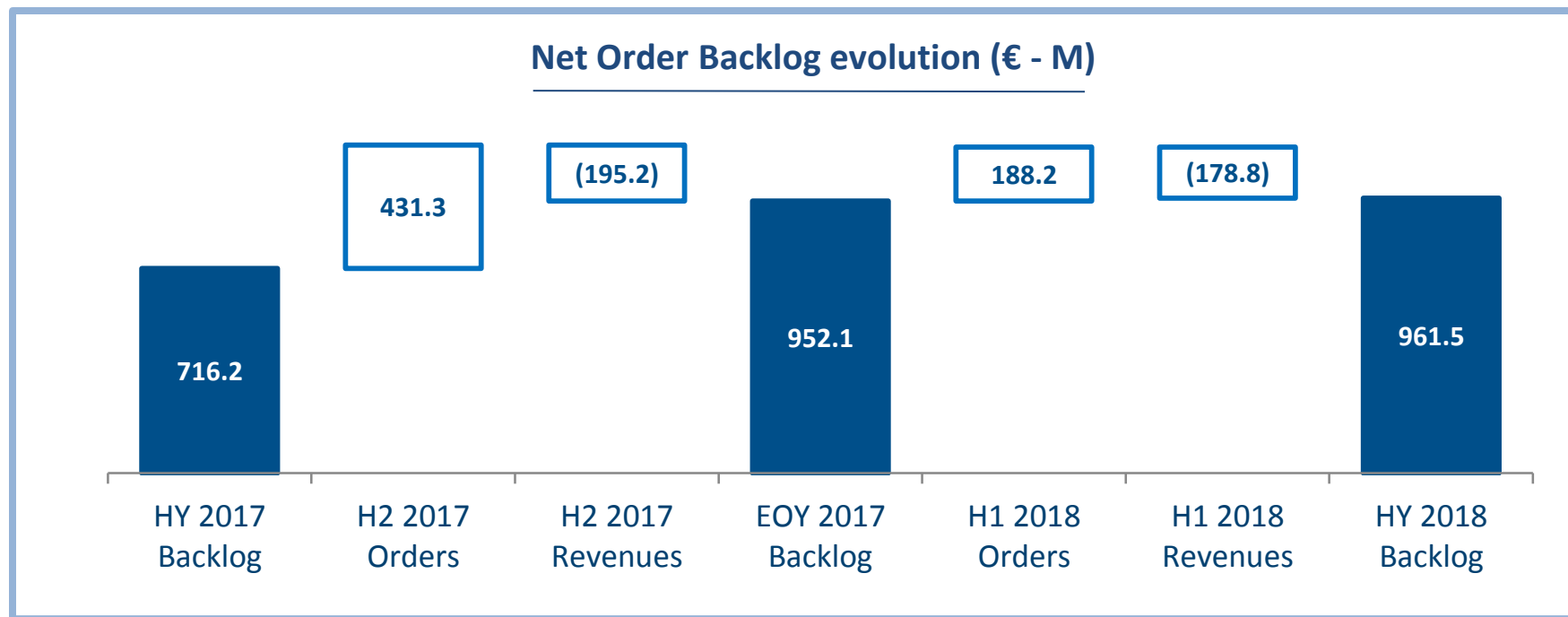


- Significant growth of Vega business (production and development) with stable Ariane

- Significant growth of development activities as approaching Vega C and Ariane 6 Maiden Flights (2019 and 2021 respectively)
- Production stable. Decrease driven by timing

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

Net Order Backlog evolution as of HY 2018



- +€188 M of new contracts signed in HY 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

Balance Sheet HY 2018

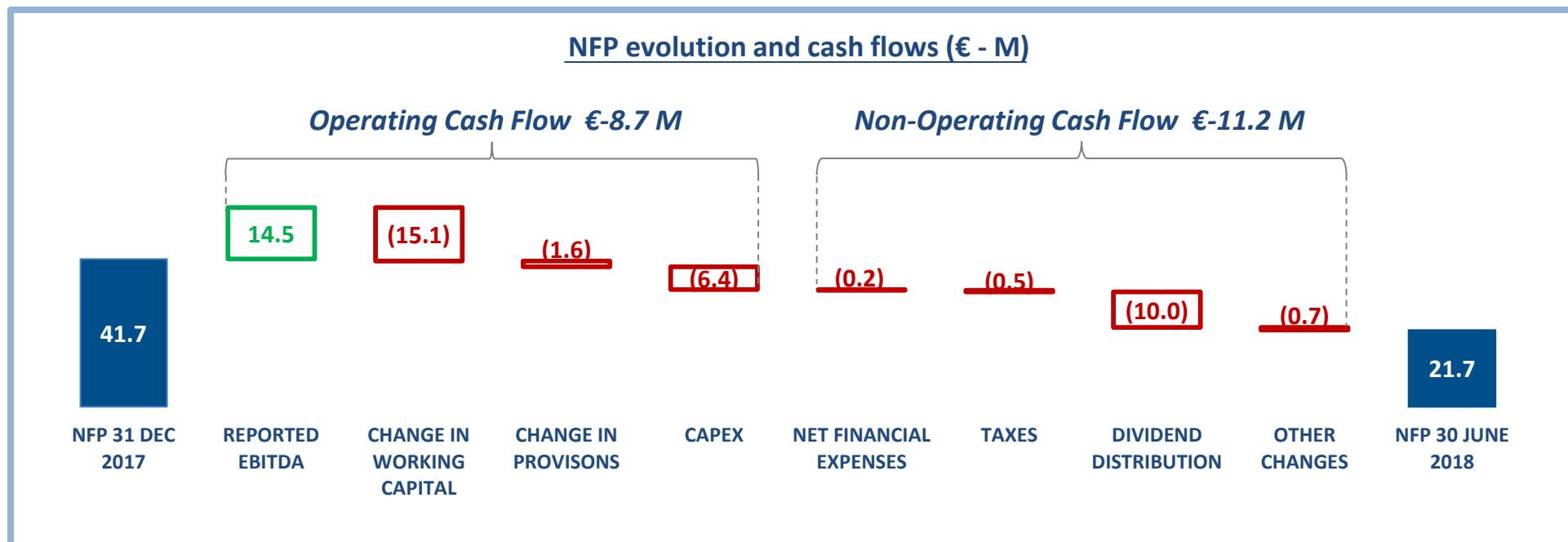


31 DEC 2017 ACTUAL	MAIN SOURCE AND USES	30 JUN 2018 ACTUAL	DELTA	
€ - M		€ - M	€ - M	Comments
(75.9)	WORKING CAPITAL	(60.7)	15.1	• Cyclical trend of Net WIP (activities vs advances already collected)
76.5	DEFERRED TAX ASSETS	75.5	(1.0)	
(27.2)	PROVISIONS (EMPLOYEES' BENEFITS AND RISKS)	(25.6)	1.6	
61.0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

HY18 Evolution of Net Financial Position

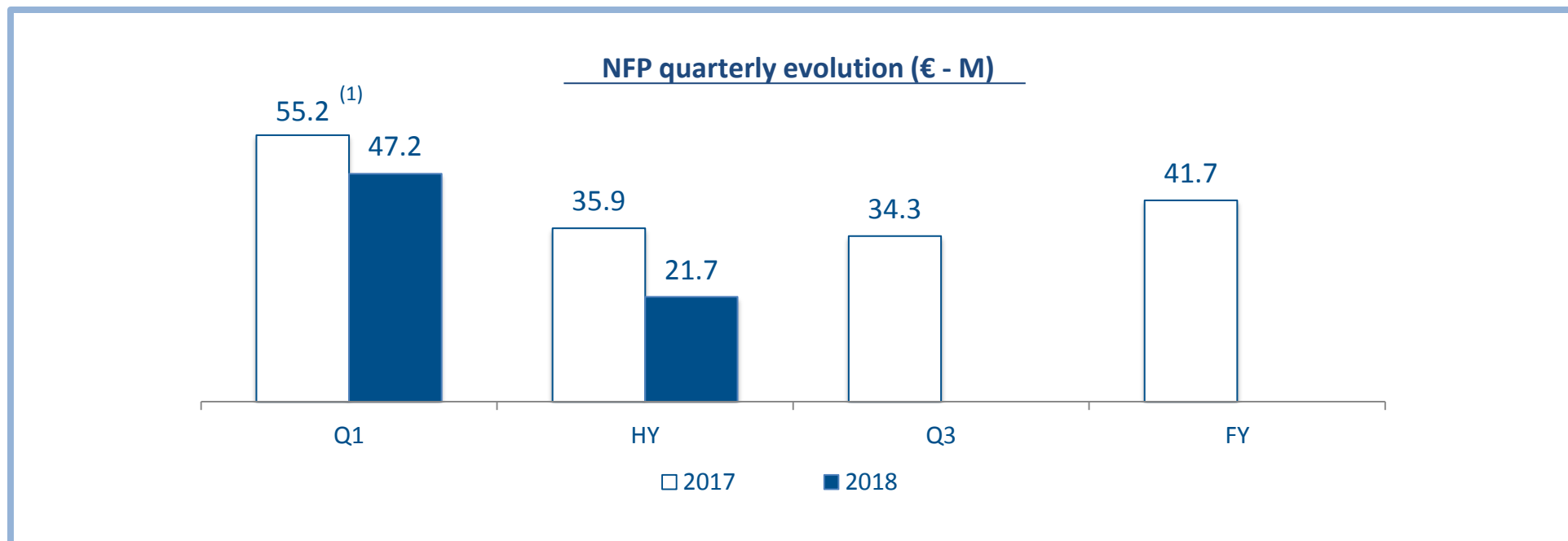


NFP evolution and cash flows (€ - M)



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

Net Financial Position quarterly pattern



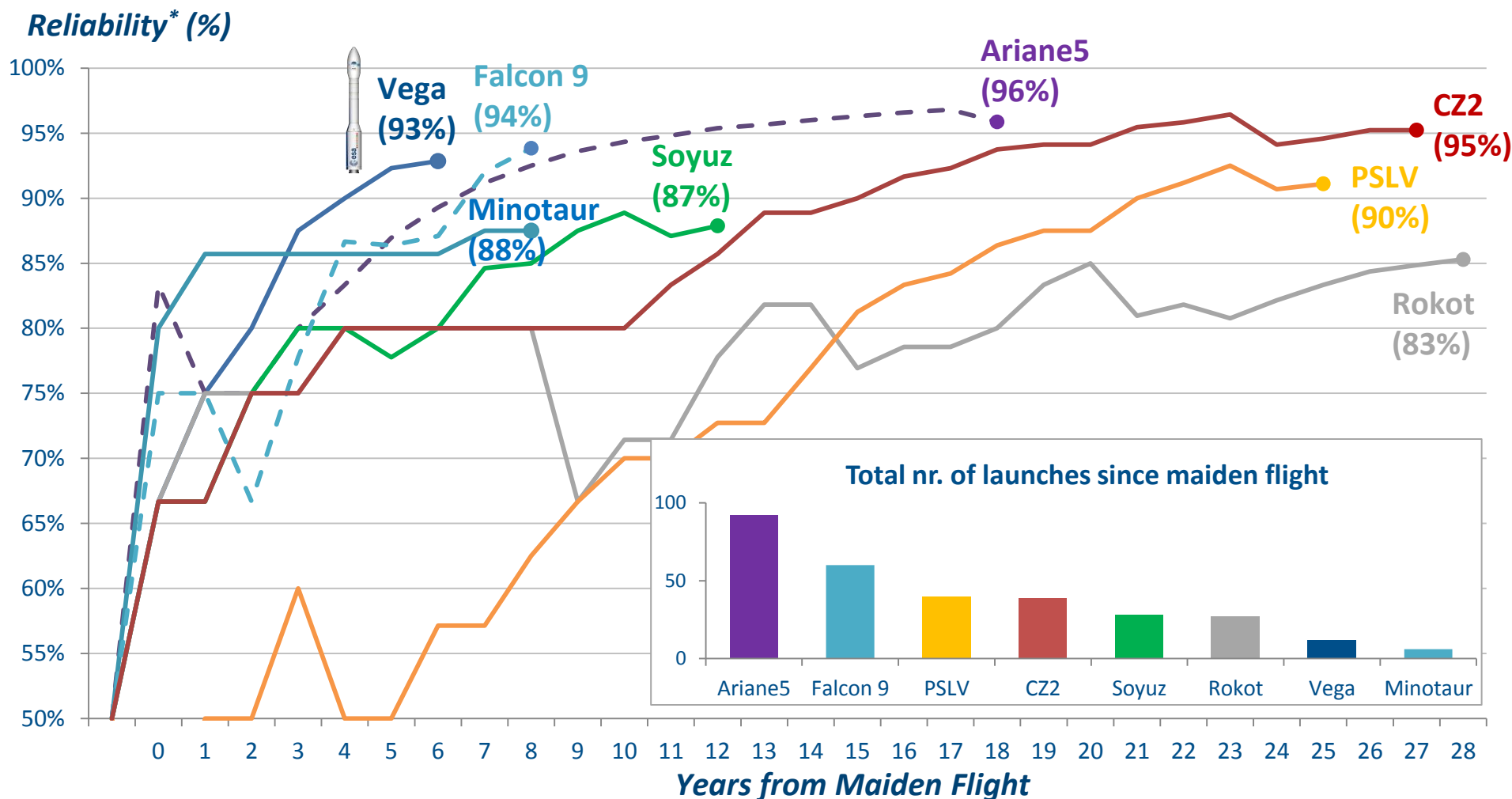
- 2018 NFP quarterly pattern in line with 2017

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

Appendix



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

The Space launch service has two distinctive market segments addressed by Ariane and Vega



Geostationary Transfer Orbit

Altitude 36,000km

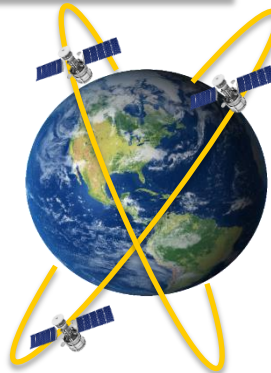


520+ Satellites*

- **Applications** : Broadcasting, Telecoms
- **Avg Satellite mass** : 5,000 kg
- **Avg Service life**: 12-15 years

Medium Earth Orbit

Altitude 3,000-22,000km

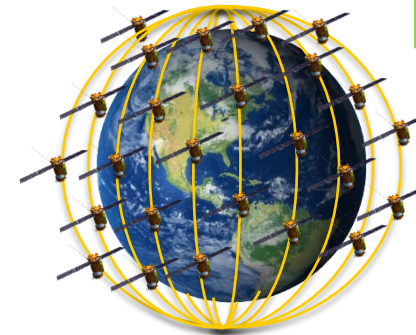
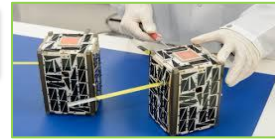


120+ Satellites*

- **Applications** : Telecom, Navigation
- **Avg Satellite mass** : 1,000-2,000 kg
- **Avg Service life**: 10-12 years

Low Earth Orbit

Altitude 500-2,000km



800+ Satellites*

- **Applications**: Earth obs., Internet, Science
- **Avg Satellite mass** : 50 Kg – 1000 kg
- **Avg Service life**: 3-7 years

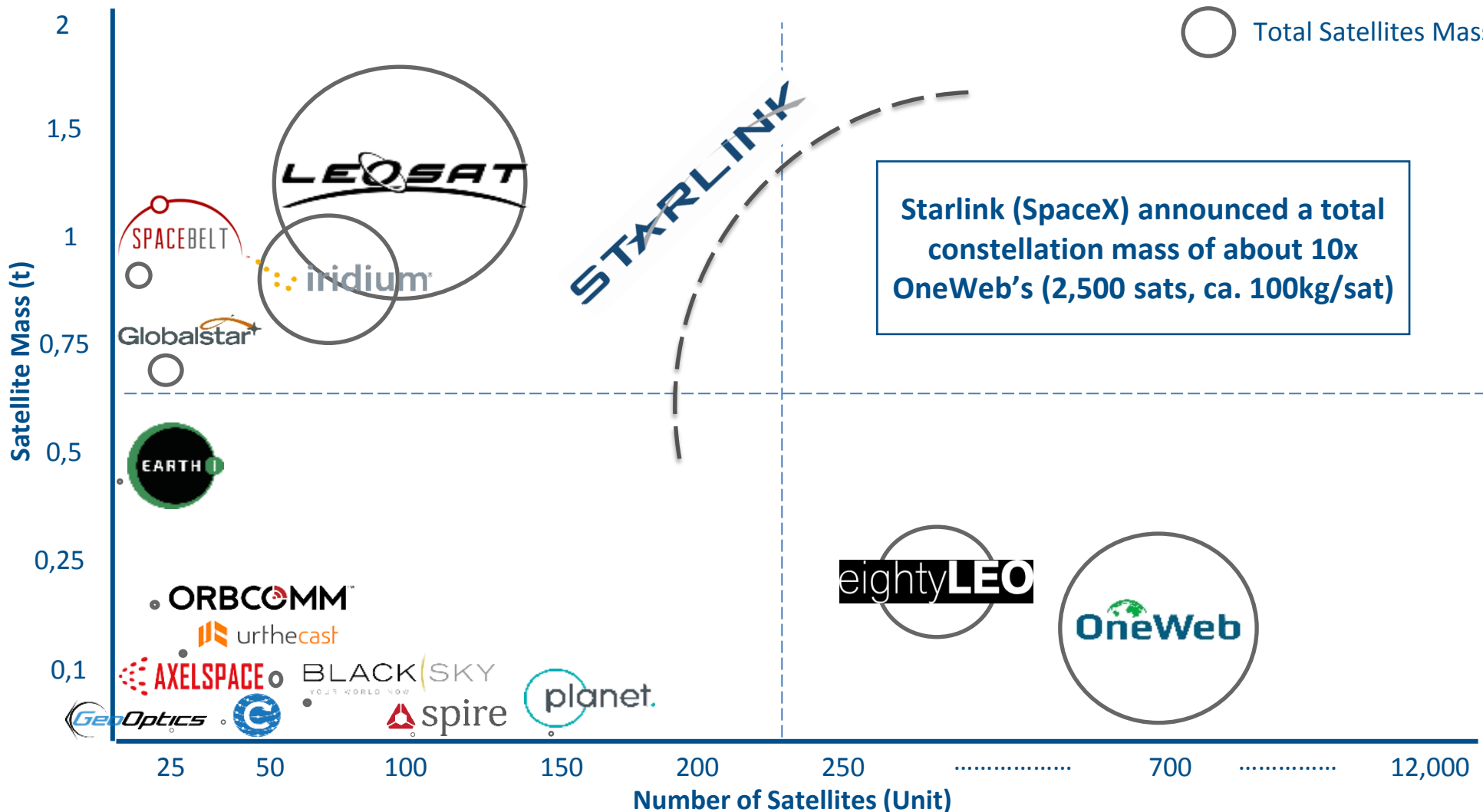
Mostly replacement markets with growing competition from new USA ventures

Expansion market with growing untapped demand and fewer competitors

Commercial growth driven by new constellations



○ Total Satellites Mass





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