Investor Presentation

Milan, 25 September 2018

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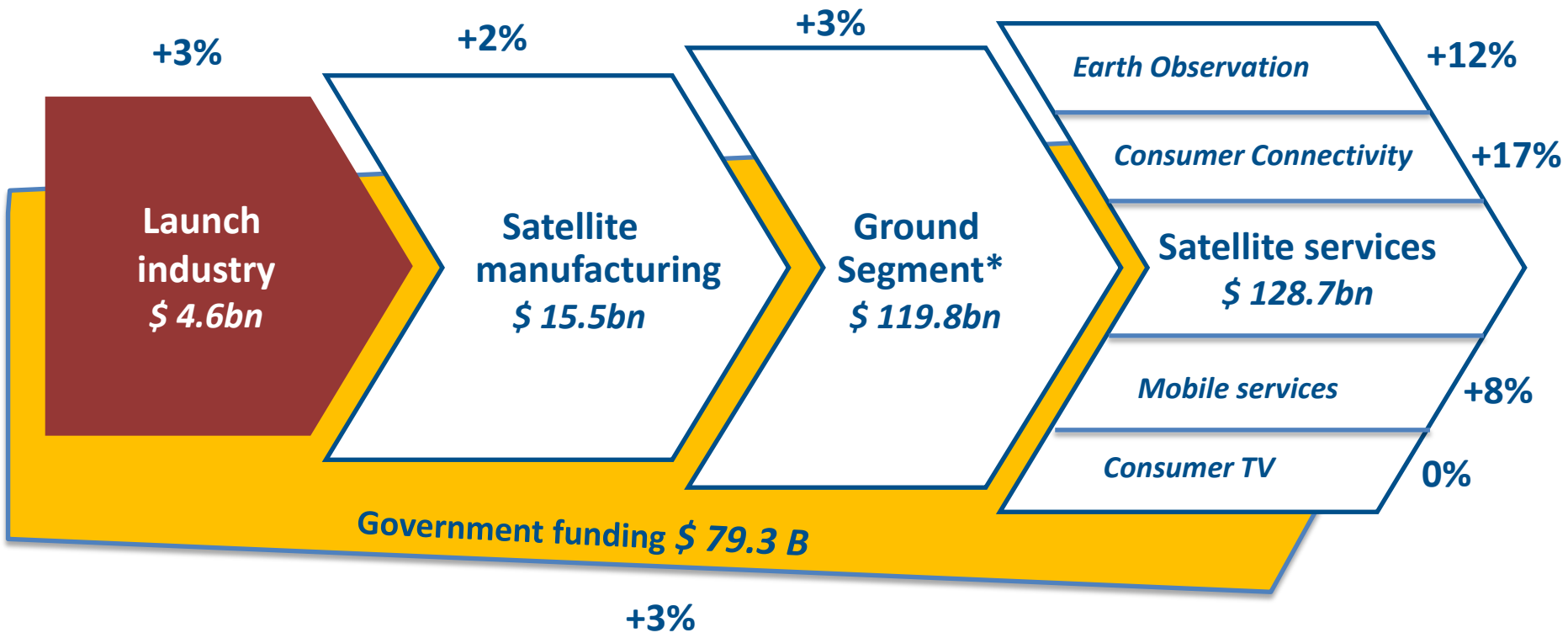
Space industry value to triple the next two decades

Space industry projected segment growth (CAGR to 2040)



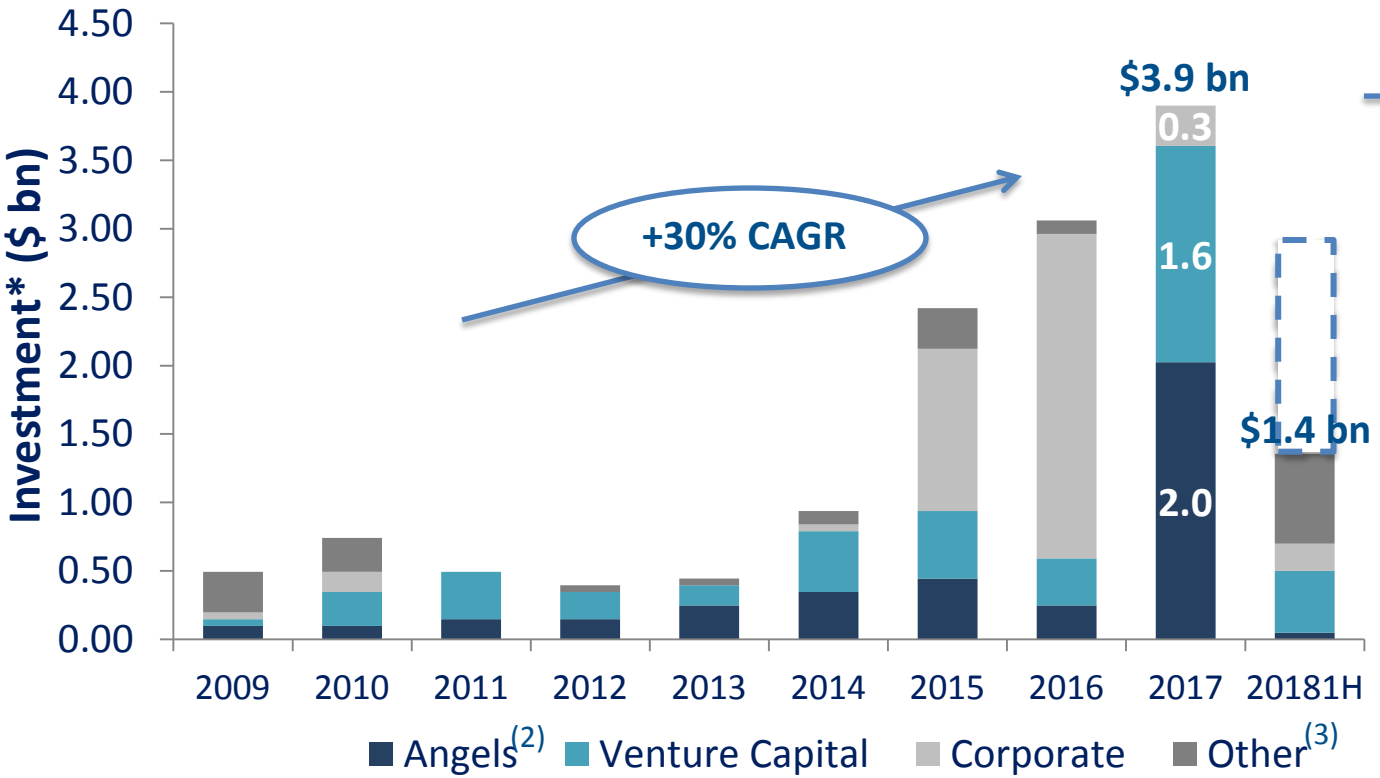
From ~300$ Bn in 2017 to ~1$ Tn in 2040

**Includes GNSS chipsets and Related*

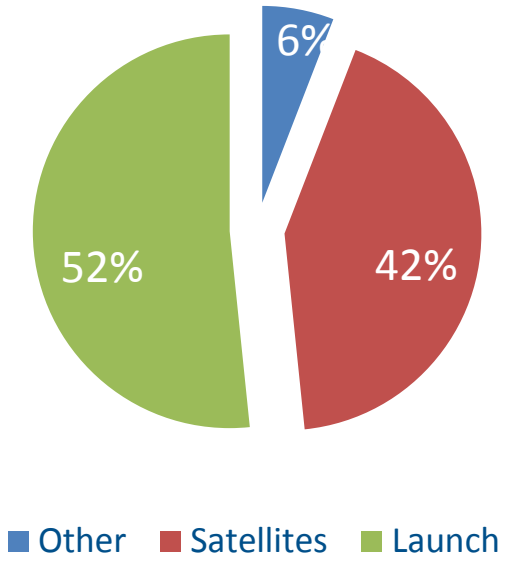
Source : Morgan Stanley

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)

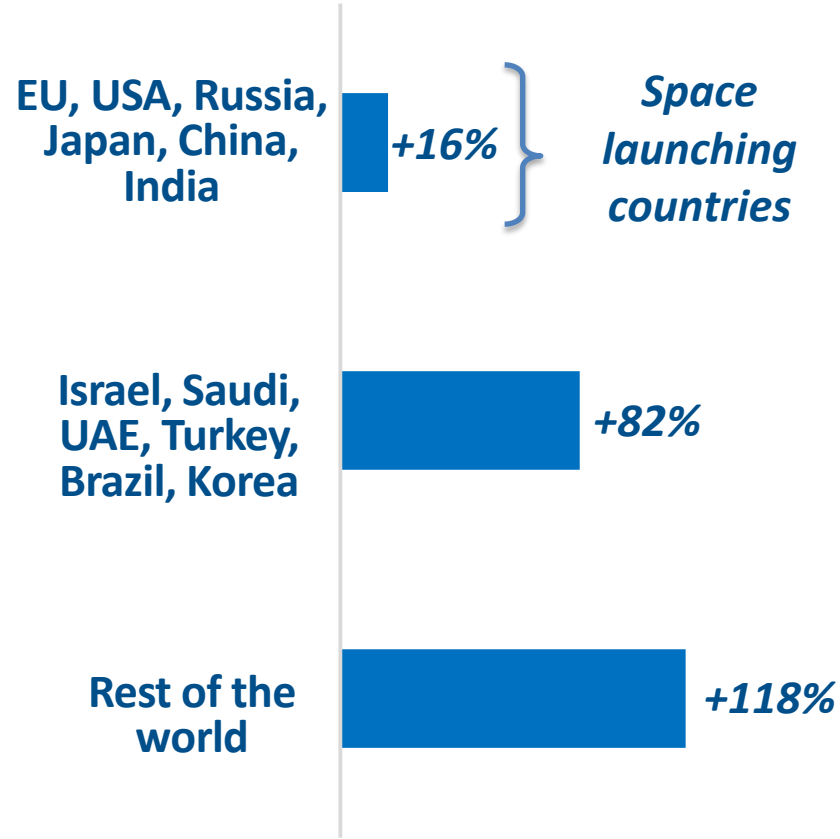


(1) Annual non-governmental equity investment
(2) Angels include investments from Jeff Bezos, Richard Branson, Elon Musk, and Robert Bigelow (total $2 bn)
(3) Other includes Foundations, Private Equity, Sovereign Funds, Crowd Platforms, etc.
Source: Space Angels Q2 2018 Investment Report

Space launch demand expected to grow across the next decade
Government demand continues to be a major driver

of Satellites to Space (>50kg)

Government satellite demand growth by geography

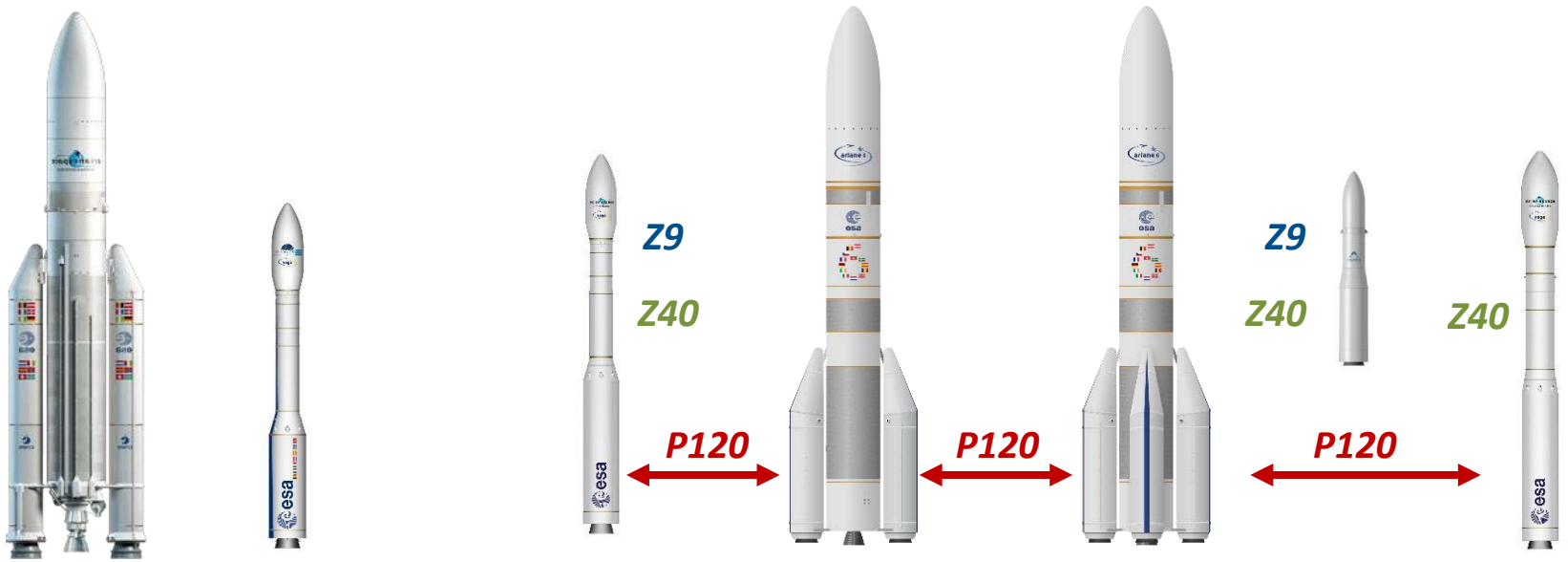


Source : Euroconsult 2016

Note: Commercial demand excludes OneWeb and Strarlink constellations, amounting to over 5000 sats

European Launcher offering evolving to meet market demand

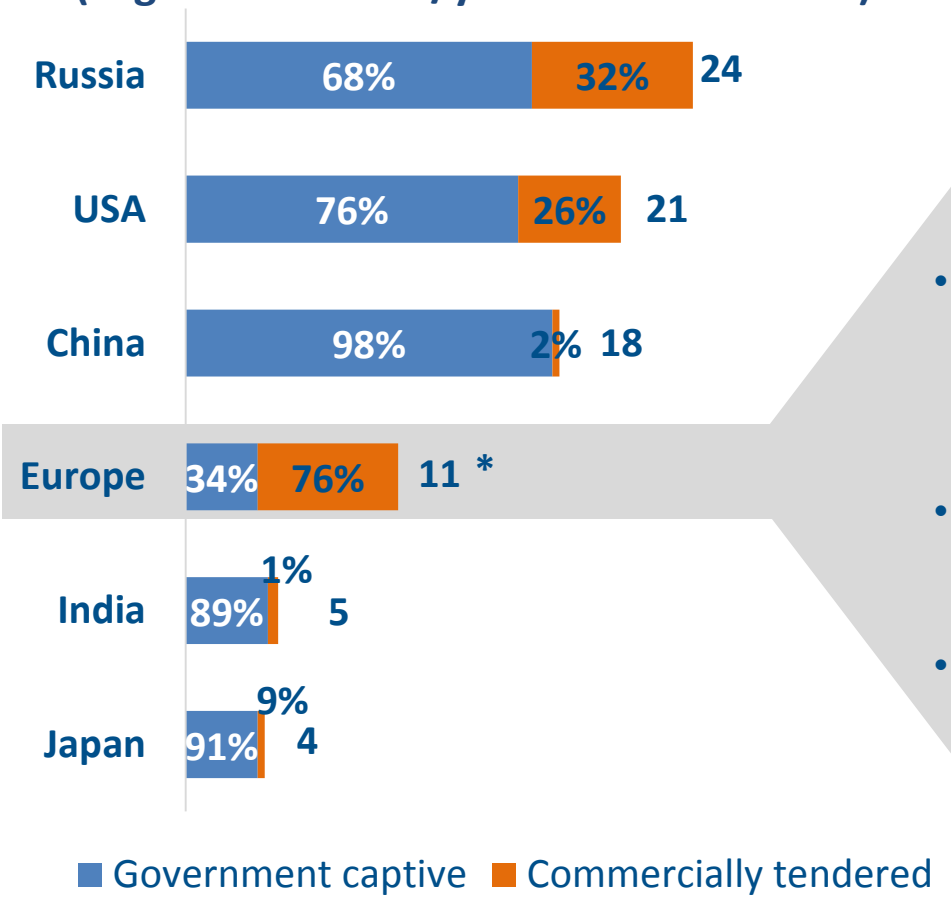
Perf	10.5 tons in GTO	1.5 tons in LEO	2.3 tons in LEO	6 tons in GTO	11 tons in GTO	0.3tons in LEO	2.8 tons in LEO



Today	2019	2020	2021	2024
Ariane 5 / Vega	Vega C	Ariane 62, Ariane 64	Vega light (study)	Vega E

EU launchers traditionally strongest in export but now with incremental opportunities from the domestic gov't demand

Launch activity by country (avg # of launches/year over 2012-2017)



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

	2014-2020	2021-2027
• GALILEO THE EUROPEAN GLOBAL NAVIGATION SATELLITE SYSTEM	7.7	9.7
• Copernicus The European Earth Observation Programme	4.8	5.8
• Other programs	-	0.5
	12.5**	16.0**


Ariane 6


Vega

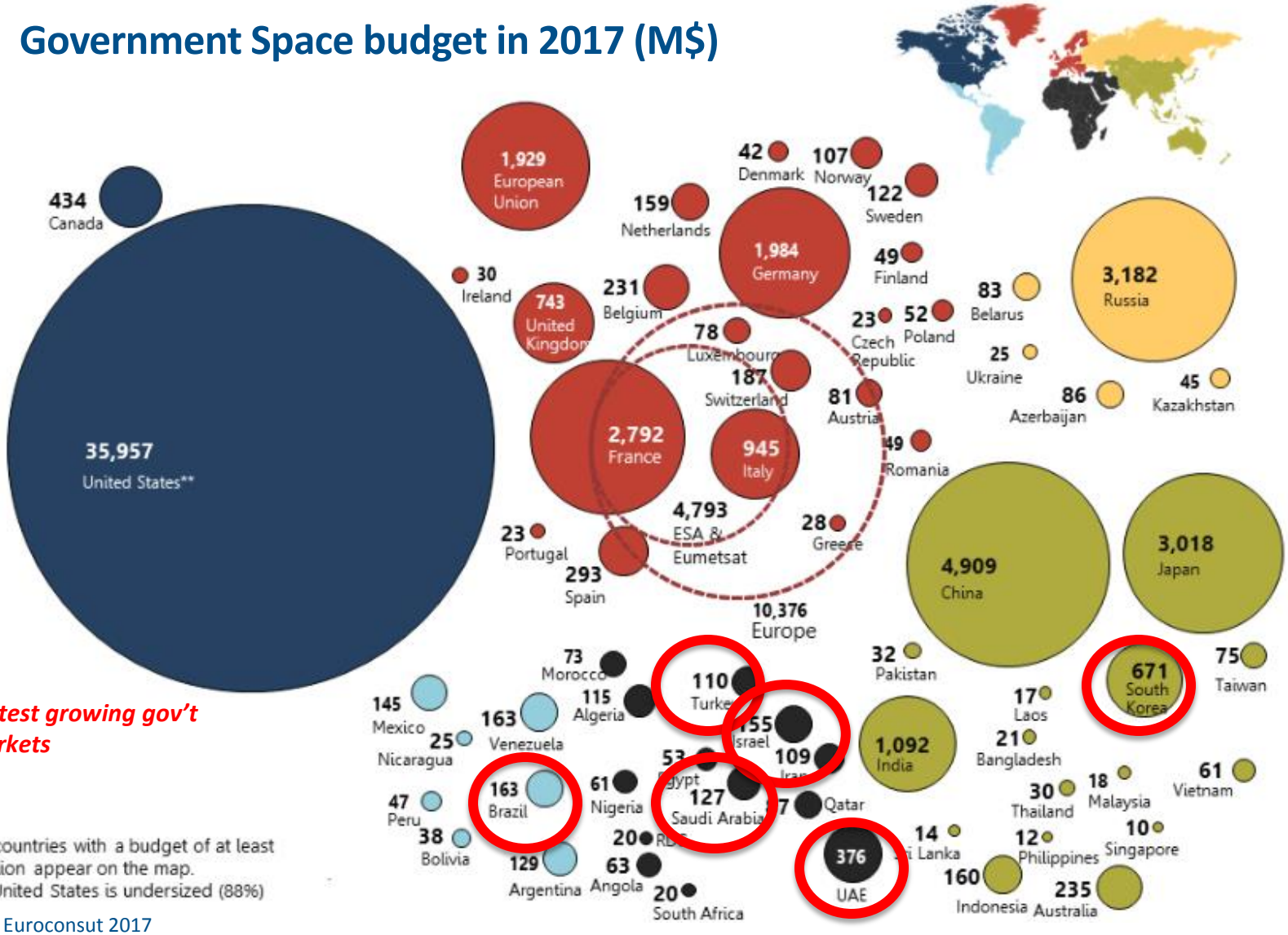
+28%

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$)



Fastest growing gov't markets

* Only countries with a budget of at least $10 million appear on the map.
** The United States is undersized (88%)

Source: Euroconsut 2017

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

arianespace
arianeGROUP

Spaceflight
Spire

VV07
4xSkySat

CERES
(Backlog)

VV05
Sentinel 2A

VV12
Aeolus

VV02
Proba V

VV09
Sentinel 2B

VV04
IXV

VV03
KazEOSat-1

VV02
VNredSat-1a

Kompsat-7
(Backlog)

Prisma &
Cosmo Skymed
(Backlog)

VV11
Mohammed
VI A

VV06
LISA

VV10
OptSat
3000

VV010
Venus

Theos-2
(Backlog)

VV07
PeruSat

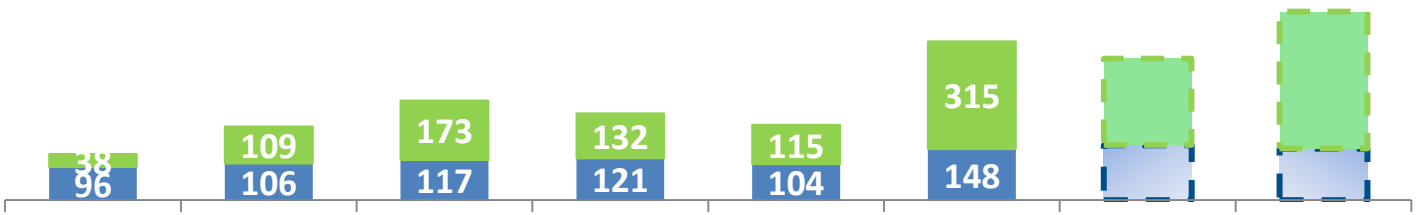
VV01
LARES

Undisclosed
2.1 & 2.2
(Backlog)

VV08
GokTurk-1a

Demand is shifting towards small sats (<500kg) while Vega flight rate increases

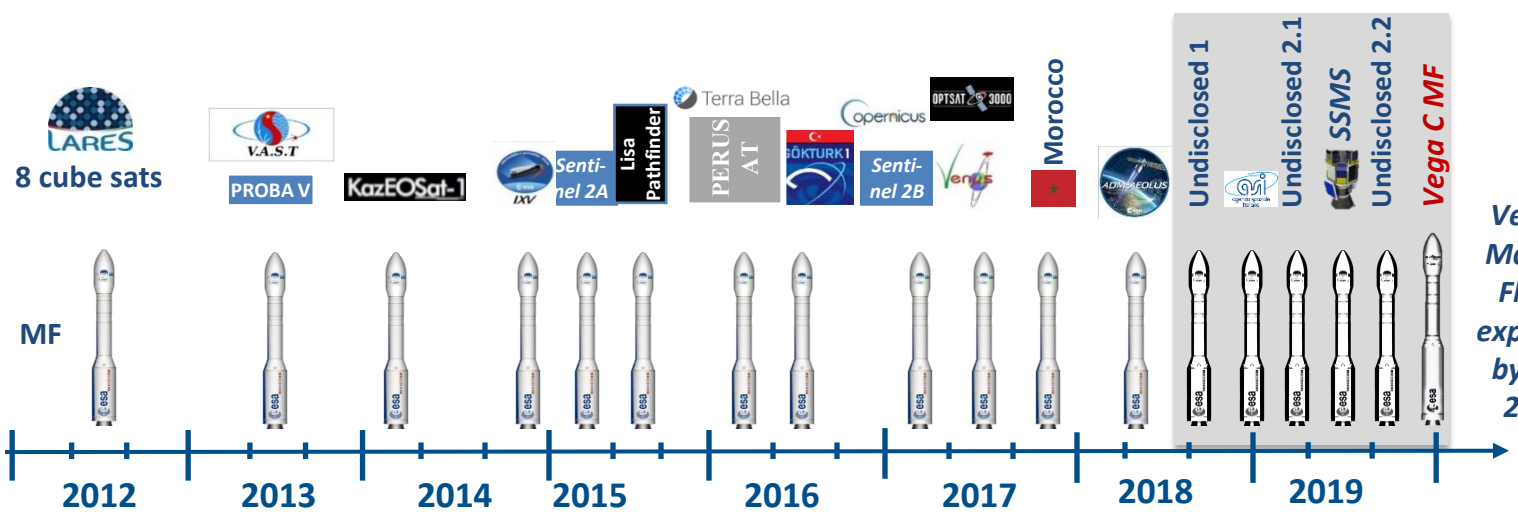
Total nr. of satellites launched into Space worldwide



Nr. of flights in LEO

2012	2013	2014	2015	2016	2017	2018*	2019*
30	36	37	36	32	42	40 YTD	

Vega flight record since 2012 and near term manifest**



Vega C Maiden Flight expected by end 2019

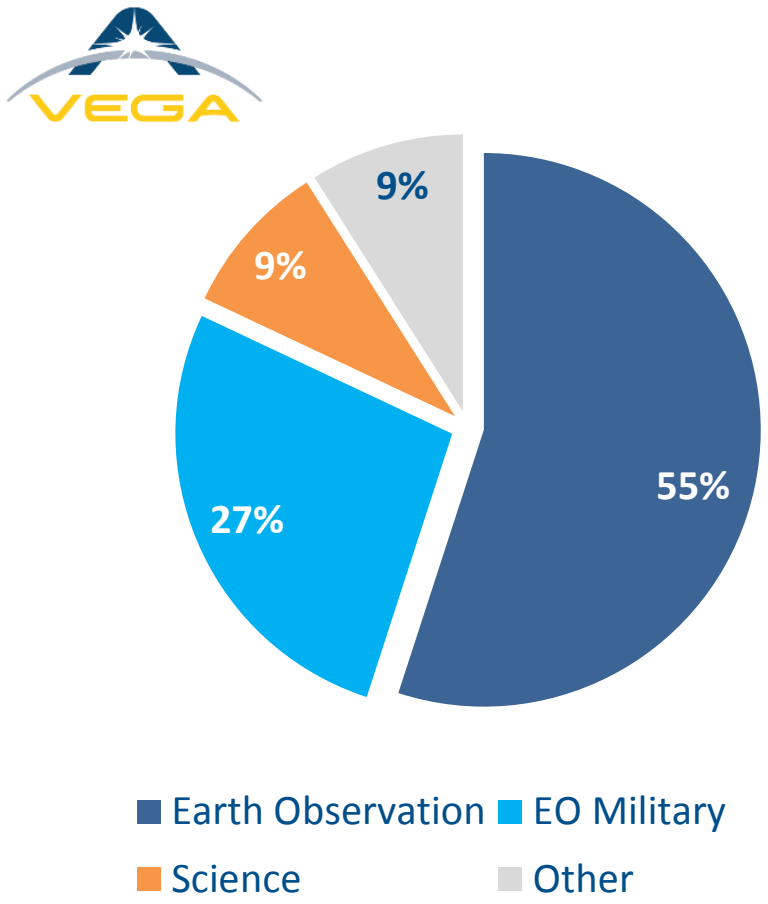
- Estimated figures for 2018 year end and 2019 forecast

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

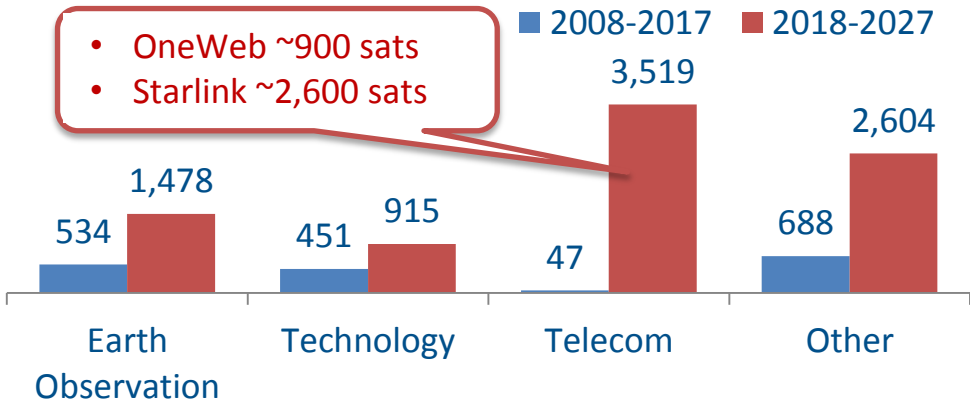
Source: Space Launch Report; Gunter's Space

Within smallsats, more robust growth expectations appear to be for Earth Observation applications – Vega optimally positioned

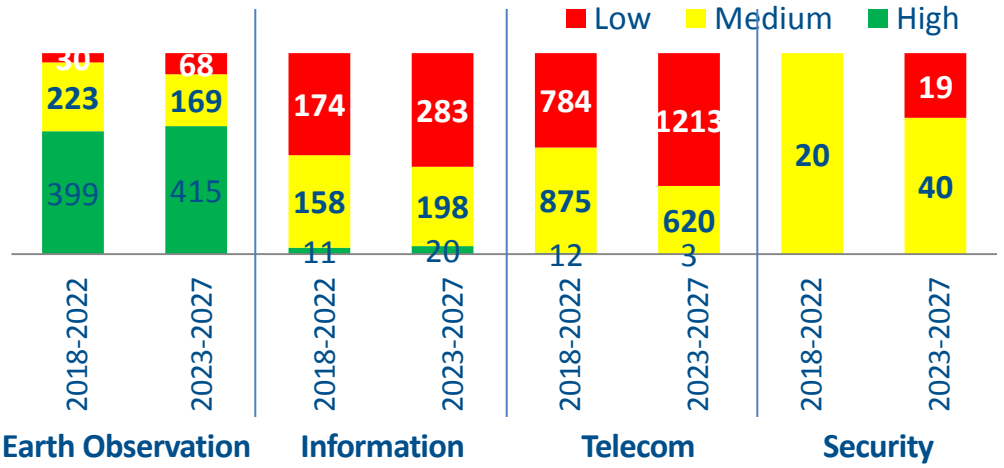
Vega launches by application domain (VV01-VV17)



SmallSats demand by application domain (0-500kg)



Maturity of constellations by application domain 2018-2027



Source: Euroconsult 2018

Vega C competitiveness generating positive market momentum – recent commercial achievements

arianespace
arianeGROUP

Vega C signed contracts

AIRBUS DEFENCE & SPACE

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

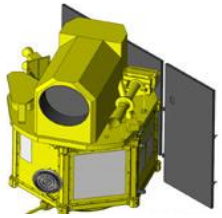
2 hi-resolution optical satellites to be launched by Vega C in 2021

ThalesAlenia Space
a Thales / Leonardo company

COSMO SkyMed

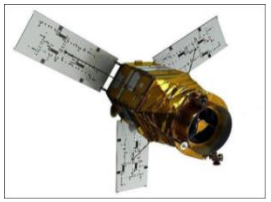
1 Vega C launch in 2021 for a COSMO SkyMed satellite (second generation)

AIRBUS DEFENCE & SPACE



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

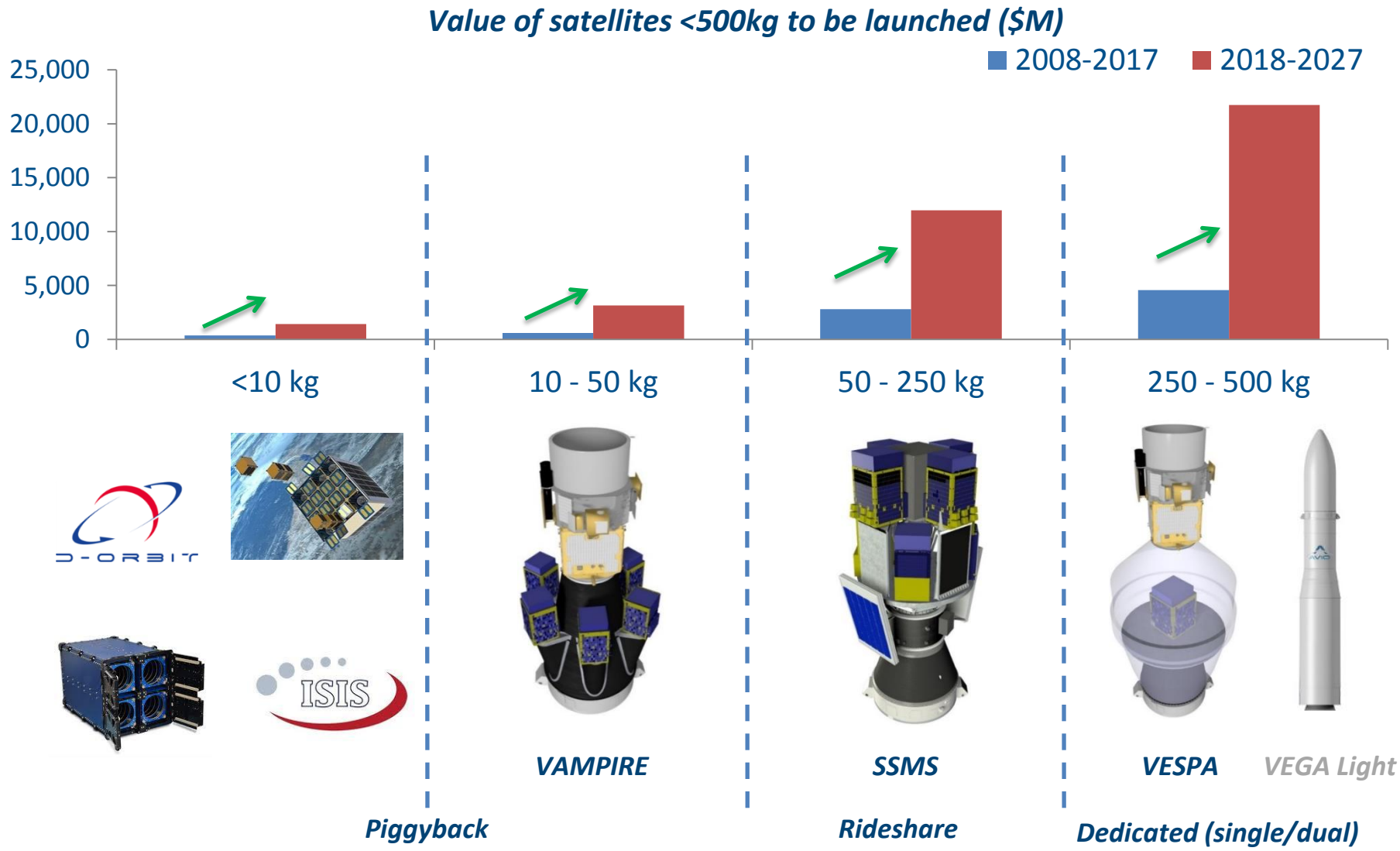
KARI
Korea Aerospace Research Institute



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

AVIO

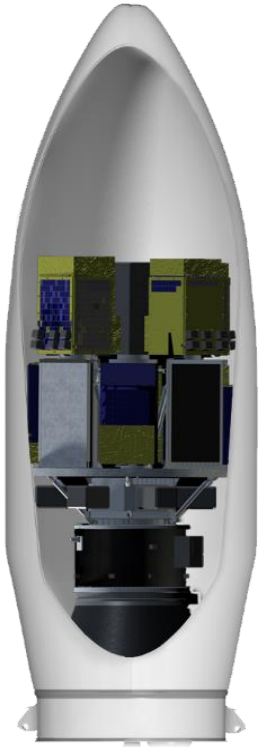
Vega now also re-tooled with adapters to meet all sub-segments of demand for piggy back, rideshare or dedicated launch

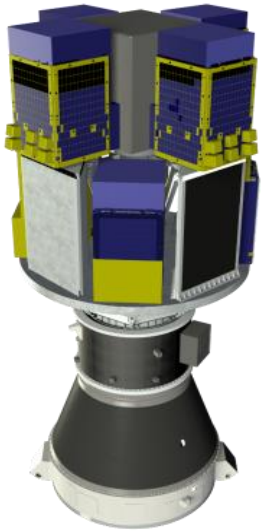


Source: Euroconsult 2018

First commercial successes also with SSMS

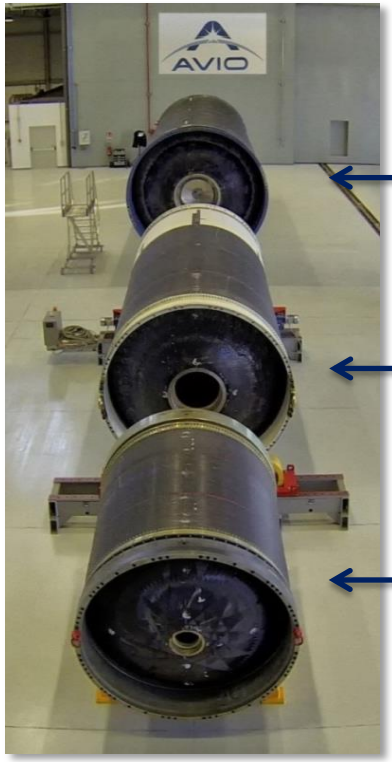
SSMS adapter clean room for satellite integration





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

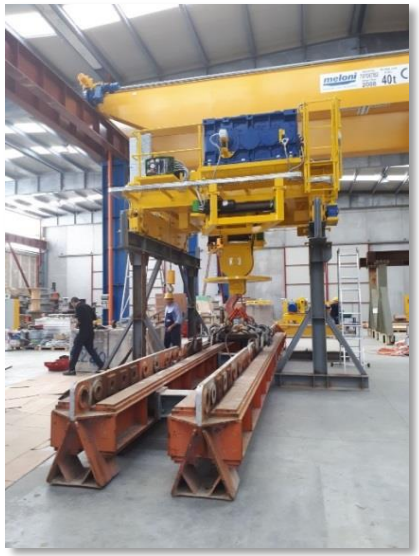
New Filament Winding machine

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



Progress on Mobile Gantry adaptation for Vega C

New Vega C propellant casting pots (Regulus)

Automated nozzle integration (Europropulsion)

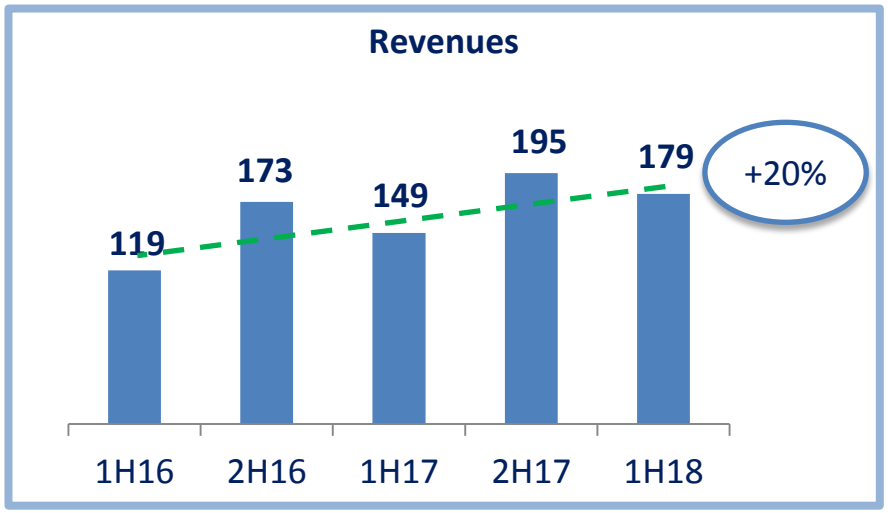
Highlights of HY 2018 results

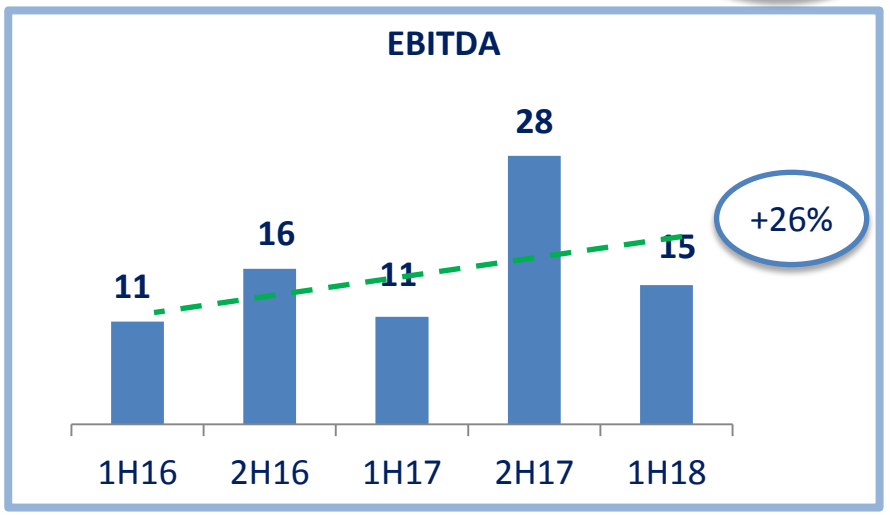
- **Backlog:** €962M (+34% on 1H17, +1% on YE17)
- **Revenues:** €179M (+20% on 1H17)
- **EBITDA Reported:** €14.5M (+29%)
- **EBIT Reported:** €7.7M (+79%)
  - Non-recurring costs down by 60%
  - R&D Tax credit benefit
- **Net Income:** €6.2M (3.6x), interest expenses down by 90%
- **NFP:** €22M, reflecting 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**

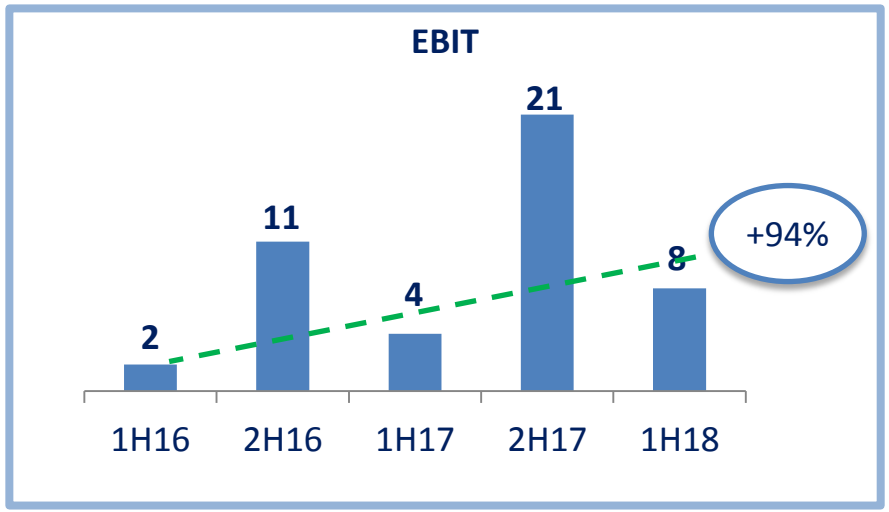
Evolution of Key Performance Indicators

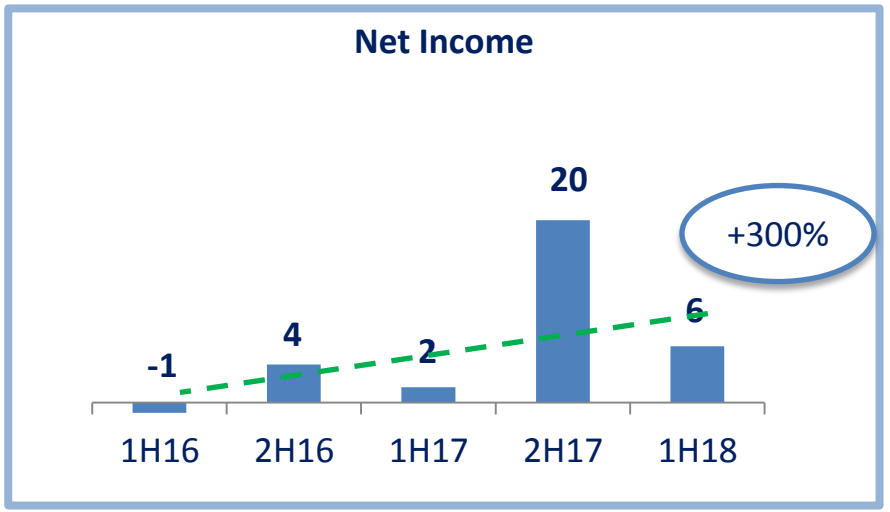
€M

CAGR%*









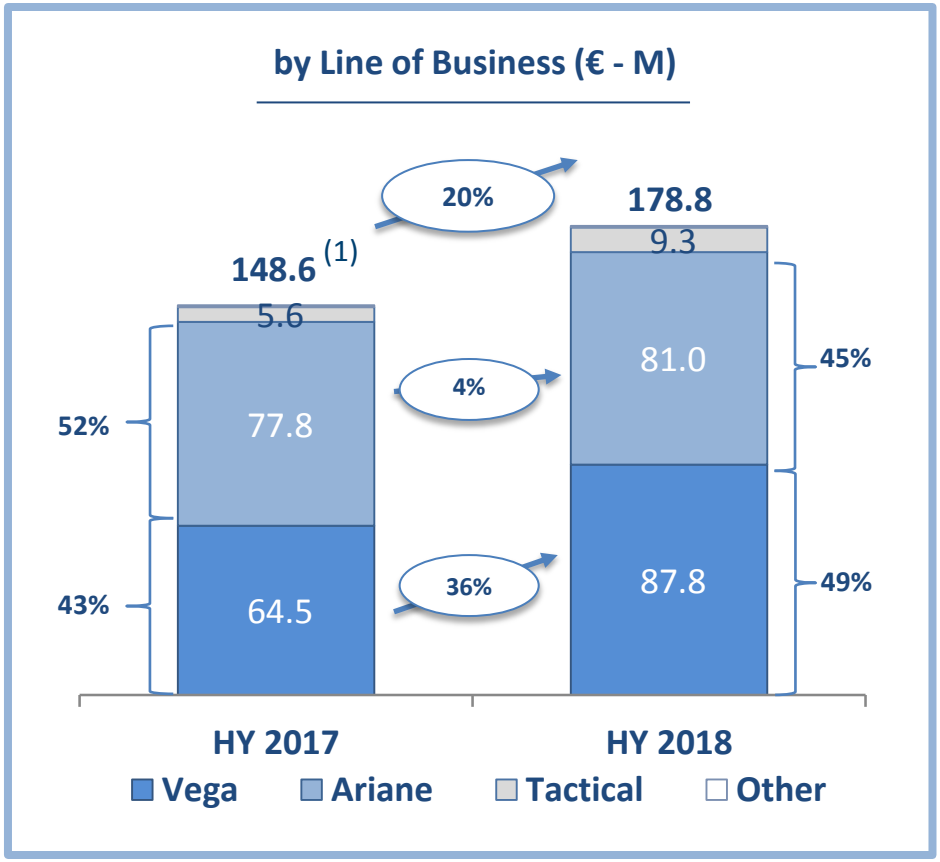
*Based on exponential interpolation

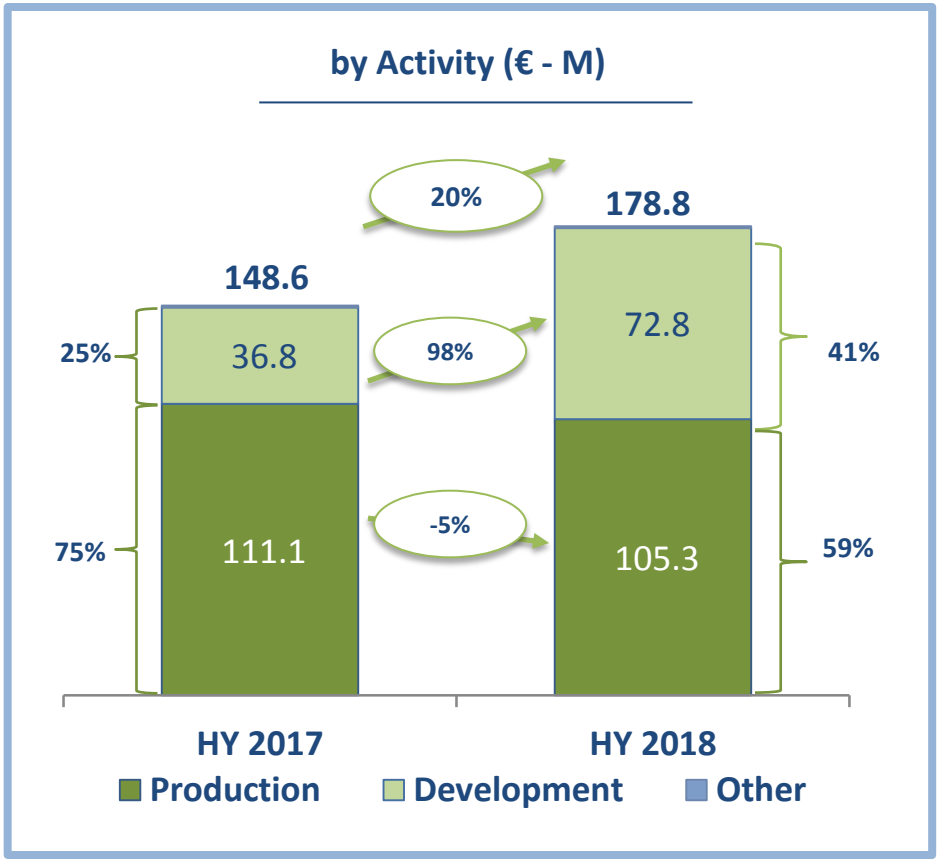
Key economics HY 2018

HY 2017 € - M	MAIN ECONOMICS	HY 2018 € - M	DELTA %	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 *% on net revenues*	14.5 *8.1%*	+29%	
15.2 *10.2%*	EBITDA ADJUSTED *% on net revenues*	16.1 *9.0%*	+6%	• 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
4.3 *2.9%*	EBIT REPORTED *% on net revenues*	7.7 *4.3%*	+79%	
8.3 *5.6%*	EBIT ADJUSTED *% on net revenues*	9.3 *5.2%*	+12%	• Non-recurring costs reduced by 60%
1.7 *1.2%*	NET INCOME *% on net revenues*	6.2 *3.5%*	3.6x	• Interest expenses reduced by 90% (from €3.1M to €0.2M)

(1) As of 31st December 2017

Net Revenues HY 2018



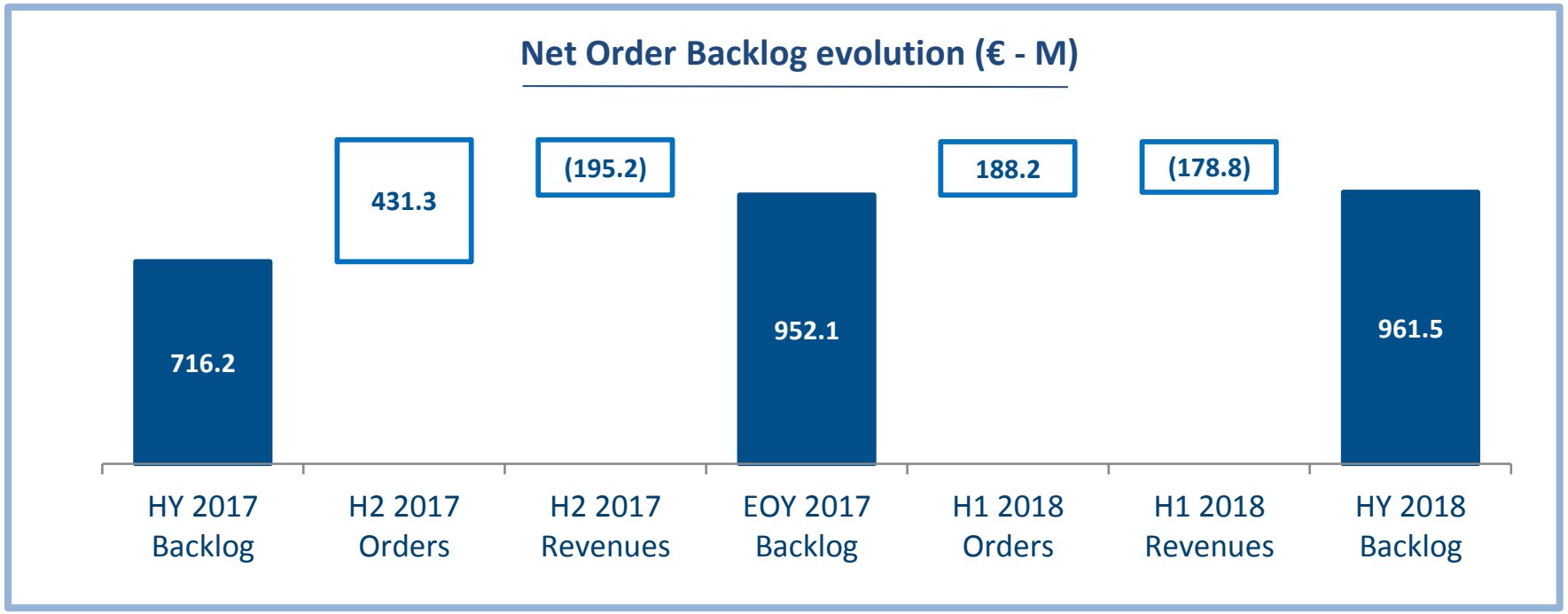


- Significant growth of Vega business (production and development) with stable Ariane

- 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

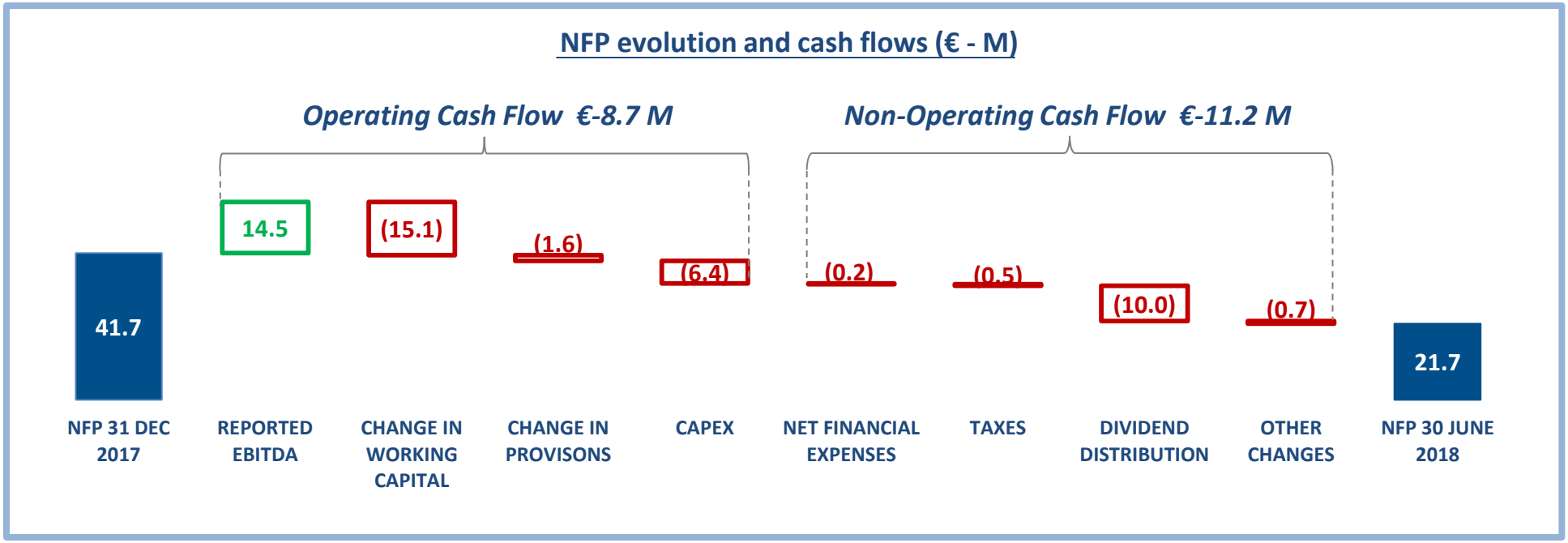


- +€188 M of new contracts signed in HY 2018 including :
  - Ariane 5 production batch PC (2019-2021), covering the last 8-10 flight units (in parallel to Ariane 6 ramp-up)
  - ASTER-30 booster production order from MBDA for the period 2019-2022
  - Vega LEAP contract with ESA (maintenance of operational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

Balance Sheet HY 2018

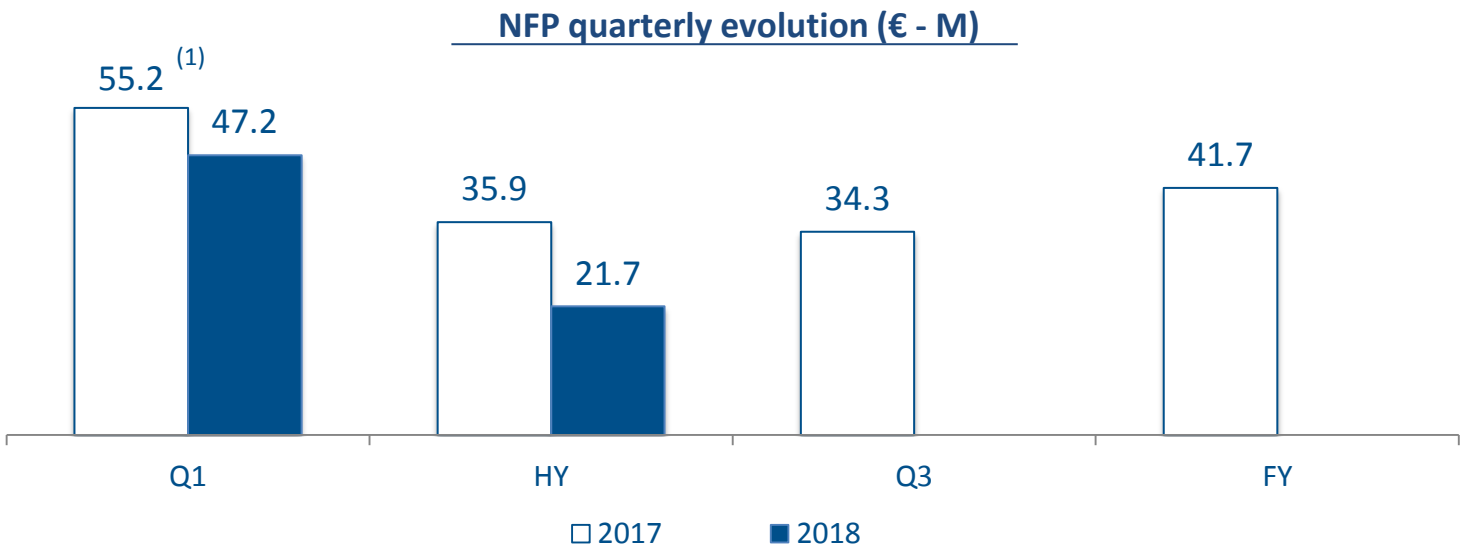
31 DEC 2017 ACTUAL	MAIN SOURCE AND USES	30 JUN 2018 ACTUAL	DELTA	Comments
€ - M		€ - M	€ - M	
(75.9)	WORKING CAPITAL	(60.7)	15.1	• Cyclical trend of Net WIP (activities vs advances already collected)
76.5	DEFERRED TAX ASSETS	75.5	(1.0)	
(27.2)	PROVISIONS (EMPLOYEES' BENEFITS AND RISKS)	(25.6)	1.6	
61.0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



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

Net Financial Position quarterly pattern

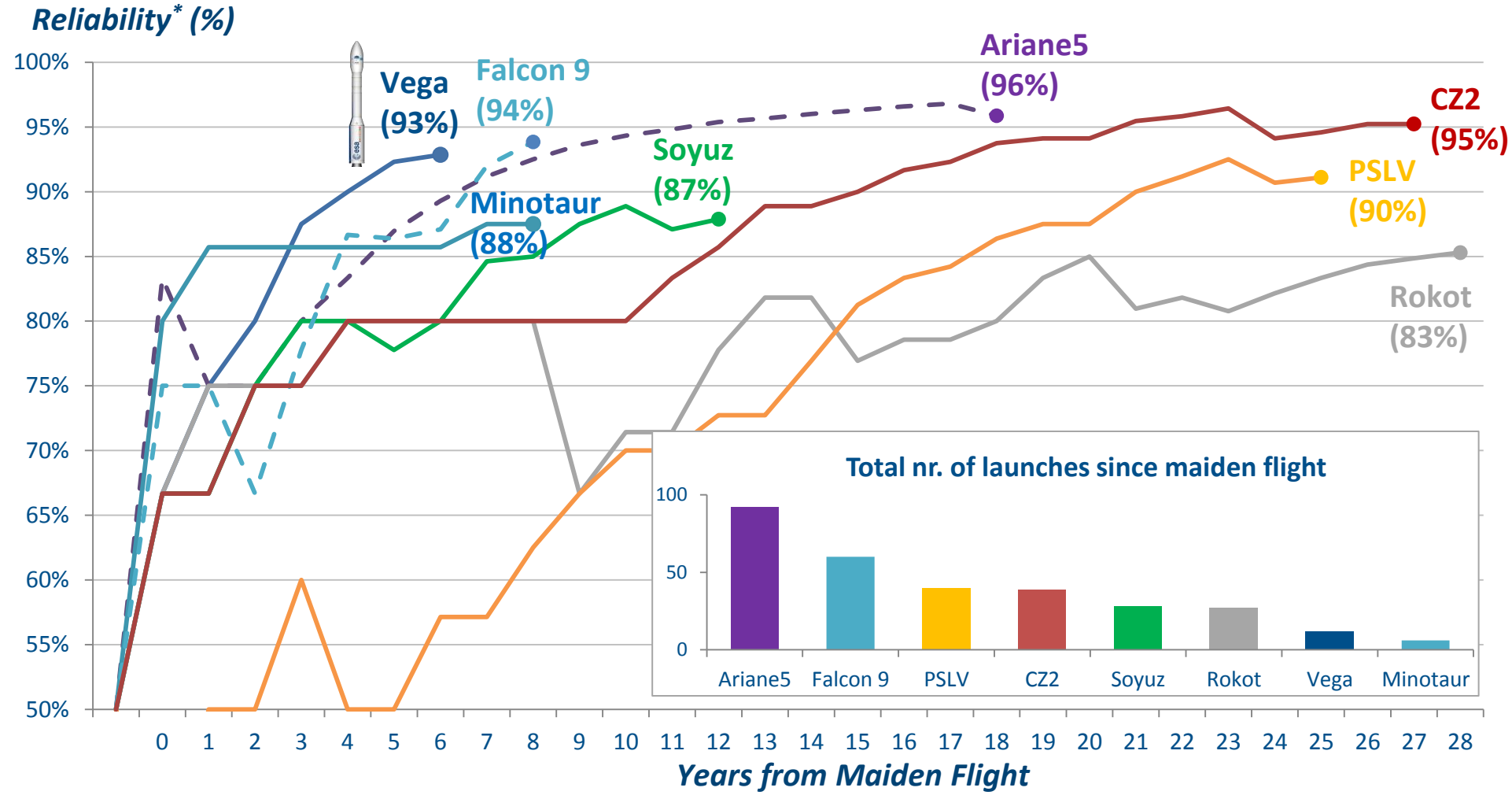


- 2018 NFP quarterly pattern in line with 2017

(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

Economic Highlights FY 2017

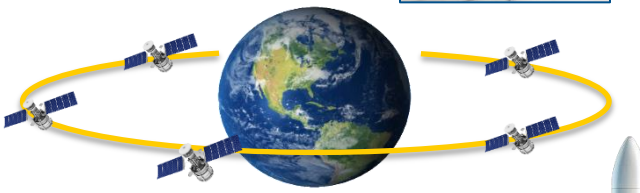
MAIN ECONOMICS	FY 2016	FY 2017*	DELTA	
€ - M	€ - M	€ - M	%	Comments
NET ORDER BACKLOG	775.1	952.1	+ 23%	+€500M new order acquisitions
NET REVENUES	292.0	343.8	+ 18%	Higher production volumes and more development activities
EBITDA REPORTED *% on net revenues*	26.9 *9.2%*	39.2 *11.4%*	+ 46%	Better absorption of fixed costs Program costs lowered by R&D tax credit effect Non-recurring costs decreasing
EBITDA ADJUSTED *% on net revenues*	36.5 *12.5%*	46.5 *13.5%*	+ 27%	
EBIT REPORTED *% on net revenues*	13.2 *4.5%*	25.0 *7.3%*	+89%	Driven by EBITDA reported
EBIT ADJUSTED *% on net revenues*	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 *% on net revenues*	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

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

Geostationary Transfer Orbit

Altitude 36,000km

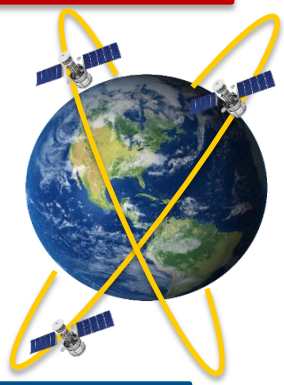


520+ Satellites*

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

Medium Earth Orbit

Altitude 3,000-22,000km



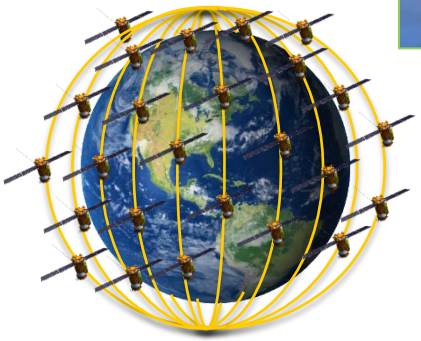
120+ Satellites*

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

Mostly replacement markets with growing competition from new USA ventures

Low Earth Orbit

Altitude 500-2,000km



804+ Satellites*

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

Expansion market with growing untapped demand and fewer competitors

Sources: Spaceworks; International Journal of Science and Research

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

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