

The background of the slide is a dramatic photograph of a rocket launch. A rocket is seen ascending from the bottom center, leaving a thick, dark trail of smoke and fire. The rocket is angled upwards towards the top right. The sky is filled with a dense layer of clouds, which are illuminated from below, giving them a golden, glowing appearance. The overall color palette is dominated by warm tones of orange, yellow, and blue.

Investor Presentation

STAR Conference, London, 23rd October 2019

Disclaimer



This document has been prepared by Avio S.p.A. (“Avio” or the “Company”). This document might contain certain forward-looking statements that reflect the Company’s management’s current views with respect to future events and financial and operational performance of the Company and its subsidiaries. These forward-looking statements are based on Avio’s current expectations and projections about future events. Because these forward-looking statements are subject to risks and uncertainties, actual future results or performance may differ materially from those expressed in or implied by these statements due to any number of different factors, many of which are beyond the ability of Avio to control or estimate. You are cautioned not to place undue reliance on the forward-looking statements contained herein, which are made only as of the date of this presentation. Avio does not undertake any obligation to publicly release any updates or revisions to any forward-looking statements to reflect events or circumstances after the date of this presentation. Any reference to past performance or trends or activities of Avio shall not be taken as a representation or indication that such performance, trends or activities will continue in the future. This document does not constitute an offer to sell or the solicitation of an offer to buy Avio’s securities, nor shall the document form the basis of or be relied on in connection with any contract or investment decision relating thereto, or constitute a recommendation regarding the securities of Avio.

This document may not be reproduced, redistributed or published in whole or in part without Avio’s authorization.

Agenda



- **Avio Business**

- Financials

Avio : a pure player in Space launchers



- 400 M€ revenues (15% CAGR 2014-18)
- 1.000 employees
- 320M€ Mkt Cap
- 70% free float
- 4% Mgmt share



NEW 2020

Ariane 6

Vega C

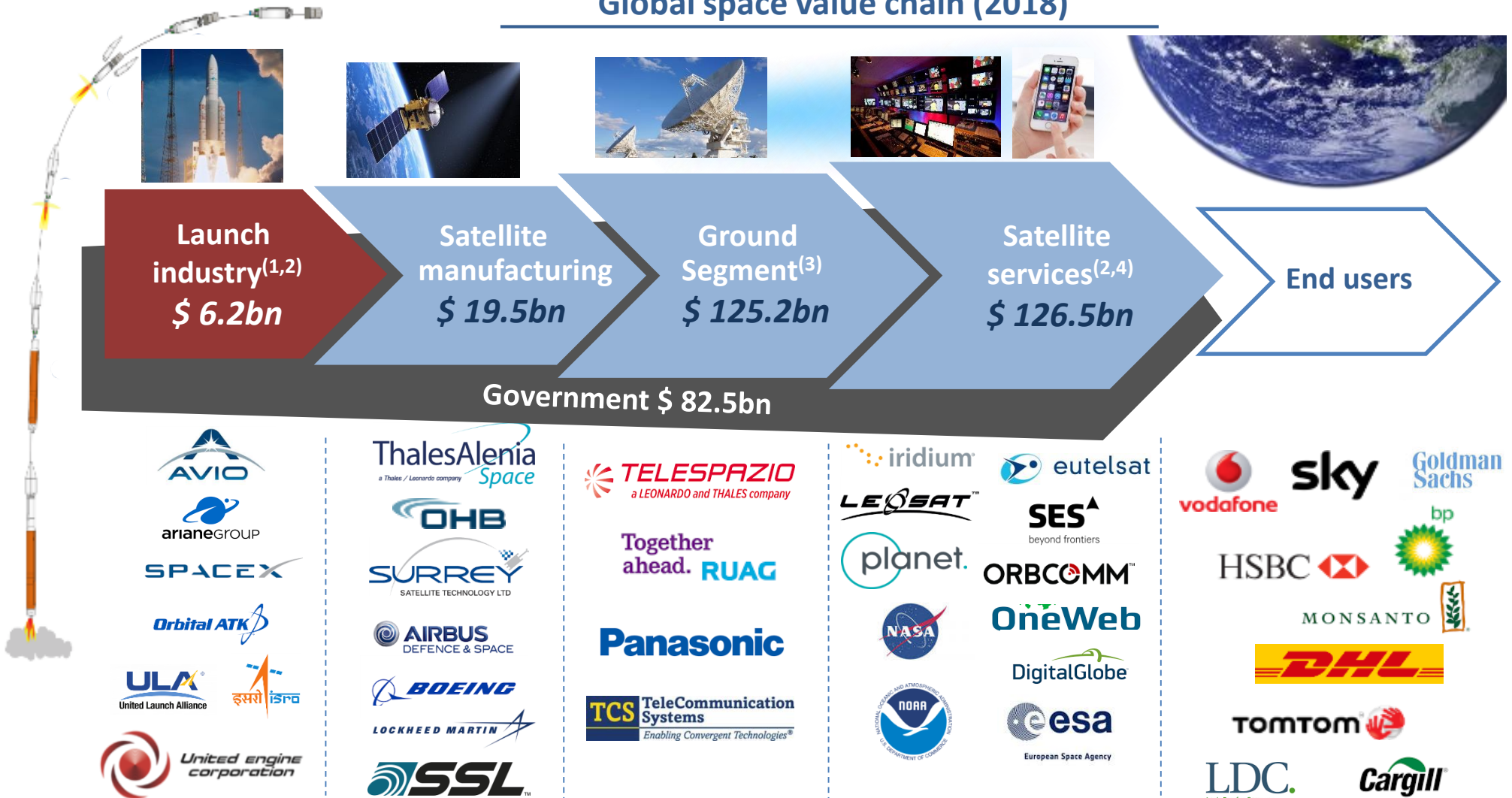


- European heavy launcher (10.5 tons in GTO)
- Avio: partner and supplier for strap-on boosters

- European light launcher (1.5 tons in LEO)
- Avio: developer, manufacturer, launcher system integrator

Launch industry is the gateway to the Space economy

Global space value chain (2018)



Source: Satellite Industry Association (2018)

AVIO SpA- All rights reserved – subject to the restrictions of last page.

(1): Includes launcher manufacturing and launch service activities

(2): Commercial services revenues only

(3): Includes GNSS chipsets and Related

(4): Includes commercial humanflight

Growth in demand of satellite services is driven today largely by Earth Observation and connectivity services

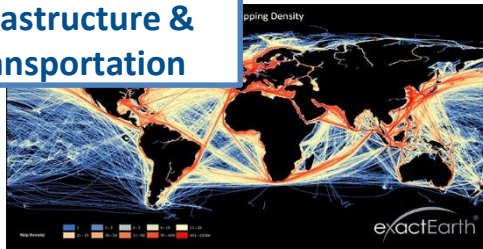


Application

Example

End Users

Infrastructure & Transportation

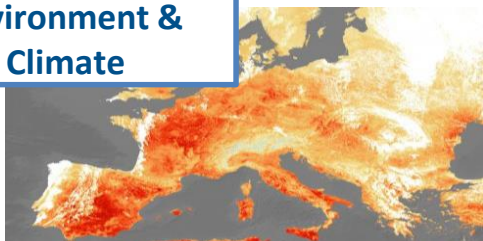


- 60 sat constellation for **real-time vessel tracking worldwide**



- Investors & financial analysts (Quant, Commodity)
- Intelligence analysts
- Customs & Border agents

Environment & Climate



- 20 sat constellation for **atmosphere, marine, land and climate change monitoring**



- Farmers
- Insurance companies
- Meteorological agencies
- Civil Protection agencies

Security & Intelligence



- 60 sat near real-time imaging constellation for **homeland security, disaster rescue ops, emergency-response missions**



- Defense
- Intelligence agencies
- Rescue operations

Energy & natural resources



- Sat-based monitoring of **refineries shutdowns/maintenance** and assessment of the **impact on crude/derived oil products**



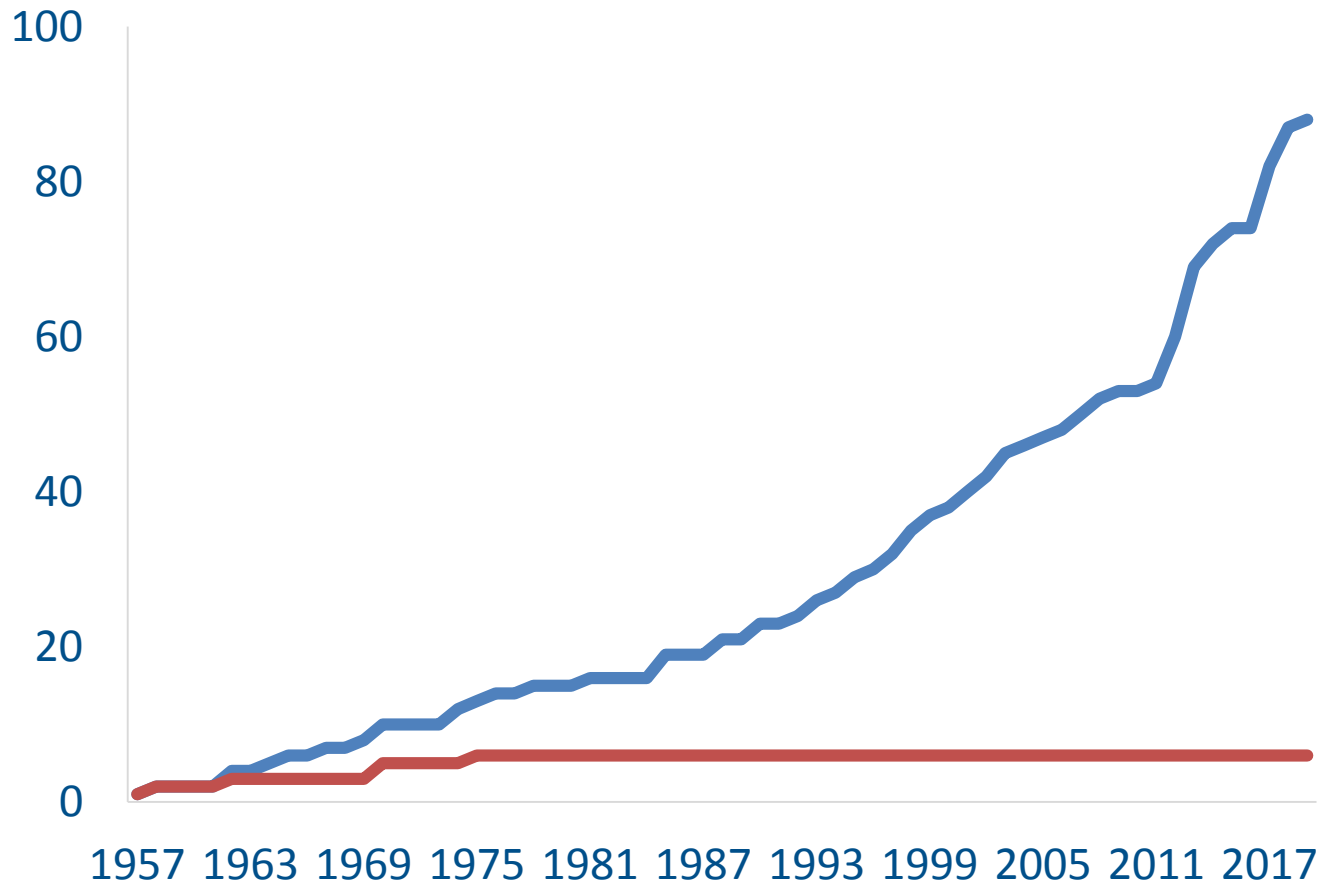
- Investors & financial analysts (Quant, Commodity)
- Insurance companies



Demand growth historically driven by growing penetration of satellite operators worldwide



of Countries



- 88 countries have sent at least one satellite in orbit
- Nepal last country to operate a satellite in 2019

— Countries operating Satellites

— Launching countries



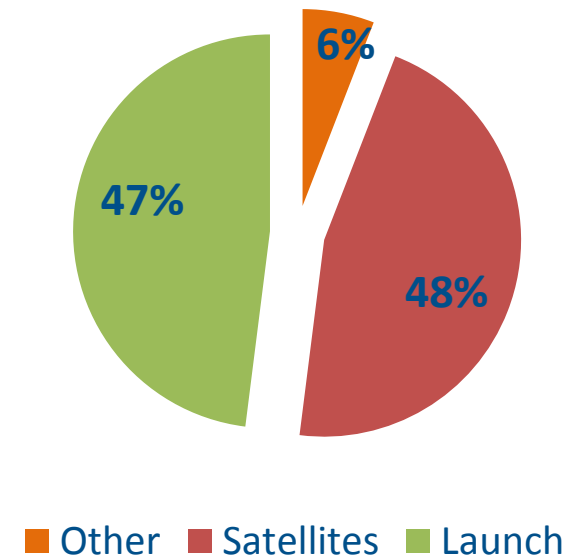
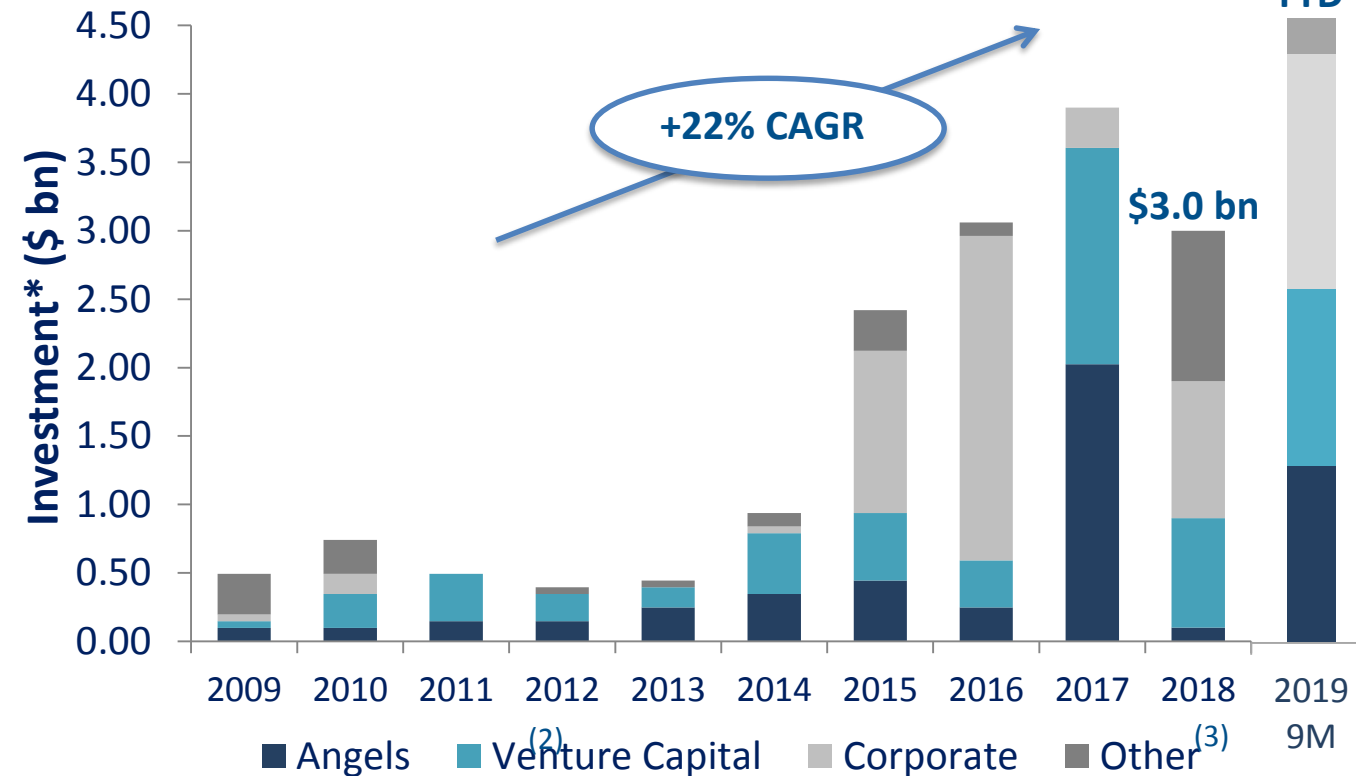
Investments in the Space sector continue to grow rapidly



Equity investment in Space Ventures

\$5.0 bn
YTD

Breakdown of cumulated 2009-1H2019
investments by sector (% of 18\$ 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.

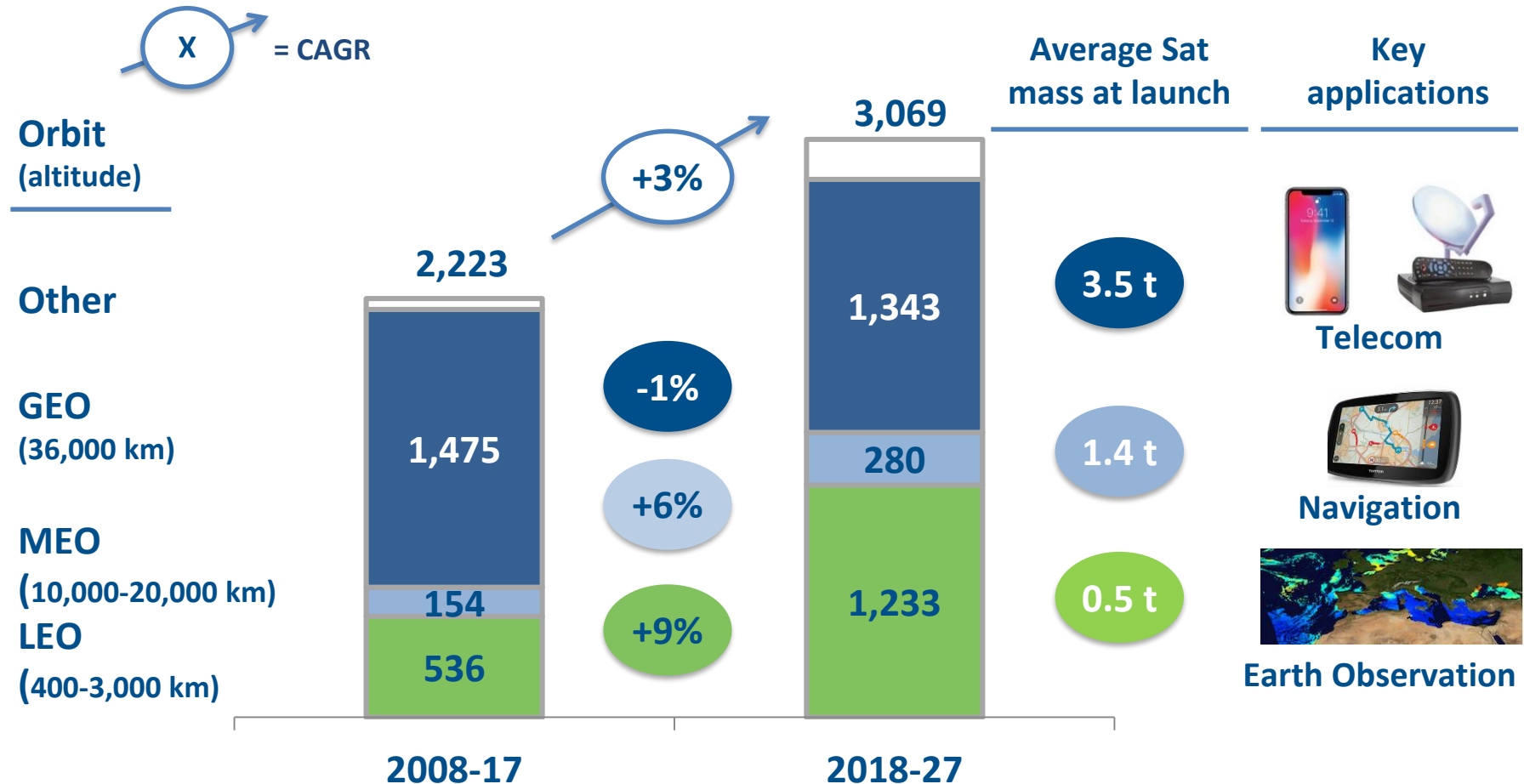
Source: Space Angels Q4 2018 Investment Report

Launch demand growth concentrated on small satellites in low earth orbit



World Market

World total mass at launch (tons)



Source : Avio estimate on Euroconsult data; Excludes sats with mass <50 Kg

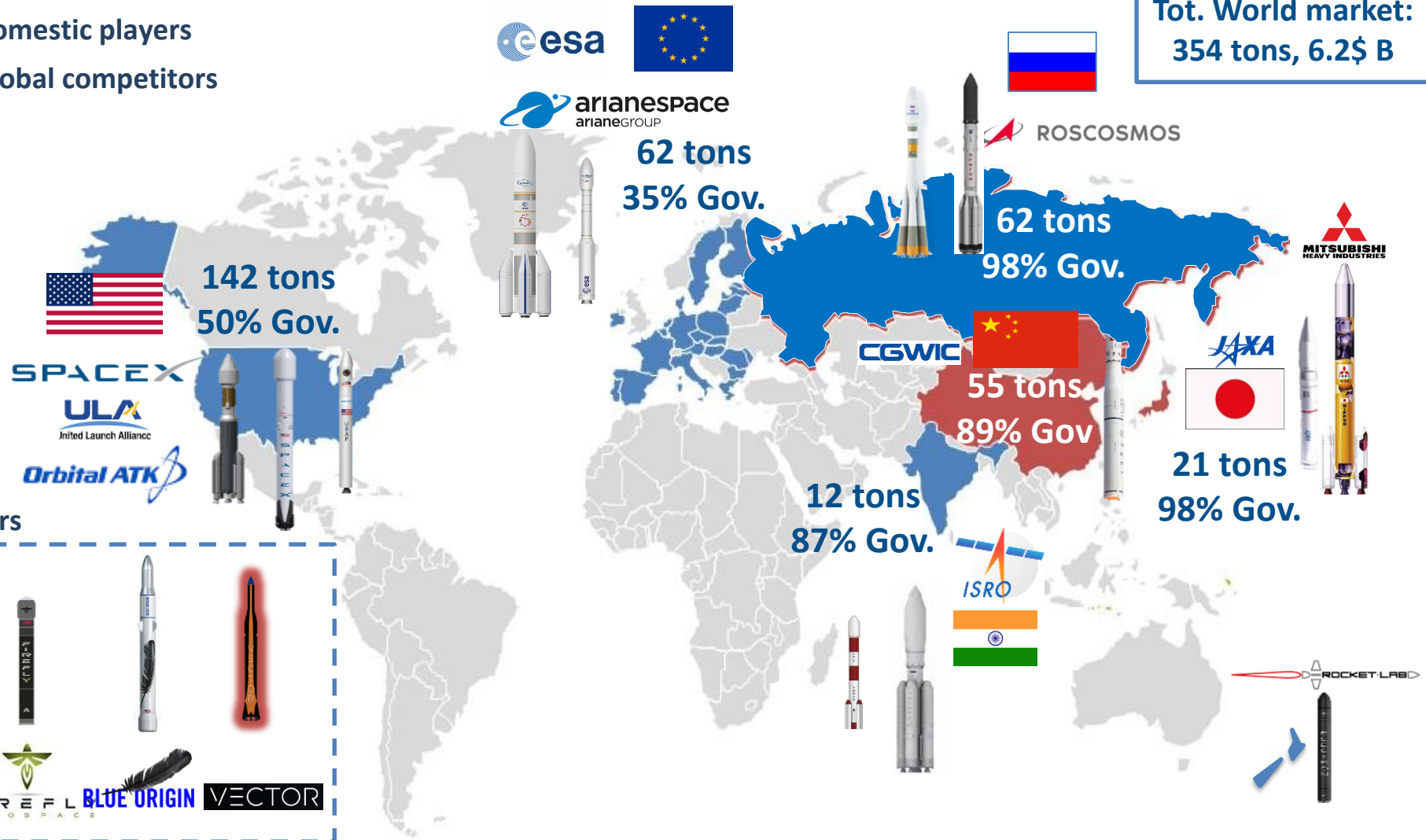
AVIO SpA- All rights reserved – subject to the restrictions of last page.

Launch capabilities concentrated in a few countries. Export capacity essentially in Europe and USA



- Domestic players
- Global competitors

Tot. World market:
354 tons, 6.2\$ B



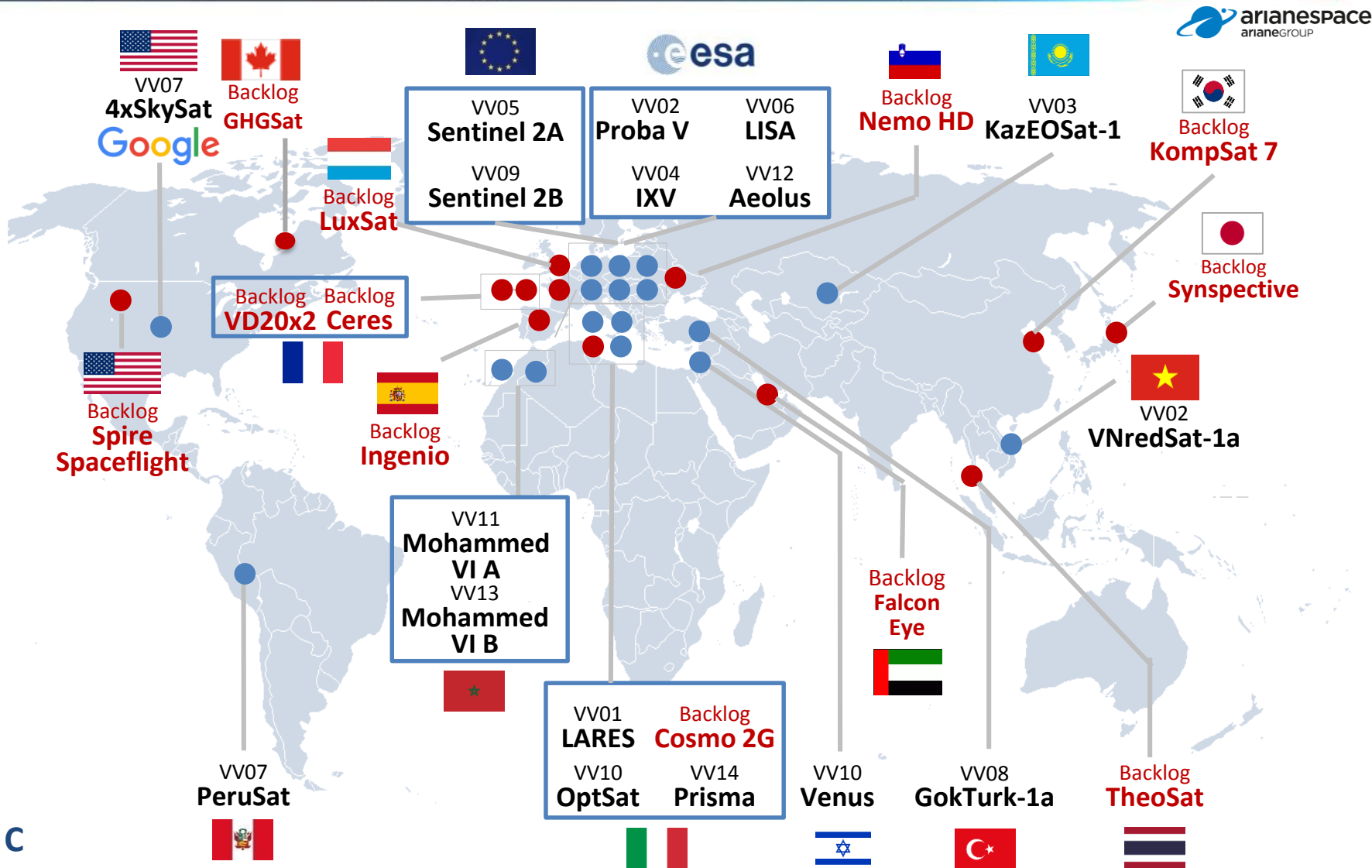
SOURCE: Avio elaboration on Gunter Space data

AVIO SpA- All rights reserved – subject to the restrictions of last page.

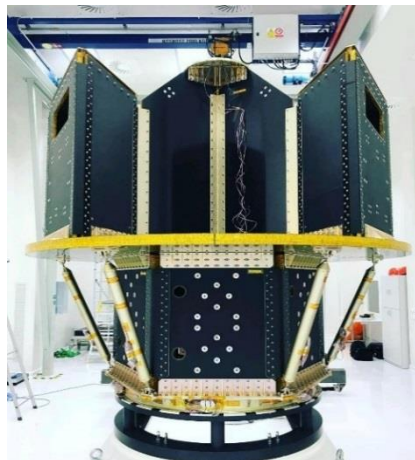
Avio established as a global player through its flagship product Vega dedicated to LEO launch



● = Backlog
● = Flights



Avio makes the first concrete step towards Sustainability



UNITED NATIONS
Office for Outer Space Affairs

Partnership Agreement with the «*United Nations Office for Outer Space Affairs*» to support the launch of 3 cubesats for developing countries

- 3 developing countries' cubesats
- Leverage Vega/Vega C and SSMS technology
- Avio sponsorship to the United Nations and the developing countries



European Launcher capabilities evolving to better meet market demand



Today

Tomorrow*

1.5 Tons
LEO

>3 Tons
MEO

10.5 Tons
GEO

2.3 Tons
LEO

>5 Tons in
LEO/MEO/GEO

10.5 Tons
GEO



*Broader
product range*

P80



Vega



**Soyuz
(Licensed)**

P230



Ariane 5



*Lower
costs*

P120



Vega C



Ariane 6.2

P120



Ariane 6.4



**Vega
Dual Payload**



**Fregat
Adapter**



**Ariane 5
Dual Payload**



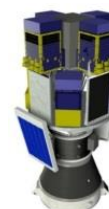
*More
flexibility*



**Vega C
Dual
Payload**



**Vega
Piggyback**



**Vega
SSMS**



**Ariane 6
Rideshare**



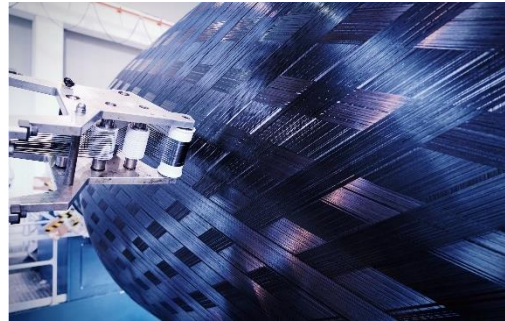
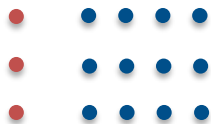
**Ariane 6
Dual
Payload**

Revolutionary automation, advanced materials, streamlined process for the main stage (P120) production



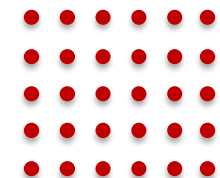
Vega Ariane 5

P80 **P230**



Vega C Ariane 62 Ariane 64

P120



Single main-stage, higher volumes, economies of scale

*First flight items
production*

*Vega C MF
Ariane 6 MF*

*P120 Full volume
production*



Vega C getting ready for Maiden Flight by 1st semester 2020



Sub-systems readiness

System-level tests

FAIRING

AVUM

Z9

IS2/3

Z40

IS1/2

P120



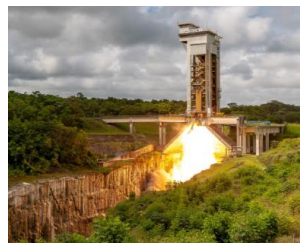
Fairing



New prop. tanks



Z40 Firing Test (May)



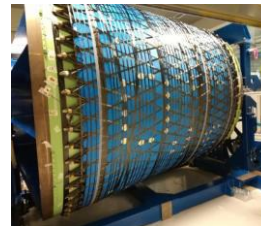
P120 Firing Test (Jan.)



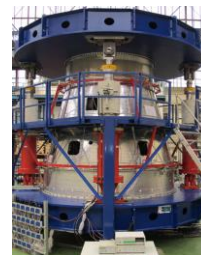
Vampire adapter



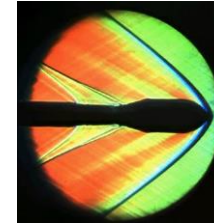
AVUM new gas tank



IS2/3



IS1/2



Wind Tunnel Test



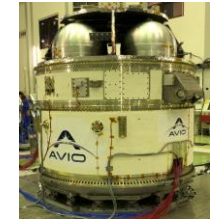
HWIL tests



A2 Assy test



P120 BBP



Vibration tests



UCEMC test



UCMEC tests



P120 BIP Extension

New facilities

On-going

Ariane 6 getting ready for Maiden Flight by end of 2020



FAIRING

VINCI

VULCAIN



Ariane 6 Fairing Shell completed (Jun.)



Ariane 6 launch vehicle building under way



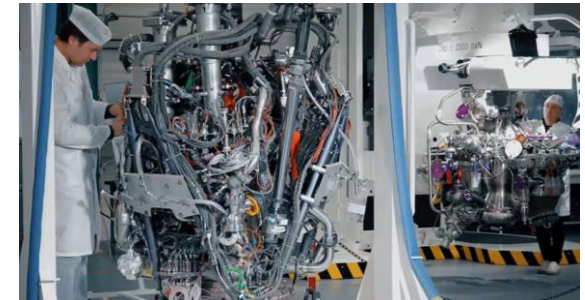
Ariane 6 mobile gantry in construction



Vulcain 3 Firing Test (Jul.)



Upper Stage Tanks' Integ. (Jul.)



Vinci Engine Qualification Test (Oct.)

4xP120



P120 Firing Test (Jan.)



Ariane 6 P120 Rear Skirt Integ. (Aug.)

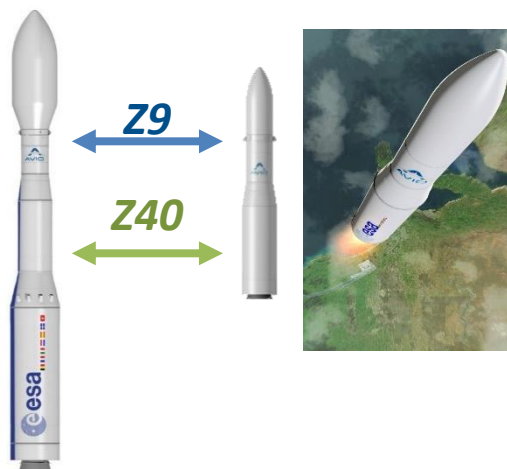


Ariane 6 Launch Pad almost ready

Further growth opportunities beyond 2020



2021: Vega Light



300 kg to LEO

- Dedicated launch service for smallsats
- Leverage of 2nd and 3rd stages of Vega C
- Rapid deployment

2022: Space Rider



800 kg to and from LEO

- Re-entry vehicle
- Space Debris removal
- Sub-orbital experiments

2025: Vega E



M10 LOX
Methane
Engine

2,800 kg to LEO

- Lower cost/kg than Vega C
- Increased in-orbit flexibility

Agenda

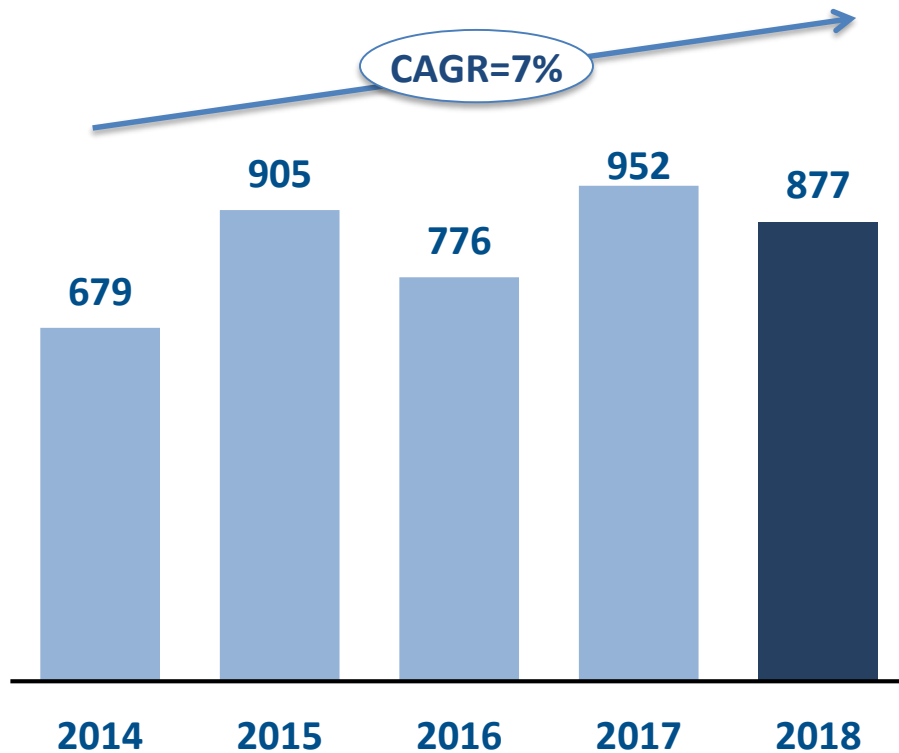
- Avio Business

- **Financials**

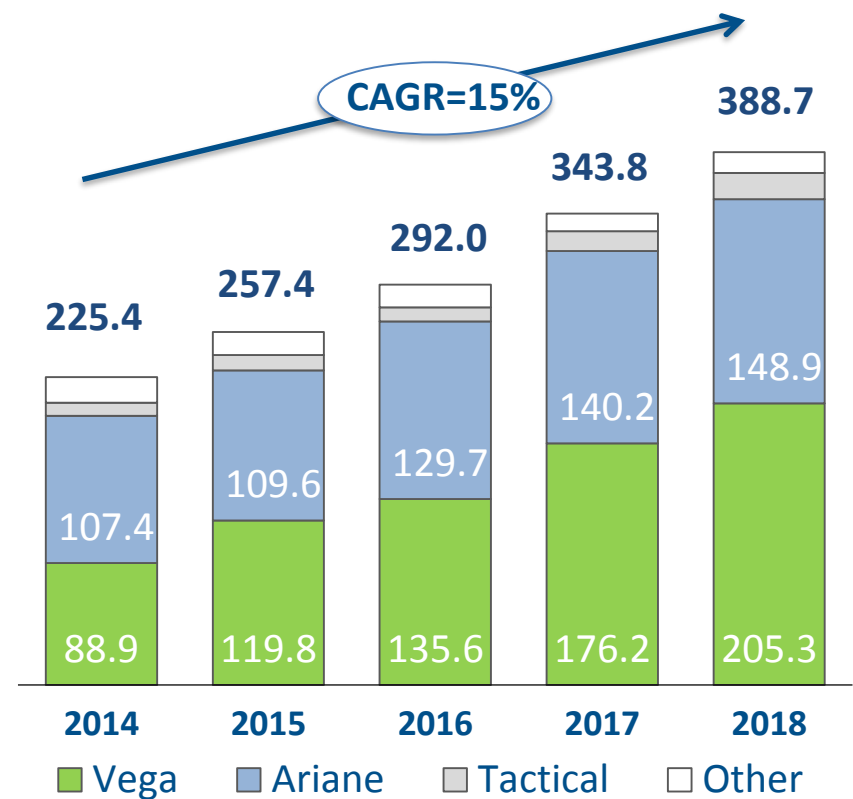
Net Order Backlog and Revenues



Net Order Backlog Evolution (€ - M)



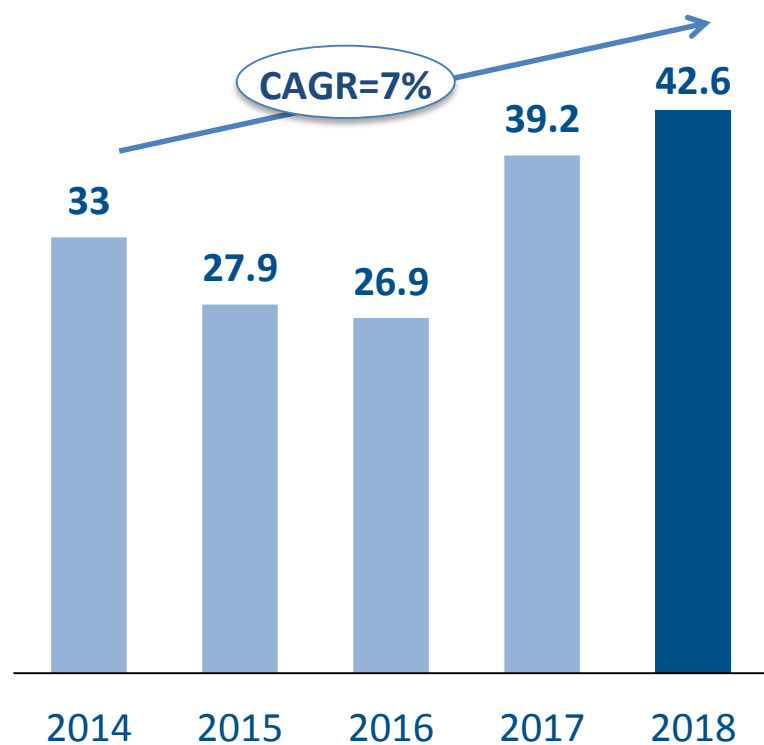
Revenues by Line of Business (€ - M)



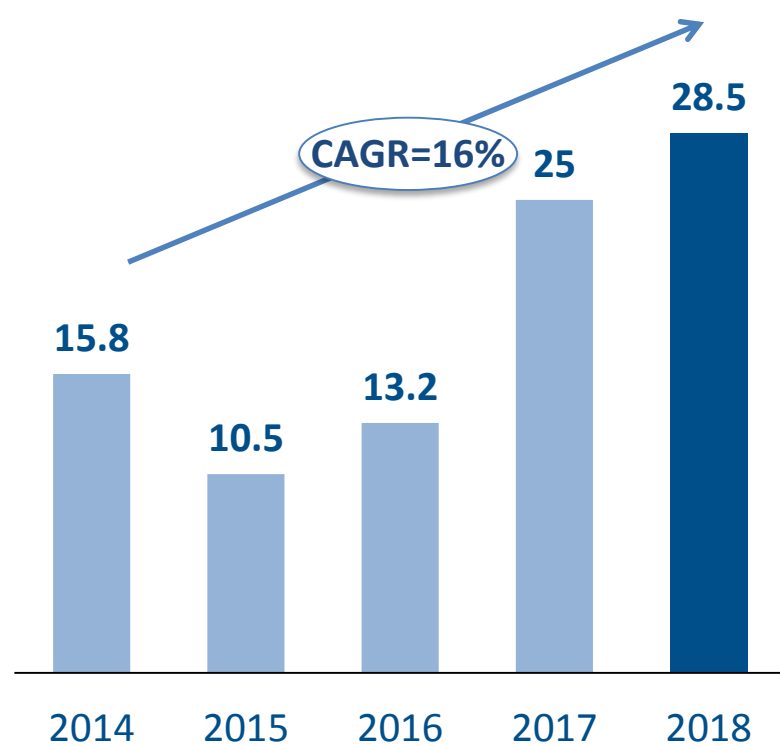
EBITDA and EBIT growing – High operating leverage



EBITDA (€ - M)



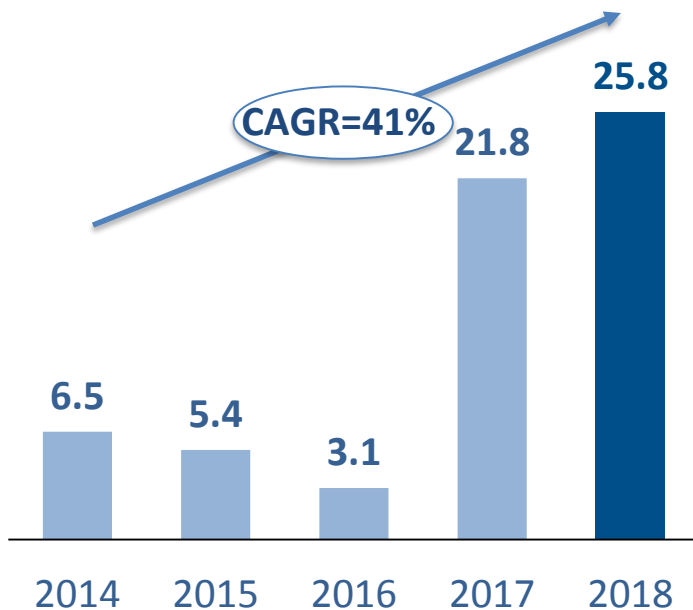
EBIT (€ - M)



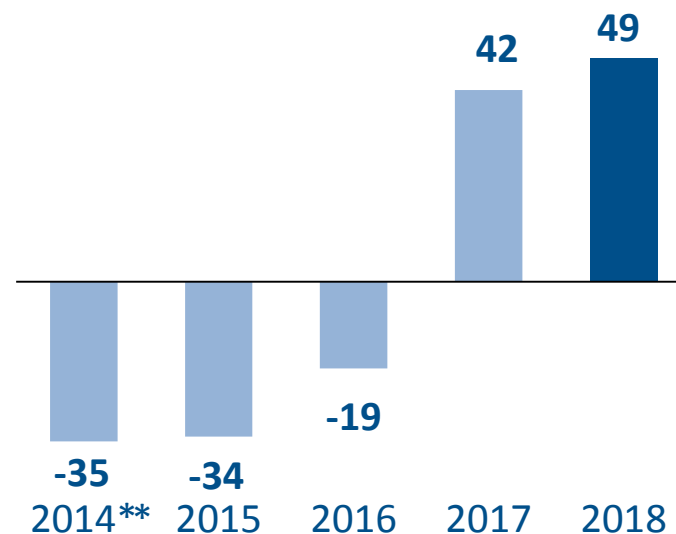
Growing Earnings and Cash supporting dividends and capex



Net Income (€ - M)



Net Financial Position (€ - M)



Dividends
(€ - M)

- 220* - 10 11.5

CAPEX
(€ - M)

17 14 25 29 23

Share buyback program launched in August (max €9M) to offer additional shareholder return along with dividends and use cash generation for medium-long term investment

* Extraordinary dividend ** Pro-forma to account for extraordinary dividend financing

HY 2019 key economics – Revenues and income growth



HY 2018	MAIN ECONOMICS	HY 2019	DELTA	
€ - M		€ - M	%	Comments
877.0 ⁽¹⁾	NET ORDER BACKLOG	744.9	-15%	<ul style="list-style-type: none"> Backlog cyclical pattern Additional ~€80M orders in Q3 2019
178.8	REVENUES	189.0	+6%	<ul style="list-style-type: none"> Growth mainly attributable to Vega production and development (Vega C)
14.5 8.1%	EBITDA REPORTED <i>% on net revenues</i>	16.1 8.5%	+11%	<ul style="list-style-type: none"> Higher amortization expenses (including IFRS16) Non-recurring costs reduced by 50% HY 19 results include €0.9M of R&D Tax Credit relative to 2017 and 2018 (€1.2M in HY 18) R&D tax credit relative to 2019 to be assessed at year end based on actual progress of development activities
16.1 9.0%	EBITDA ADJUSTED <i>% on net revenues</i>	16.9 8.9%	+5%	
7.7 4.3%	EBIT REPORTED <i>% on net revenues</i>	8.1 4.3%	+5%	
9.3 5.2%	EBIT ADJUSTED <i>% on net revenues</i>	8.9 4.7%	-5%	
6.2 3.5%	NET INCOME <i>% on net revenues</i>	7.1 3.7%	+14%	<ul style="list-style-type: none"> Lower income taxes

(1) As of 31st December 2018

Share buyback program launched in August



Objectives

- **Efficient use of liquidity** generated by the ordinary business activities through a **medium-long term investment**
- Offer an additional **return to shareholders** along with dividend payments
- Possible use **own shares in M&A transactions**

Program scheme

- **€9M maximum investment amount** (as decided by shareholders in April)
- Initial mandate by BoD in August for €5M lasting until **October 2020**
- **Share Buyback** carried out **by an independent broker (Equita SIM, S.p.A.)**

Following the purchases made so far, as of October 18th Avio S.p.A. holds # 117,250 own shares, corresponding to 0.45% of total Avio's share capital (9th August – 18th October)*

*Daily purchases capped by law at 25% of average daily volumes of the previous 20 trading days



Contacts

+39 0697285158

+39 3420726648

investor.relations@avio.com