



Investimento in economia reale

Gli Strumenti innovativi – Avio S.p.A.

Rome, 15 Mag 2019

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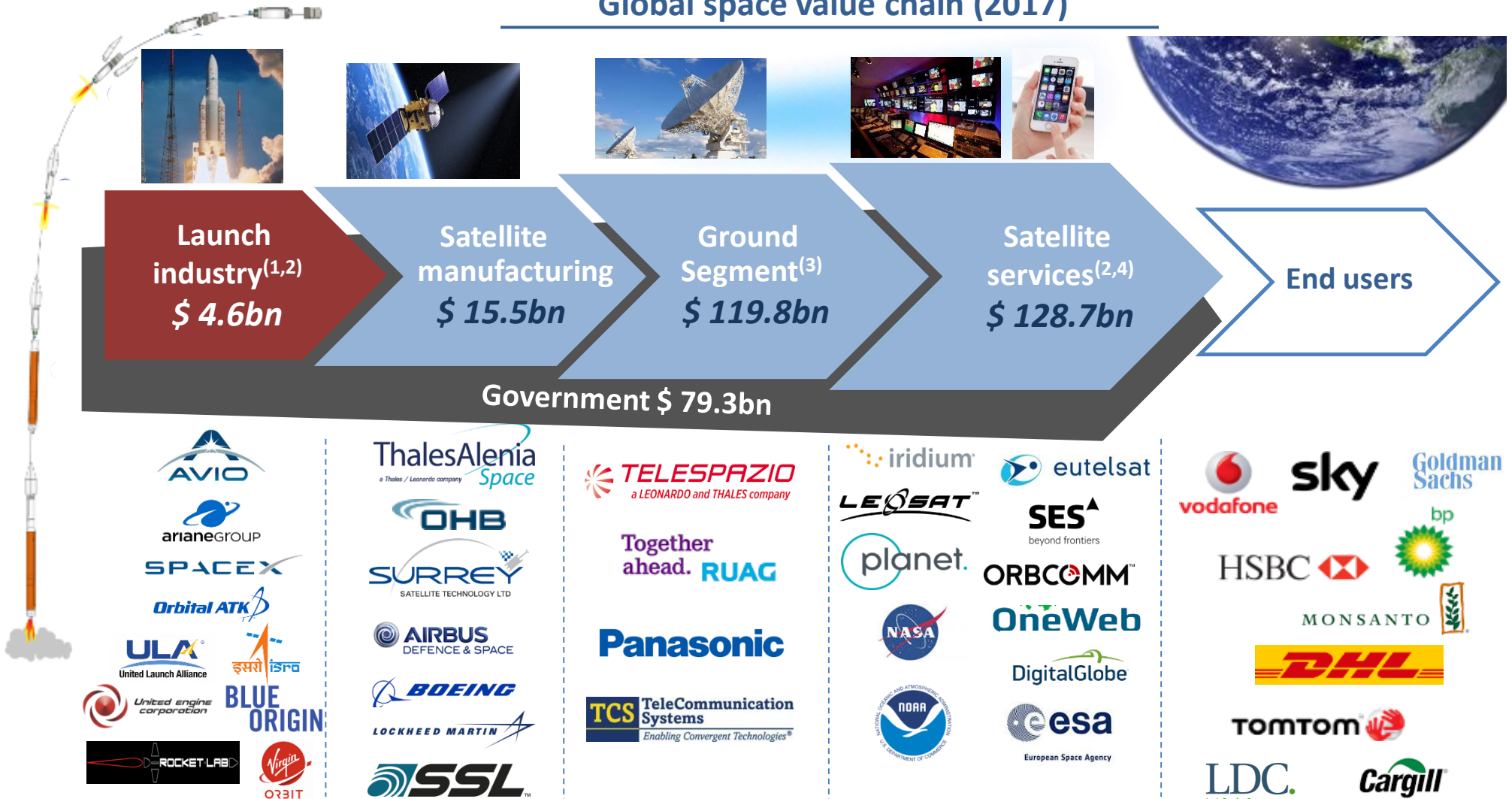
Avio: a European leader in Space Launch



-  Prime Contractor
-  Partner/Supplier
- Public company, 330M€ Mkt Cap
- 900 employees, ~390 M€ revenues
- >65% free float, no controlling shareholder
- 4% Management share

Launch is the upstream part of the Space industry

Global space value chain (2017)



Source: Satellite Industry Association (2018)

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(1): Includes launcher manufacturing and launch service activities

(2): Commercial services revenues only

(3): Includes GNSS chipsets and Related

(4): Includes commercial humanflight

Space launch has three main sub-segments by type of orbit



GEO - Geostationary Earth Orbit

Altitude 36,000km



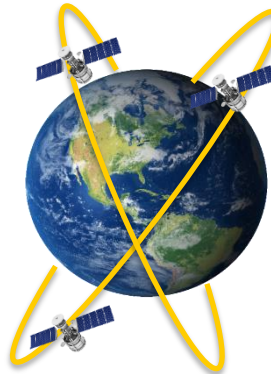
Annual avg volume :
30 launches, 160 tons



Mature market

MEO - Medium Earth Orbit

Altitude 3,000-22,000km



Annual avg volume :
12 launches, 19 tons



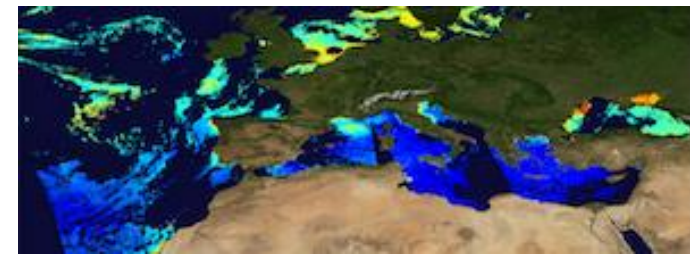
Niche market

LEO - Low Earth Orbit

Altitude 500-2,000km



Annual avg volume :
55 launches, 60 tons



Booming demand

Avio works across the full spectrum of the European offer side



Avio activity by main product lines

Ariane 5 - Heavy launcher
(Avio Industrial partner)
40% of Revenues



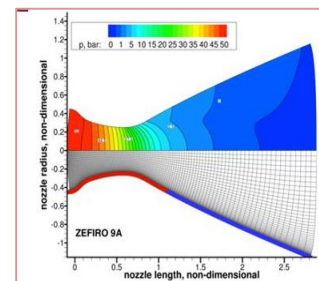
Vega - Light launcher
(Avio Prime Contractor)
55% of Revenues



Avio activity by type of business

Research & Product Development

40% of Revenues



Propulsion and Launcher Production

60% of Revenues



 **esa** European launchers

Next generation EU launchers

Key
Perf.
Data

10.5 tons
in GTO

1.5 tons
in LEO

2.3 tons
in LEO

>5 tons
in MEO/LEO/GEO

11 tons
in GTO

0.3 tons
in LEO

2.8 tons
in LEO



Ariane 5



Vega



Vega C



Ariane 62



Ariane 64



Vega Light



Vega E

P120

P120

P120

Today

2019/2020

2020

2021

2021

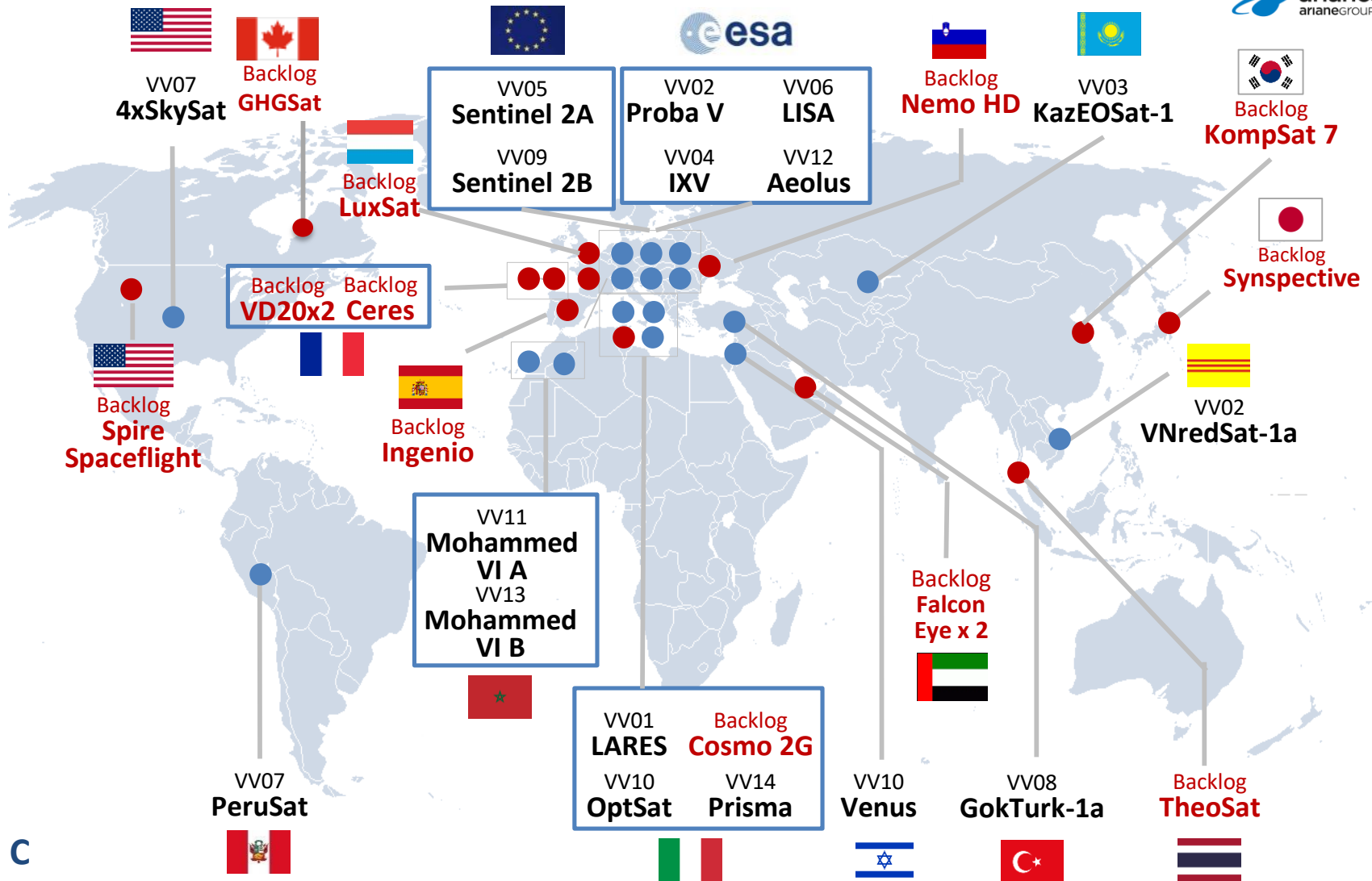
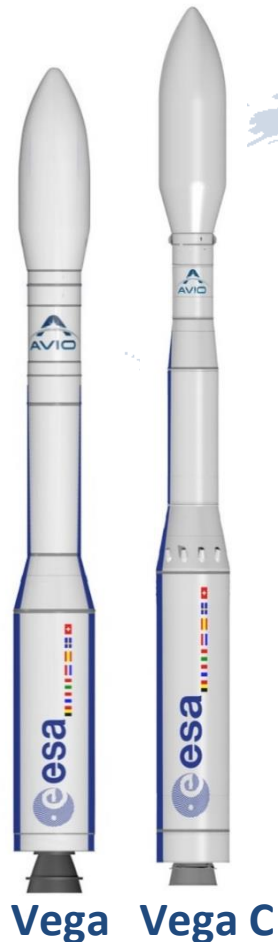
2024

Global customer base for Vega since its 2012 maiden flight



arianespace
arianegroup

● = Backlog
● = Flights



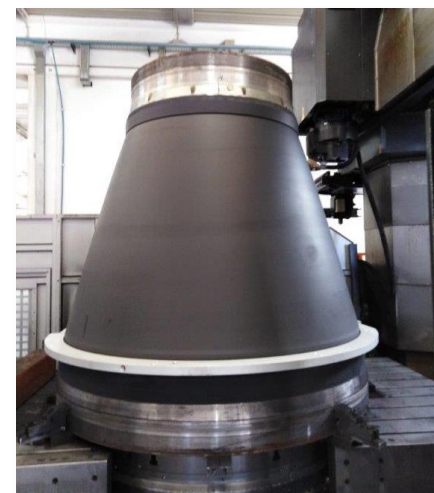
Main production facilities in Colleferro, Italy



Booster Case Facilities



Interstage manufacturing



Nozzle Production



P120 filament winding



Upper stage integration



Avio prepreg tow (patent)

Main Plants at the spaceport in Kourou, French Guiana



EUP – Stage Integration



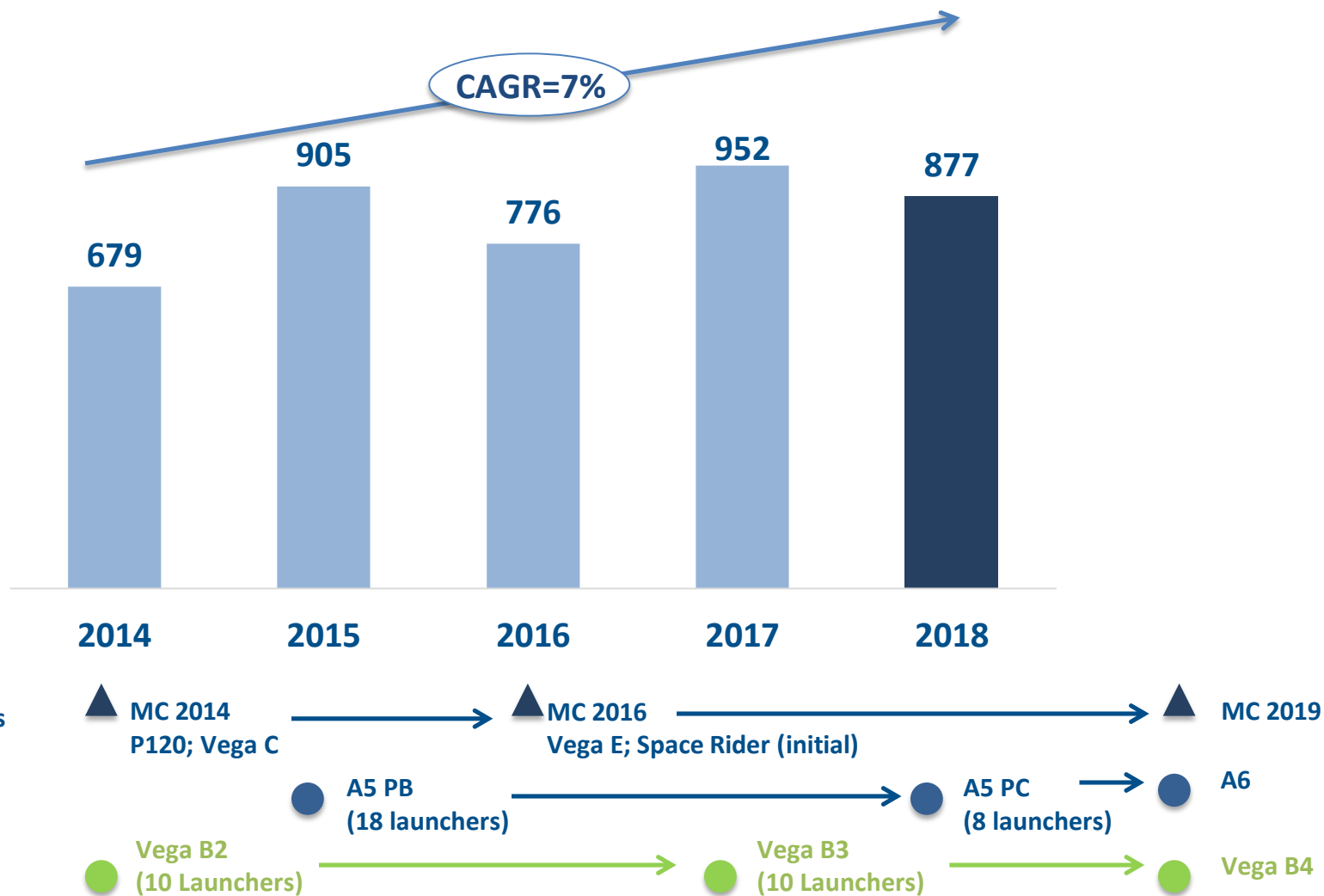
**Mobile Gantry
Launcher Integration**



Regulus – Propellant casting

Net Order Backlog on a growth trend

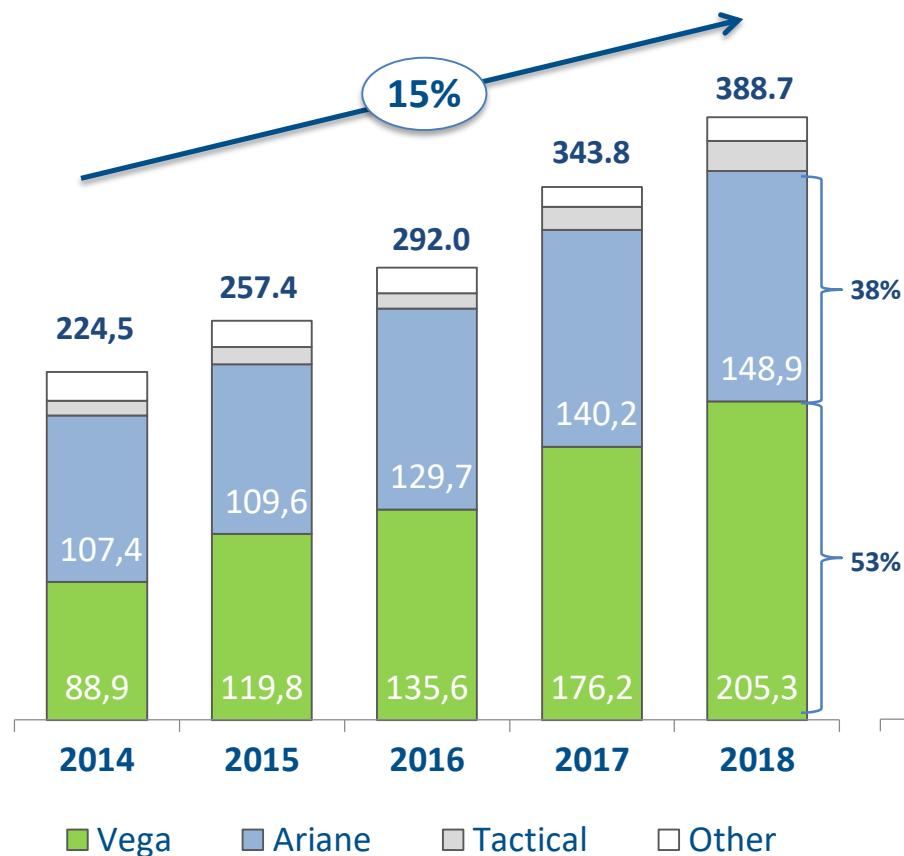
Net Order Backlog Evolution (€ - M)



Net Revenues growth fueled by Vega and development activities

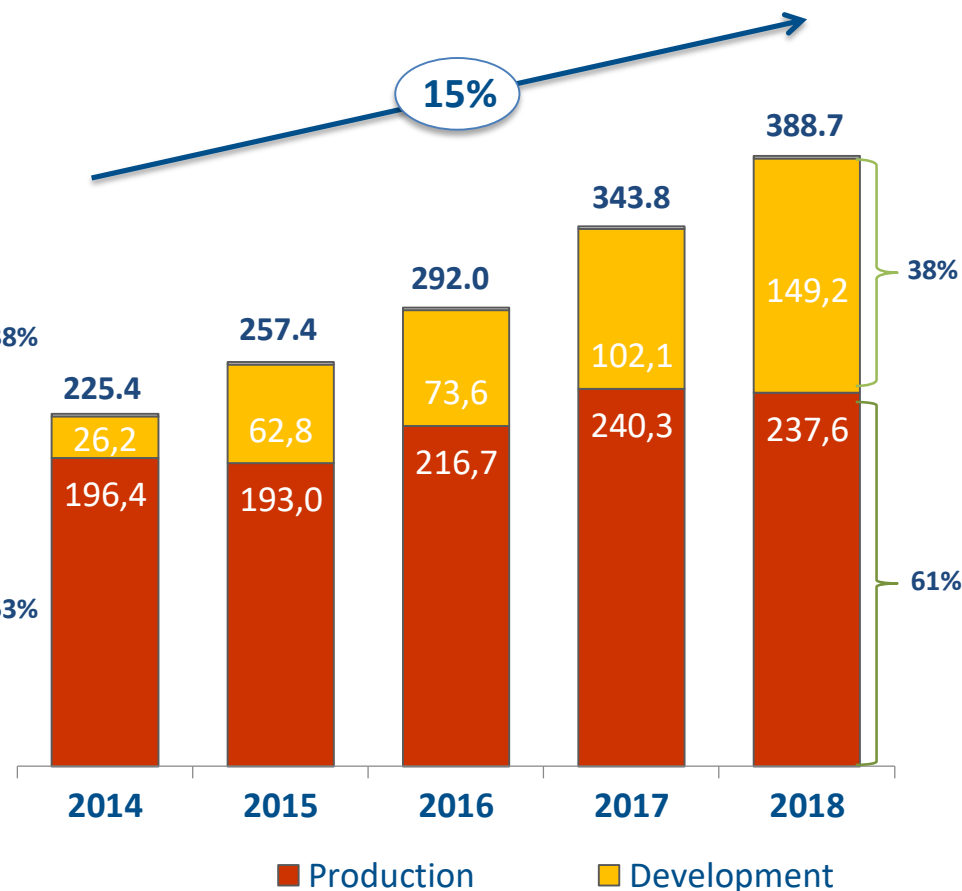
x% = CAGR 2014-18

by Line of Business (€ - M)



Vega growing launch rate and dev't activity

by Activity (€ - M)



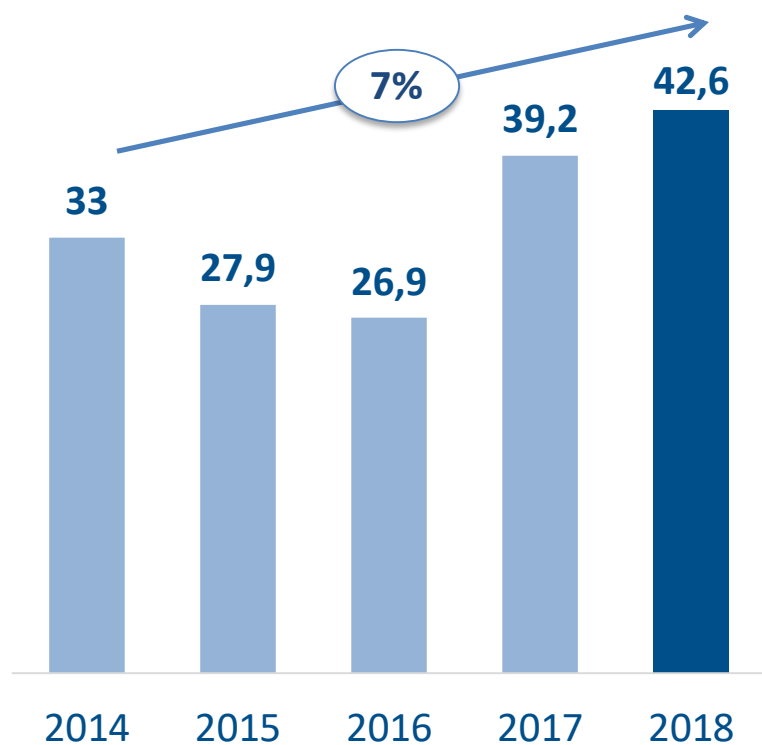
P120 and Vega dev't ramping up

EBITDA and EBIT growing – High operating leverage

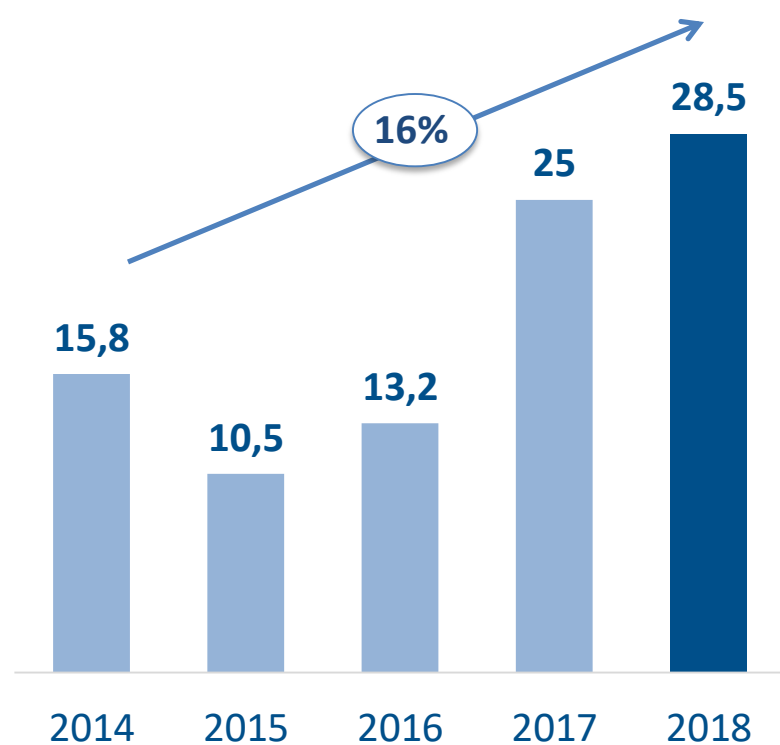


x% = CAGR 2014-2018

EBITDA (€ - M)



EBIT (€ - M)

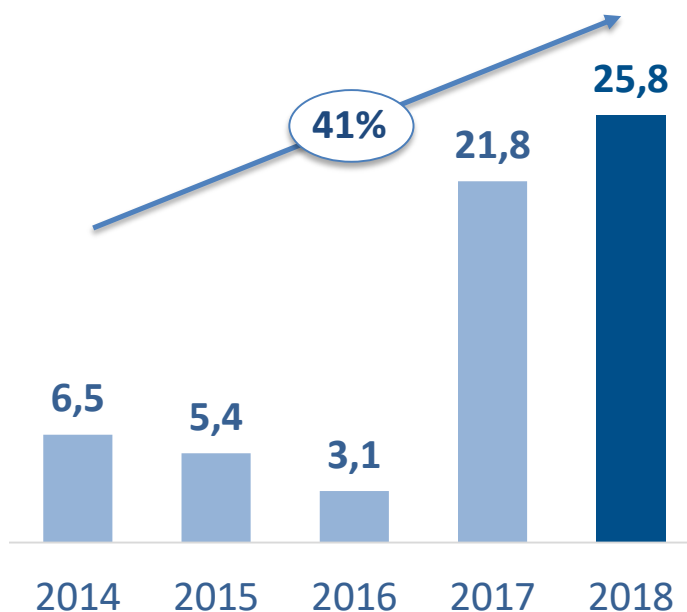


Growing Earnings and Cash supporting dividends and capex

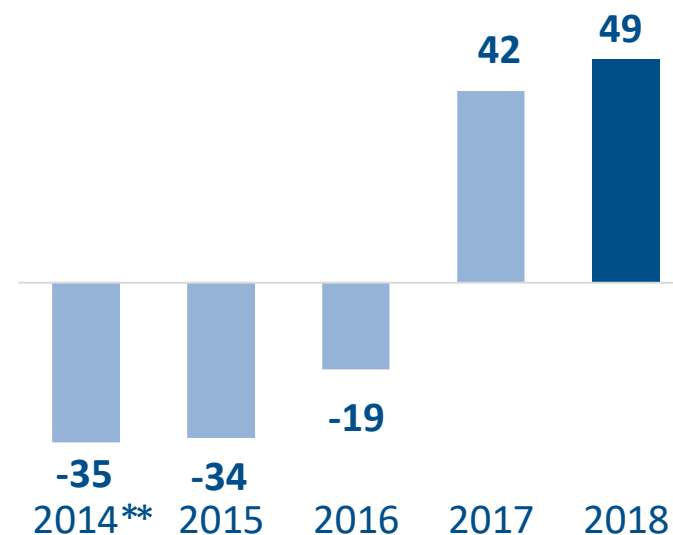


x% = CAGR 2014-2018

Net Income (€ - M)



Net Financial Position (€ - M)



Dividends
(€ - M)

- 220* - 10 11.5

CAPEX
(€ - M)

17 14 25 29 23

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

Why we got listed



Strategic



- Independent player, rapid decision making
- Visibility in an increasing global market

Financial



- Access to new sources of capital in a growth environment
- Optionality for acquisitions and/or investments

Organizational



- Develop a fully shareholder value driven company
- Management involvement in share capital (InOrbit, 4%)

Economic Highlights FY 2018



MAIN ECONOMICS	FY 2017*	FY 2018	DELTA	Comments
€ - M	€ - M	€ - M	%	
NET ORDER BACKLOG	952.1	877.4	(8%)	Cyclical trend with over €300M new order acquisitions
NET REVENUES	343.8	388.7	+ 13%	Higher development activities on Vega C and Ariane 6
EBITDA REPORTED <i>% on net revenues</i>	39.2 11.4%	42.6 10.9%	+ 9%	Non-recurring costs decreasing R&D Tax credit benefit Better absorption of fixed costs
EBIT REPORTED <i>% on net revenues</i>	25.0 7.3%	28.5 7.3%	+ 14%	
NET FINANCIAL EXPENSES <i>% on net revenues</i>	(3.6) -1.0%	(0.7) -0.2%	81%	New debt structure in place since Q4 2017, reducing interest costs substantially
TAXES <i>% on net revenues</i>	0.3 0.1%	(2.0) -0.5%		Non recurring effect on current and deferred tax assets
NET INCOME <i>% on net revenues</i>	21.8 6.3%	25.8 6.6%	19%	Proposed dividend distribution of €11.5M equal to €0.44 per share (+15% on 2017 dividends)

* Pro-Forma figures to compare on a “like-for-like” basis the 2017 and 2018 financials in light of the business combination occurred in 2017

Q1 2019 economic and financial highlights



Q1 2018 ACTUAL	MAIN ECONOMICS/ FINANCIALS	Q1 2019 ACTUAL	DELTA	DELTA	Comments
€ - M		€ - M	€ - M	%	
75,4	NET REVENUES	82,6	7,2	10%	<ul style="list-style-type: none"> • Growth mainly for Vega C development activities • Q1 19 results include €1.0 M of R&D Tax Credit in line with Q1 2018 • Negligible non recurring costs
6,1 8,1%	EBITDA REPORTED % on net revenues	7,0 8,5%	0,9	15%	
6,3 8,4%	EBITDA ADJUSTED % on net revenues	7,1 8,6%	0,8	13%	
2,8 3,7%	EBIT REPORTED % on net revenues	3,1 3,8%	0,3	11%	
3,0 4,0%	EBIT ADJUSTED % on net revenues	3,2 3,9%	0,2	7%	
31 DEC 2018 ACTUAL		31 MAR 2019 ACTUAL	DELTA	DELTA	
€ - M		€ - M	€ - M	%	
49,1	NET FINANCIAL POSITION	48,7	(0,4)	-1%	<ul style="list-style-type: none"> • 31 March 2019 NFP includes €-6.4M negative effect from the application of IFRS16 (€+6.0M and +14% on a like-for-like basis)



Back Up



Growth environment



MAIN ECONOMICS/ FINANCIALS	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	CAGR
	€ - M	€ - M	€ - M	€ - M	€ - M	%
NET ORDER BACKLOG	679	905	776	952	877	6,6%
REVENUES	224,5	257,4	292,0	343,8	388,7	14,7%
EBITDA	33,0	27,9	26,9	39,2	42,6	6,6%
EBIT	15,8	10,5	13,2	25,0	28,5	15,9%
NET INCOME	6,5	5,4	3,1	21,8	25,8	41,1%
	EOY 2014 ACTUAL	EOY 2015 ACTUAL	EOY 2016 ACTUAL	EOY 2017 ACTUAL	EOY 2018 ACTUAL	DELTA 18-14
	€ - M	€ - M	€ - M	€ - M	€ - M	€ - M
NET FINANCIAL POSITION	(35)	(34)	(19)	42	49	84

- +19% employees since 2014
- +250% R&D expenses (€145M in 2018 vs €41.5M in 2014)
- +91% Capex (€22.9M in 2018 vs €12M in 2014)