

Analysers**28 July 2025****Company Profile****Corporate Events****Buy**

Recommendation unchanged

Share price: EUR 26.85

closing price as of 25/07/2025

Target price: EUR 32.00

from Target Price: EUR 20.00

Upside/Downside Potential 19.2%

Reuters/Bloomberg

AVI.MI/AVIO IM

Market capitalisation (EURm) 729

Current N° of shares (m) 27

Free float 55%

Daily avg. no. trad. sh. 12 mth (k) 124

Daily avg. trad. vol. 12 mth (k) 15,344.22

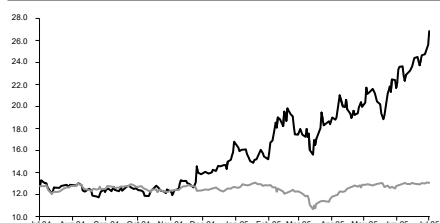
Price high/low 12 months 26.85 / 11.74

Abs Perfs 1/3/12 mths (%) 20.95/41.32/110.42

Key financials (EUR)	12/24	12/25e	12/26e
Sales (m)	442	478	553
EBITDA (m)	26	34	45
EBITDA margin	5.8%	7.1%	8.1%
EBIT (m)	8	14	22
EBIT margin	1.9%	2.9%	4.0%
Net Profit (adj.)(m)	6	10	20
ROCE	8.8%	6.9%	10.6%
Net debt/(cash) (m)	(90)	(60)	(61)
Net Debt/Equity	-0.3	-0.2	-0.2
Debt/EBITDA	-3.5	-1.8	-1.4
Int. cover(EBITDA/Fin. int)	15.9	high	(45.0)
EV/Sales	0.7	1.4	1.2
EV/EBITDA	11.5	20.2	15.3
EV/EBITDA (adj.)	9.5	18.6	14.3
EV/EBIT	35.2	49.1	31.3
P/E (adj.)	54.9	67.5	35.3
P/BV	1.2	2.2	2.1
OpFCF yield	9.4%	-5.0%	0.8%
Dividend yield	0.6%	0.6%	0.6%
EPS (adj.)	0.25	0.40	0.76
BVPS	11.98	12.22	12.81
DPS	0.15	0.16	0.16

Shareholders

Leonardo 29%; COBAS AM 10%; CGN Futuro 7%;



Source: FactSet

— AVIO — FTSE Italy STAR (Rebased)

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VV27 successful. Reliability is back. Higher multiples justified.

The facts: Saturday night, the VEGA-C VV 27 successfully completed its mission placing the satellites load into orbit. This is the fourth AVIO's consecutive mission in less than 12 months confirming that reliability is back. This together with the upside from AVIO's becoming sole service and lunch operator from VV 30 (early 2026e) and the likely announcement in 2025 to expand with direct manufacturing in the USA in both civil aerospace and defence, justifies in our opinion, higher multiples. **We publish a report today** where we upgrade our PT to EUR 32 which replaces the outdate current EUR 20.

Our analysis: On July 25, 2025, AVIO successfully placed into orbit Airbus Defence and Space's CO3D satellites, as well as the CNES's MicroCarb satellite, with a Vega C rocket (VV 27). As main contractor and soon (from VV 30 – early 2026) sole operator and service provider, AVIO contributes to Europe's autonomous access to space. Including the launch of the last VEGA flight (VV 24) in September 2024, the VEGA-C maiden flight in December 2024 (VV 25), the VEGA- C VV 26 in April this year, the company was able to launch four times in less than 12 months, suggesting that reliability is back.

We remind investors that the company is studying the feasibility to open a manufacturing site in the USA with a likely announcement this year. The project targets a potential investment in the U.S. industrial base to support the rapid increase in demand for solid rocket motors in the defence and aerospace industries. The facility will house production for multiple types of solid rocket motors with applications in defence, space exploration, and commercial aerospace. Moreover, as appeared in the press Friday, although not confirmed, AVIO is in talks with the US Government to conduct space launches from Wallops Island in Virginia. If approved, a final agreement according to the news has not been reached, the company might open a space port in the US.

Considering the time frame of the above, we stress investors that AVIO's equity story is much back-ended into the 2028e-2030e. We have left unchanged our 2025-2027e forecasts, but we have stretched our estimates till 2030e, assuming EUR 2370m backlog, EUR 765m sales and EUR 100m EBITDA (13.1%). We have slightly increased the speed angle to reach those estimates increasing also our 2029e forecasts. We highlight that given the rapid evolution in the geopolitical contest; our estimates are more of a likely trend than precise calculations. But several facts are, we believe, supporting our vision (see flash page).

Conclusion & Action: We have now decided that given the return to reliability in space activities and soon likely higher profitability in being sole operator of VEGA rockets, higher multiples for that sector are in our opinion justified. The only listed comparable is Rocket Lab which is trading on consensus at 112x 2027e EBITDA. We are now applying 12x from 9.5x in our 2027e SOP resulting in an EV of EUR 382m from previously EUR 255m. We keep valuing the defence business with a DCF now including 2030e with EBITDA at 20% (from 18% in 2029e) assuming stable sales of EUR 240m vs. 2029e. We are now applying an 8.5% WACC and 3% lgt from 9.5% and 2% lgt. The resulting EV is of EUR 396m from EUR 264m or EUR 14.6 per share from EUR 10. We are applying the EV mentioned above in our SOP and the resulting new TP is EUR 32 from our outdated. EUR 20 (consensus between EUR 20-22). **Main risks are in launch failures and delays in defence orders' intake.**