AVIO

Change in Recommendation

BUY ord. *(Prev.:Hold)*

Target: **€ 37.00** *(Prev.: €30.00)*

Risk: Medium

STOCKDATA	ORD
Price (as of 07 Nov 2025)	30.4
Bloomberg Code	AVIO IM
Market Cap (€ mn)	1,423
Free Float	68%
Shares Out (mn)	46.8
52 week Range	€ 9.6 - 51.9
Daily Volume	649,566

Performance (%)	1M	3M	1Y
Absolute	-30.7	12.2	203.5
Rel to FTSE Italia All-Share	-30.4	8.5	141.2

MAIN METRICS	2024	2025E	2026E
SALES Adj	442	490	543
EBITDA Adj	31.2	34.9	34.9
EBIT Adj	13.8	15.0	14.5
NET INCOME Adj	12.4	9.3	11.8
EPS Adj - €c	47.1	31.8	25.3
EPS Adj FD - €c	45.7	34.2	0.0
DPS Ord - €c	14.8	10.0	10.0

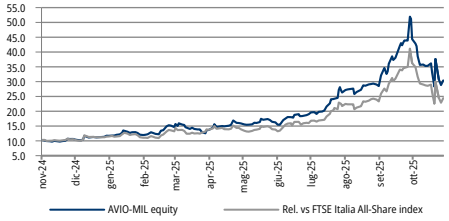
MULTIPLES	2024	2025E	2026E
P/E ord Adj	23.7x	95.5x	120x
P/E ord Adj FD	24.5x	89.0x	n.m.
EV/EBITDA Adj	6.5x	27.0x	28.5x
EV/EBIT Adj	14.8x	62.9x	68.7x

REMUNERATION	2024	2025E	2026E
Div. Yield ord (A)	1.6%	0.3%	0.3%
FCF Yield Adj	6.5%	44.4%	-3.4%

INDEBTEDNESS	2024	2025E	2026E
NFP Adj	90.1	479	426
Nfp Ex Ifrs16	135	524	471
D/Ebitda Adj	n.m.	n.m.	n.m.

Equita SIM S.p.A. performs or has performed in the last 12 months the role of financial advisor of Avio related to the rights issue transaction.

PRICE ORD LAST 365 DAYS



Analyst: Martino De Ambroggi
m.deambroggi@equita.eu I +39 02 6204.238

SKYROCKETING DEFENSE PROPULSION CHANGING RISK PROFILE

The Defense Propulsion business will drive multi-annual growth through the expansion in the US which materialized one year earlier than we expected and with a higher potential upside of what we imagined. The clear undersupply of propellant, AVIO expertise and the current geopolitical environment provide high visibility to the US expansionary plan. We upgrade to BUY forecasting a supportive news flow on new US customers/orders (also in Europe), US grants and ESA Ministerial Conference

■ €400mn rights issue to fund a major capex plan (€550-650mn)

In Sep-25 AVIO announced a **€400-mn rights issue mainly to build up a brand-new plant in the US with 700-ton solid propellant capacity** to be started in 2028. The **capex plan amounts to €550-650mn** spread over the next 5 years, of which €450-550mn for the new US plant, €50-100mn to increase the EU capacity and vertical integration (to be clarified).

■ Defense Propulsion will drive 2025-35(sales >+10%/EBITDA high-teens CAGR)

Providing solid-propellant propulsion systems to new US customers such as **the US Army and Raytheon** (and others to come), AVIO will grow the Defense business from €<0.1bn in FY25 (~20% of revenues) to €>0.6bn in FY35 (>50% of sales/EBITDA in 2035). Management guides for **2025-35E sales >+10% CAGR and EBITDA high-teens CAGR**.

■ We believe long-term Defense Propulsion targets are achievable

Considering the current estimated US+EU demand exceeding capacity by ~2.5k tons/year and the geopolitical environment imposing the need to replenish the arsenals, although other players are working to build up new capacity (L3Harris and newcomers), we believe the **sector overcapacity risk is far away and thus AVIO's long-term targets are achievable**. It has the expertise, but **execution must be monitored step by step**.

■ Company's risk profile significantly improves

The Defense business growth in the US significantly improves the company's risk profile since it increases the size of the company, increases geographic area/customer/product diversification, is more profitable and less risky than the launcher business.

■ The launcher core business (~80% of FY25E sales) will improve but slowly

In the launchers business, **AVIO expects to double the flight numbers** of both Vega C (to 6) and Ariane 6 (to 10-12) on the back of 15 and 30 launches already booked, respectively; this business has very long cycles, low margins and is not immune from risks. **More competition from EU newcomers** (German ISAR, French MaiaSpace, Orbex, …), is a menace, **but none of them has planned an imminent maiden flight**.

■ Investing for the future: flattish EBITDA for 2-3 years, skyrocketing afterwards

We **broadly align our estimates to management guidance**, cutting 2026-28E **EBITDA estimates** (flattish for 2-3 years due to the US plant start-up costs) and strong growth **from 2029E onwards** with the new US plant ramp-up (we estimate 2030/31E revenues >2x, EBITDA >3x and net profit >10x, respectively vs 2025). **Order intake** growth will tell if the execution (visibility) is moving in the right direction; **we expect €>2bn in 2026**.

■ Positive expected news flow supporting the equity story such as the …

- signing of **contracts for other new US customers** currently under negotiation; in a recent interview, CEO Ranzo stated that one of them is at an advanced stage
- **US state and federal grants** which may be triple-digit and partly non-repayable
- **orders from ESA biennial Ministerial Conference** on Nov-26/27th (we expect >$0.6bn)
- **additional orders from MBDA** serving EU countries, even in case of ceasefire in Ukraine.
- **potential additional new programs** from existing customers (US Army and Raytheon).

■ Upgrade to BUY: US business development drives a change in valuation paradigm

We believe it is **correct to evaluate AVIO on 2030-31E figures**, when the US plant will be fully functional. **SOTP +23% to €37PS** (=2030/31E EV/EBITDA 14/11x and PE 34-23x), splitting:

- **Space (launchers)** to which we apply a **lower EV/EBITDA (9x),** getting an equity value of €0.3bn, similar to the whole AVIO market cap average in the 5-year period 2017-21
- **Defense (motor missiles)** with a **higher EV/EBITDA (15x)** to factor in the growth potential and higher margins (believing that operating leverage may lead to even higher profits).

MAIN FIGURES - EURmn	2022	2023	2024	2025E	2026E	2027E
SALES Adj	357	339	442	490	543	608
Growth	14.7%	-5.2%	30.4%	11.0%	10.7%	12.0%
EBITDA Adj	27.8	28.0	31.2	34.9	34.9	36.9
Growth	-26.3%	0.9%	11.4%	11.8%	0.0%	5.7%
EBIT Adj	8.6	12.7	13.8	15.0	14.5	14.0
Growth	-48.1%	48.2%	8.3%	8.7%	-3.3%	-3.4%
PBT Adj	7.7	14.2	12.2	15.6	19.4	18.4
Growth	-52.6%	82.8%	-14.0%	28.1%	24.4%	-5.3%
Net Income Adj	5.8	11.6	12.4	9.3	11.8	10.8
Growth	-50.5%	98.6%	7.1%	-25.2%	27.6%	-9.1%

MARGIN - %	2022	2023	2024	2025E	2026E	2027E
EBITDA Adj Margin	7.8%	8.3%	7.1%	7.1%	6.4%	6.1%
Ebit Adj margin	2.4%	3.8%	3.1%	3.1%	2.7%	2.3%
Pbt Adj margin	2.2%	4.2%	2.8%	3.2%	3.6%	3.0%
Net Income Adj margin	1.6%	3.4%	2.8%	1.9%	2.2%	1.8%

SHARE DATA	2022	2023	2024	2025E	2026E	2027E
EPS Adj - €c	22.1	44.0	47.1	31.8	25.3	23.0
Growth	-50.5%	98.6%	7.1%	-32.4%	-20.5%	-9.1%
DPS ord(A) - €c	0.0	24.0	14.8	10.0	10.0	10.0
BVPS	11.1	11.4	11.5	6.6	6.7	6.9

VARIOUS	2022	2023	2024	2025E	2026E	2027E
Capital Employed	251	241	238	40.3	-121	-10.2
FCF	27.7	2.1	15.7	393	-48.3	-150
CAPEX	34.2	38.4	39.5	36.8	90.0	140
Working capital	-125	-155	-193	-189	-203	-164
Trading Working capital	116	174	208	210	239	304

INDEBTNESS	2022	2023	2024	2025E	2026E	2027E
Nfp Adj	74.5	76.1	90.1	479	426	271
D/E Adj	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Debt / EBITDA Adj	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Nfp Ex Ifrs16	83.4	125	135	524	471	321

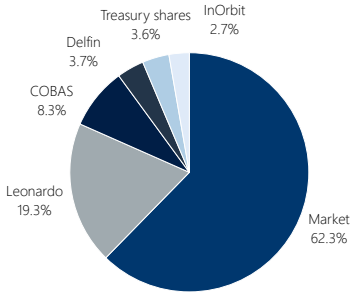
MARKET RATIOS	2022	2023	2024	2025E	2026E	2027E
P/E Ord Adj	34.8x	15.5x	23.7x	95.5x	120x	132x
P/E Ord Adj FD	35.8x	15.9x	24.5x	89.0x	n.m.	
PBV	0.8x	0.6x	0.8x	4.6x	4.5x	4.4x

EV FIGURES	2022	2023	2024	2025E	2026E	2027E
EV/Sales	0.4x	0.3x	0.5x	1.9x	1.8x	1.9x
EV/EBITDA Adj	4.6x	3.7x	6.5x	27.0x	28.5x	31.2x
EV/EBIT Adj	14.9x	8.1x	14.8x	62.9x	68.7x	82.2x
EV/CE	0.5x	0.4x	0.9x	23.4x	n.m.	n.m.

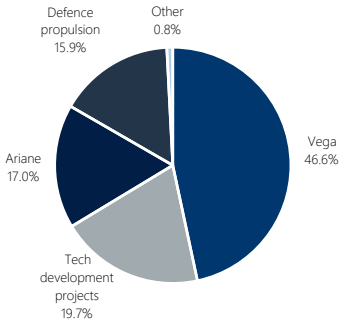
REMUNERATION	2022	2023	2024	2025E	2026E	2027E
Div. Yield ord	0.0%	3.3%	1.6%	0.3%	0.3%	0.3%
FCF Yield Adj	11.9%	1.1%	6.5%	44.4%	-3.4%	-10.6%
Roce Adj	3.3%	5.2%	5.6%	7.9%	-25.0%	-15.1%

Source: Company data and Equita SIM estimates

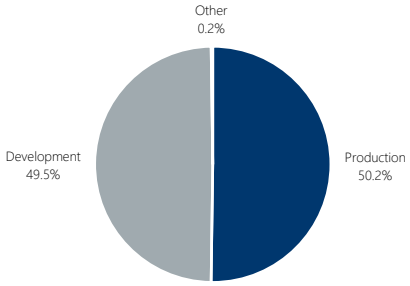
SHAREHOLDERS



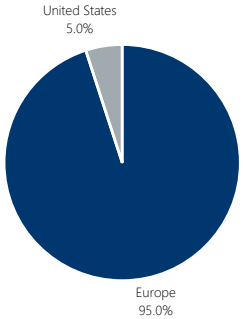
REVENUES BREAKDOWN BY PRODUCT



SALES SPLIT BY BUSINESS



SALES SPLIT BY GEOGRAPHICAL AREA



BUSINESS DESCRIPTION

AVIO is a leading international space propulsion system provider (solid, liquid and cryogenic) founded in 1912 as explosives maker (a pre-requisite to enter in the space business) and in the past 50 years evolved from supplier of solid rocket motors to system integrator and prime contractor. It was listed in Apr-17 through the business combination with Space2 SPAC.

It plays a **strategic role** in the space industry through 2 European launcher programmes:

- **it provides the boosters** and liquid-oxygen turbopumps **for Ariane 6**, the European heavy launcher for satellites up to 10 tons (for broadcasting, telecom applications and internet constellations) in the Geostationary Earth Orbit (GEO) at 36k km altitude
- **it is the prime contractor for Vega C**, the European light launcher for satellites up to 2 tons (for weather forecasting, earth observation and satellite internet constellations) in the Low Earth Orbit (LEO) at 300-2k km altitude.

A launcher is a rocket capable of placing satellites accurately into space for both institutional (public authorities or government agencies) and commercial clients (private companies). According to the Satellite Industry Association, **the launchers sector was worth >$6bn; it enables access to space** with a **multiplier** effect on satellite manufacturing (~3x) and ground and satellite services ~20x.

The critical success factor for a launcher is reliability. The EU launchers remain the best-in-class worldwide: 1998-2024 combined (Ariane+Vega) failure rate is ~3% vs market avg. of ~6% (Ariane 5 at 2% on over 140 launches while Vega ~10% on 20 launches).

The launchers market is oligopolistic (~90% is accounted for by Russia, US, China and Europe), **typically funded by public investments** (in EU the European Space Agency-ESA), **with high technological entry barriers, long business cycle** (18-24 months from order intake to launch) and without **Chinese/Japanese competition** (operating only in their closed markets).

The **most important demand drivers are emerging commercial customers for mega LEO constellations deployment** such as Starlink by Space X, One Web and Amazon planning to launch thousands of sats (Kuiper Project), and **replacement demand** given the avg. useful life of 10-15 years for a GEO/MEO satellite and 2-7 years for a LEO one (>2k satellites are into orbit).

Historically, AVIO is also active in **defense propulsion business, producing boosters for missiles** on avg. worth ~6% group sales (with the only customer, MBDA); because of the recent geopolitics evolution its weight is quickly growing towards 20%. In 2024 **AVIO signed 2 contracts to develop a solid-propellant propulsion system for US customers** (the US Army for surface-to-air applications and Raytheon for its Mk 104 motor). In Aug-25 it announced the start of production for the US Army. Being Defense business, **details are undisclosed, but the additional business is very sizable**.

The strategy envisages:

- **improvement of its launchers market position** (higher launch cadence, higher payload, …)
- **execution of the Defense Propulsion expansionary project in the US**
- **efficiency gains** (streamlining ground infrastructure operations, flight readiness launch frequency)
- **new product developments** (Vega E and P160 engine), lowering the launch costs, increasing the payload and improving the launchers versatility
- **industrial evolution** towards production automation, volume scale-up leveraging the commonalities provided such as the new P120 engine across the Ariane 6 and Vega C.

The Italian State-controlled aerospace and defense group **Leonardo** (shareholder since 2003) owns 19.3%. **In Orbit** (investment vehicle participated by Avio managers including the CEO) **owns 1.5%. Space Holding** (the company promoting the business combination) sold its remaining shares in 1H25.

STRENGTHS / OPPORTUNITIES	WEAKNESSES /THREATS
- Key role in the European Space sector - Visibility supported by the strong order backlog - Oligopolistic market/high technological entry barriers - Defense propulsion strong market growth and new US customers opportunity - Above the avg. reliability of Ariane/Vega launchers - Growing launchers demand, particularly for LEO - Economy of scale for P120 engine ramp-up	- Smaller size and low diversification compared to much larger competitors - Only one spaceport (French Guiana) - Public budgets constraints - Price pressure in launcher business - Competitors' reusable technology - Flights failure risk causing extra costs and delays - Erratic orders intake/down payments

AVIO: MAIN PRODUCTS

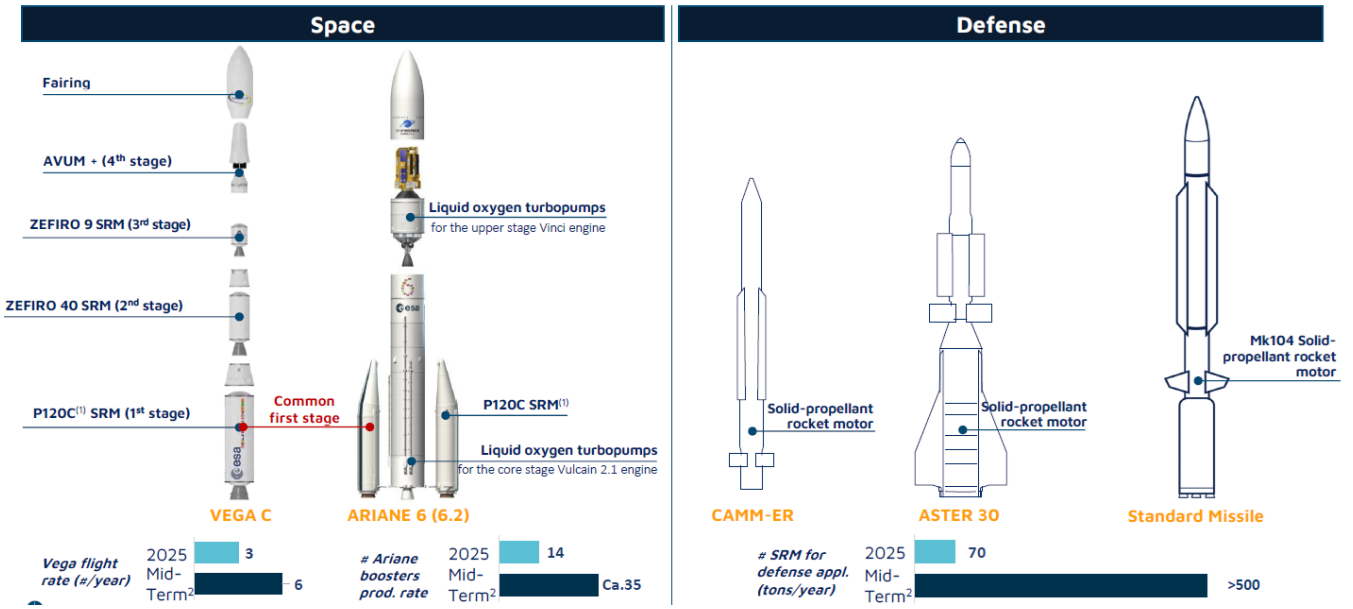
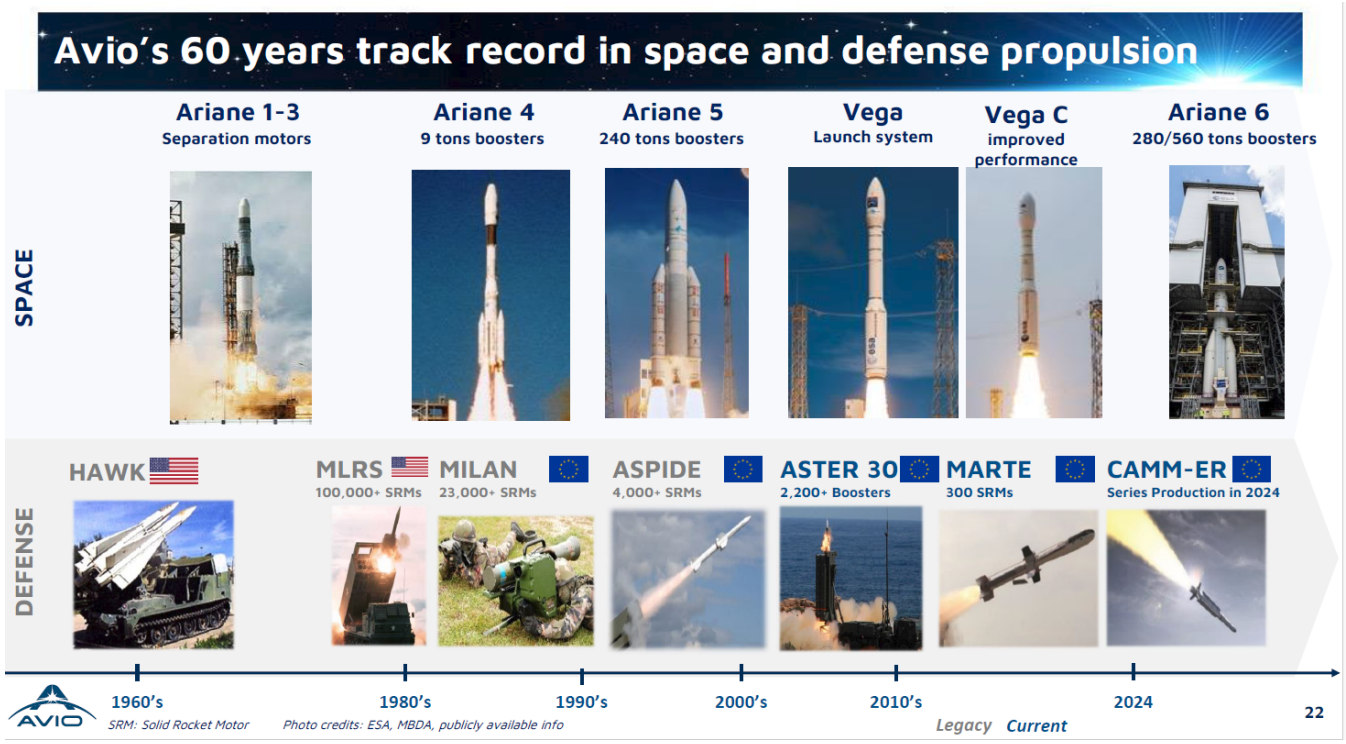


Photo credits: ESA. CAMM-ER and ASTER 30 are products of MBDA Group
SRM: Solid Rocket Motor
Source: company presentation

AVIO: QUICK HISTORY

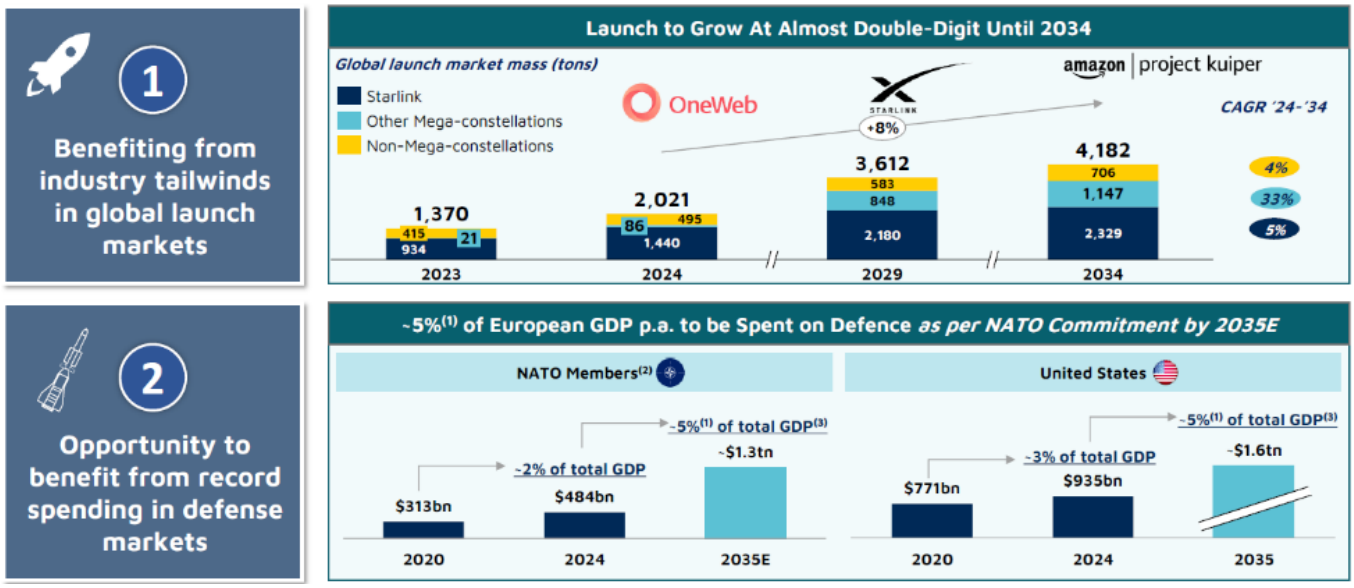


Source: company presentation

AVIO: ARIANE AND VEGA OVERVIEW

Source: company presentation

MARKET DEMAND TAILWINDS AND INCREASING DEFENSE SPENDING



Sources: Avio Analysis on Gunter's Space Page data; Novaspace; NATO Speech on "Building a better NATO" - June 2025, NATO report titled "Defense Expenditure of NATO Countries (2014-2025)" and press releases.
(1) At the 2025 Munich Security Conference, NATO agreed to raise its defense spending target for all allies to 5% of GDP by 2035E up from the previous 2% target. (2) Excludes US and Canada. (3) Assumes 2024A – 2035E GDP CAGR of 1% across all NATO members.
Source: company presentation

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NEW BUSINESS IN THE US CHANGING THE SIZE AND THE RISK PROFILE

AVIO's Defense Propulsion division (historically supplying boosters for MBDA's Aster 30/CAMM-ER missiles) **increased its sales weight from historical 5-6% to ~20% in FY25E**. supported by strong demand pumped up by geopolitical environment which led to the ReArm Europe plan.

The two new **contracts with the US Army and Raytheon** to develop a solid-propellant propulsion system (and potentially other customers) will drive this **business to grow in excess of 50% of both sales and EBITDA over the next decade.**

On Sep-12th AVIO announced a capital increase of up to €400mn (to be executed by year-end) and the option to issue **up to 10%** of the share capital on a non-pre-emptive basis (within 2030) which was approved in the Extraordinary Shareholders' Meeting held on October 23rd. The rights issue started on Nov-3rd to be finalized on Nov-17th and the consortium guarantees the underwriting of the unopted rights.

The size of the **capital increase** (much larger than what we imagined) will:

- **Enhance production capacity (+18% within 2028)**
  - **both in the US where the first plant to produce solid propellant engines capacity is planned to start operations in 2028** to serve new local customers; the modular approach will enable **long-term scalability** starting with the **initial capacity of 700 tons** (that we estimate in a production equivalent to 1.6/1.7k Mk 104 motors)
  - **and also increasing the installed capacity in Italy** (almost doubling it to 1k ton)

AVIO: SOLID PROPELLANT OUTPUT CAPACITY EVOLUTION (ton)

	2025	=>	2028	% change	Capex (€ mn)
Kourou (1)	6,000	=>	6,000	0%	
Utilisation rate	<50%				
Colleferro (2)	550	=>	1,000	82%	50-100
Utilisation rate	~50%		43%		
US (3)	0	=>	700	n.m.	400-500
TOTAL	6,550	=>	7,700	18%	

(1) producing P120 and future P160 boosters
(2) producing Vega's Zefiro 40 and Zefiro 9, Aster 30 and CAMM-ER motors
(3) producing Mk 104 and additional missile motors once homologated
** potential theoretical capacity*
Source: Equita SIM estimates and company data

- **Accelerate on vertical integration**, referring to acquisitions, but this needs clarification considering that sector multiples at this stage are particularly expensive.

The Defense Propulsion business growth in the US significantly improves the company's risk profile since it:

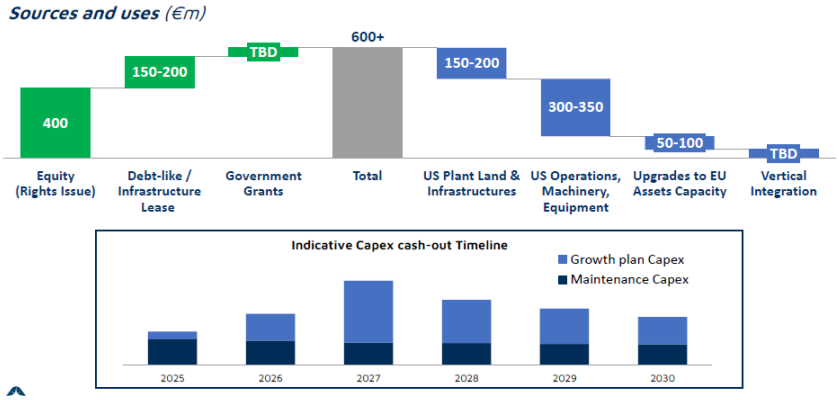
- Significantly increases the size of the company
- improves the geographic diversification
- improves the customer diversification since historically MBDA was the only customer while today there are already the US Army and Raytheon (whose product is under development) and other two undisclosed US customers in negotiation phase
- is more profitable than the launcher business (although never disclosed we believe it may generate EBITDA margin in excess of 15%)
- less risky than the launcher business (where every launch must succeed in order to avoid extraordinary costs and programs delays).

LONG-TERM GUIDANCE HIGHLY VISIBLE

Simultaneously to the announcement of the capital increase, **for the first time ever AVIO officially provided long-term guidance** over the 10-year period 2025-35:

- **capex needed to develop the Defense Propulsion business will be between €500mn and €650mn** to be mainly spent over the next 5 years, with a peak in 2027 (we believe around €140mn). This figure is €100+mn higher than what we had assumed, thus justifying the higher than we expected size of the rights issue

AVIO: 2025-30 CAPEX PLAN (€ mn)

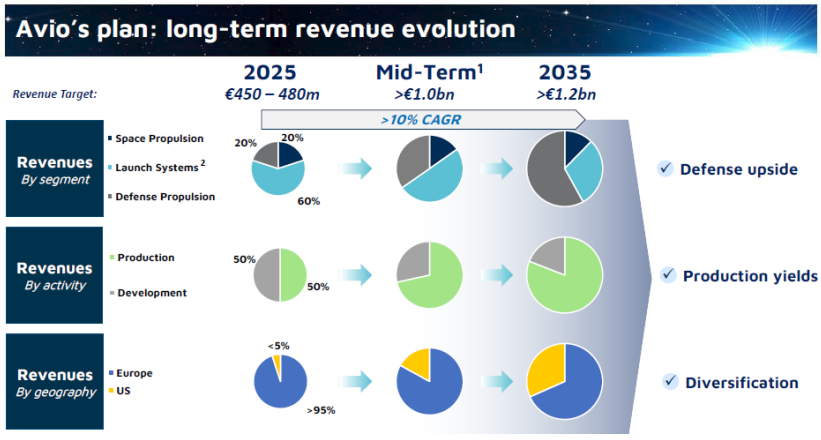


Source: Company presentation

- **revenues are projected to achieve**
  - **>€1bn in the period 2029-31** (i.e. after the start-up of the US plant) with the contribution of
    - production of 35 boosters for Ariane 6 from 14 in 2025
    - launch of 6 Vega C rockets p.a. from 3 in 2025
    - a 7x increase in defense engine production including the US expansion (in terms of solid propellant production)

    This figure is about 20% higher than our assumption in 2030.
  - **over €1.2bn in 2035** recording a growth in excess of 10% CAGR

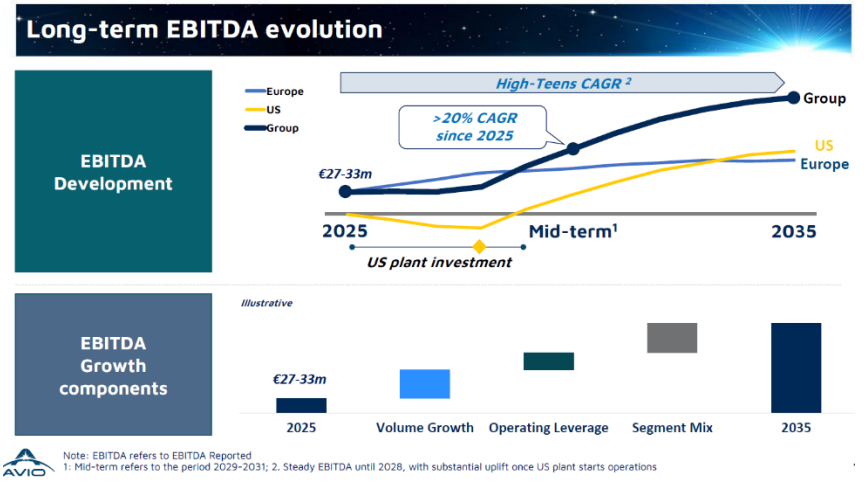
AVIO: 2025-35 REVENUES EVOLUTION



1: Mid-term refers to the period 2029-2031
2: "Launch systems" also includes Tech Dev Projects (Next Gen EU)
Source: company presentation

- **EBITDA 2025-35 CAGR projected in the "high-teens"** which we consider reasonable knowing that the Defense Propulsion margins are higher (although never officially quantified). Management also highlighted that **EBITDA**
  - **will be flattish until 2027-28** because of the US plant start-up costs
  - **will skyrocket thereafter**, when the US plant will be ramped-up.

AVIO: EBITDA EVOLUTION



Note: EBITDA refers to EBITDA Reported
1: Mid-term refers to the period 2029-2031; 2. 80%+ of EBITDA growth expected beyond 2028
Source: company presentation

We derive the following sensitivity at different potential sales (>10% CAGR moving in excess of €1.3bn) and EBITDA (high-teens CAGR, meaning in excess of €120mn) growth rates

AVIO: 2025-35E SALES and EBITDA PROJECTIONS (€ mn)

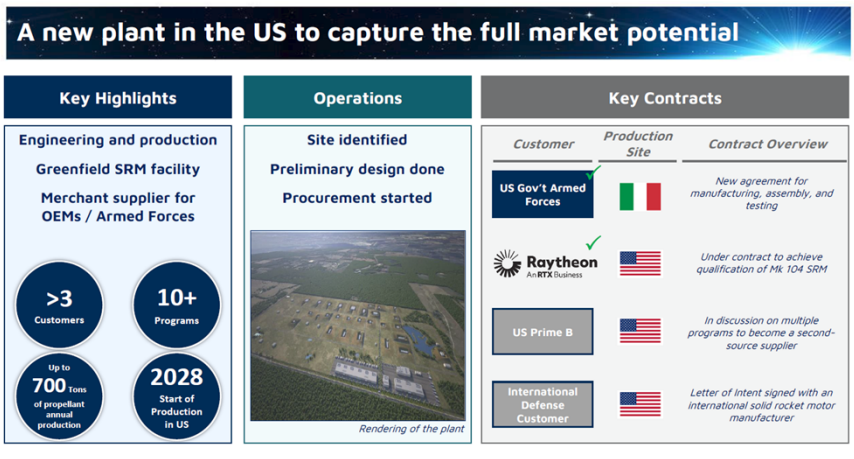
	2024	2025E	%	Change	2035E	%	2025-35E CAGR	2025E	2028E	...	2035E	
Net revenues	442	490		781	1,271		10%	*Management 2025-35E guidance: >+10% CAGR*				
				901	1,391		11%					
				1,032	1,522		12%					
EBITDA								*Management 2025-35E guidance: high-teens CAGR*				
								2035E				
								Min	Margin	MAX	Margin	Mid additional*
- Minimum	26	27		103	130		16%	119	9.5%	145	11.5%	102	13.2%
Margin	5.8%	5.6%		13.3%	10.3%		17%	130	10.3%	158	12.6%	114	14.8%
- Maximum		33		125	158		18%	141	11.2%	172	13.7%	127	16.4%
Margin		6.8%		16.2%	12.6%		19%	154	12.2%	188	14.9%	141	18.2%

** based on sales 10% CAGR*
Source: Equita SIM estimates and company data

As far as the **Defense propulsion** business is concerned, we derive that:

- **in the next 10 years the revenues will grow more than 20% CAGR** (i.e. from €<0.1 to ~0.6bn), increasing the weight on the group from 20% in 2025 to in excess of 50% in 2035
- **the US will generate €0.4bn revenues**: in addition to the US Army (which recently signed the first contract to be supplied by the Italian plant, but without disclosing any detail being a military business) and Raytheon (under development), two other potential customers are currently in negotiation phase.

AVIO: US EXPANSIONARY OPPORTUNITY



Source: company presentation

- **MBDA** (which is developing new products together with AVIO, in addition to CAMM-ER and Aster 30) we estimate may grow high single digit CAGR;

As far as the **launcher business** is concerned, we derive an implied **revenue growth is 5% CAGR** in the next 10 years with an increase in the number of flights:
- Vega C from 3 in 2025 to 6 launches
- Ariane 6 from 4-5 in 2025 to 10-12 launches

It is worth mentioning that the long-term management targets **already factor in the two additional customers' contribution currently in the negotiation phase**, though without knowing on which programs.

A STEP AHEAD WITH RAYTHEON (MK 104 DUAL-THRUST ROCKET MOTOR)

Following the contract signed in July 2024 for preliminary development, on September 24th Raytheon signed an order of up to $26mn to continue engineering activities on the Mk 104 engine for Raytheon's Missile Standards.

For Avio, this represents **a further step towards qualification and production** for a second US customer (after the US Army). The company does not provide details on the timeline which we assume **it may take 18-24 more months**.

Raytheon's Mk 104 DTRM engine is used as a dual-thrust (sustainer/second stage) motor in the U.S. Navy's Standard Missile family: SM-2, SM-3, and SM-6. **L3Harris** (Aerojet Rocketdyne) is currently **the only supplier of the Mk 104 solid motor** for all these missiles.

New suppliers in the qualification phase, working with the U.S. Navy/RTX (with development, prototyping, and industrialization funded) in order to become second sources are Avio, Ursa Major, and X-Bow Systems. Based on the available information we believe Avio is in good position to become the second source earlier than others.

Here are the main features of Raytheon's products
- **SM-2**: the SM-2 Block IV (RIM-156A) is an extended-range surface-to-air interceptor modified for the terminal engagement of ballistic missiles; it was the first SM-2 variant compatible with the Mk 41 VLS launcher. Due to program instability, the U.S. Navy acquired around 100 units and is progressively replacing them with the SM-6. Despite its limited production, the Block IV provided capability and experience which contributed to the development of the SM-6, with which it shares several components.

RAYTHEON: SM-2 MISSILE KEY FEATURES

Standard Missile-2 Block IV at a Glance

TYPE
Extended-range surface to air missile

MISSION
Air and Missile Defense

VARIANTS
Block IV (RIM-156A), Block IVA (RIM-156B, canceled)

RANGE
185-370 km

MIN / MAX ALTITUDE
1,000 m / 33,000 m

STAGES
2

PROPULSION
MK72 Solid Rocket Booster (1st stage), MK104 Dual Thrust Rocket Motor (2nd stage)

HOMING / SEEKER
Semi-active Radar

GUIDANCE
Inertial / Command

MANEUVER / DIVERT
Tail-controlled

LENGTH
6.55 m

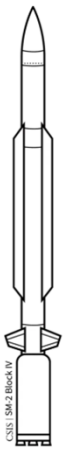
DIAMETER
343 mm (530 mm with booster)

LAUNCH WEIGHT
1,466 kg

STATUS
Operational

IN SERVICE
1995-present

OPERATORS
United States



Source: missilethreat site

- **SM-3**: the Standard Missile-3 is an exo-atmospheric interceptor for theater ballistic missile defense, part of the Aegis weapon system: it uses a kinetic kill vehicle ("hit-to-kill") to destroy ballistic missiles during the midcourse phase of their trajectory and is the only Standard Missile designed to operate in the vacuum of space. All current variants are launched from Mk 41 VLS cells, both on Aegis-equipped ships and from Aegis Ashore sites. They are **high-demand, low-availability** assets: as of 2018, the MDA had acquired a total of about 336 units; 47 were used in tests, 24 are deployed at the Aegis Ashore site in Deveselu (Romania), and the remaining roughly 265 are assigned to U.S. Navy ships with BMD capabilities, distributed among four U.S. combatant commands.

RAYTHEON: SM-3 MISSILE KEY FEATURES

Standard Missile-3 (SM-3)

ORIGINATED FROM
United States

POSSESSED BY
United States, Japan

BASING
Ship- and ground-launched

CLASS
Surface-to-air missile

LENGTH
6.55 m

VARIANTS
Block IA (RIM-11B); Block IB (RIM-161D); Block IB Threat Upgrade (TU)

DIAMETER
IA and IIB, 0.34 m; IIA, 0.54 m

RANGE
IA and IB, 700 km; IIA, 2,500 km

GUIDANCE
Inertial, Command, Midcourse GPS

PROPULSION
Solid-fuel

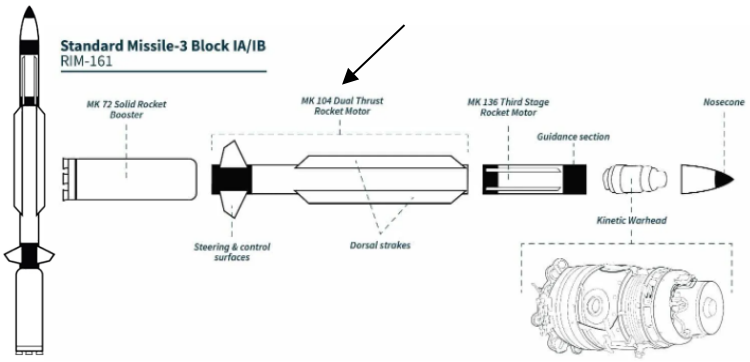
SPEED
IA and IB, 3.0 km/s; IIA, 4.5 km/s

STATUS
Operational

IN SERVICE
Block IA, 2005; IB, 2014; IIA, 2019

MANUEVER / DIVERT CONTROL
Tail-controlled / SDACS (KW)

LAUNCHER
Mk 41 VLS



Source: missilethreat site

- **SM-6**: the Standard Missile-6 is a multi-role missile capable of anti-air warfare, terminal-phase ballistic missile defense, and anti-ship strike missions; it employs a fragmentation warhead to engage endo-atmospheric threats. The U.S. Navy has upgraded it for strike missions, and its tri-mission capability enables more efficient weapon loadouts aboard missile-launching vessels. Thanks to its versatility, it is regarded as the Navy's workhorse for cruise and ballistic missile defense for many years to come.

RAYTHEON: SM-6 MISSILE KEY FEATURES

Standard Missile-6 (SM-6)

ORIGIN
United States

OPERATORS
United States

BASING
Ship-launched

CLASS
Surface-to-air and surface-to-surface missile

LENGTH
6.55 m

DIAMETER
0.343 m (0.530 m with booster)

RANGE
370 km

GUIDANCE
Inertial / Command

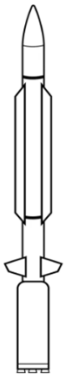
PROPULSION
Mk 72 Solid Rocket Booster (1), Mk 104 Dual Thrust Rocket Motor (2)

SPEED
1.03 km/s

MANEUVER / DIRECT
Tail-controlled

STATUS
Operational

IN SERVICE
2013-Present



Source: missilethreat site

US MISSILES MARKET BRIEF OVERVIEW: CLEAR UNDERCAPACITY

In the US **the largest missile producers are by far Raytheon and Lockheed Martin** supplying the US Government and foreign customers.

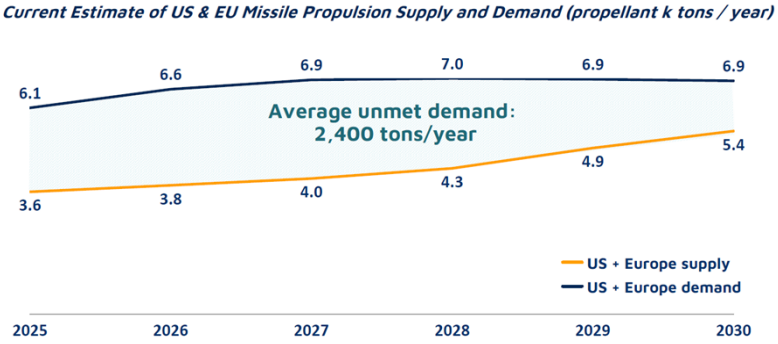
The largest solid rocket motor (SRM) developers and producers are

- **Aerojet Rocketdyne,** a division of **L3Harris Technologies** (since 2023) manufacturing >100k SRMs each year in Camden with different size for some of the US most critical defense systems like THAAD, Standard Missile, Stinger, Javelin and the Patriot. **It suffered a delay in building up new capacity because some critical components** (such as cases, igniters, and nozzles) are available from only one or two certified suppliers, thus suffering bottlenecks (as declared by L3Harris CEO Kubasik in Oct-23 conference call).
- **former ATK**, a division of **Northrop Grumman**, designing and manufacturing SRM and propulsion systems for U.S. defense and space programs. Its capabilities include large-scale solid propulsion for strategic missiles, space launch vehicles, and missile defense systems, as well as smaller motors for tactical applications. The division produces propulsion systems for programs such as the LGM-30G Minuteman III ICBM, the LGM-35A Sentinel ICBM, and the Trident II D5 SLBM, and it supplies the five-segment solid rocket boosters for NASA's Space Launch System. It also provides solid rocket motors for missile defense and target vehicles, including its Orion motor series used across short-, medium-, and intermediate-range ballistic missile classes. **It is expanding SRM production capacity to meet growing Department of Defense demand,** investing in automation, advanced materials, and modernized manufacturing to sustain U.S. strategic deterrence and space-launch capability.

Other smaller players are General Dynamics Ordinance, Tactical Systems and NAMMO Defense Systems.

Based on company's estimates, **the combined US and European market of missile propulsion has a significant excess of demand compared to supply** (currently around 2.5k tons per year), providing visibility to AVIO sale projections. The AVIO's 700-ton plant will cover ~28% of this demand. Other players are building up new capacity, but it will take time to fill in the gap.

US AND EUROPE MISSILE PROPULSION MARKET: SUPPLY vs DEMAND



Source: company presentation

There are also new entrants such as:

- **Anduril,** a private company which last August announced the opening of a $75-mn SRM manufacturing facility in Mississippi to be scaled up quickly; in just 18 months, it's gone from breaking ground to an operational SRM facility which has already test-fired 700+ motors since Jan-24 and will be expanded for an annual production to 6k tactical motors by the end of 2026. It also develops propellants containing ALITEC, a proprietary aluminum-lithium alloy fuel that enhances solid rocket motor performance (source: official site)
- **US Kratos Defense & Security Solutions**, in Feb-25 announced the establishment of a US-based JV named Prometheus Energetics with Israeli Rafael Advanced Defense Systems to supply SRMs, beginning production in 2027, jointly committing up to $175mn. Rafael already manufactures both SRMs and warheads in Israel for weapons used by the Israel Defense Force (IDF) and export customers. In Jan-25 Kratos was awarded the Pentagon's US$1.45bn Multi-Service Advanced Capability Test Bed contract to develop an affordable flight test bed to rapidly increase the USA's hypersonic flight test capacity

- **X-Bow Systems,** a private company established in 2016, which in May 2025 announced the final closing of an oversubscribed $105+ mn Series B to scale production of advanced manufactured solid-rocket motors (SRMs) and related defense technologies; NM, X-Bow describes itself as a one-stop shop for design, manufacture, test and launch of modular SRMs and small launch vehicles, has won USAF/AFRL contracts to demonstrate additive-manufactured SRMs and successfully launched the "Bolt" rocket in July 2022, and is actively partnering with larger primes and industry (Lockheed, Aeon) to industrialize SRM production and expand energetics/manufacturing capacity
- **Ursa Major,** a private company established in 2015 which builds flight-proven liquid and solid propulsion systems for Hypersonics, space launch and in-space mobility; it sells engines to commercial launch providers and the U.S. government, operates an integrated design-to-test production ecosystem that has rapidly scaled engine and SRM testing (static-firing motors across multiple diameters) and emphasizes rapid fielding of propulsion for all domains, positioning itself as a scalable supplier of high-performance rocket engines and propulsion solutions. it also has innovative 3-D printing capabilities

but none of them have the same 60-year experience in solid propellant and recent track record in building up new capacity (in the 4-year period 2018-22 it invested both in a casting facility in French Guyana and in Italy to expand its capacity) **like Avio.**

It is worth reminding that

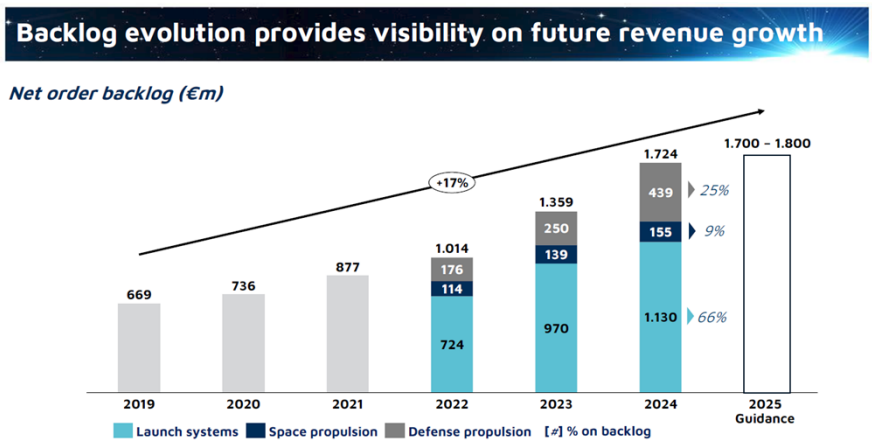
- **Solid propulsion** is well suited to applications where the system may need to be stored for long periods of time and then readied for use in very short order. Solid propulsion systems also mostly have a single intended thrust profile, which can limit versatility of the mission that they enable.
- **Liquid propulsion** systems on the other hand can usually be actively controlled/ throttled/shut down as desired in flight, making them much more adaptable to different mission types. Most liquid systems require more preparation ahead of use than their solid motor counterparts. Preparation tasks can include things like fueling and thermal conditioning.
- **Hybrid propellants** (mix of solid and liquid) are uncommon.

WE EXPECT AVIO'S ORDER BACKLOG TO EXCEED €2BN VERY SOON

The backlog almost doubled in the 3-year period 2021-24 (with Defense Propulsion multiplied 2.5x). Order intake growth in the next 24 months will support the visibility of the business plan implementation.

Following the ESA Ministerial Conference and the additional propulsion systems orders, **we believe it to exceed €2bn in 2026**.

AVIO: ORDER BACKLOG TREND



"Launch systems" also includes Tech Dev Projects (Next Gen EU)
CAGR illustratively calculated assuming mid-point of 2025 Guidance
Source: company presentation

3Q RESULTS (LOW OPERATING LEVERAGE) COHERENT WITH FY25 GUIDANCE

Considering the expansionary plan, **the 9 months results take a back seat**; however, 3Q was overall coherent with expectations (with revenues slightly better) and, as expected, led to the confirmation of the FY25 guidance to which we are aligned:

- Net revenues +19% YoY, driven by all segments (Vega, P120 for Ariane, and propulsion), at €116mn vs. expectation of €95mn
- EBITDA -6% YoY at €5.0mn vs. expectation of €4.5mn
- EBIT €0.2mn (down from €1mn in 3Q24) vs. expectation of -€1.0mn
- Net cash €47.2mn, down €28mn in the quarter due to typical seasonality and advance payments to subcontractors, vs. expectation of €50mn
- Orders up 5x YoY to €300mn (of which €200mn in propulsion already known) vs. expectation of €260mn (backlog +10% sequentially to €1.86bn vs. expectation of €1.84bn).

Non-recurring costs in 3Q were only €0.2mn (lower than €1.3mn in 3Q24), thus the adj. operating performance is similar to the unadjusted one:

- Adj. EBITDA -6% at €5.0mn vs. expectation of €3.5mn
- Adj. EBIT €0mn (compared to a profit of €1.0mn in 3Q24)

As expected, 2025 guidance confirmed to which both consensus and our estimates are broadly aligned:

- Order backlog -1/+4% YoY at €1.7–1.8bn, vs. €1.75bn expected
- Revenue +2/+9% YoY at €450–480mn, vs. €485mn expected
- Reported EBITDA +5/+28% YoY at €27–33mn, vs. €32.9mn expected
- Net income +15/+64% YoY at €7–10mn, vs. €8.9mn expected

We believe revenue could exceed guidance, and for this reason we position our estimate slightly above the upper end of the range without ruling out a better performance.

Highlights from the call:

- **New U.S. customers for defense propulsion**: in an interview with Il Sole 24 Ore dated Oct-28th, CEO Ranzo stated that one of the two clients currently under negotiation is in an advanced stage. If an agreement is signed, there would be a development phase before production begins which, as with Raytheon, could last 18–24 months, with production likely starting after 2028. Much will depend on whether development can begin immediately in Europe or must wait until operations are launched in the United States.
- **Grants for the new U.S. plant**:
  - State contributions for the plant are expected in the short term
  - federal contributions are more difficult to predict due to the changes that have occurred after new US administration appointment
- **ESA ministerial conference** (to be held on November 26–27): positive expectations, likely slightly below the previous one (in 2023 Avio secured orders worth €0.7bn to be distributed over three years), mainly aimed at financing
  - Vega C (updating, maintenance, higher cadence, ...)
  - the extension of the development of liquid oxygen projects
- **Operating leverage**: essentially absent in the first nine months (as EBIT increased by only €1mn despite revenue growth of €73mn), explained by
  - Higher energy costs (not quantified)
  - Low-capacity utilization (although improved compared to last year)

  Management nevertheless reminded that 4Q is typically the strongest quarter of the year in terms of profit generation (historically accounting for over 50% of annual EBITDA).

AVIO: CHANGE IN 2025E ESTIMATES (€ mn)

	FY25E Previous	%	FY25E Current*	%	Change
Revenues	470.0	100.0	490.0	100.0	4%
Incr. %	6%		11%		
EBITDA	32.4	6.9	32.9	6.7	2%
Incr. %	26%		28%		
Adj. EBIT	15.0	3.2	15.0	3.1	0%
Incr. %	9%		9%		
EBIT	13.0	2.8	13.0	2.7	0%
Incr. %	55%		55%		
Pre-tax profit	13.0	2.8	13.6	2.8	5%
Incr. %	92%		101%		
Net Income	8.6	1.8	9.0	1.8	5%
Incr. %	41%		48%		
Net financial position *	86.0		479.3		457%

** Including the €400-mn rights issue*
Source: Company data and Equita SIM estimates

UPDATED ESTIMATES

It is worth reminding that management guidance include the contribution of the two additional potential US customers (on top of the US Army and Raytheon), however not quantified.

Main changes to our updated estimates, based on management indications, concern

- **Capex increase**, following the indications of the disclosed investment plan
- **Lower EBITDA estimate until 2028** because of the US start-up costs (not quantified)
- **€400-mn cash-in** from the capital increase, assuming liquidity will be invested with a 1% net yield

AVIO: 2026-28 CHANGE IN ESTIMATES

	FY26E Prev.	%	FY26E Curr.	%	Change	FY27E Prev.	%	FY27E Curr.	%	Change	FY28E Prev.	%	FY28E Curr.	%	Change
Revenues	505.0	100.0	542.6	100.0	7%	553.6	100.0	608.0	100.0	10%	594.6	100.0	705.5	100.0	19%
Incr. %	7%		11%			10%		12%			7%		16%		
Adj. EBITDA	44.9	8.9	34.9	6.4	-22%	52.4	9.5	36.9	6.1	-30%	59.4	10.0	45.9	6.5	-23%
Incr. %	30%		0%			17%		6%			13%		24%		
EBITDA	42.9	8.5	32.9	6.1	-23%	50.4	9.1	34.9	5.7	-31%	57.4	9.7	43.9	6.2	-24%
Incr. %	32%		0%			17%		6%			14%		26%		
Adj. EBIT	24.5	4.9	14.5	2.7	-41%	31.0	5.6	14.0	2.3	-55%	37.0	6.2	19.0	2.7	-49%
Incr. %	63%		-3%			27%		-3%			19%		36%		
EBIT	22.5	4.5	12.5	2.3	-44%	29.0	5.2	12.0	2.0	-59%	35.0	5.9	17.0	2.4	-51%
Incr. %	73%		-4%			29%		-4%			21%		42%		
Pre-tax profit	22.5	4.5	17.4	3.2	-23%	29.0	5.2	16.4	2.7	-44%	35.0	5.9	19.8	2.8	-43%
Incr. %	73%		28%			29%		-6%			21%		21%		
Net Income	16.4	3.2	12.2	2.2	-26%	21.2	3.8	11.1	1.8	-48%	25.6	4.3	13.4	1.9	-48%
Incr. %	90%		35%			29%		-9%			21%		21%		
Net financial position	124.0		426.3		244%	134.4		271.4		102%	143.9		209.4		46%

Source: Equita SIM estimates

- **Increase of long-term estimates** including the benefits of the US expansion

AVIO: 2026-35E ESTIMATES (€ mn)

	2026E	%	2027E	%	2028E	%	2029E	%	2030E	%	2031E	%	2032E	%	2033E	%	2034E	%	2035E	%
Ariane	**105**	19.4	**130**	21.4	**150**	21.3	**155**	18.5	**165**	16.4	**170**	14.7	**175**	14.4	**180**	14.3	**180**	13.7	**180**	13.3
Change	17%		24%		15%		3%		6%		3%		3%		3%		0%		0%	
Vega	**255**	46.9	**275**	45.2	**302**	42.9	**333**	39.8	**366**	36.5	**384**	33.3	**404**	33.3	**424**	33.5	**445**	34.0	**467**	34.5
Change	8%		8%		10%		10%		10%		5%		5%		5%		5%		5%	
Defense propulsion	**120**	22.1	**160**	26.3	**230**	32.6	**325**	38.9	**450**	44.8	**578**	50.0	**630**	52.0	**656**	52.0	**683**	52.1	**702**	51.9
Change	29%		33%		44%		41%		38%		28%		9%		4%		4%		3%	
Tech development*	**60**	11.1	**40**	6.6	**20**	2.8	**20**	2.4	**20**	2.0	**20**	1.7								
Change	-25%		-33%		-50%		0%		0%		0%									
Other	**3**	0.6	**3**	0.5	**3**	0.4	**3**	0.4	**3**	0.3	**3**	0.3	**3**	0.2	**3**	0.2	**3**	0.2	**3**	0.2
Change	n.m.		0%		0%		0%		0%		0%		0%		0%		0%		0%	
Net Revenues	**543**	100	**608.0**	100	**705.5**	100	**835.7**	100	**1,004.0**	100	**1,154.8**	100	**1,211.5**	100	**1,262.9**	100	**1,310.4**	100	**1,352.1**	100
Incr. %	11%		12%		16%		18%		20%		15%		5%		4%		4%		3%	
Adj. EBITDA	**34.9**	6.4	**36.9**	6.1	**45.9**	6.5	**67.0**	8.0	**91.0**	9.1	**117.0**	10.1	**128.5**	10.6	**141.2**	11.2	**150.9**	11.5	**159.8**	11.8
Incr. %	0%		6%		24%		46%		36%		29%		10%		10%		7%		6%	
EBITDA	**32.9**	6.1	**34.9**	5.7	**43.9**	6.2	**65.0**	7.8	**89.0**	8.9	**115.0**	10.0	**126.5**	10.4	**139.2**	11.0	**148.9**	11.4	**157.8**	11.7
Incr. %	0%		6%		26%		48%		37%		29%		10%		10%		7%		6%	
Adj. EBIT	**14.5**	2.7	**14.0**	2.3	**19.0**	2.7	**33.1**	4.0	**56.1**	5.6	**81.1**	7.0	**91.6**	7.6	**103.2**	8.2	**112.0**	8.5	**119.9**	8.9
Incr. %	-3%		-3%		36%		74%		70%		45%		13%		13%		8%		7%	
EBIT	**12.5**	2.3	**12.0**	2.0	**17.0**	2.4	**31.1**	3.7	**54.1**	5.4	**79.1**	6.8	**89.6**	7.4	**101.2**	8.0	**110.0**	8.4	**117.9**	8.7
Incr. %	-4%		-4%		42%		83%		74%		46%		13%		13%		9%		7%	
Pre-tax profit	**17.4**	3.2	**16.4**	2.7	**19.8**	2.8	**33.3**	4.0	**55.4**	5.5	**80.3**	7.0	**90.9**	7.5	**102.7**	8.1	**111.5**	8.5	**119.6**	8.8
Incr. %	28%		-6%		21%		68%		67%		45%		13%		13%		9%		7%	
Net Income	**12.2**	2.2	**11.1**	1.8	**13.4**	1.9	**23.4**	2.8	**39.9**	4.0	**58.4**	5.1	**66.3**	5.5	**75.0**	5.9	**81.5**	6.2	**87.5**	6.5
Incr. %	35%		-9%		21%		75%		71%		47%		14%		13%		9%		7%	
Net financial position	**426.3**		**271.4**		**209.4**		**124.7**		**111.7**		**126.9**		**135.6**		**146.2**		**161.6**		**176.7**	

** National Recovery and Resilience Plan (NRRP) whose contribution should disappear in the medium-term*
Source: Equita SIM estimates

Our estimates factor in

- **Tax-rate** flat around 25% (since carried-forward losses were fully utilized)
- **NWC** with limited absorption because of customers downpayments in some cases likely in excess of 20%
- **Dividend pay-out** within the 30-60% range of declared net profit, with dividend yield not exceeding 5%

AVIO: CASH FLOW STATEMENT (€ mn)

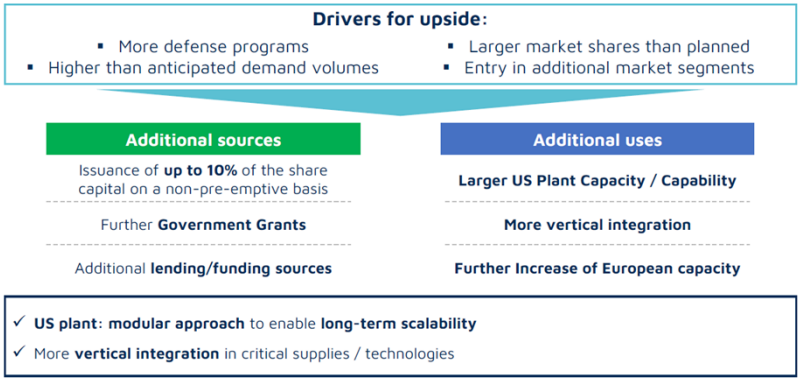
	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Net Profit before minorities	10	13	12	15	25	42	60	68	77	84	90
Depreciation	20	20	23	27	34	35	36	37	38	39	40
FCF provided by operations	**30**	**33**	**35**	**42**	**59**	**77**	**96**	**105**	**115**	**123**	**130**
(Increase in receivables)	0	0	0	-1	-1	-1	-1	0	0	0	0
(Increase in work-in-progress)	-24	-19	-33	-37	-66	-67	-60	-23	-21	-19	-17
(Increase in inventories)	-29	-37	-76	-108	-104	-135	-121	-45	-41	-38	-33
Increase in payables	27	9	11	21	19	21	18	9	9	8	8
Increase in advances from clients	23	62	59	147	115	194	173	65	59	55	48
(Increase) decrease in WC	**-4**	**14**	**-39**	**22**	**-38**	**11**	**9**	**6**	**6**	**6**	**6**
(Purchase of fixed assets)	-37	-90	-140	-115	-95	-85	-70	-73	-76	-79	-81
(Other net investments)	0	0	0	0	0	0	0	0	0	0	0
(Distribution of dividends)	-4	-5	-5	-5	-5	-9	-14	-23	-28	-28	-33
Rights issue *	410	0	0	0	0	0	0	0	0	0	0
Other	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6
(Increase) decrease industrial net debt	**389**	**-53**	**-155**	**-62**	**-85**	**-13**	**15**	**9**	**11**	**15**	**15**

** in FY25 including €10.4mn sponsor warrants exercised in 1H25 and the €400mn capital increase*
Source: Equita SIM estimates

Our estimates do not include any assumption on the grants which would represent an upside:

- **State grants**, expected in a relative short-term, whose amount depends on the size of the investment and number of employees recruitment, of which **a small part may be non-repayable**
- **Federal grants**, whose timing is more difficult to predict because of the recent changes decided by the administration, of which a **more sizable portion may be non-repayable**. Ongoing shut-down does not help to accelerate these procedures.

AVIO: POTENTIAL UPSIDE BEYOND THE PLAN



Source: company presentation

LEONARDO SOLD 9.4% OF AVIO TO SELF-FINANCE ITS RIGHTS ISSUE PRO-QUOTA

Leonardo (the Italian State-controlled main AVIO shareholder) decided to dilute its stake in Avio, but instead of selling the rights not participating in the capital increase, on October 29th **it placed 9.4% of Avio** (2.6mn shares) **on the market through an ABB @ €37.5PS.** Most of the €97-mn proceeds will be used to underwrite pro-quota the capital increase (€77mn), resulting in a basically neutral effect on its group's net financial position.

As a result, **Leonardo's stake in AVIO went down from 28.7% to 19.3%.** No implication for the control, as Avio remains subject to golden power regulations

We are a bit surprised by Leonardo's decision considering that its financial structure (2025E debt to EBITDA 0.5x before the sale of a portion of IDV to Rheinmetall -a decision which could be changed) would not have had any problem in financing the full pro-quota rights issue.

During the conference call held on November 6th on 3Q25 results, Leonardo CEO Cingolani stated: "*…We were in Avio because our interest was 90% on launchers because we do the missiles with MBDA. … it would be a nonsense to nurture two competing missiles activities in two companies that we control* (i.e. referring to both the 25% stake owned in MBDA and the stake in Avio) … *So in a very collaborative spirit, we discussed with Avio that we are not interested in the augmentation of capital in this new initiative, because, that will be, first of all, for us, quite an amount of money to be invested to stay at 28% in a company that, however, is moving the business towards the direction which is competitive to what we already do with MBDA …*".

US PEERS NOT ALL EXACTLY COMPARABLES

Following the rights issue announcement to develop the US business, **AVIO attracted a lot of interest from US investors** specialized in the space sector accustomed to "very high" multiples, not unusual also for loss-making companies.

The few US listed comparables have clear different features compared to AVIO (in terms of size, product maturity, profitability, capex plan, business visibility, …), but all trade at very high multiples (see appendix #3).

AVIO: US LISTED COMPARABLES MULTIPLES

	Mkt cap	EV	EV / Sales				EV / EBITDA				EV / EBIT				P/E			
Valuation	(EUR)	(EUR)	2027	2028	2029	2030	2027	2028	2029	2030	2027	2028	2029	2030	2027	2028	2029	2030
Karman Holdings	8,598	8,988	15.0x	12.8x	--	--	47.3x	39.2x	--	--	63.2x	50.1x	--	--	93.7x	71.4x	--	--
Rocket Lab	20,806	20,644	19.5x	16.7x	13.9x	9.3x	130.9x	80.3x	60.1x	--	213.3x	111.8x	--	--	451.0x	139.9x	115.4x	41.3x
Firefly Aerospace	2,455	3,251	4.8x	3.1x	2.7x	2.4x	39.1x	19.6x	14.0x	9.9x	72.1x	30.7x	21.6x	13.7x	55.2x	24.5x	17.2x	11.8x
Mean			13.1x	10.9x	8.3x	5.8x	72.4x	46.3x	37.1x	18.8x	116.2x	64.2x	21.6x	13.7x	200.0x	78.6x	66.3x	26.6x
Median			15.0x	12.8x	8.3x	5.8x	47.3x	39.2x	37.1x	18.8x	72.1x	50.1x	21.6x	13.7x	93.7x	71.4x	66.3x	26.6x

Source: Equita SIM estimates on Factset consensus data

We believe **Karman Holding is the most comparable company** among those in the US operating in AVIO's reference markets (Propulsion and Space); in 2024 Karman generated $345-mn sales with over 70 customers and 100 programs, almost equally spread among

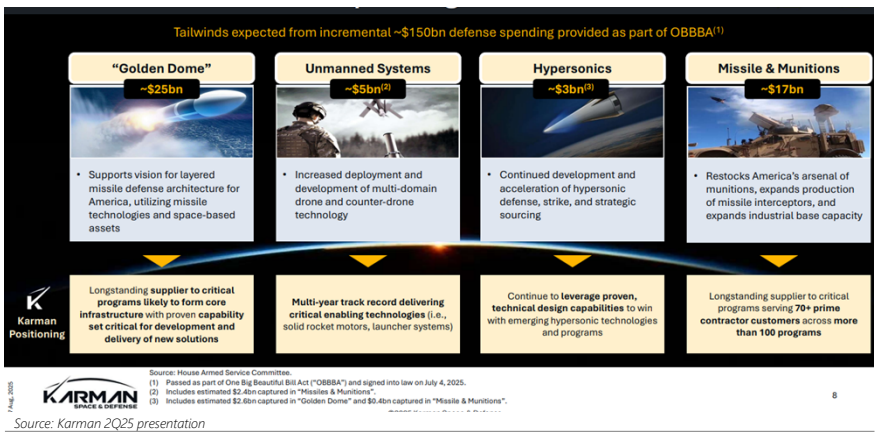
- Hypersonic and Strategic Missile Defense: propulsion systems
- Tactical Missiles and Integrated Defense Systems: Aerodynamic Interstage Systems
- Space and Launch: Payload Protection & Deployment Systems

KARMAN HOLDING: MAIN SEGEMENT / PRODUCTS

Source: Karman 2Q25 presentation

Karman, like AVIO, it is equally **well exposed to the robust US Defense spending trends**:

KARMAN MAIN MARKET DRIVERS



Source: Karman 2Q25 presentation

In the following table we report Karman mani figures based on Factset consensus estimates:

KARMAN HOLDING: 2022-28E MAIN FIGURES ($mn)

	2022	2023	2024	2025E	2026E	2027E	2028E
Sales	**226**	**281**	**345**	**463**	**575**	**724**	**940**
Change		24%	23%	34%	24%	26%	30%
EBITDA	**55**	**76**	**104**	**144**	**183**	**230**	**310**
Change		37%	37%	39%	27%	26%	35%
D&A	-35	-27	-33	**-65**	**-60**	**-63**	**-72**
EBIT	**20**	**48**	**71**	**78**	**123**	**167**	**238**
Change		137%	46%	11%	56%	37%	42%
Pretax Income	**-17**	**1**	**14**	**35**	**82**	**134**	**215**
Change		-107%	1104%	147%	133%	63%	61%
Net Income	**-14**	**4**	**13**	**23**	**59**	**100**	**166**
Change		-131%	191%	81%	158%	68%	67%
Cash Flow	**18**	**28**	**47**	**101**	**142**	**197**	**287**
Free Cash Flow	-27	4	11	2	64	86	125
Net Debt	**-397**	**-404**	**-436**	**-331**	**-289**	**-115**	**n.a.**
Capex	21	17	15	21	30	36	n.a.
Order backlog	**265**	**429**	**580**	**820***	**1,099**	**1,376**	**1,567**
Backlog to sales	1.2x	1.5x	1.7x	1.8x	2.0x	2.0x	1.9x
Employees	1,074	1,074	1,113	n.a	n.a	n.a	n.a
EBITDA Margin	**24%**	**27%**	**30%**	**31%**	**32%**	**32%**	**33%**
ROS	9%	17%	20%	17%	21%	23%	25%
Capex/Sales	**9%**	**6%**	**4%**	**5%**	**5%**	**5%**	**n.a.**
Tax-rate	18%	n.m.	11%	35%	28%	26%	23%

** as of Sep-25 it was $758mn*
Source: Equita SIM on Factset consensus estimates and company data

However, there are evident **macroscopic differences between Karman and Avio** which would suggest a discount on multiples; unfortunately, consensus figures are not available beyond 2028.

KARMAN vs AVIO: MAIN DIFFERENCES

Main features	Karman Holding	AVIO
US exposure	100%	5% growing to ~40% in 2035
EBITDA margin	>30% through 2028	<10% until at least until 2028 Later on moving towards 15%
Capex to sales	Mid single digit through 2028	High teens
EBITDA 2025-28E CAGR	23%	13% (much higher thereafter)
EPS 2025-28E CAGR	66%	5% (much higher thereafter)

Source: Equita SIM on Factset consensus data

Other US players are

- **Rocket Lab** operating only in Space, providing launch services through Electron, focused on Kerosene/methan propellant
- **Firefly** operating only in Space, still loss-making which recently suffered a failure.

For additional details see also Appendix #3.

VALUATION +23% TO €37PS

Through the new US expansionary plan AVIO changes shape and the risk profile, justifying the **application of a different valuation method** compared to the usual DFCF we used in the past to which more recently we added a separate valuation for the US expansion

As a consequence of the huge capex plan causing a sizable cash absorption over the next 4 years, **the DFCF-analysis mainly relies on the terminal value**. At the same time, we believe **the valuation through a simple multiple comparison**, which could lead to valuations in a wide range, could be **misleading** because of several macroscopic differences among peers.

For this reason, **we prefer the SOTP approach separating Space from Defense** (including both the US and Europe), applying different multiples considering the different growth prospects and higher Defense profitability (although both businesses boast high visibility in terms of backlog beyond future order collection).

We believe it is **correct to evaluate AVIO on 2030-31 figures**, when the US plant will be fully functional, given that the next 2-3 years will be penalized by start-up costs (not quantified but we believe sizable). causing a flattish operating performance. We apply to 2030-31 estimates what we consider a reasonable multiple knowing that comparable consensus estimates are not available after 2029.

In the following table we present our valuation and sensitivity based on **two different long-term multiples EV/EBITDA assumption**

- **Space (launchers),** to which we apply a **lower EV/EBITDA (9x)** to factor in its lower profitability and typically higher business risk, getting an equity value of €0.3bn, similar to the **whole AVIO market cap in the 5-year period 2017-21 (when it included a much smaller Defense activity only supplying MBDA)**
- ***Defense (motor missiles), with a higher EV/EBITDA (15x) to factor in the much higher*** growth potential and higher margins (reiterating our belief that operating leverage for large volumes may generate even higher profits than in our expectations).

We also include other assets/liabilities (€-29mn) and assume a **small contribution from the US grants** (€25mn both State and federal) which are difficult to quantify, but will come for sure and could have a much higher **non-repayable portion**.

As a result, we get a €37-PS target (+23%), equivalent to 2030/31E EV/EBITDA 14/11x and PE 34-23x). We acknowledge these are bold multiples for 2030-31, but we also try to factor in likely

- announcement of further new US customers and/or new motor projects of existing ones further increasing visibility
- potentially triple digit grants, of which a portion non-repayable (vs. our €25mn assumption)
- ESA Ministerial Conference favorable outcome (included in our estimates for €0.6bn).

AVIO: SOTP VALUATION (€ mn) based on 2031E figures

	Space	Defense	Group
Sales	577	578	1,155
EBITDA	33	84	117
Margin	**6%**	**15%**	**10%**
Multiple	**9.0 x**	**15.0 x**	**13.3 x**
EV	**294**	**1,265**	**1,559**
NFP			177
Other assets/liabilities			-29
Grants			25
Total			**1,731**
# shares after capital increse (mn)			46.8
Valuation (€ PS)			**37.0**

Source: Equita SIM estimates

AVIO: SOTP SENSITIVITY (€ mn) TO DIFFERENT DEFENSE EV/EBITDA MULTIPLES

Multiple	11.0 x	12.0 x	13.0 x	14.0 x	15.0 x	16.0 x	17.0 x	18.0 x	19.0 x
Defense	927	1,012	1,096	1,180	1,265	1,349	1,433	1,518	1,602
Equity	**1,394**	**1,479**	**1,563**	**1,647**	**1,731**	**1,816**	**1,900**	**1,984**	**2,069**
# shares	47	47	47	47	47	47	47	47	47
Valuation	**29.8**	**31.6**	**33.4**	**35.2**	**37.0**	**38.8**	**40.6**	**42.4**	**44.2**

Source: Equita SIM estimates

There are no 2030-31 consensus estimates available for what we consider the most comparable company, **Karman**. Assuming it is able to maintain the same trend in both sales growth (~+20% p.a.) and confirm its high EBITDA margin (33%) showed in the past few years, **we estimate it would trade around 2030-31E EV/EBITDA ~20/17x.**

Based on consensus estimates **both Rocket Lab and Firefly remain loss-making at least until 2026.**

Looking at peers from a different perspective, **AVIO boasts the highest ratio order backlog to sales, even before the**

- signature of the Defense Propulsion contracts of the new US customers
- ESA Ministerial Conference outcome.

AVIO vs PEERS: 2025E SALES AND BACKLOG TO SALES

	Karman	Rocket Lab	Firefly	AVIO
	$ mn	$ mn	$ mn	€ mn
2025 sales	463	590	135	490
2025 Order backlog	820	1,145	n.a.	1,744
Backlog to sales	1.77x	1.94x	n.a.	**3.56x**

Source: Equita SIM estimates and Factset consensus data

As a reference point, we also report the **DFCF analysis (in excess of €30PS)** which, as a consequence of the heavy capex plan, **mainly relies on the terminal value**.

AVIO: DFCF ANALYSIS (€ mn)

Assumptions			2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	Beyond
g	3.0%	**Sales**	**543**	**608**	**705**	**836**	**1,004**	**1,155**	**1,212**	**1,263**	**1,310**	**1,352**	**1,393**
WACC	7.0%	*Change %*	*10.7%*	*12.0%*	*16.0%*	*18.5%*	*20.1%*	*15.0%*	*4.9%*	*4.2%*	*3.8%*	*3.2%*	*3.0%*
		EBITDA	**33**	**35**	**44**	**65**	**89**	**115**	**127**	**139**	**149**	**158**	**141**
		Change %	*0.0%*	*6.1%*	*25.8%*	*47.9%*	*36.9%*	*29.2%*	*10.0%*	*10.0%*	*7.0%*	*6.0%*	*-10.8%*
		Margin	6.1	5.7	6.2	7.8	8.9	10.0	10.4	11.0	11.4	11.7	10.1
		D&A	-20	-23	-27	-34	-35	-36	-37	-38	-39	-40	-29
Valuation		**EBIT**	**13**	**12**	**17**	**31**	**54**	**79**	**90**	**101**	**110**	**118**	**111**
NPV of Free Cash Flows	-125	*Change %*	*-3.8%*	*-4.0%*	*41.7%*	*82.7%*	*74.0%*	*46.2%*	*13.3%*	*13.0%*	*8.6%*	*7.2%*	*-5.5%*
NPV of Terminal Value	1,089	*Margin*	2.3	2.0	2.4	3.7	5.4	6.8	7.4	8.0	8.4	8.7	8.0
Estimated EV	**964**	Taxes	-3	-3	-4	-8	-14	-20	-22	-25	-27	-29	-28
2025E NFP	479	**EBIT after Tax**	**9**	**9**	**13**	**23**	**41**	**59**	**67**	**76**	**82**	**88**	**84**
Adjustment to NFP	-46	*Change %*	*2.2%*	*-4.0%*	*41.7%*	*82.7%*	*74.0%*	*46.2%*	*13.3%*	*13.0%*	*8.6%*	*7.2%*	*-5.5%*
Equity	**1,397**												
Peripherals & other	16	Capex	-90	-140	-115	-95	-85	-70	-73	-76	-79	-81	-29
Total Equity	**1,413**	(increase) decrease WC	14	-39	22	-38	11	9	6	6	6	6	-3
		FCF before minorities	**-46**	**-147**	**-53**	**-75**	**1**	**35**	**37**	**44**	**48**	**53**	**81**
# of shares	46.8	FCF Minorities	-1	-1	-2	-2	-2	-2	-2	-2	-2	-2	0
		FCF after minorities	**-47**	**-149**	**-55**	**-77**	**0**	**33**	**35**	**42**	**46**	**51**	**80**
Target Price	**30.2**	Discount Factor	1.00	1.07	1.14	1.22	1.31	1.40	1.50	1.60	1.72	1.83	1.83
		PV of FCF	**-47**	**-139**	**-48**	**-63**	**0**	**23**	**24**	**26**	**27**	**28**	**44**

Source: Equita SIM estimates

APPENDIX: THE EUROPEAN LAUNCHERS ARE THE MOST RELIABILE

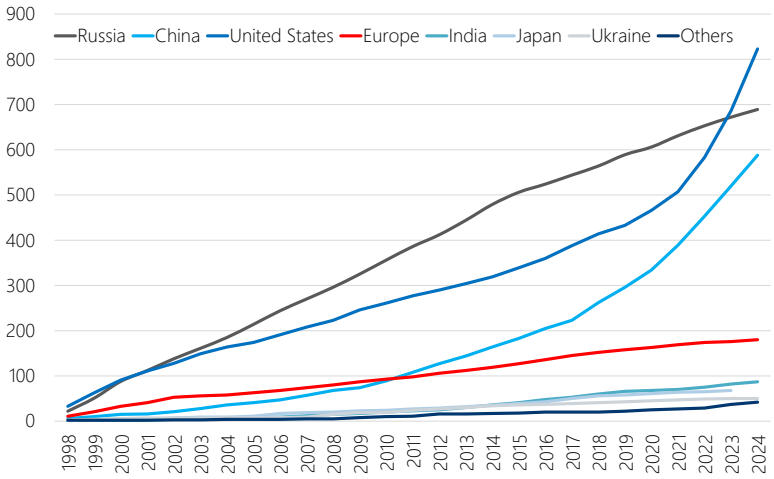
The critical success factor for a launcher is its reliability, which is inversely proportional to the number of failures (i.e. explosion of the launcher, damages caused to the satellite during transit, positioning in an incorrect orbit/location, …).

For Avio the most important direct and indirect consequences of a launch failure are:

- **deterioration in perceived reliability**, thus a risk of lower bargaining power;
- **increased insurance costs** for future launches;
- **costs** incurred to detected and fix the issues;
- **flights suspension** until the problem is identified and resolved;
- **production inefficiencies because of launch delays;**
- **cancellation of scheduled launches** (the worst-case scenario).

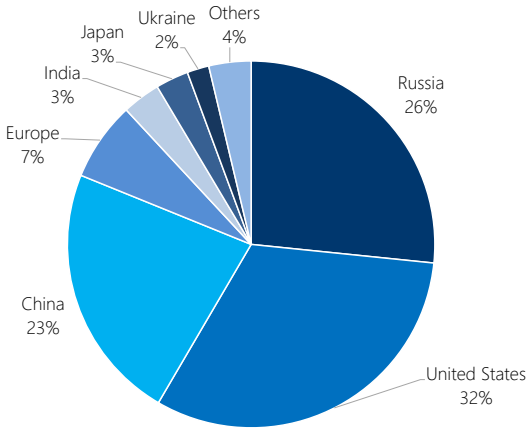
According to Space Launch Report, **more than 2.5k launches took place worldwide between 1998 and 2024** with the United States, Russia and China being the 3 most active countries (with the US and China strongly growing in the past few years).

NUMBER OF LAUNCHES: CUMULATED TREND BY COUNTRY (1998-2024)



Source: Equita SIM on Space Launch report and Skyrocket.de

NUMBER OF LAUNCHES: CUMULATED SPLIT BY COUNTRY (1998-2024)

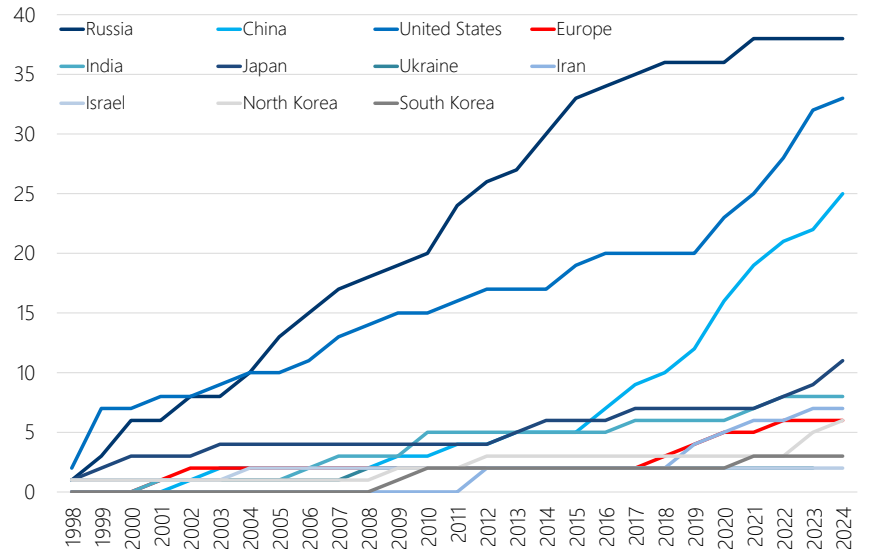


Source: Equita SIM on Space Launch report and Skyrocket.de

The number of launches at global level showed a **strong acceleration in 2024 hitting a new all-time record in excess of 250** (mainly in LEO orbits), driven by China, United States (while Russia slowed down). It **represents more than 60% growth vs the past 5-year average**.

As we always highlighted, the launchers business is not immune from risks. **Since 1998 the total number of failures was 145 …**

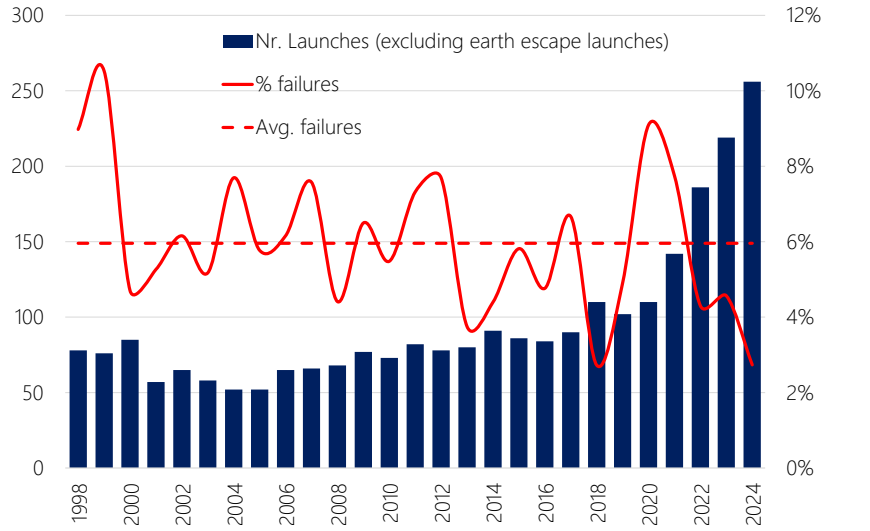
LAUNCHES: CUMULATED FAILURES BY COUNTRY (1998-2024)



Source: Equita SIM on Space Launch report and Skyrocket.de

... or on average 5.6% of total launches, with a significant decline in the last 3 years hitting the historical low in 2024 at 2.7%.

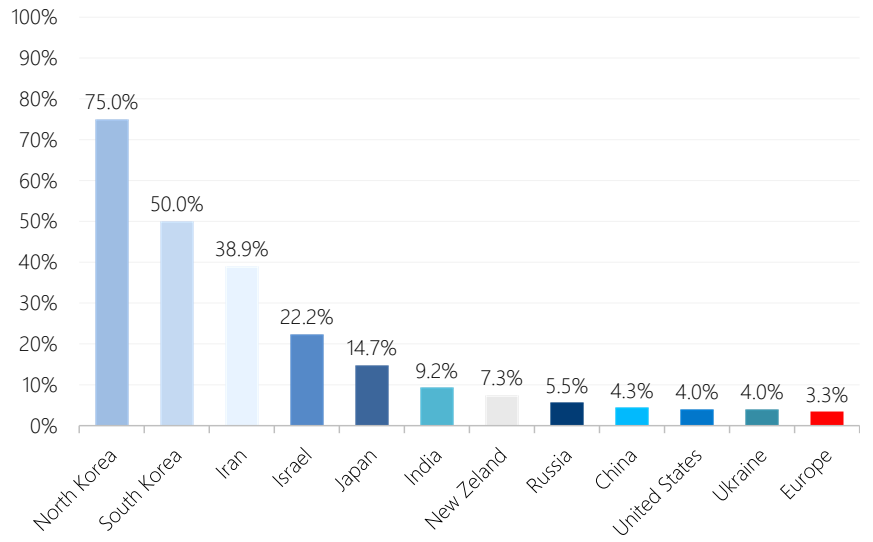
LAUNCHES: TOTAL LAUNCHES AND FAILURE RATE TREND (1998-2024)



Source: Equita SIM on Space Launch report and Skyrocket.de

The **European launchers** (i.e. Ariane for which Avio provides the boosters and Vega for which Avio is prime contractor) **remain the most reliable** even factoring in the three more recent failures (two Vega in 2019 and 2020 and one Vega C in 2022): summing up the Ariane and Vega family the combined failure rate is 3.3%.

LAUNCHES: FAILURE RATE (number of failures/number of flights – 1998-2024)



Source: Equita SIM on Space Launch report and Skyrocket.de

Since the start of the programme Ariane 5 suffered 4 failures (three of which were qualification flights - when the failure risk is typically higher). **The last ones date back to more than 20 years ago** (1996, 1997 and 2001). No one caused major delays to the following flights.

Vega alone had a perfect track record until the 14th launch; its failure rate is now around 11% (=3 out of 27 launches); however, it is worth remembering that the prime contractor Avio did not suffer any significant negative economic impact since most of the costs were covered by ESA and insurance policies.

Following the successful maiden flight of Ariane 6 in Jul-24 and Vega C return to flight in Dec-24 **the failure risk should be lower**.

APPENDIX 2: VEGA FAILURES DID NOT HAVE ANY MAJOR SIDE EFFECTS

1. **On Jul-11th 2019 the 15th launch of the Vega (VV15) suffered a premature end of the mission** (the first failure after 14 in-a-row successful flights - a global first).

   On Sep-5th 2019 the **independent investigation** jointly carried out by ESA and Arianespace:
   - **identified the failure of the thermo-structure of the second-stage Zefiro 23 engine** produced by Avio as the most likely cause of the Vega VV15 launch failure; it is worth remembering that, according to the plans, the Zefiro 23 will be replaced by the Zefiro 40 in the new configuration of Vega C
   - **indicated a set of corrective actions to be implemented.**

   The outcome of the investigation **removed the worst-case scenario**, which could have materialized in case of a substantial revision of the Vega programme, implying high costs, long delays and a lot of uncertainty.

   The return to fly was scheduled on March 23rd 2020; unfortunately, on March 16th the French Government announced the **lockdown of the Kourou spaceport** for precautionary reasons due to the COVID-19 pandemic thus postponing the event to June. Later in June it was further delayed due to **unfavorable weather conditions**.

   On September 2nd 2020 Vega finally returned to fly with a successful mission (VV16) even more positive because, for the first time, it **simultaneously placed in orbit 53 micro satellites** (7 microsatellites weighing between 15 kg and 150 kg + 46 smaller CubeSats for various applications including earth observation, telecommunications, science, technology and education), **using the innovative Small Spacecraft Mission Service** (SSMS), a modular carbon fiber dispenser designed by Avio for launches in low orbit (300 km from Earth) of small satellites weighing between 1 and 400 kg.

The resilience of AVIO's business model was demonstrated by the achievement of 2019 EBITDA guidance in spite of this painful event for the following reasons:

- Arianespace and the French government are responsible for failures after take-off, beyond the usual coverage of insurance policies
- ESA contributed to cover the costs: the Ministerial Council held in November approved the existing **programmes specifically devoted to flight anomalies** which covered the non-recurring costs associated with the failure (such as investigation and corrective actions).

This confirms its ability to manage critical issues and its **essential role in guaranteeing the access to space for all European countries which the whole system is willing to protect.**

The main **side effect** concerns the reputational damage with potential implications on pricing power and insurance costs (4-8% of the launch cost in proportion to proven reliability over time), although the **company denied significant consequences.**

2. **On November 16th 2020, during the Vega VV17 mission** carrying the satellites SEOSAT-Ingenio (for ESA, on behalf of the Spanish Center for Development of Industrial Technology), and Taranis (for CNES, the French space agency), **an anomaly occurred 8 minutes after take-off that caused the premature end of the mission.**

   In December 2020 the independent commission composed by members of ESA, Arianespace and Avio in charge of investigating the causes of the Vega VV17 flight failure, confirmed the initial hypothesis of **a human error related to the integration of the AVUM fourth-stage engine`s Thrust Vector Control System**. It also provided recommendations to ensure a return to flight.

   No significant non-recurring costs were incurred, no structural corrective actions had to be taken and long delay in launches was avoided: **on April 28th, 2021** the return to flight of the Vega became a reality, sweeping away the concerns: the **VV18 mission placed in orbit** the French satellite Pléiades Neo 3 and other 5 microsatellites (including the Norwegian Norsat 3 and 4 cubesats for Eutelsat, NanoAvionics/Aurora Insight and Spire), using a module derived from the SSMS adaptor already validated in the VV16 mission in September 2020.

APPENDIX 3: MAIN POTENTIAL COMPARABLES

Karman Space & Defense

Karman Space & Defense is a US aerospace and defense manufacturer that takes programs from concept to production across three core lines: payload protection and deployment systems, aerodynamic interstage structures and separations, and propulsion systems. Its hardware underpins Hypersonics, integrated defense systems, and space-launch missions for government and commercial customers.

In FY24, Karman reported total revenue of $345mn. The business mix was roughly evenly split across its three segments: Tactical Missiles and Integrated Defense Systems (34%), Space and Launch (33%), and Hypersonics and Strategic Missile Defense (33%).

The company operates a network of engineering and manufacturing sites across the United States, built to deliver consistent design, test, qualification, and production at scale. Karman's leadership team is led by CEO Tony Koblinski. The largest (non-controlling) shareholder disclosed among public holders is Uninet Partners Inc. (5%).

Rocket Lab

Rocket Lab is an end-to-end space company that delivers reliable launch services (Electron today, Neutron in development), complete spacecraft design and manufacturing (Photon and satellite components), and on-orbit solutions for national security, scientific, and commercial missions.

In FY24, Rocket Lab reported total revenue of $436mn. The business mix was Space Systems (71%) and Launch (29%). The company has launch complexes at Māhia, New Zealand and Wallops Island, and Virginia. Rocket Lab is led by Founder & CEO Peter Beck.

Firefly Aerospace

Firefly Aerospace is a space and defense company providing rapid-response launch (Alpha), in-space transportation (Elytra), and lunar delivery (Blue Ghost) for government and commercial customers.

In FY24, Firefly reported total revenue of $60.8mn. The business mix was Spacecraft Solutions (63%) and Launch (37%).

The company has production and test facilities in Briggs (Texas), and launch sites at SLC-2, Vandenberg Space Force Base (California) and SLC-20, Cape Canaveral Space Force Station (Florida). Firefly is led by CEO Jason Kim. The largest shareholder disclosed among public holders is Astera Institute (9%).

Last September Firefly Aerospace stock (listed since August) lost 21% after the explosion of the first stage engine of the Alpha Flight 7 rocket during testing activity, demonstrating how difficult it is to develop a new launcher and what the execution risk of this business are.

MAIN US COMPARABLES (FY24 figures)

COMPANY	AVIO	Karman	Rocket Lab	Firefly Aerospace
Country	Italy	US	US	US
Bloomberg ticker	AVIO IM	KRMN US	RKLB US	FLY US
Factset ticker	AVIO-IT	KRMN-US	RKLB-US	FLY-US
Currency	€	USD	USD	USD
Market cap	1,355	9,350	24,990	2,890
Free float	59%	77%	87%	36%
Main shareholder	Leonardo			AE Industrial Partners
Stake	19.3%			40.1%
Production sites	TOTAL 2 Italy (1) French Guyana (1)	TOTAL 9 US (9)	TOTAL 3 US (2) New Zealand (1)	TOTAL 2 US (2)
Propellant know-how	Solid	Solid	Kerosene/Methane	Kerosene
Revenues by division (2024)				
Space	64%	33%	100%	94%
Defense propulsion	16%	67%		
Tech development	20%			
Other	1%			6%
% of revenues competing with AVIO	-	100%	100%	94%
2024 revenues	442	345	436	61
Europe	95%			
North America	5%	100%	85%	100%
South America				
APAC			7%	
Others	0%	0%	8%	0%
2024 EBITDA	26	104	-157	-195
EBITDA margin	5.8%	30.0%	-36.1%	-126.0%
2023 EBITDA margin	6.1%	27%	-61%	-230%
2024 EBIT	8	64	-173	-189
ROS	1.9%	20.4%	-43.5%	-134.0%
2024 Net Profit	6	13	-190	-231
5-year net profit average	43			
NFP (net debt)/cash *	90	436	56	45
Debt to EBITDA	n.m.	n.m.	n.m.	n.m.
2024 NWC	-193	87	353	-51
NWC on sales	-44%	22%	81%	-33%
Total # employees (2024)	1,355	1,113	2,100	800
Revenues per employee (k)	326	282	189	176
EBITDA per employee (k)	19	85	-68	-222
EBIT per employee (k)	6	58	-82	-236
2024 Capex	40	14	61	30
2024 capex on sales	8.9%	4.4%	15.4%	21.1%

Source: Equita SIM on companies data

APPENDIX 4: PARITY TABLE

Terms of the €400-mn rights issue:

- issue price €20.37PS
- offered at a ratio of 3 new shares for each 4 shares held
- rights exercisable from 3 November 2025 to 17 November 2025 (inclusive)
- rights may be traded from 3 November 2025 to 11 November 2025 (inclusive)

AVIO: RIGHTS ISSUE PARITY TABLE (€ PS)

Change	Price cum	Right	Price ex
20%	45.52	10.78	34.74
19%	45.14	10.61	34.52
18%	44.76	10.45	34.31
17%	44.38	10.29	34.09
16%	44.00	10.13	33.87
15%	43.62	9.96	33.66
14%	43.24	9.80	33.44
13%	42.86	9.64	33.22
12%	42.48	9.48	33.01
11%	42.10	9.31	32.79
10%	41.72	9.15	32.57
9%	41.34	8.99	32.36
8%	40.96	8.83	32.14
7%	40.59	8.66	31.92
6%	40.21	8.50	31.70
5%	39.83	8.34	31.49
4%	39.45	8.18	31.27
3%	39.07	8.01	31.05
2%	38.69	7.85	30.84
1%	38.31	7.69	30.62
TODAY	37.93	7.53	30.40
-1%	37.55	7.36	30.19
-2%	37.17	7.20	29.97
-3%	36.79	7.04	29.75
-4%	36.41	6.88	29.54
-5%	36.03	6.71	29.32
-6%	35.65	6.55	29.10
-7%	35.27	6.39	28.89
-8%	34.90	6.23	28.67
-9%	34.52	6.06	28.45
-10%	34.14	5.90	28.24
-11%	33.76	5.74	28.02
-12%	33.38	5.58	27.80
-13%	33.00	5.41	27.59
-14%	32.62	5.25	27.37
-15%	32.24	5.09	27.15
-16%	31.86	4.92	26.94
-17%	31.48	4.76	26.72
-18%	31.10	4.60	26.50
-19%	30.72	4.44	26.29
-20%	30.34	4.27	26.07

Source: Equita SIM estimates

STATEMENT OF RISKS FOR AVIO

The primary elements that could **negatively** impact the stock include:

- Significant deterioration in the reference macroeconomic scenario
- Significant increase in short term interest rates
- European Space budget cuts and European Governments instability
- Launch failures affecting the reliability
- More expensive and longer than expected development programs
- Worsening R&D fiscal incentives schemes
- Competitors' technological innovation generating price pressure
- Delay in the execution of the US propellant capacity development

P&L - €mn	2022	2023	2024	2025E	2026E	2027E
SALES Rep	357	339	442	490	543	608
Growth	14.7%	-5.2%	30.4%	11.0%	10.7%	12.0%
EBITDA Rep	21.4	20.5	25.8	32.9	32.9	34.9
Growth	-28.6%	-4.3%	25.9%	27.6%	0.0%	6.1%
Margin	6.0%	6.1%	5.8%	6.7%	6.1%	5.7%
D&A	-19.2	-15.3	-17.4	-19.9	-20.4	-22.9
EBIT Rep	2.2	5.2	8.4	13.0	12.5	12.0
Growth	-74.7%	133.1%	60.4%	55.1%	-3.8%	-4.0%
Margin	0.6%	1.5%	1.9%	2.7%	2.3%	2.0%
Financial Expenses	-0.9	1.4	-1.6	0.6	4.9	4.4
PBT Rep	1.4	6.6	6.8	13.6	17.4	16.4
Growth	-83.9%	379.1%	1.8%	101.1%	28.0%	-5.9%
Income Taxes	-0.1	0.0	-0.4	-4.0	-4.4	-4.1
Tax rate	5.2%	0.3%	5.6%	29.4%	25.0%	25.0%
Minority Interest	-1.7	-0.1	-0.3	-0.6	-0.9	-1.2
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Net Income Rep	-0.4	6.5	6.1	9.0	12.2	11.1
Growth	n.m.	n.m.	-6.2%	47.8%	35.1%	-8.8%
Margin	-0.1%	1.9%	1.4%	1.8%	2.2%	1.8%
Net Income Adj	5.8	11.6	12.4	9.3	11.8	10.8
Growth	-50.5%	98.6%	7.1%	-25.2%	27.6%	-9.1%
Margin	1.6%	3.4%	2.8%	1.9%	2.2%	1.8%

CF Statement	2022	2023	2024	2025E	2026E	2027E
FFO	20.5	21.9	23.8	29.5	33.5	35.2
Chg. in Working Capital	50.5	30.3	37.5	-3.8	14.4	-39.3
NCF from Operations	71.0	52.2	61.4	25.8	47.9	-4.1
CAPEX	-34.2	-38.4	-39.5	-36.8	-90.0	-140
Financial Investments	-5.7	-0.5	4.3	0.0	0.0	0.0
NCF from Investments	-40.0	-38.9	-35.2	-36.8	-90.0	-140
Dividends paid	-4.7	0.0	-6.0	-3.9	-4.7	-4.7
Capital Increases	0.0	0.0	0.0	410	0.0	0.0
Other changes in financing	-9.0	-11.7	-6.2	-6.2	-6.2	-6.2
NCF from Financing	-13.7	-11.7	-12.2	400	-10.9	-10.9
NET CHG IN CASH	26.8	-35.8	6.1	389	-53.0	-155
CHG IN NFP	17.3	1.7	14.0	389	-53.0	-155

Source: Company data and Equita SIM estimates

INFORMATION PURSUANT TO EU REGULATION 2016/958 supplementing Regulation EU 596/2014 (c.d. MAR)

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RECOMMENDATION/RATING	Low Risk	Medium Risk	High Risk
BUY	ETR >= 10%	ETR >= 15%	ETR >= 20%
HOLD	-5% <ETR< 10%	-5% <ETR< 15%	0% <ETR< 20%
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Date	Rec.	Target Price	Risk.	Comment
November 3, 2025	Hold	30.00	Medium	dividend payment/share capital changes
September 15, 2025	Hold	37.00	High	change in estimates/valuation
August 28, 2025	Hold	25.00	High	change in estimates/valuation
July 10, 2025	Hold	20.00	High	change in estimates/valuation
March 14, 2025	Hold	17.50	High	-
February 14, 2025	Hold	16.10	High	change in estimates/valuation

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