

Company Flash Note

Reason: Company newsflow

1 December 2025

Buy

from Rating Suspended

Share price: EUR 24.95

closing price as of 28/11/2025

Target price: EUR 40.00

Upside/Downside Potential 60.3%

Reuters/Bloomberg

AVI.MI/AVIO IM

Market capitalisation (EURm) 1,167

Current N° of shares (m) 47

Free float 81%

Daily avg. no. trad. sh. 12 mth (k) 385

Daily avg. trad. vol. 12 mth (k) 12,674.26

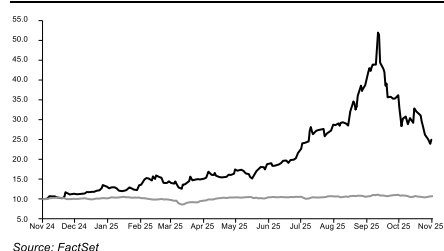
Price high/low 12 months 51.93 / 9.90

Abs Perfs 1/3/12 mths (%) -24.49/-12.21/150.69

Key financials (EUR)	12/24	12/25e	12/26e
Sales (m)	442	478	534
EBITDA (m)	26	34	35
EBITDA margin	5.8%	7.1%	6.6%
EBIT (m)	8	14	12
EBIT margin	1.9%	2.9%	2.3%
Net Profit (adj.)(m)	6	10	11
ROCE	8.8%	6.9%	3.8%
Net debt/(cash) (m)	(90)	(434)	(345)
Net Debt Equity	-0.3	-0.6	-0.5
Net Debt/EBITDA	-3.5	-12.8	-9.8
Int. cover(EBITDA/Fin.int)	15.9	high	(8.8)
EV/Sales	0.5	1.6	1.6
EV/EBITDA	8.7	22.2	23.9
EV/EBITDA (adj.)	7.2	20.4	22.0
EV/EBIT	26.7	54.3	68.5
P/E (adj.)	44.1	nm	nm
P/BV	0.9	1.6	1.6
OpFCF yield	11.7%	-3.1%	-7.0%
Dividend yield	0.6%	0.6%	0.7%
EPS (adj.)	0.25	0.22	0.24
BVPS	11.98	15.14	15.22
DPS	0.15	0.16	0.16

Shareholders

Leonardo 19%;



Analyst(s)

Andrea Bonfà

andrea.bonfa@bancaakros.it

+39 02 4344 4269

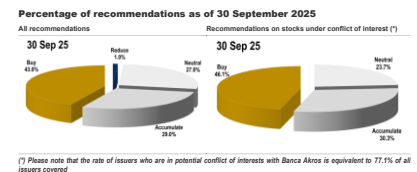
Key player in ongoing space & defence super-cycle

The company is leader in two of the most promising space and defence industrial verticals of the moment: solid rocket motors (srm) for ground to air defence missiles and space rocket boosters. To support next 10y prospective growth the company is launching a EUR 600m capex programme to build a srm greenfield plant in the USA and expand Italian manufacturing sites financed via a EUR 400m capital increase, debt and/or grants. AVIO's guidance/BP foresees 2025-35 sales/EBITDA cagr of >10%/high teens: we are about in line on sales (12% cagr) but above on EBITDA (22% cagr) estimating for 2035 an EBITDA of EUR241m with net cash of EUR330m. We resume the coverage with a BUY rating and a target price of EUR40.

- ✓ AVIO is a key player in both space and defence propulsion sectors. The space global launch payload (tons x year) is expected to growth 6% cagr over 25/35 (source AVIO) and similar growth rates (6%/8%) are expected in the US & EU missile propulsion SRM market in terms of K of tons of propellant per year or value. The defence propulsion market is currently seen extremely unbalanced with a 25/30 average unmet demand ranging from 2.5k tons in 2025 to 1.5k tons in 2030 or an average over the period of 2.4k tons per year (source AVIO).
- ✓ To capture the US defence propulsion market the company is going to build a greenfield SRM facility, USA. The site has been identified, the preliminary design has been done, and initial procurement has started. Today the company has two US srm clients the US Government Armed Forces and Raytheon, a third one which has booked some initial production capacity (Lockeed Martin) and is in discussion to add an international client always based in USA. As such, the company with three to four customers confirmed, plans to start US production by end 2028, to operate over 10 srm models/programmes and reach up to 700 ton of annual propellant production.
- ✓ Considering the above and AVIO's ability to growth faster than refence markets, the company should expand 2025/2035 sales and EBITDA by 12%/22% cagr respectively reaching app EUR 1.5bn and EUR 241m respectively. We expect 2035e group EBITDA margin of 16%. By that date defence should be app. 60% of sales of which app. 50% from the USA. Due to the US start-up costs, the company is expecting flattish EBITDA growth over 2026e-2028e, a strong acceleration afterward to reach an overall high teens cagr over 2025-2035e (on EBITDA our estimates are above company's guidance).
- ✓ In 2026-2030e, as guided we assume, EUR 600m capex additional capex of which over 80% for the USA new greenfield plant. 2025e cash flow should reflect the EUR 374m net proceeds from the capital increase or a net cash of around EUR434m to converge into a net debt by 2030e followed by years of material cash generation.
- ✓ The very back-end profitability of the company and hence the compressed profitability until 2028e-2030e and relative distorted optically elevated AVIO's multiples, and the absolute elevated EV/Sales multiples of the few US space listed companies suggest avoiding a SOP as valuation tool and use a DCF with 3% Itg and 7.5% WACC. The resulting FV/TP is EUR 40. BUY CONFIRMED. Main catalysts should be order backlog newsflow while main risks are in lunch failures and lower than expected order intake.

Banca Akros acted as co-bookrunner in Avio's EUR400M rights issue.

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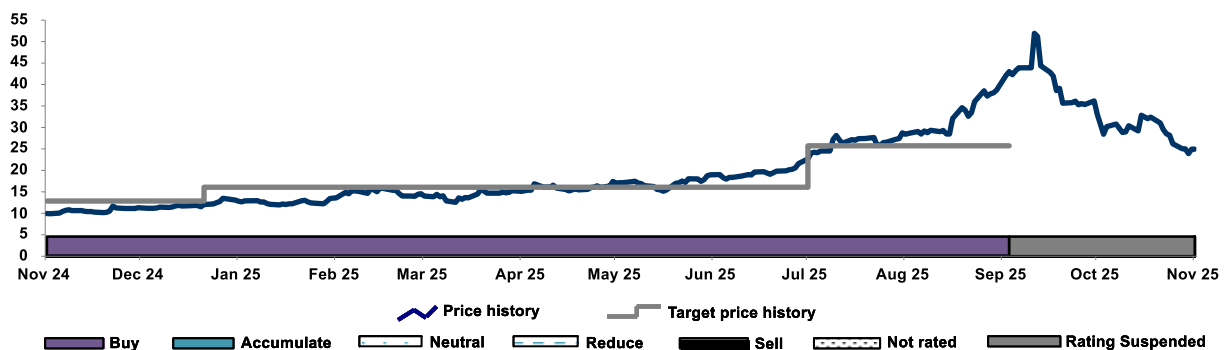


Recommendation history for AVIO

Date	Recommendation	Target price	Price at change date
28-Nov-25	Buy	40.00	24.95
30-Sep-25	Rating Suspended		43.01
28-Jul-25	Buy	25.73	22.67
17-Jan-25	Buy	16.08	12.04
24-Jul-24	Buy	12.86	10.32
10-Jul-24	Buy	11.25	10.45
16-Apr-24	Buy	10.45	8.34
21-Dec-22	Neutral	8.04	7.69

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows Banca Akros continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Andrea Bonfà (since 16/01/2019)



ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated based on **total return**, measured by the upside/downside potential (including dividends and capital reimbursement) over a **12-month time horizon**. The final responsible of the recommendation of a listed company is the analyst who covers that company. The recommendation and the target price set by an analyst on one stock are correlated but not totally, because an analyst may include in its recommendation also qualitative elements as market volatility, earning momentum, short term news flow, possible M&A scenarios and other subjective elements.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months
- **Rating Suspended:** the rating is suspended due to: a) a capital operation (take-over bid, SPO, etc.) where a Member of ESN is or could be involved with the issuer or a related party of the issuer; b) a change of analyst covering the stock; c) the rating of a stock is under review by the Analyst.
- **Not Rated:** there is no rating for a stock when there is a termination of coverage of the stocks or a company being floated (IPO) by a Member of ESN or a related party of the Member.

Note: a certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

Banca Akros Ratings Breakdown

Recommendation	Nr.of stocks covered	%
Buy	40	40%
Accumulate	26	26%
Neutral	32	32%
Reduce	0	0%
Sell	0	0%

of which Sponsored Research

Recommendation	Nr.of stocks covered	%
Buy	12	55%
Accumulate	4	18%
Neutral	6	27%
Reduce	0	0%
Sell	0	0%

ESN Ratings Breakdown

Recommendation	Nr.of stocks covered	%
Buy	196	55%
Accumulate	39	11%
Neutral	113	32%
Reduce	0	0%
Sell	4	1%

of which Sponsored Research

Recommendation	Nr.of stocks covered	%
Buy	32	71%
Accumulate	4	9%
Neutral	9	20%
Reduce	0	0%
Sell	0	0%

For full ESN Recommendation and Target price history (in the last 12 months), please see ESN Website [Link](#)

Date and time of production: 1 December 2025: 8:00 CET

First date and time of dissemination: 1 December 2025: 8:05 CET

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