

AVIO

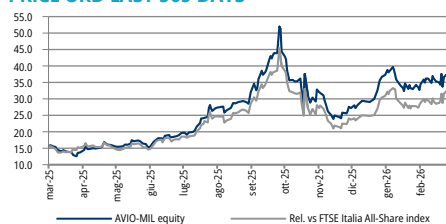
Change in Recommendation

BUY ord. (prev. HOLD)Target: **€ 42.00** (prev. 39.00)

Risk: Medium

STOCKDATA		ORD		
Price (as of 12 Mar 2026)		33.8		
Bloomberg Code		AVIO IM		
Market Cap (€ mn)		1,582		
Free Float		76%		
Shares Out (mn)		46.8		
52 week Range		€ 12.6 - 51.9		
Daily Volume		828,656		
Performance (%)	1M	3M	1Y	
Absolute	3.4	24.3	119.0	
Rel to FTSE Italia All-Share	8.1	22.6	89.5	
MAIN METRICS		2025	2026E	2027E
SALES Adj		542	585	630
EBITDA Adj		34.8	34.9	37.3
EBIT Adj		14.5	14.1	14.0
NET INCOME Adj		8.8	12.4	10.6
EPS Adj - €c		30.1	26.4	22.7
DPS Ord - €c		14.8	10.0	10.0
MULTIPLES		2025	2026E	2027E
P/E ord Adj		97.6x	128x	149x
EV/EBITDA Adj		22.5x	33.6x	33.8x
EV/EBIT Adj		53.9x	83.1x	90.0x
REMUNERATION		2025	2026E	2027E
Div. Yield ord (A)		0.7%	0.3%	0.3%
FCF Yield Adj		78.6%	-11.1%	-5.3%
INDEBTEDNESS		2025	2026E	2027E
NFP Adj		592	409	321
Nfp Ex lfrs16		637	454	371
D/Ebitda Adj		n.m.	n.m.	n.m.

PRICE ORD LAST 365 DAYS

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FY26 ORDER INTAKE GUIDANCE OVERLY CONSERVATIVE

FY26 guidance coherent with expectations except much lower order intake which we rate overly conservative (as also admitted by the CEO during the call), and however not jeopardizing the medium-/long-term visibility. Following yesterday's stock weakness we upgrade to BUY, believing the recent geopolitical evolution will very likely push additional demand for the defense business even in case of peace

- **FY26 guidance coherent with our expectations ...**

- **revenues +3%/+9% YoY** at €560/€590mn vs €575mn expected
- **adj. EBITDA -17%/+6% YoY at €29/€37mn vs €35mn expected** (compared to the business plan which envisages a flattish figure until 2028 due to the US plant start-up costs which in 2026 worth €7-9mn). The range is wide also for the **energy costs** risk
- **net Income -31%/+12% YoY** to €8/13mn vs €14mn expected

- **... except lower order intake (including only the hard ones)**

FY26 order backlog is expected to slightly decline to €2.0-2.1bn (-8/-3%); this is for sure disappointing, implying order intake -60%/-47% YoY to €0.39-0.52bn vs our expectation of €0.75bn (-24% YoY). **At mid-point the FY26 book-to-bill is just 0.8x** vs the 1.3x we expected, not exactly what investor would have imagined for a growth story.

- **The CEO clearly specified that FY26 targets are "conservative"**

During yesterday's call, **CEO Ranzo clarified that FY26 guidance is conservative:**

- **revenues may achieve the top end of the range**
- **backlog projection only refers to hard orders and does not include any potential defense upside** (on top of the recently signed US Army €65-mn contract), despite being very likely in the current geopolitical context. Since there is typically a considerable time lag between the order being received by the missile manufacturer and the order being signed by the component suppliers (i.e. Avio) the flow is not easily predictable, neither from European MBDA, nor from US customers (we believe the most likely is Raytheon).

- **Defence business is clearly on the way up ...**

Additional orders for defense which are not included in the guidance may come from

- **both Europe (i.e. MBDA)** such as the SAMP/T anti-missile systems that use the Aster 30 for which Avio produces the motors, being purchased/currently evaluated by several European countries including Denmark, Belgium, Luxembourg and Greece
- **and the US**, knowing that the US 700-ton facility to start in 2028 may be expanded by 2-3x with relatively low capex compared to the initial investment (€0.5+bn) and meanwhile US customers may be supplied from Italy where there is a sizable available production capacity (we estimate as of today >300 tons).

- **... and medium-/long-term visibility is unchanged, or even improved for defence**

Regardless of short-term considerations, we believe that the **medium/long-term visibility is unchanged** and for the defense business it has even improved, considering the recent evolution of the geopolitical context in which missiles are used on a large scale, increasing the gap between supply and demand (see appendix). Even in the event of widespread peace, the arsenals will have to be replenished even if only for deterrence purposes. For this reason, **we broadly confirm our 2026 estimates** (and also higher than the guidance order intake).

- **Upgrade to BUY on recent stock weakness and defence business likely acceleration**

Following yesterday's stock weakness (-8% on lower order intake guidance), and positive qualitative comments emerged during the top management conference call, **we upgrade to BUY**, believing the defense business (we estimate growing to 50% of sales and even more in terms of profits within 5 years) will benefit from

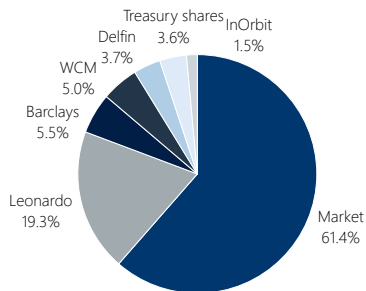
- **the US missiles demand acceleration** which may generate more orders deliverable from Italy (before the US plan start-up in 2H28) in addition to **MBDA** serving EU countries
- **more grants** from the US and Europe and **potential additional new programs** from both existing and new customers.

SOTP (=target price) +8% to €42PS (=2030/31E EV/EBITDA 20/15x and PE 49/33x), factoring in the potential additional defense upside (now applying 16x to 2031E EBITDA vs previous 15x).

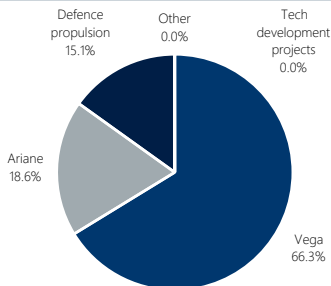
MAIN FIGURES - EURmn	2023	2024	2025	2026E	2027E	2028E
SALES Adj	339	442	542	585	630	706
Growth	-5.2%	30.4%	22.7%	8.0%	7.7%	12.0%
EBITDA Adj	28.0	31.2	34.8	34.9	37.3	46.3
Growth	0.9%	11.4%	11.4%	0.3%	6.9%	24.1%
EBIT Adj	12.7	13.8	14.5	14.1	14.0	19.0
Growth	48.2%	8.3%	5.1%	-2.8%	-0.7%	35.7%
PBT Adj	14.2	12.2	15.6	20.1	18.2	22.3
Growth	82.8%	-14.0%	28.2%	28.9%	-9.6%	22.6%
Net Income Adj	11.6	12.4	8.8	12.4	10.6	13.4
Growth	98.6%	7.1%	-29.3%	41.1%	-14.1%	26.2%
MARGIN - %	2023	2024	2025	2026E	2027E	2028E
EBITDA Adj Margin	8.3%	7.1%	6.4%	6.0%	5.9%	6.6%
Ebit Adj margin	3.8%	3.1%	2.7%	2.4%	2.2%	2.7%
Pbt Adj margin	4.2%	2.8%	2.9%	3.4%	2.9%	3.2%
Net Income Adj margin	3.4%	2.8%	1.6%	2.1%	1.7%	1.9%
SHARE DATA	2023	2024	2025	2026E	2027E	2028E
EPS Adj - €c	44.0	47.1	30.1	26.4	22.7	28.7
Growth	98.6%	7.1%	-36.1%	-12.1%	-14.1%	26.2%
DPS ord(A) - €c	24.0	14.8	14.8	10.0	10.0	10.0
BVPS	11.4	11.5	14.9	15.0	15.2	15.4
VARIOUS	2023	2024	2025	2026E	2027E	2028E
Capital Employed	241	238	179	220	361	441
FCF	2.1	15.7	506	-175	-83.8	-50.2
CAPEX	38.4	39.5	44.3	90.0	140	115
Working capital	-155	-193	-294	-175	-195	-218
Trading Working capital	174	208	224	226	195	220
INDEBTNESS	2023	2024	2025	2026E	2027E	2028E
Nfp Adj	76.1	90.1	592	409	321	266
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	125	135	637	454	371	316
MARKET RATIOS	2023	2024	2025	2026E	2027E	2028E
P/E Ord Adj	15.5x	23.7x	97.6x	128x	149x	118x
P/E Ord Adj FD	15.9x	24.5x				
PBV	0.6x	0.8x	1.5x	2.2x	2.2x	2.2x
EV FIGURES	2023	2024	2025	2026E	2027E	2028E
EV/Sales	0.3x	0.5x	1.4x	2.0x	2.0x	1.9x
EV/EBITDA Adj	3.7x	6.5x	22.5x	33.6x	33.8x	28.4x
EV/EBIT Adj	8.1x	14.8x	53.9x	83.1x	90.0x	69.2x
EV/CE	0.4x	0.9x	4.4x	5.3x	3.5x	3.0x
REMUNERATION	2023	2024	2025	2026E	2027E	2028E
Div. Yield ord	3.3%	1.6%	0.7%	0.3%	0.3%	0.3%
FCF Yield Adj	1.1%	6.5%	78.6%	-11.1%	-5.3%	-4.2%
Roce Adj	5.2%	5.6%	6.2%	4.8%	3.4%	3.5%

Source: Company data and Equita SIM estimates

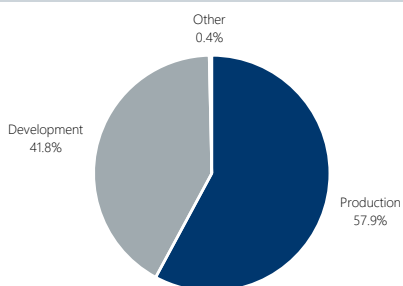
SHAREHOLDERS



REVENUES BREAKDOWN BY PRODUCT



SALES SPLIT BY BUSINESS



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).

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.

In Sep-25 it announced the **plan to build up a new site in the US for defense propulsion** serving main US missile-makers, proving **strong group long-term targets** (2025-35E revenues >10% CAGR and EBITDA high-teens CAGR).

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

STRENGTHS / OPPORTUNITIES	WEAKNESSES /THREATS
<ul style="list-style-type: none"> - 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 	<ul style="list-style-type: none"> - 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

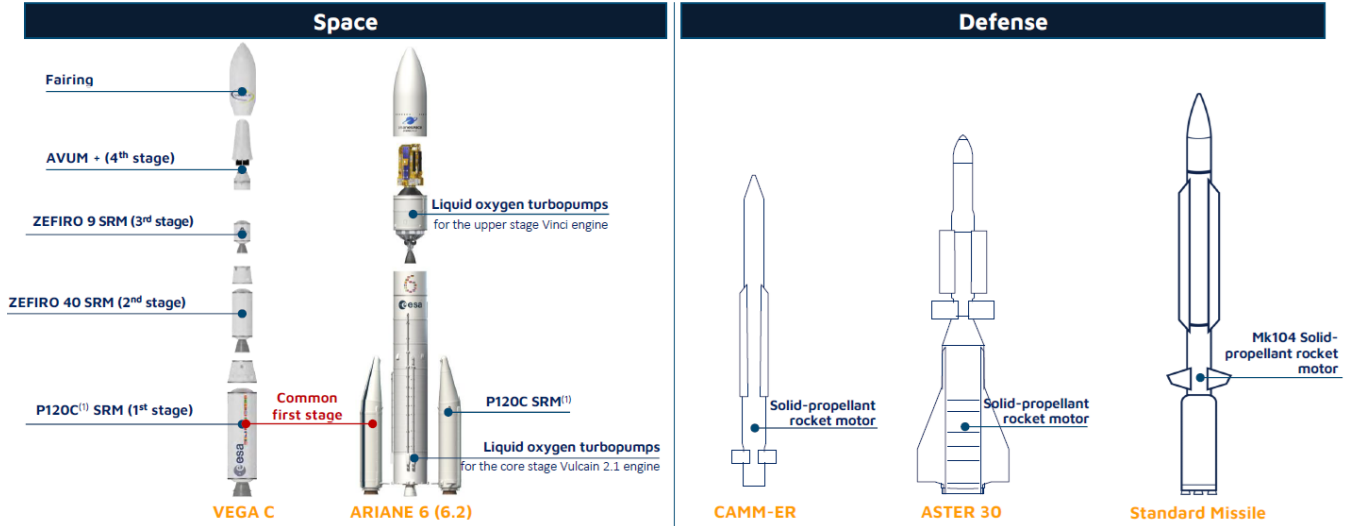


Photo credits: ESA. CAMM-ER and ASTER 30 are products of MBDA Group
SRM: Solid Rocket Motor
Source: company presentation

AVIO: QUICK HISTORY

Avio's 60 years track record in space and defense propulsion

	Ariane 1-3	Ariane 4	Ariane 5	Vega	Vega C	Ariane 6	
	Separation motors	9 tons boosters	240 tons boosters	Launch system	improved performance	280/560 tons boosters	
SPACE							
DEFENSE	HAWK	MLRS 100,000+ SRMs	MILAN 23,000+ SRMs	ASPIDE 4,000+ SRMs	ASTER 30 2,200+ Boosters	MARTE 300 SRMs	CAMM-ER Series Production in 2024
	1960's	1980's	1990's	2000's	2010's	2024	
		Photo credits: ESA, MBDA, publicly available info					
	SRM: Solid Rocket Motor		Legacy		Current		

Source: company presentation

As explained in yesterday's presentation, in defense propulsion business in Italy AVIO is **currently able to deliver 200/300 motors p.a., "with the possibility to comfortably reach 600 motors p.a. and projecting by the end of the decade to be close to 1k units p.a."**

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

FY25 OVERALL IN LINE WITH EXPECTATIONS (AND WITHIN GUIDANCE RANGES)

FY25 guidance achieved around the high-end of the ranges across the board.

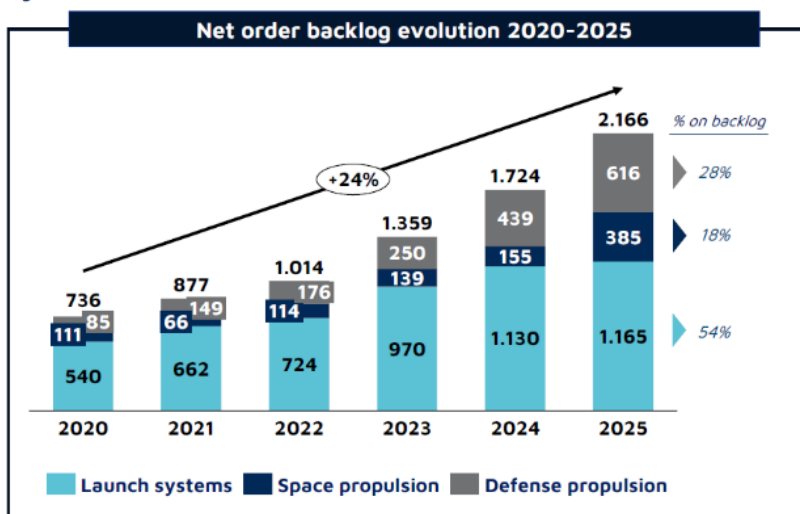
AVIO: FY25 REPORTED vs EXPECTED (€ mn)						
	FY25E Expected	%	FY25 Declared	%	Change	Guidance
Net revenues	525.0	100.0	541.7	100.0	3%	510-540
Incr. %	19%		23%			
Adj. EBITDA	34.9	6.7	34.8	6.4	0%	30-36
Incr. %	12%		11%			
EBITDA	32.9	6.3	32.3	6.0	-2%	27-33
Incr. %	28%		25%			
Adj. EBIT	15.0	2.9	14.5	2.7	-3%	
Incr. %	9%		5%			
EBIT	13.0	2.5	12.0	2.2	-8%	
Incr. %	55%		43%			
Pre-tax profit	13.6	2.6	13.1	2.4	-4%	
Incr. %	101%		94%			
Net Income	9.0	1.7	10.5	1.9	17%	7-10
Incr. %	48%		73%			
Net financial position	588.8		591.7		0%	

Source: Equita SIM estimates and company data

FY25 order backlog grew to a new historical peak at €2.17bn with defense propulsion representing 28% of total.

AVIO: GROWING BACKLOG

Figures in €m



Main comments

- **Record backlog level of €2.2bn** (+26% vs. 2024)
- **Order intakes in 2025 amounting to ~€1.0bn** including:
 - **Launch systems ~€400m:** mainly related to the Vega C contracts transferred to Avio within the framework of the Launch Service Provider activities
 - **Space propulsion ~€330m:** mainly related to the major contract (>€200m) signed for production of boosters and equipment for Ariane 6 up to 2029
 - **Defense propulsion ~€260m:** mainly related to Aster missiles propulsion production and contracts signed with U.S. Govt' Armed Forces

- **Production** accounts for ~70% of 2025 backlog, **Development** for ~30%

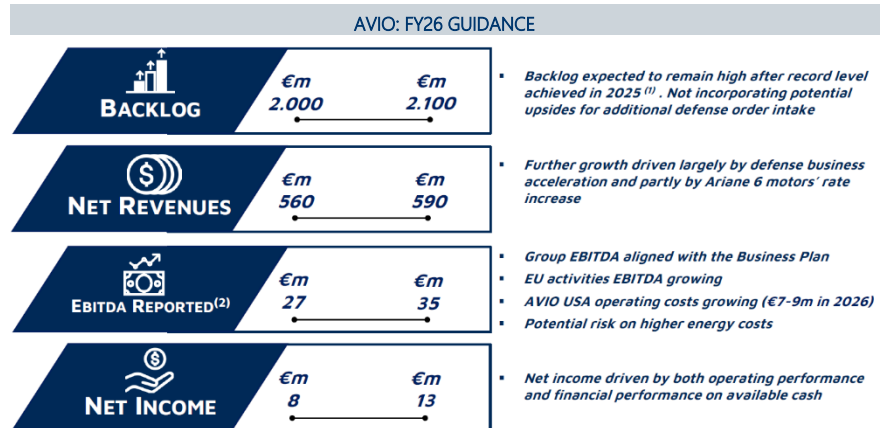
Source: Company presentation

FY26 GUIDANCE SHOWING WIDE EBITDA RANGE AND LOW ORDER INTAKE

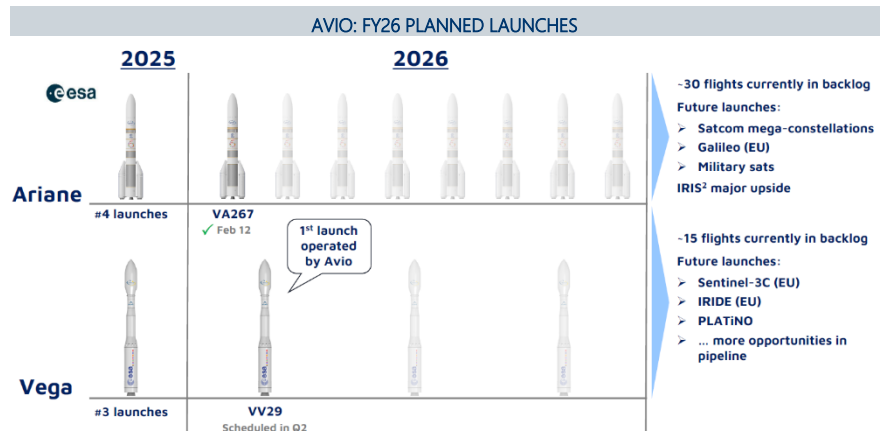
Regarding **FY26 EBITDA**, it was specified that

- **the guidance factors in €7/9mn of start-up costs for the new US plant** (compared to €4.2mn in FY25), without which it would be €36/46mn, or -8/+18% YoY
- **the wide range is also due to caution about the recent gas cost rebound** (used to produce solid propellant) which management estimates could have €2/2.5mn negative impact; not having automatic contractual pass-through, in extreme cases it would require renegotiation with customers.

As far as **order backlog/intake** is concerned, it is worth mentioning that in FY25 Avio signed a **sizable multi-year contract** with Arianespace for boosters worth €200mn which de facto arrived before than expected, **penalizing FY26 collection**.



Source: Company presentation



Source: Company presentation

WE ONLY FINE TUNE 2026-27 ESTIMATES

AVIO: CHANGE IN 2026-27 ESTIMATES (€ mn)											
	FY26E	%	FY26E	%	Change	Guidance	FY27E	%	FY27E	%	Change
	Previous		Current				Previous		Current		
Net revenues	575.0	100.0	585.0	100.0	2%	560-590	630.0	100.0	630.0	100.0	0%
Incr. %	10%		8%				10%		8%		
Adj. EBITDA	34.9	6.1	34.9	6.0	0%		36.9	5.9	37.3	5.9	1%
Incr. %	0%		0%				6%		7%		
EBITDA	32.9	5.7	32.9	5.6	0%	27-35	34.9	5.5	35.3	5.6	1%
Incr. %	0%		2%				6%		7%		
Adj. EBIT	14.5	2.5	14.1	2.4	-3%		14.0	2.2	14.0	2.2	0%
Incr. %	-3%		-3%				-3%		-1%		
EBIT	12.5	2.2	12.1	2.1	-3%		12.0	1.9	12.0	1.9	0%
Incr. %	-4%		1%				-4%		-1%		
Pre-tax profit	18.5	3.2	18.1	3.1	-2%		16.7	2.7	16.2	2.6	-3%
Incr. %	36%		38%				-10%		-11%		
Net Income	13.0	2.3	12.7	2.2	-2%	8-13	11.3	1.8	10.9	1.7	-3%
Incr. %	44%		21%				-13%		-14%		
Net financial position	458.3		409.5		-11%		305.7		321.1		5%

SOTP UPGRADED TO FACTOR IN THE DEFENCE FAVOURABLE ENVIRONMENT

We stick to our view that it is correct to evaluate AVIO on 2030-31E figures, when the new US plant will be fully operational.

SOTP +8% to €42PS (=2030/31E EV/EBITDA 20/15x and PE 49/33x), splitting:

- **Defense** (motor missiles), with a higher EV/EBITDA (16x improved from previous 15x due to the likely stronger demand) to factor in the growth potential and its higher margins (believing that operating leverage may lead to even higher profit margins than company’s guidance)
- **Space** (launchers), to which we apply a lower EV/EBITDA multiple (10x confirmed), getting an equity value around €0.3bn
- **Grants increased** from €50mn to **€64mn** including those already recently announced by the Virginia State (\$98mn) while more should come.

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

	Space	Defense	Group
Sales	525	630	1,155
EBITDA	26	91	118
Margin	5%	15%	10.2%
Multiple	10.0 x	16.0 x	14.7 x
EV	262	1,465	1,727
NFP			188
Other assets/liabilities			-29
Grants			64
Total			1,949
# shares			46.8
Valuation			42

Source: Equita SIM estimates

AVIO: SOTP SENSITIVITY (€ mn) TO DIFFERENT DEFENSE 2031E EV/EBITDA MULTIPLES

Multiple	12.0 x	13.0 x	14.0 x	15.0 x	16.0 x	17.0 x	18.0 x	19.0 x	20.0 x
Defense	1,100	1,191	1,283	1,374	1,465	1,557	1,648	1,739	1,831
Equity	1,584	1,675	1,766	1,858	1,949	2,040	2,132	2,223	2,314
# shares	47	47	47	47	47	47	47	47	47
Valuation	34	36	38	40	42	44	46	48	49

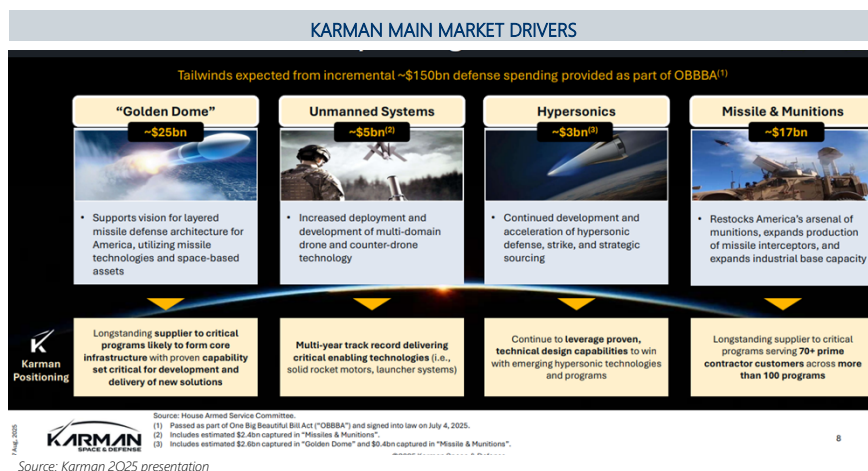
Source: Equita SIM estimates

As already wrote in our previous notes, we believe the US **Karman Holding is the most comparable** company (operating in AVIO's reference markets - Propulsion and Space); in 2025E Karman is expected to generate \$469-mn sales with an EBITDA margin ~31%, serving 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



Source: Karman 2Q25 presentation



Source: Karman 2Q25 presentation

It trades at very high multiples (2027/28E PE 99/79x and EV/EBITDA ~49/44x based on Factset consensus estimates); we do not disagree on very high multiples, but we highlight that there are evident **differences between Karman and Avio which would suggest the application of a discount.**

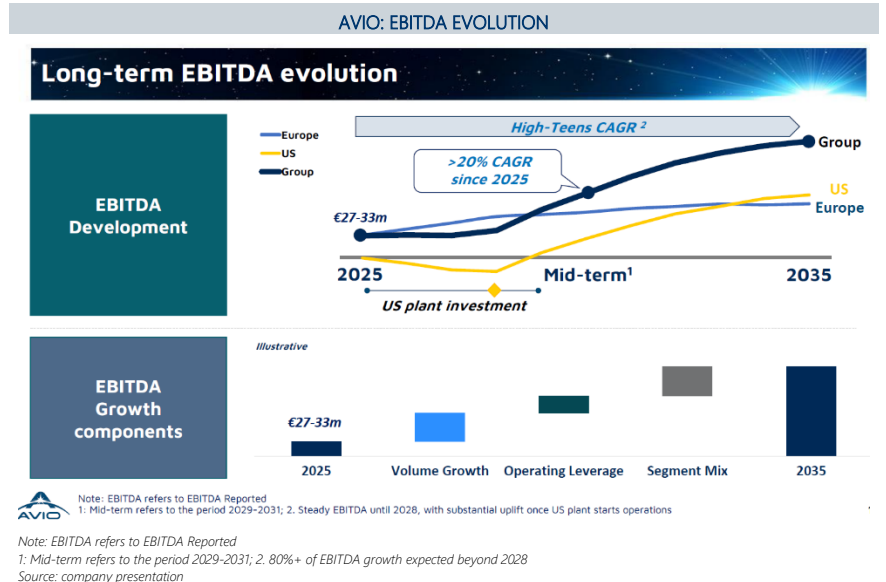
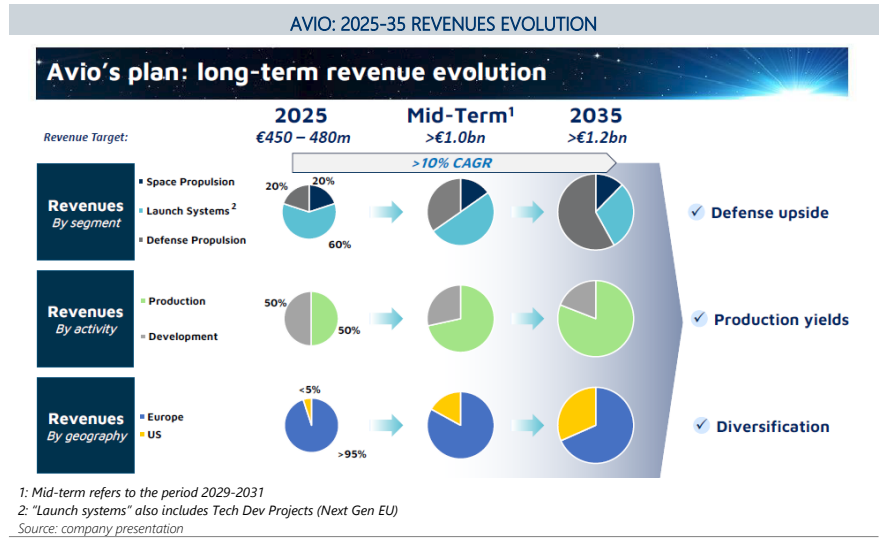
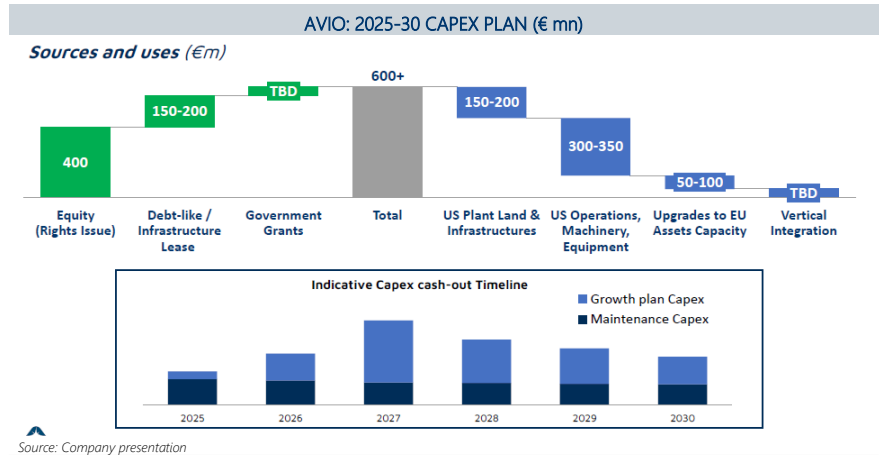
KARMAN vs AVIO: MAIN DIFFERENCES		
Main features	Karman Holding	AVIO
US exposure	100%	5% growing to ~40% in 2035
EBITDA margin	>30% through 2028	<10% until at least until 2028 Later on moving towards 15%
Capex to sales	Mid single digit through 2028	High teens
EBITDA 2025-28E CAGR	23%	13% (much higher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

Source: Equita SIM estimates

We consider other listed US players not pure comparables although working in the same field:

- **Rocket Lab** (market cap exceeding €39bn), operating only in Space, providing launch services through Electron, focused on Kerosene/methan propellant
- **Firefly** (market cap exceeding €3bn), operating only in space business and still loss-making; its Alpha launcher on March 11th successfully completed a flight, representing a return to operations following its previous failure.

APPENDIX: BUSINESS PLAN RECAP IN FEW SLIDES



AVIO: US EXPANSIONARY OPPORTUNITY

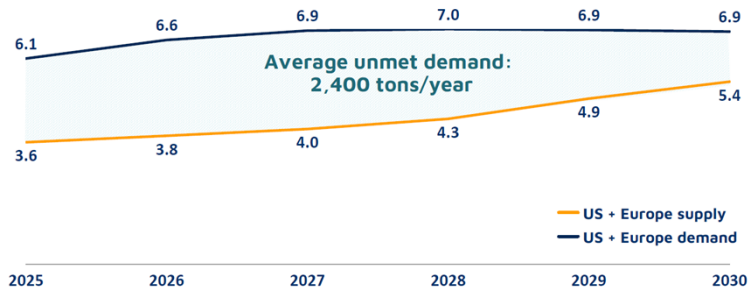
A new plant in the US to capture the full market potential

Key Highlights	Operations	Key Contracts															
<p>Engineering and production</p> <p>Greenfield SRM facility</p> <p>Merchant supplier for OEMs / Armed Forces</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>>3 Customers</p> </div> <div style="text-align: center;"> <p>10+ Programs</p> </div> </div> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Up to 700 Tons of propellant annual production</p> </div> <div style="text-align: center;"> <p>2028 Start of Production in US</p> </div> </div>	<p>Site identified</p> <p>Preliminary design done</p> <p>Procurement started</p>  <p style="text-align: right; font-size: small;">Rendering of the plant</p>	<table border="1"> <thead> <tr> <th>Customer</th> <th>Production Site</th> <th>Contract Overview</th> </tr> </thead> <tbody> <tr> <td>US Gov't Armed Forces</td> <td></td> <td>New agreement for manufacturing, assembly, and testing</td> </tr> <tr> <td> Raytheon <small>An RTX Business</small></td> <td></td> <td>Under contract to achieve qualification of Mk 104 SRM</td> </tr> <tr> <td>US Prime B</td> <td></td> <td>In discussion on multiple programs to become a second-source supplier</td> </tr> <tr> <td>International Defense Customer</td> <td></td> <td>Letter of Intent signed with an international solid rocket motor manufacturer</td> </tr> </tbody> </table>	Customer	Production Site	Contract Overview	US Gov't Armed Forces		New agreement for manufacturing, assembly, and testing	Raytheon <small>An RTX Business</small>		Under contract to achieve qualification of Mk 104 SRM	US Prime B		In discussion on multiple programs to become a second-source supplier	International Defense Customer		Letter of Intent signed with an international solid rocket motor manufacturer
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US Prime B		In discussion on multiple programs to become a second-source supplier															
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Source: company presentation

US AND EUROPE MISSILE PROPULSION MARKET: SUPPLY vs DEMAND

Current Estimate of US & EU Missile Propulsion Supply and Demand (propellant k tons / year)



Source: company presentation

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	2023	2024	2025	2026E	2027E	2028E
SALES Rep	339	442	542	585	630	706
Growth	-5.2%	30.4%	22.7%	8.0%	7.7%	12.0%
EBITDA Rep	20.5	25.8	32.3	32.9	35.3	44.3
Growth	-4.3%	25.9%	25.1%	1.9%	7.3%	25.5%
Margin	6.1%	5.8%	6.0%	5.6%	5.6%	6.3%
D&A	-15.3	-17.4	-20.3	-20.8	-23.3	-27.3
EBIT Rep	5.2	8.4	12.0	12.1	12.0	17.0
Growth	133.1%	60.4%	43.1%	0.8%	-0.8%	41.7%
Margin	1.5%	1.9%	2.2%	2.1%	1.9%	2.4%
Financial Expenses	1.4	-1.6	1.1	6.0	4.2	3.3
PBT Rep	6.6	6.8	13.1	18.1	16.2	20.3
Growth	379.1%	1.8%	93.9%	38.2%	-10.6%	25.4%
Income Taxes	0.0	-0.4	-1.5	-4.5	-4.0	-5.1
Tax rate	0.3%	5.6%	11.3%	25.0%	25.0%	25.0%
Minority Interest	-0.1	-0.3	-1.1	-0.9	-1.2	-1.5
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Net Income Rep	6.5	6.1	10.5	12.7	10.9	13.7
Growth	n.m.	-6.2%	72.7%	20.7%	-13.7%	25.5%
Margin	1.9%	1.4%	1.9%	2.2%	1.7%	1.9%
Net Income Adj	11.6	12.4	8.8	12.4	10.6	13.4
Growth	98.6%	7.1%	-29.3%	41.1%	-14.1%	26.2%
Margin	3.4%	2.8%	1.6%	2.1%	1.7%	1.9%
CF Statement	2023	2024	2025	2026E	2027E	2028E
FFO	21.9	23.8	31.9	34.4	35.4	42.5
Chg. in Working Capital	30.3	37.5	102	-120	20.8	22.3
NCF from Operations	52.2	61.4	133	-85.3	56.2	64.8
CAPEX	-38.4	-39.5	-44.3	-90.0	-140	-115
Financial Investments	-0.5	4.3	0.0	0.0	0.0	0.0
NCF from Investments	-38.9	-35.2	-44.3	-90.0	-140	-115
Dividends paid	0.0	-6.0	-3.9	-6.9	-4.7	-4.7
Capital Increases	0.0	0.0	410	0.0	0.0	0.0
Other changes in financing	-11.7	-6.2	6.9	0.0	0.0	0.0
NCF from Financing	-11.7	-12.2	413	-6.9	-4.7	-4.7
CHG IN NFP	1.7	14.0	502	-182	-88.4	-54.9

Source: Company data and Equita SIM estimates

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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%
REDUCE	ETR <= -5%	ETR <= -5%	ETR <= 0%

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Date	Rec.	Target Price	Risk	Comment
March 13, 2026	Buy	42.00	Medium	change in upside/downside potential because of stock performance
February 24, 2026	Hold	39.00	Medium	-
January 26, 2026	Hold	38.50	Medium	change in upside/downside potential because of stock performance
November 10, 2025	Buy	37.00	Medium	change in estimates/valuation
November 3, 2025	Hold	30.00	Medium	-
September 15, 2025	Hold	29.75	High	change in estimates/valuation
August 28, 2025	Hold	20.10	High	change in estimates/valuation
July 10, 2025	Hold	16.08	High	change in estimates/valuation
March 14, 2025	Hold	14.07	High	-

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HOLD	37.5%	30.9%
REDUCE	0.7%	1.5%
NOT RATED	2.6%	4.4%

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