

Avio

Sponsored Research

Italy | Industrial Goods & Services

Banca Akros

GRUPPO BANCO BPM

Investment Research

Company Flash Note**Reason: Company newsflow****30 March 2026****Buy**

Recommendation unchanged

Share price: EUR 32.25

closing price as of 27/03/2026

Target price: EUR 40.00

Target Price unchanged

Upside/Downside Potential 24.0%

Reuters/Bloomberg

AVI.MI/AVIO IM

Market capitalisation (EURm) 1,509

Current N° of shares (m) 47

Free float 81%

Daily avg. no. trad. sh. 12 mth (k) 610

Daily avg. trad. vol. 12 mth (k) 40,707.29

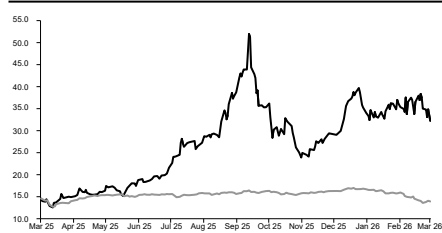
Price high/low 12 months 51.93 / 12.56

Abs Perfs 1/3/12 mths (%) -8.77/9.69/121.39

Key financials (EUR)	12/25	12/26e	12/27e
Sales (m)	542	582	648
EBITDA (m)	32	35	39
EBITDA margin	6.0%	6.0%	6.1%
EBIT (m)	12	12	14
EBIT margin	2.2%	2.0%	2.2%
Net Profit (adj.)(m)	11	11	11
ROCE	22.5%	3.5%	2.8%
Net debt/(cash) (m)	(592)	(362)	(225)
Net Debt Equity	-0.8	-0.5	-0.3
Net Debt/EBITDA	-18.3	-10.3	-5.7
Int. cover(EBITDA/Fin.int)	(29.1)	(7.0)	(13.1)
EV/Sales	1.5	2.0	2.0
EV/EBITDA	24.8	33.3	33.2
EV/EBITDA (adj.)	23.0	31.1	31.2
EV/EBIT	66.7	99.7	93.0
P/E (adj.)	nm	nm	nm
P/BV	1.9	2.1	2.1
OpFCF yield	6.9%	-14.7%	-8.5%
Dividend yield	0.5%	0.5%	0.5%
EPS (adj.)	0.23	0.24	0.24
BVPS	15.24	15.32	15.40
DPS	0.16	0.16	0.17

Shareholders

Leonardo 19%;

**Analyst(s)**

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Defence orders will come, just a matter of time

2025 results were in line with recently revised guidance and forecasts. The company released also a 2026e P&L guidance which was overall in line with our expectations but soft on backlog: EUR 2000-2100m is materially short than our EUR 2585m estimate the reason being the implied soft order intake of 400-500m vs our expectation of EUR 1bn. However, also considering the inputs of the post results cc and Star conference we stress that the current backlog is not incorporating potential upside for additional defence orders' intake with latest geopolitical event potentially generating by far more demand than originally anticipated. Post results we have left our estimates unchanged including the order intake. Clearly the timing of the defence business development is uncertain, but we remain of the idea of AVIO to be one of largest beneficiary of the ground to air missile super cycle and that as such, orders will come.

- ✓ The company reported final 2025 net revenue above the top part of latest guidance, at EUR 542m (+23% yoy). In 2025, the revenue mix shifted significantly towards production, with production activities accounting for 58% of 2025 revenues (EUR 315.7m +42% yoy) vis-a-vis 50% in 2024 which reflects the growth in Vega C, Ariane and defence business volumes. Launch Systems (EUR 359m, ~66% of sales) grew by ~21% yoy benefitting from higher volumes in Vega C production, Space Propulsion (EUR 101m, ~19%) increased by 34%, boosted by higher solid rocket motors production for Ariane 6 and Defense Propulsion (EUR 82m, ~15%) rose by 17% as a result of higher rate of missile component production. Q425 saw sales up by 17% to EUR 191m with Space propulsion (Ariane) at +51%, Launch Systems at +14% and defence with -4%.
- ✓ The company in 2025, reported record order backlog at EUR 2166m (+26%) with almost EUR 1bn order intake of which EUR 400m in Launch systems: mainly related to the Vega C contracts transferred to Avio within the framework of the Launch Service Provider activities, EUR 330m in Space Propulsion: mainly related to the major contract (>EUR200m) signed for production of boosters and equipment for Ariane 6 up to 2029 and EUR 260m in Defence, mainly related to the Aster 30 and USA Army contracts. Q425 order intake was about stable with the previous year at EUR 497m (-3%) mostly represented by Space (over 90%).
- ✓ EBITDA reported reaching EUR32.3m, up by 25% y/y driven by higher sales. Same for EBIT growth (EUR 12m +43%) despite being partly offset by higher depreciation charges from the Vega C cadence expansion and IT upgrades. Net profit at EUR 10.5m vs 72% higher vs 2024 benefiting from the above growth and partly from financial income deriving from the EUR 400m capital increase. The letter together with clients' advance payments explains the EUR 592m net cash position, an increase of ~EUR500m vs. 2024.
- ✓ Post results, we have left, our 2026e-2035e estimates unchanged including the order intake. Clearly the timing of the defence business development is uncertain, but we remain of the idea of AVIO to be one of largest beneficiary of the ground to air missile super cycle and that as such, orders will come. Rating and PT confirmed. We value the shares with a DCF.

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Company Description

AVIO is a leading international group operating in the aerospace sector and specializing in development and production of space launchers that use solid, liquid and cryogenic propulsion systems, as well as tactical propulsion systems. In 2017, AVIO S.p.A. was listed on the Italian Stock Exchange's STAR segment after a merger by incorporation with the SPAC Space2. Since March 23rd 2026, Avio is part of FTSE MIB.

AVIO operates through three main business lines:

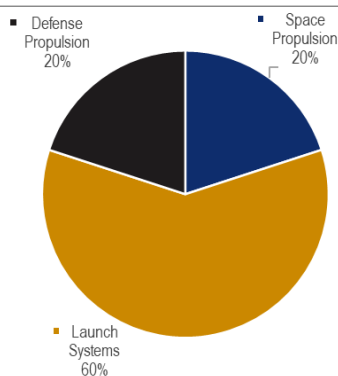
- ✓ **Ariane:** a space program sponsored by the European Space Agency (ESA) for missions involving both geostationary (GEO) and now more recently low orbit (LEO) satellites. AVIO operates as a sole supplier in charge developing and producing different propulsion systems since 1996.
- ✓ **Vega:** a space program sponsored by ESA for space missions involving mainly earth observation satellites. AVIO operates as prime contractor for development and production on different parts of the launchers, focusing specifically on the propulsion components. After recent developments AVIO is now sole launch operator and provider of the VEGA C. The company is also involved in the development and production of propulsion systems for next-gen launcher "Vega-E".
- ✓ **Tactical propulsion:** it focuses on developing and producing boosters, propulsion units and aerodynamic control surfaces for tactical applications. AVIO is the booster manufacturer of the surface to air ASTER 30 (solid propellant – two stage motor) and CAMM ER (solid propellant – one stage motor) missiles versions manufactured by MBDA. The Aster is a Franco-Italian family of all-weather, vertical launch surface-to-air missiles. The CAMM is a family of surface-to-air missiles developed by MBDA UK for the United Kingdom.

AVIO's business is mainly based on **long term development and construction projects with large clients** such as Arianespace, ESA, ASI and MBDA, and the main risks are price pressure, launches' failure and lower than expected industry funding.

The **top managers** are Mr. Giulio Ranzo (CEO), PhD in structural engineering and Chief Executive since 2015, Mr. Roberto Italia (Chairman) and Mr. Roberto Carassai (CFO).

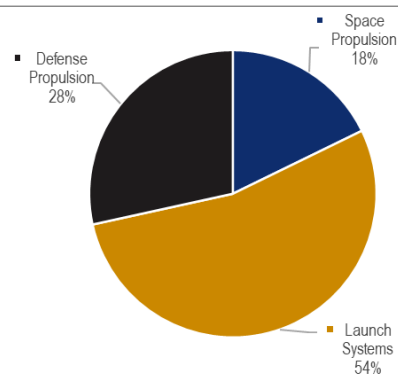
The **shareholding structure** post capital increase as of today sees Leonardo as main shareholder with app. 19%.

2025 revenue breakdown



Source: company data

2025 order backlog breakdown



Source: company data

SWOT Analysis

Strengths / Opportunities

- ✓ AVIO is a leading global player in aerospace launch systems
- ✓ Huge barriers to entry
- ✓ Strong national and European industrial and financial support
- ✓ Main contractor/key supplier of VEGA C/Ariane 6.2 and 6.4, various EU space projects
- ✓ Strong prospective growth in defence propulsion

Weaknesses / Threats

- ✓ Overall high capex intensity
- ✓ Low visibility on overall profitability
- ✓ Launch failures
- ✓ Ongoing price pressure from national and commercial players

Defence orders will come, just a matter of time

2025 results were in line with recently revised guidance and forecasts. The company released also a 2026e P&L guidance which was overall in line with our expectations but soft on backlog: EUR 2000-2100m is materially short than our EUR 2585m estimate the reason being the implied soft order intake of 400-500m vs our expectation of EUR 1bn. However, also considering the inputs of the post results cc and Star conference we stress that the current backlog is not incorporating potential upside for additional defence orders' intake with latest geopolitical event potentially generating by far more demand than originally anticipated. Post results we have left our estimates unchanged including the order intake. Clearly the timing of the defence business development is uncertain, but we remain of the idea of AVIO to be one of largest beneficiary of the ground to air missile super cycle and that as such, orders will come.

Avio: Q425/2025 results vs. forecasts

EURm	Q424	Q425	%Ch	Q425e	%Ch	2024	2025	%Ch	2025e	%Ch
Backlog	1,724	2,166	26%	2,120	23%	1,724	2,166	26%	2,120	23%
Order Intake	513	497	-3%	438	-15%	780	984	26%	925	19%
Sales	164	191	17%	178	8%	442	542	23%	529	20%
EBITDA rpt	13.7	17.8	30%	19.3	41%	25.8	32.3	25%	33.9	31%
EBITDA Marg.	8.4%	9.3%		10.9%		5.8%	6.0%		6.4%	
EBIT	9.1	12.0	32%	13.8	nm	8.4	12.0	43%	13.8	65%
Net Profit	na	na		na		6.1	10.5	72%	10.3	68%
N.Debt/(Cash)	(90)	(592)		(596)		(90)	(592)		(596)	

Source: Company Data, Banca Akros forecasts

2025 sales above top part of recently revised guidance. The company reported final 2025 net revenue above the top part of a recently upgraded guidance (post Q325), at EUR 542m (+23% yoy). In 2025, the revenue mix shifted significantly towards production, with production activities accounting for 58% of 2025 revenues (EUR 315.7m +42% yoy) vis-a-vis 50% in 2024 which reflects the growth in Vega C, Ariane and defence business volumes.

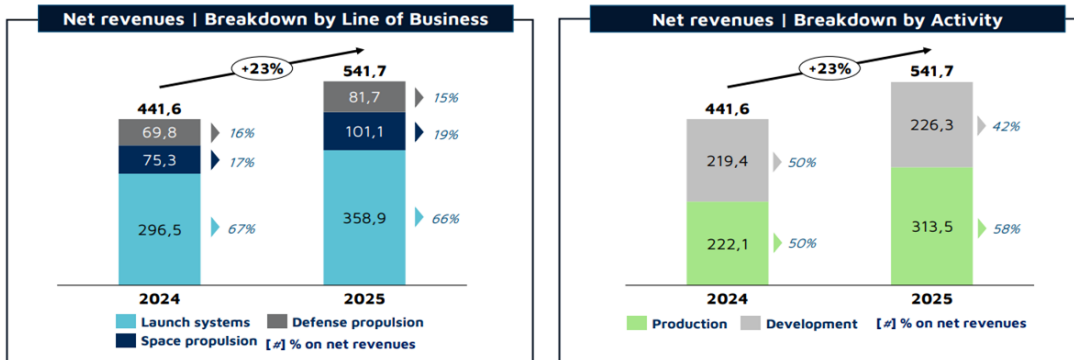
Here below a breakdown of business units and related growth drivers for the year 2025:

- **Launch Systems** (EUR 359m, ~67% of total net revenue) grew by ~21% y/y benefitting from higher volumes in Vega C production.
- **Space Propulsion** (EUR 101m, ~19%) increased by 34%, boosted by higher solid rocket motors production for Ariane 6.
- **Defense Propulsion** (EUR 82m, ~15%) rose by 17% as a result of higher rate of missile component production.

Avio: Revenue FY25 vs. FY24

Revenues increased by >20% compared to previous year

Figures in €m



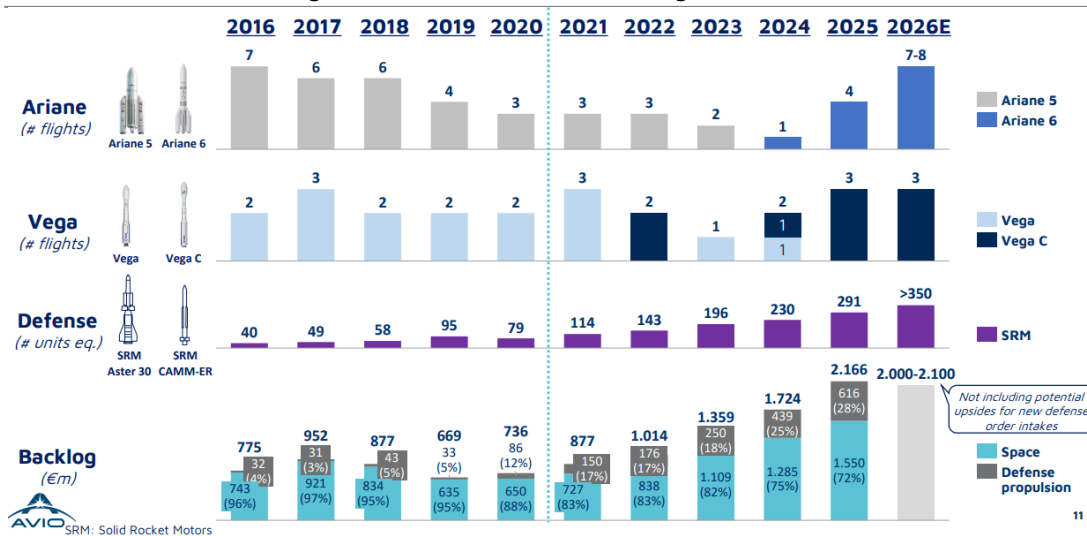
-€100m of revenues growth vs. 2024, mainly due to the increase in production activities in Launch systems (Vega production), in Space propulsion (boost of motors' production for Ariane 6) and in Defense propulsion (higher production rate)

Source: company presentation

Important operational and business achievements in 2025 and early 2026. In 2025 and early 2026 the company achieved significant milestones both on launch programme successes and space activities and several business achievements in the defence business. On Space we would highlight the following:

- **Vega C: Four Flights in Twelve Months.** Avio completed four Vega C missions in twelve months, including the VV24 flight in December 2024. The four-flight cadence demonstrated Vega C's operational reliability and readiness for higher launch rates.
- **Ariane 6: Increased Cadence.** Four Ariane 6 missions were successfully completed during the year. Avio contributes to Ariane 6 by supplying the first-stage solid rocket boosters (P120/P160) and the liquid oxygen turbopumps for both the core Vulcain 2.1 engine and the upper stage Vinci engine. The Ariane 6 booster production rate is expected to increase from 14 units in 2025 to 22 units in 2026.

Avio: 2016-226e review: flights, SRM deliveries and backlog evolution



Source: Company Presentation

- **ArianeGroup Contract (>EUR 200m).** On November 14th, Avio and ArianeGroup concluded a contract exceeding EUR 200m for the supply of Ariane 6 components — including P120 and P160 boosters and turbopumps — through 2029. This multi-year commitment underpins production ramp-up plans and secures a significant portion of Avio's Space Propulsion backlog.
- **Airbus / Pléiades Neo Next.** In January 2026, Airbus announced it will launch its first Pléiades Neo Next Earth observation satellite in early 2028 aboard a Vega C, demonstrating growing commercial confidence in the launcher and extending the Vega C launch manifest.
- **BIL Integration Facility Transfer.** On December 2nd 2025, ArianeGroup officially transferred the Bâtiment d'Intégration Lanceur (BIL) in French Guiana to Avio. This facility, previously used to assemble Ariane 5 launchers, will be adapted for Vega C launch campaigns. Once operational, it is expected to support an increase in Vega C launch cadence to up to six flights per year.
- **P160C Booster.** The P160C Solid Rocket Motor — an evolution of the qualified P120C and intended for use on Ariane 6 Block 2, Vega C, and Vega E — successfully completed its firing test in April 2025. The programme reached its Ground Qualification Review milestone and is now approaching Full Operational Capability Demonstration.
- **Vega E Programme.** Development of Vega E, which targets a 20% increase in payload capability versus Vega C through use of the MR10 Liquid Oxygen/Liquid Methane upper-stage engine, advanced through 2025. Key milestones completed during the year include the Preliminary Design Review, the Pressurization Management Model test (June 2025), and MR10 engine subsystem tests covering the oxygen turbopump and bearings in water, gas nitrogen, and cryogenic conditions.
- **Space Rider.** Integration of the Space Rider reusable orbital and re-entry system flight module is ongoing. Delivery is scheduled by end of 2026 to enable combined testing with the re-entry module. Space Rider is designed to host multiple institutional and commercial payloads including microgravity experiments, in-orbit validation/demonstration, and Earth and space observation.
- **Technology Development (LOX-CH and ASI Programmes).** Avio continued progress on several ESA-funded LOX-methane technology programmes. For Space Transportation Systems, firing tests and a cryotank static load test were completed, with demonstrator integration ongoing. For the High Thrust Engine advanced upper-stage programme, main engine components were manufactured in 2025, with subsystem firing tests scheduled for the first half of 2026. For the ASI Multi-Purpose Green Engine orbital propulsion system, a successful firing test was conducted in July 2025 and an endurance test was performed in January 2026, with further tests planned during 2026.

On Defence we would highlight:

- **Partnership with MBDA.** Strengthening of the partnership with MBDA, through signing of multiple production orders.
- **Partnership with the U.S. Government Armed Force.** Purchase order for funding of up to EUR 26 for continued engineering work on the Mk 104 Multi-year agreement for Manufacturing, Assembly, Integration and Testing of tactical missiles solid rocket motors
- **Partnership with Defence System & Solutions.** USD 65m contract signed with DSS (acting as a prime contractor for US Department of War) for the development, qualification and initial production of a SRM for air defense applications

- **Incentive package from State of Virginia signed.** Up to USD 97.7m incentive package for Virginia production facility, subject to approval by the Virginia General Assembly Virginia General Assembly

Order backlog of EUR 2166m at all-time high (app. 30% in defence). The company in 2025, reported record order backlog at EUR 2166m (+26%) with almost EUR 1bn order intake of which EUR 400m in Launch systems: mainly related to the Vega C contracts transferred to Avio within the framework of the Launch Service Provider activities, EUR 330m in Space Propulsion: mainly related to the major contract (>EUR200m) signed for production of boosters and equipment for Ariane 6 up to 2029 and EUR 260m in Defence, mainly related to the Aster 30 and USA Army contracts. Q425 order intake was about stable with the previous year at EUR 497m (-3%) mostly represented by Space (over 90%).

Although still at compressed levels, +25% EBITDA growth reflects higher volumes. EBITDA reported reaching EUR32.3m, up by 25% y/y driven by higher sales. Same for EBIT growth (EUR 12m +43%) despite being partly offset by higher depreciation charges from the Vega C cadence expansion and IT upgrades. Net profit at EUR 10.5m vs 72% higher vs 2024 benefiting from the above growth and partly from financial income deriving from the EUR 400m capital increase. The letter together with clients' advance payments explains the EUR 592m net cash position, an increase of ~EUR500m vs. 2024.

Avio: 2025 results

EURm	Q424a	Q425a	%Ch.	Q425e	%Ch.	2024A	2025A	%Ch.	2025E	%Ch.
Sales	163.7	191.0	17%	177.6	8%	441.6	542.0	23%	528.6	20%
EBITDA adj.	15.4	18.8	22%	20.8	35%	31.3	34.8	11%	36.9	18%
EBITDA Margin	9.4%	9.8%		11.7%		7.1%	6.4%		7.0%	
Non-rec	(1.7)	(1.0)		(1.5)		(5.5)	(2.5)		(3.0)	
EBITDA rpt	13.7	17.8	30%	19.3	41%	25.8	32.3	25%	33.9	31%
EBITDA Margin	8.4%	9.3%		10.9%		5.8%	6.0%		6.4%	
D&A	(4.6)	(5.8)		(5.5)		(17.4)	(20.3)	17%	(20.0)	15%
EBIT	9.1	12.0	32%	13.8	nm	8.4	12.0	43%	13.8	65%
Fin. Costs	na	na		na		(1.6)	1.1		0.0	
Pretax	na	na		na		6.8	13.1	93%	13.8	104%
Taxes	na	na		na		(0.4)	(1.5)		(2.8)	
Tax rate	na	na		na		6%	11%		20%	
Minorities	na	na		na		(0.3)	(1.1)		(0.8)	
Net Profit	na	na		na		6.1	10.5	72%	10.3	68%
Net Debt/(Cash)	(90.1)	(591.7)		(595.9)		(90.1)	(591.7)		(595.9)	

Source: Company Data, Banca Akros forecasts

2026e-2035e estimates unchanged. Post results, we have left, our 2026e-2035e estimates unchanged including the order intake. Clearly the timing of the defence business development is uncertain, but we remain of the idea of AVIO to be one of largest beneficiary of the ground to air missile super cycle and that as such, orders will come. As far as the moder order intake guidance of app. EUR 400-500m vs. our expectation on EUR 1bn, we would highlight some of the inputs of the post results conference call and of the meetings at the Milan Star conference:

a) that current backlog does not include potential upside for additional defence order intake with after latest geopolitical event likely generating by far more demand than originally anticipated.

b) in particular in the USA after the recent geopolitical events, there is from 2 to 3 time more demand than originally anticipated with current rate of consumption requiring years for replenishments unless production capacity is materially expanded.

c) backlog guidance is realistic as of today but difficult to understand how current many defence orders' negotiations, in light of the visible urgency, will translate into firm orders.

d) USA plant proceeding as planned with the planned volumes capacity flexibility (2x potential volumes) the right choice in light of current situation.

Avio: 2026e-2035e forecasts

EURm	2024a	2025a	% Ch.	2026e	% Ch.	2027e	% Ch.	2028e	% Ch.	2029e	% Ch.	2030e	% Ch.	2035e
Vega sales	297	359	21%	359	0%	377	5%	396	5%	416	5%	437	5%	392
Ariane sales	75	101	34%	101	0%	106	5%	111	5%	123	10%	135	10%	206
Defence Prop.	70	82	17%	122	49%	165	35%	225	37%	314	39%	447	42%	898
Sales	442	542	23%	582	7%	648	11%	733	13%	853	16%	1,018	19%	1,496
Backlog	1,724	2,166	26%	2,584	19%	3,336	29%	3,703	11%	4,000	8%	4,132	3%	4,629
Order Intake	780	984	26%	1,000	2%	1,400	40%	1,100	-21%	1,150	5%	1,150	0%	1,500
EBITDA bef. EP	31.5	34.8	11%	36.5	5%	39.8	9%	43.8	10%	69.1	58%	98.2	42%	241.2
EBITDA margin	7.1%	6.4%		6.3%		6.1%		6.0%		8.1%		9.6%		16.1%
Non Rec.	(5.5)	(2.5)		(2.5)		(2.5)		(2.5)		(2.5)		(2.5)		(2.5)
EBITDA rpt	25.8	32.3	25%	35.0	8%	39.3	12%	43.3	10%	68.6	58%	97.7	42%	240.7
EBITDA margin	5.8%	6.0%		6.0%		6.1%		5.9%		8.0%		9.6%		16.1%
D&A	(17.4)	(20.3)	17%	(23.3)	15%	(25.3)	9%	(30.0)	19%	(33.0)	10%	(36.3)	10%	(50.0)
Group EBIT	8.4	12.0	43%	11.7	-3%	14.0	20%	13.3	-5%	35.6	167%	61.4	72%	190.7
EBIT margin	1.9%	2.2%		2.0%		2.2%		1.8%		4.2%		6.0%		12.7%
Net Fin. Costs	(1.6)	1.1		5.0		3.0		0.0		0.0		0.0		0.0
Pre Tax Profit	6.8	13.1	93%	16.7	27%	17.0	2%	13.3	-22%	35.6	167%	61.4	72%	190.7
Taxes	(0.4)	(1.5)		(4.7)		(4.8)		(3.7)		(10.0)		(17.2)		(53.4)
Tax Rate	5.6%	11.3%		28.0%		28.0%		28.0%		28.0%		28.0%		28.0%
Minorities	(0.3)	(1.1)		(1.1)		(1.1)		(1.1)		(1.1)		(1.1)		(1.1)
Net profit	6.1	10.5	72%	10.9	4%	11.1	2%	8.5	-24%	24.5	189%	43.1	76%	136.2
EPS adj.	0.24	0.23	-4%	0.24	3%	0.24	2%	0.19	-24%	0.54	189%	0.94	76%	2.97
Net debt/(cash)	(90)	(592)		(362)		(225)		(113)		(35)		23		(308)

Source: Company Data, Banca Akros forecasts

As far as 2026 guidance is concerned, we are aligned on sales and profitability but remain more optimistic on the final backlog of the year. We stress once again that the profitability indications reflect growth in the EBITDA of EU activities offset by AVIO USA higher operating costs for EUR7-9m. As far as risks on potential higher energy costs are there but at current prices (2x budget) they see a EUR 2.5m impact i.e. manageable

Avio: 2026 Guidance vs. Banca Akros forecasts

EURm	25 Old Guid.	25 New Guid.	Actual	BAK	'26e Guid.	'26e BAK
Backlog	1,700-1,800	2,100-2,200	2,166	2,120	2,000-2,100	2,584
Imp. Ord. Intake	460-560	860-960	984	925	400-500	1,000
Sales	450-480	510-540	542	529	560-590	582
EBITDA Adj.	30-36	30-36	34.8	36.9	29-37	37.5
EBITDA rtd	27-33	27-33	32.3	33.9	27-35	35.0
Net Income	7-10	7-10	10.5	10.3	8-13	10.9
Net Debt/(Cash)	NA	~(600)m	(592)	(596)	na	(362)

Source: Company Data, Banca Akros forecasts

Upside to BP might be material mostly in defence but also in space. AVIO is well-positioned to capture growth opportunities across its three business lines, supported by a record backlog, a strong balance sheet following the capital raise, and a robust pipeline of new programmes and contracts. We highlight in particular:

- US Defense Market — New Virginia Production Facility: 2x to 3x higher volumes. The successful completion of the EUR 400m rights offering in November 2025 paves the way for a greenfield solid rocket motor production facility in Virginia, USA. Avio USA will position the group as a key supplier of solid rocket motors to US Original Equipment Manufacturers and Armed Forces — a market that has been structurally underserved and is seeing strong demand growth driven by increased NATO and US defense spending. Key parameters of the Avio USA project include:

- Capacity: Production capacity of up to 700 tonnes of propellant annually.
- Timeline: Targeted start of production in 2028.
- Customers: More than three confirmed customers and over ten programmes.
- Status: Site in Virginia identified, preliminary design completed, and procurement underway.

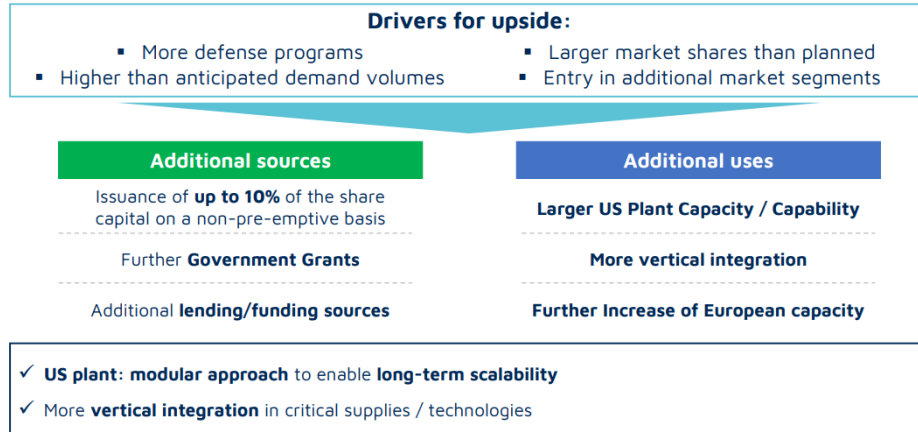
The contract pipeline underpinning the US business includes an agreement with US Government Armed Forces for manufacturing and testing, a non-binding MoU and an active qualification contract with Raytheon (RTX) for the Mk 104 programme, a non-binding term-sheet and multi-programme second-source discussions with Lockheed Martin, and a Letter of Intent with an international solid rocket motor manufacturer. An incentive package of up to USD 97.7 m from the state of Virginia is pending approval.

During 2026, Avio USA's priorities include securing additional binding long-term customer commitments, pursuing government grants and financing facilities, initiating land acquisition and long-lead item procurement, and staffing up the local team. However, we stress investors that the US defence market potential might be materially larger than what anticipated in the initial size of the new Virginian plant, with the potential to triple initial volumes expectations (see slides next page).

Space Launch — Ariane and Vega Flight Manifest: European low orbit constellation not included. Avio holds approximately 30 contracted flights in the Ariane backlog and approximately 15 in the Vega backlog, providing strong revenue visibility. The 2026 flight manifest already includes VA267 (Ariane 6, completed February 12th as the first Ariane flight operated directly by Avio) and VV29 (Vega C, scheduled for April 9th, 2026). Key demand drivers for Ariane 6 include the continued rollout of Satcom mega-constellations, the Galileo navigation system expansion programme, and institutional military satellite requirements. There is also significant potential upside from the IRIS2 European sovereign communication satellite constellation programme. For Vega C, upcoming contracted missions include Sentinel-3C (European Copernicus programme), IRIDE (Italian Earth observation constellation), and PLATiNO, in addition to further commercial opportunities in the pipeline. As mentioned before, Avio is targeting launch cadence of up to six flights per year following the BIL facility adaptation.

Avio: Upsides vs. BP

Potential for further upside opportunity beyond plan



30

Source: Company Presentation

Rating BUY and PT of EUR 40 confirmed. We confirm our valuation approach on AVIO: 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 news flow while main risks are in lunch failures and lower than expected order intake.

AVIO: DCF ANALYSIS

Perpetual Growth Rate	3.0%
WACC	7.5%
Terminal Value	3,117
TV Disc. Rate	0.52
Disc. TV	1,630
Cumulated DFOCF	(95)
Enterprise Value (EURm)	1,535
Net cash/(Debt) 2025e	592
NWC Advances	(296)
Equity Value (EURm)	1,831
Out. N. of Shares '000	46,790
Treasury Shares	986
Value per share (EUR)	40.0
Price (EUR)	32.3
Upside (downside)	24%

Source: Banca Akros forecasts

AVIO: DCF Model

EURm	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
EBITA	12	14	13	36	61	80	101	125	155	191
Taxes	-3	-4	-4	-10	-17	-22	-28	-34	-43	-53
Tax rate	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%
NOPLAT	8	10	10	26	44	58	73	90	112	138
D&A	23	25	30	33	36	40	44	48	50	50
Op. CF	32	35	40	59	81	98	117	139	162	188
Capex/acq.	-100	-150	-120	-100	-100	-90	-80	-70	-65	-50
Chg. In NWC	0	0	0	0	0	0	0	0	0	0
Free Op. Flow (FOCF)	-68	-115	-80	-41	-19	8	37	69	97	138

Source: Banca Akros forecasts

Per share analysis (EUR)

WACC	Terminal growth rate						
	2.2%	2.5%	2.7%	3.0%	3.2%	3.5%	3.7%
6.8%	39.7	41.9	44.3	47.0	50.1	53.7	57.9
7.0%	37.9	39.8	42.0	44.4	47.1	50.2	53.8
7.3%	36.2	38.0	39.9	42.0	44.5	47.2	50.3
7.5%	34.7	36.3	38.0	40.0	42.1	44.6	47.3
7.8%	33.3	34.8	36.4	38.1	40.1	42.2	44.7
8.0%	32.1	33.4	34.9	36.5	38.2	40.1	42.3
8.3%	31.0	32.2	33.5	34.9	36.5	38.3	40.2
8.5%	29.9	31.0	32.2	33.6	35.0	36.6	38.4

Source: Banca Akros forecasts

ESG Focus

Avio prepares its Consolidated Sustainability Statement in accordance with the CSRD, and in line with the ESRS standards. The report is prepared on a consolidated basis and covers the companies included in the financial consolidation scope, excluding those accounted for under the equity method. It provides transparent information on environmental, social, human rights and anti-corruption impacts, as well as related risks and opportunities across the upstream and downstream value chain. The reporting refers to the 2024 financial year and adopts short-, medium- and long-term time horizons as defined by ESRS. Avio does not set specific targets for the future but limits its sustainability practices to monitor KPIs.

ESG Scorecards

	NO	WIP	OK	Comments/Descriptions
ESG projects/activities/certifications				Sustainability Plan
Sustainability Report (CSR)				Yes
Sustainability Plan / Defined ESG Goals				CO2 emissions, use of resources, water efficiency,
ESG Ratings				LSEG ESG Score: 46

Source: Banca Akros

ESG Positioning

	Below	In line	Above	Comments/Descriptions
Environment				
GHG emission cut (CO ₂ reduction)				GHG intensity Scope 1+2 Market-based+Scope 3 (tCO ₂ e /EUR thousands): 1.18
Water consumption				Water intensity (m3/Euro thousands): 0.98
Electricity & Power consumption				Energy intensity in high climate impact sectors (MWh/EUR thousands): 0.17
Waste reduction				Total waste produced (tonnes/Euro m): 1.47
Social				
Accident index				Total work-related injury rate (number of injuries / m hours worked): 0.92
Gender Equality				18% women managers
Training / Employees satisfaction				32 training hours per employee
Governance				
BoD composition				55% independent members
Top management ESG Involvement.				ESG-linked variable remuneration

Source: Banca Akros

SDGs:

TOPIC	Initiative	KPIs	Targets	TIMEFRAME
	Energy consumption monitoring	Total Energy Consumption (MWh) Baseline (FY24): 84,258 MWh	n.d.	n.d.
	Energy consumption and mix monitoring	Share of fossil sources in total energy consumption Baseline (FY24): 100%	n.d.	n.d.
	CO ₂ emissions monitoring	Scope 1 CO ₂ emissions (tonnes) Baseline (FY24): 1,262 t	n.d.	n.d.
	CO ₂ emissions monitoring	Scope 2 CO ₂ emissions (tonnes) Baseline (FY24): 41.45 t	n.d.	n.d.
	CO ₂ emissions monitoring	Scope 3 CO ₂ emissions (tonnes) Baseline (FY24): 565,296 t	n.d.	n.d.
	Prevention and control of air pollution	Hazardous substances generated (kg) Baseline (FY24): 2,029,916 kg	n.d.	n.d.
	Water protection	Water intensity (m3 / EUR thousands) Baseline (FY24): 0.98	n.d.	n.d.
	Minimise the impact of waste	Percentage of non-recycled waste (% on total) Baseline (FY24): 74.75%	n.d.	n.d.
	Gender distribution among top management members	% men or women in top management Baseline (FY24): Male 89.80%, Female 10.20%	n.d.	n.d.
	Training activities to update knowledge and skills, identifying the appropriate training methods to address any gaps	Average training days per employee per year Baseline (FY24): 32	n.d.	n.d.
	Health and Safety	% of employees covered by occupational health and safety (OHS) management systems Baseline (FY24): 99.7%	n.d.	n.d.
	Gender parity	% Gender pay gap Baseline (FY24): 3%	n.d.	n.d.

Source: Banca Akros

Avio: Summary tables

PROFIT & LOSS (EURm)	12/2023	12/2024	12/2025	12/2026e	12/2027e	12/2028e
Sales	339	442	542	582	648	733
Cost of Sales & Operating Costs	-153.9	-200.7	-246.3	-264.6	-294.4	-333.1
Non Recurrent Expenses/Income	-7.5	-5.5	-2.5	-2.5	-2.5	-2.5
EBITDA	20.5	25.8	32.3	35.0	39.3	43.3
EBITDA (adj.)*	28.0	31.3	34.8	37.5	41.8	45.8
Depreciation	-15.3	-17.4	-20.3	-23.3	-25.3	-30.0
EBITA	5.2	8.4	12.0	11.7	14.0	13.3
EBITA (adj)*	12.7	13.9	14.5	14.2	16.5	15.8
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	5.2	8.4	12.0	11.7	14.0	13.3
EBIT (adj.)*	12.7	13.9	14.5	14.2	16.5	15.8
Net Financial Interest	1.4	-1.6	1.1	5.0	3.0	0.0
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	6.6	6.8	13.1	16.7	17.0	13.3
Tax	0.0	-0.4	-1.5	-4.7	-4.8	-3.7
<i>Tax rate</i>	<i>0.0%</i>	<i>5.6%</i>	<i>11.3%</i>	<i>28.0%</i>	<i>28.0%</i>	<i>28.0%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	-0.3	-1.1	-1.1	-1.1	-1.1
Net Profit (reported)	6.6	6.1	10.5	10.9	11.1	8.5
Net Profit (adj.)	6.6	6.1	10.5	10.9	11.1	8.5
CASH FLOW (EURm)	12/2023	12/2024	12/2025	12/2026e	12/2027e	12/2028e
Cash Flow from Operations before change in NWC	21.9	23.8	31.9	35.3	37.6	39.6
Change in Net Working Capital	26.6	45.8	106	-157.2	-16.1	-21.9
Cash Flow from Operations	48.5	69.6	138	-121.8	21.5	17.7
Capex	-36.3	-35.2	-44.2	-100.0	-150.0	-120.0
Operating Free Cash Flow	12	34	94	-222	-129	-102
Net Financial Investments	-3	0	0	0	0	0
Dividends	0.0	-6.0	-3.8	-7.3	-7.7	-8.0
Other (incl. Capital Increase & share buy backs)	-8.0	-14.5	411	-0.8	-0.8	-1.1
Change in Net Financial Debt	1.7	13.9	502	-229.9	-137.0	-111.4
NOPLAT	12.7	13.1	12.9	10.2	11.9	11.4
BALANCE SHEET & OTHER ITEMS (EURm)	12/2023	12/2024	12/2025	12/2026e	12/2027e	12/2028e
Net Tangible Assets	156	173	194	271	395	485
Net Intangible Assets (incl. Goodwill)	198	203	197	197	197	197
Net Financial Assets & Other	172	119	130	130	130	130
Total Fixed Assets	526	495	521	598	722	812
Inventories	284	314	386	414	461	521
Trade receivables	2.9	3.1	3.8	4.1	4.5	5.1
Other current assets	146.5	178.2	218.7	234.9	261.3	295.7
Cash (-)	-95.6	-101.7	-601.8	-375.7	-243.6	-140.2
Total Current Assets	529	597	1,210	1,029	970	962
Total Assets	1,055.1	1,092.4	1,730.6	1,626.4	1,692.5	1,774.6
Shareholders Equity	301	303	698	702	705	706
Minority	9.7	10.0	10.4	10.7	11.0	11.0
Total Equity	310	313	708	712	716	717
Long term interest bearing debt	7.7	6.6	6.8	9.4	12.7	18.1
Provisions	8.9	9.5	8.8	8.8	8.8	8.8
Other long term liabilities	100	35.4	61.2	61.2	61.2	61.2
Total Long Term Liabilities	117	51.5	76.8	79.4	82.7	88.1
Short term interest bearing debt	11.8	5.0	3.3	4.5	6.1	8.7
Trade payables	113	109	139	149	166	188
Other current liabilities	503	614	803	681	721	773
Total Current Liabilities	628	728	945	835	894	970
Total Liabilities and Shareholders' Equity	1,055.1	1,092.4	1,730.7	1,626.5	1,692.6	1,774.6
Net Capital Employed	343.6	267.6	186.7	420.6	561.4	673.2
Net Working Capital	-182.0	-227.7	-334.1	-177.0	-160.9	-139.0
GROWTH & MARGINS	12/2023	12/2024	12/2025	12/2026e	12/2027e	12/2028e
<i>Sales growth</i>	<i>-5.2%</i>	<i>30.4%</i>	<i>22.7%</i>	<i>7.4%</i>	<i>11.3%</i>	<i>13.1%</i>
EBITDA (adj.)* growth	0.7%	11.8%	11.2%	7.8%	11.5%	9.6%
<i>EBITA (adj.)* growth</i>	<i>47.4%</i>	<i>9.4%</i>	<i>4.3%</i>	<i>-2.1%</i>	<i>16.3%</i>	<i>-4.1%</i>
<i>EBIT (adj.)* growth</i>	<i>47.4%</i>	<i>9.4%</i>	<i>4.3%</i>	<i>-2.1%</i>	<i>16.3%</i>	<i>-4.1%</i>

Avio: Summary tables

GROWTH & MARGINS	12/2023	12/2024	12/2025	12/2026e	12/2027e	12/2028e
Net Profit growth	n.m.	-7.5%	72.2%	3.8%	2.1%	-23.8%
EPS adj. growth	n.m.	-7.5%	-5.0%	3.8%	2.1%	-23.8%
DPS adj. growth	n.m.	-38.2%	5.0%	5.0%	5.0%	5.0%
EBITDA (adj)* margin	8.3%	7.1%	6.4%	6.4%	6.5%	6.3%
EBITA (adj)* margin	3.7%	3.1%	2.7%	2.4%	2.5%	2.2%
EBIT (adj)* margin	3.7%	3.1%	2.7%	2.4%	2.5%	2.2%
RATIOS	12/2023	12/2024	12/2025	12/2026e	12/2027e	12/2028e
Net Debt/Equity	-0.2	-0.3	-0.8	-0.5	-0.3	-0.2
Net Debt/EBITDA	-3.7	-3.5	-18.3	-10.3	-5.7	-2.6
Interest cover (EBITDA/Fin.interest)	n.m.	15.9	n.m.	n.m.	n.m.	high
Capex/D&A	237.5%	202.1%	218.0%	429.2%	592.9%	400.0%
Capex/Sales	10.7%	8.0%	8.2%	17.2%	23.2%	16.4%
NWC/Sales	-53.7%	-51.6%	-61.7%	-30.4%	-24.8%	-19.0%
ROE (average)	2.2%	2.0%	2.1%	1.6%	1.6%	1.2%
ROCE (adj.)	7.4%	8.8%	22.5%	3.5%	2.8%	2.1%
WACC	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
ROCE (adj.)/WACC	1.0	1.2	3.0	0.5	0.4	0.3
PER SHARE DATA (EUR)***	12/2023	12/2024	12/2025	12/2026e	12/2027e	12/2028e
Average diluted number of shares	25.3	25.3	45.8	45.8	45.8	45.8
EPS (reported)	0.26	0.24	0.23	0.24	0.24	0.19
EPS (adj.)	0.26	0.24	0.23	0.24	0.24	0.19
BVPS	11.90	11.98	15.24	15.32	15.40	15.41
DPS	0.24	0.15	0.16	0.16	0.17	0.18
VALUATION	12/2023	12/2024	12/2025	12/2026e	12/2027e	12/2028e
EV/Sales	0.4	0.5	1.5	2.0	2.0	1.9
EV/EBITDA	5.9	8.7	24.8	33.3	33.2	32.7
EV/EBITDA (adj.)*	4.3	7.2	23.0	31.1	31.2	30.9
EV/EBITA	23.4	26.7	66.7	99.7	93.0	106.2
EV/EBITA (adj.)*	9.6	16.1	55.2	82.2	78.9	89.4
EV/EBIT	23.4	26.7	66.7	99.7	93.0	n.m.
EV/EBIT (adj.)*	9.6	16.1	55.2	82.2	78.9	89.4
P/E (adj.)	26.0	46.3	n.m.	n.m.	n.m.	n.m.
P/BV	0.6	0.9	1.9	2.1	2.1	2.1
Total Yield Ratio	0.0%	2.0%	0.2%	0.5%	0.5%	0.5%
EV/CE	0.7	1.5	14.0	4.0	3.0	2.6
OpFCF yield	6.8%	11.7%	6.9%	-14.7%	-8.5%	-6.8%
OpFCF/EV	10.0%	15.4%	11.8%	-19.0%	-9.9%	-7.2%
Payout ratio	91.9%	61.5%	67.9%	68.7%	70.7%	97.4%
Dividend yield (gross)	3.5%	1.3%	0.5%	0.5%	0.5%	0.6%
EV AND MKT CAP (EURm)	12/2023	12/2024	12/2025	12/2026e	12/2027e	12/2028e
Price** (EUR)	6.80	11.17	29.35	32.25	32.25	32.25
Outstanding number of shares for main stock	26.4	26.4	46.8	46.8	46.8	46.8
Total Market Cap	179.3	294.6	1,373.3	1,509.0	1,509.0	1,509.0
Gross Financial Debt (+)	19.5	11.6	10.1	13.9	18.8	26.8
Cash & Marketable Securities (-)	-95.6	-101.7	-601.8	-375.7	-243.6	-140.2
Net Financial Debt	-76.1	-90.1	-591.7	-361.8	-224.8	-113.4
Lease Liabilities (+)						
Net Debt	-76.1	-90.1	-591.7	-361.8	-224.8	-113.4
Other EV components	18.7	19.5	19.2	19.5	19.8	19.8
Enterprise Value (EV adj.)	121.8	224.0	800.7	1,166.7	1,304.0	1,415.4

Source: Company, Banca Akros estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) +/- Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT +/- Non Recurrent Expenses/Income

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

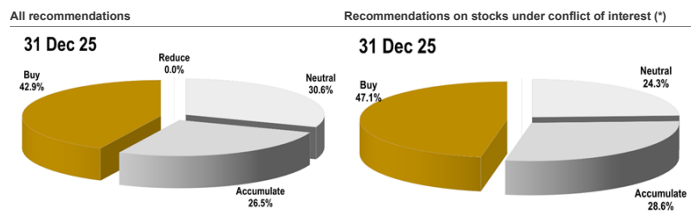
***EPS (adj.) diluted = Net Profit (adj.)/Ava DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported/Ava DIL. Ord. (+ Ord. equivalent) Shs.

Sector: Industrial Goods & Services/Aerospace

Company Description: Avio is a leading global player in the field of aerospace launch systems using both solid, liquid and cryogenic propulsion. Avio components are in the Vega programme (now VEGA C) for low earth orbit satellites (LEO) where the company is prime contractor for the ESA since the first launch in 2012 and in the Ariane programme (now Ariane 6.2 and 6.4) for geostationary (GEO) satellites where the company is the industrial partner for its propulsion part since 1996. The company is also involved in the solid rocket motor business for European (Aster 20, CAMM-ER) and US missiles defence programs.

This document has been prepared by Andrea Bonfà, who acts as financial analyst at Banca Akros SpA ("Banca Akros"), the party responsible for the production of the document. **The document has been produced and distributed from March 30, 2026, at 7:26 AM Italian time.** Financial analyst who prepared this research, has gained considerable experience with Banca Akros and other authorised brokerage houses. Said financial analyst does not receive a bonus, salary or any other form of remuneration, whether directly or indirectly, from any earnings in any investment banking operation. Said financial analyst and his/her family are not directors, managers or advisors of the companies. **Financial analyst Andrea Bonfà (and/or his relatives) holds financial instruments issued by Avio.** Banca Akros is a bank that is also authorised to perform investment services; it is part of the Banco BPM Group (the "Group") and is duly subject to the management and co-ordination of Banco BPM (the "Parent Company"). Banca Akros is registered with the Italian Banking Association, code N. 5328, and is subject to the regulation and surveillance of Bank of Italy and Consob (Commissione Nazionale per le Società e la Borsa). Banca Akros has prepared this research for its professional clients only, pursuant to Directive 2014/65/EU, Delegated Regulation 2016/958 and Annex 3 of Consob Regulation on Intermediaries (Resolution n. 20307). The most recent studies produced by Banca Akros on the company under analysis were published on 13th, 25th and 27th of March 2026. Pursuant to art. 5 and 6 of the EU Delegated Regulation 2016/958 implementing art. 20 of EU Regulation 2014/596 (Market Abuse Regulation), **Banca Akros hereby informs its clients that information on conflicts of interests is available on the specific section of its website: <https://www.bancaakros.it/en/company-documents/legal-notices/>** The information and opinions given in this research are based on sources believed to be reliable. Banca Akros has done its best to check the sources of said information and that it has already been made public. However, notwithstanding said controls, Banca Akros does not guarantee nor shall it be held liable if the information supplied herein or used to prepare this research is found to be inaccurate, incomplete, untrue or incorrect. This research is for information purposes only. It shall not be regarded as a proposal for a contract, an offer to sell nor as a solicitation to buy and/or sell financial products nor, in general, to invest. Nor shall it be regarded as advice on investment opportunities. Banca Akros does not guarantee that any of the forecasts and/or estimates supplied in this research are attainable. Moreover, Banca Akros shall not be held liable for any consequences and/or damage that may derive from the use of this research and/or the information contained herein. All the information or opinions contained in this research are subject to change without notice, without prejudice to any legal or regulatory requirements. Unless specifically authorised, this research may not be reproduced and/or circulated, whether wholly or in part, directly or indirectly. **In any case, transmission of this document or its content, even part of it, to any subjects that are not classified as professional clients or qualified counterparties, pursuant to Directive EU 2014/65, by any means whatsoever, is expressly forbidden.**

Percentage of recommendations by the 31 December 2025



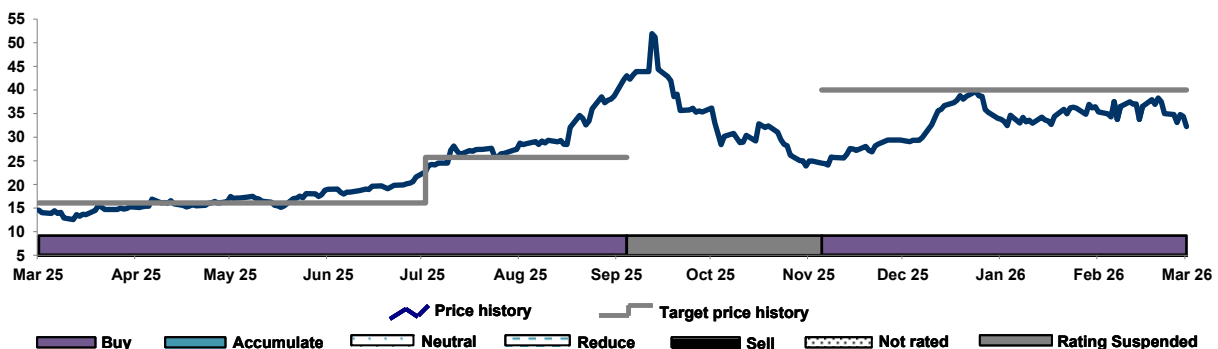
(*) Please note that the rate of issuers who are in potential conflict of interests with Banca Akros is equivalent to 73.1% of all issuer covered

Recommendation history for AVIO

Date	Recommendation	Target price	Price at change date
01-Dec-25	Buy	40.00	24.50
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

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	41%
Accumulate	25	26%
Neutral	32	33%
Reduce	0	0%
Sell	0	0%

of which Sponsored Research

Recommendation	Nr.of stocks covered	%
Buy	13	62%
Accumulate	4	19%
Neutral	4	19%
Reduce	0	0%
Sell	0	0%

ESN Ratings Breakdown

Recommendation	Nr.of stocks covered	%
Buy	192	55%
Accumulate	40	11%
Neutral	110	31%
Reduce	3	1%
Sell	5	1%

of which Sponsored Research

Recommendation	Nr.of stocks covered	%
Buy	35	80%
Accumulate	4	9%
Neutral	5	11%
Reduce	0	0%
Sell	0	0%

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