



THE EUROPEAN GATEWAY TO SPACE

Gabelli Aerospace & Defense Conference

September 10th, 2020

Giulio Ranzo - CEO

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Avio: a pure player in Space launchers



European heavy launcher (10.5 tons in GTO)
Avio: Strap-on boosters



400 € Mln
Mkt Cap

1,000
Employees

70%
Free Float

4%
Mgmt Share

NEW 2021



Ariane 6

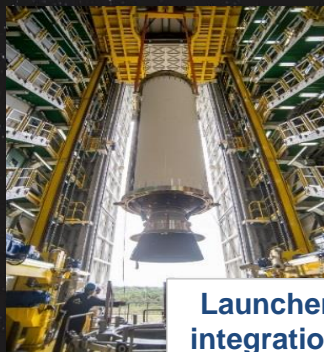


Vega C

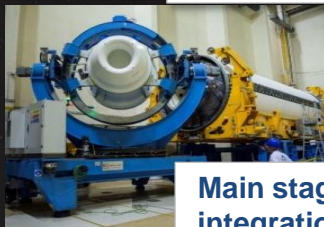


European light launcher (1.5 tons in LEO)
Avio: System integrator

Industrial operations in Europe and French Guyana




Launcher integration




Main stage integration



Propellant casting


 Colleferro, Rome
(GMT +1) N41.727 E13.0030

- SRM design, production
- Mission analysis
- Flight Software
- Stage integration
- Testing

 French Guiana
(GMT -3) N4.003 E52.999

Avio runs three facilities at the European Spaceport :

- SRM casting and integration
- Vega launcher operation

Paris 
(GMT +2) N48.856 E2.351
Large SRM
design/integration



SRM Manufacturing



Upper stage integration



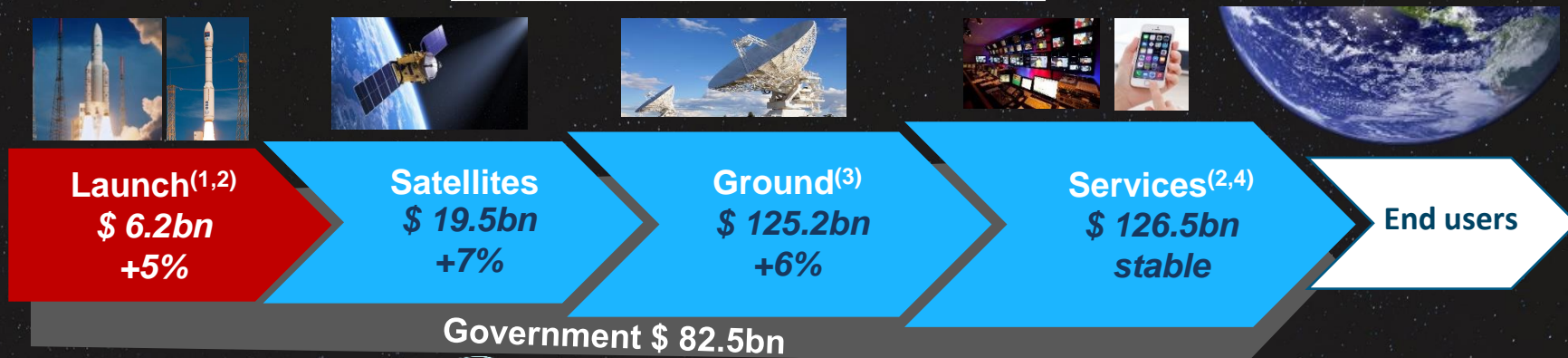
Firing tests

The launch segment : the gateway to the Space economy



Global space value chain (2018)

x% = 2015-18 CAGR



A MAXAR COMPANY



Telespazio

A Finmeccanica/Thales Company



Enabling Convergent Technologies

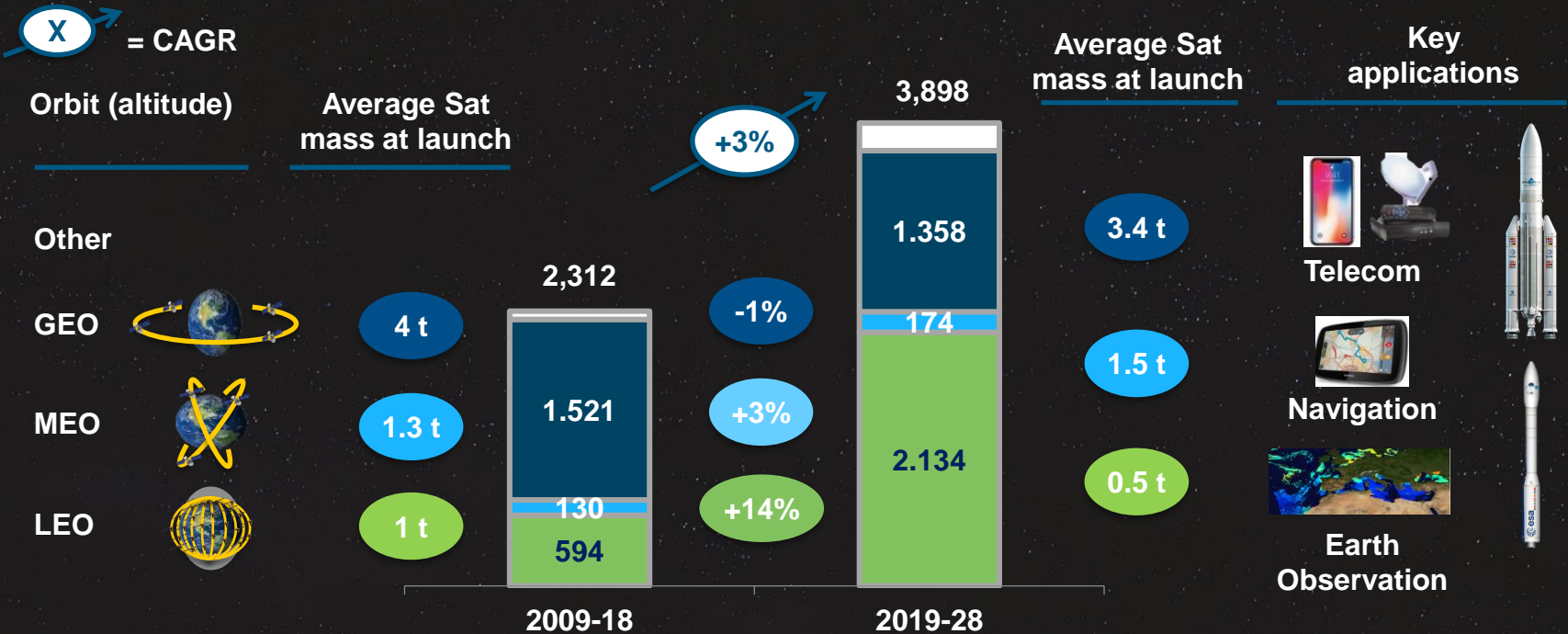


Launch demand stable in MEO-GEO, fast-growing in LEO



World Market

World total mass at launch (tons)



Earth Observation and Connectivity services drive demand growth



Application	Example	End Users
Infrastructure & Transportation 		<ul style="list-style-type: none"> Investors & financial analysts (Quant, Commodity) Intelligence analysts Customs & Border agents
Environment & Climate 		<ul style="list-style-type: none"> Farmers Insurance companies Meteorological agencies Civil Protection agencies
Security & Intelligence 		<ul style="list-style-type: none"> Defense Intelligence agencies Rescue operations
Energy & natural resources 		<ul style="list-style-type: none"> Investors & financial analysts (Quant, Commodity) Insurance companies

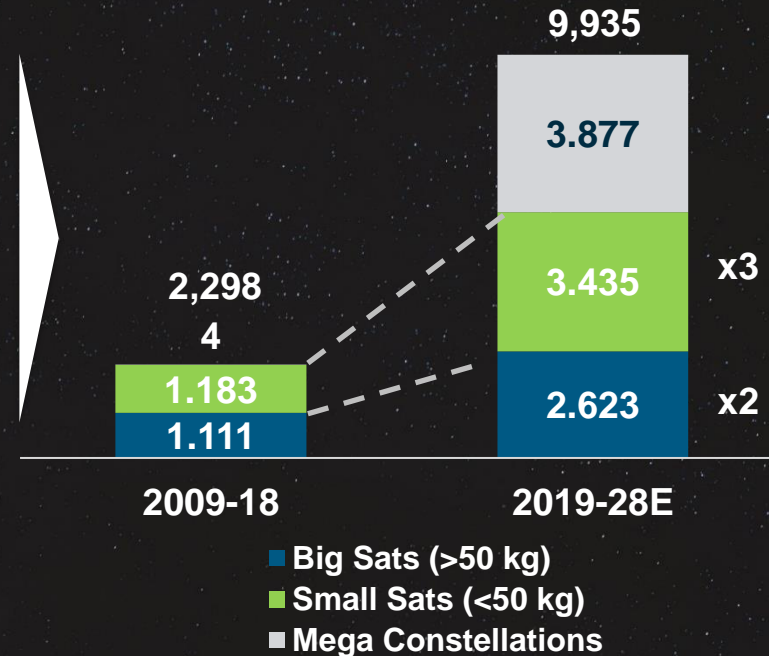
The beginning of a new era for Vega commercial missions thanks to SSMS



VV16 – Vega return to flight with SSMS

- New Mission Service tapping on the most growing satellite market segment, smallsats
- Successful VV16 mission for the Proof of Concept with 53 satellites from 21 customers from 13 countries
- Satellites from 1 to 150 kg released in both different orbits and altitudes
- Demand and orders already flowing in for next scheduled mission in 2021 and later, with Vega C featuring an even higher capacity

of sats to be launched by size*



*SOURCE: Euroconsult

Ariane and Vega: global customer base for GEO, MEO and LEO launches



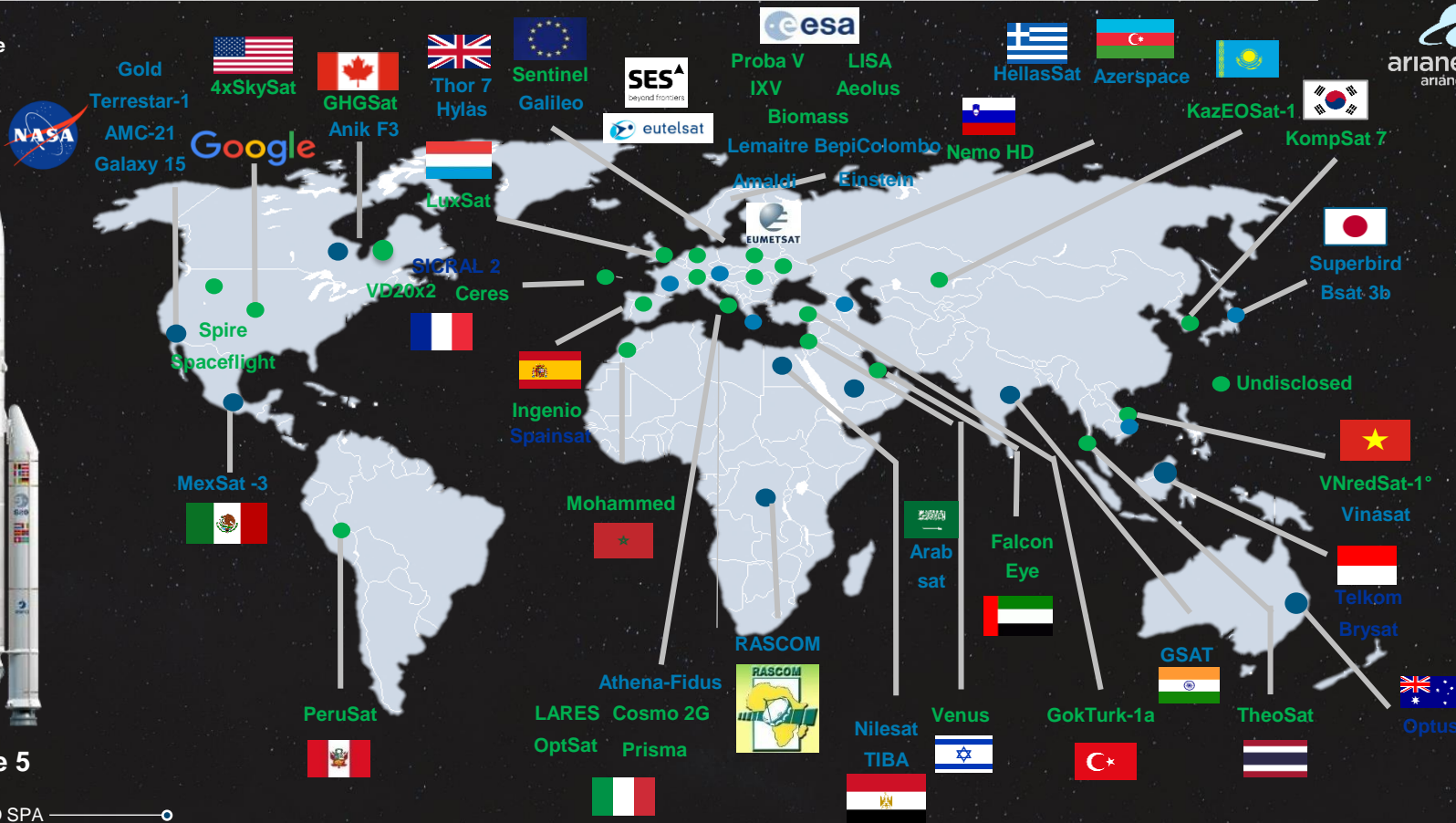
● = Ariane
● = Vega



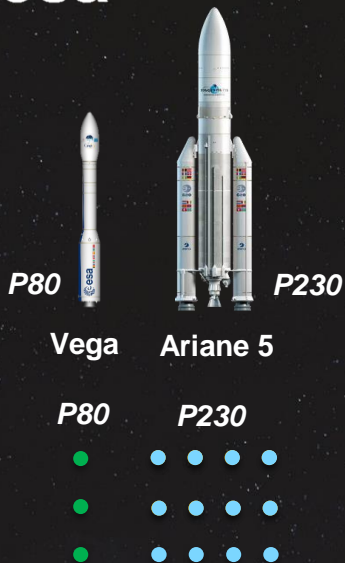
Ariane 5



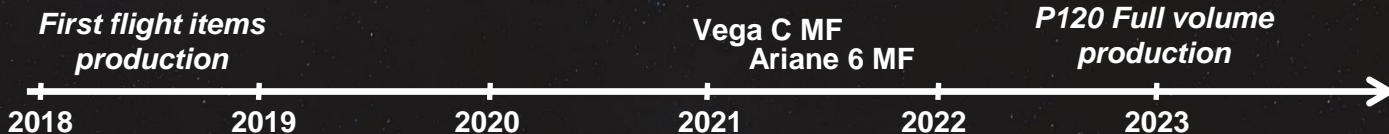
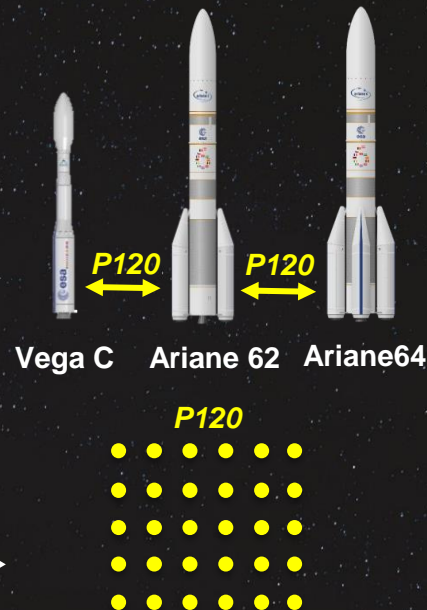
Vega



Automation, standardization and cost reduction in the short term...



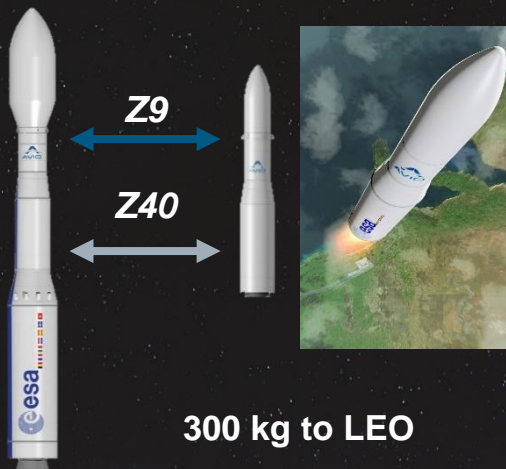
Single main-stage, higher volumes, economies of scale



... While preparing for the medium to long-term future



2022: Vega Light



300 kg to LEO

- Dedicated launch service for smallsats
- Leverage of 2nd and 3rd stages of Vega C
- Rapid deployment

2022: Space Rider



800 kg to and from LEO

- Re-entry vehicle
- Space Debris removal
- Sub-orbital experiments

2025: Vega E



2,800 kg to LEO

- Lower cost/kg than Vega C
- Increased in-orbit flexibility

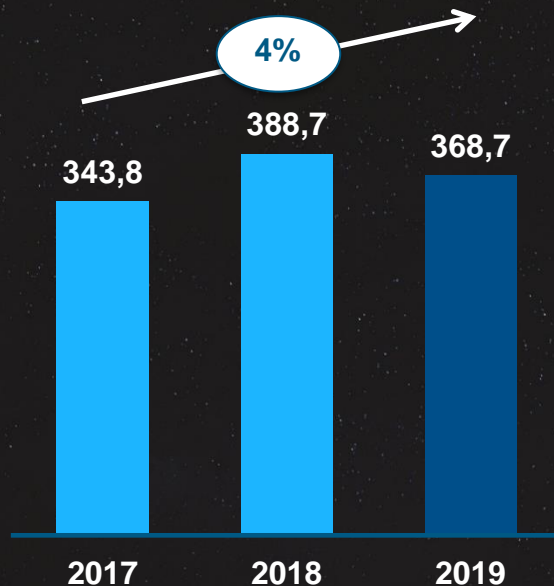
M10 LOX
Methane
Engine

Next steps – Busy 2020 and incoming contracts

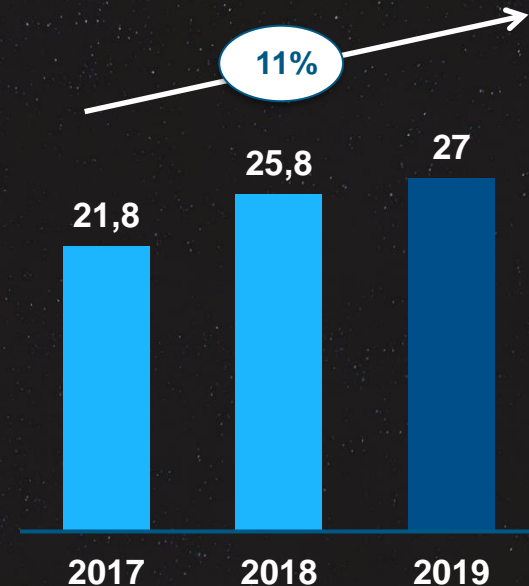


x% = CAGR 2017-'19

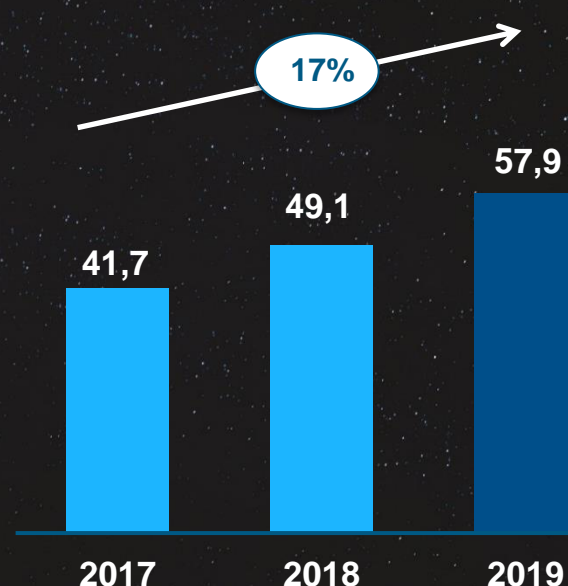
Revenues (€ - M)



Net Income (€ - M)



Net Financial Position (€ - M)



Dividends (€ - M)

10 11.5 -

CAPEX (€ - M)

29 23 29

Next steps – Busy 2020 and incoming contracts



- **Upcoming flight activity**
 - **VV16 SSMS – 3 September**
 - VV17 – November
 - VV18 – by January 2021
 - Vega C - launch campaign to start beginning 2021
 - **Ariane 5 VA253 – 14 August**
 - Ariane 5 VA254 – December 2020
- **Backlog**
 - Contractualization of the ESA '19 MC developments in progress
 - **Tactical production contracts signed in May**
- **Development**
 - Vega C ground qualification review – by year-end
 - P120 QM2 test (third and last static firing test for Ariane 6) – by September
- **2020 Financial results**
 - September 14th: HY 2020 – possible definition of the 2020 Guidance
 - November 5th: 9M 2020 results

Avio stock price vs Consensus Target Price and Benchmarks



Avio Stock Price (Index = 100 = 9.2 €)



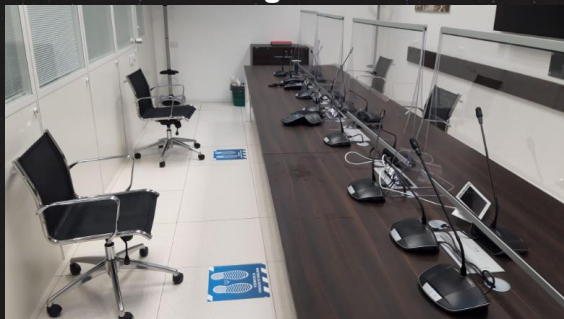
End of the COVID-19 lockdown: adaptation to new normal



11 May -Avio VV16 team departing to Kourou on Alitalia charter flight from Rome FCO



Individual protection equipment



Adapted meeting rooms



Modified layout to access facilities



Hand sanitizer dispensers



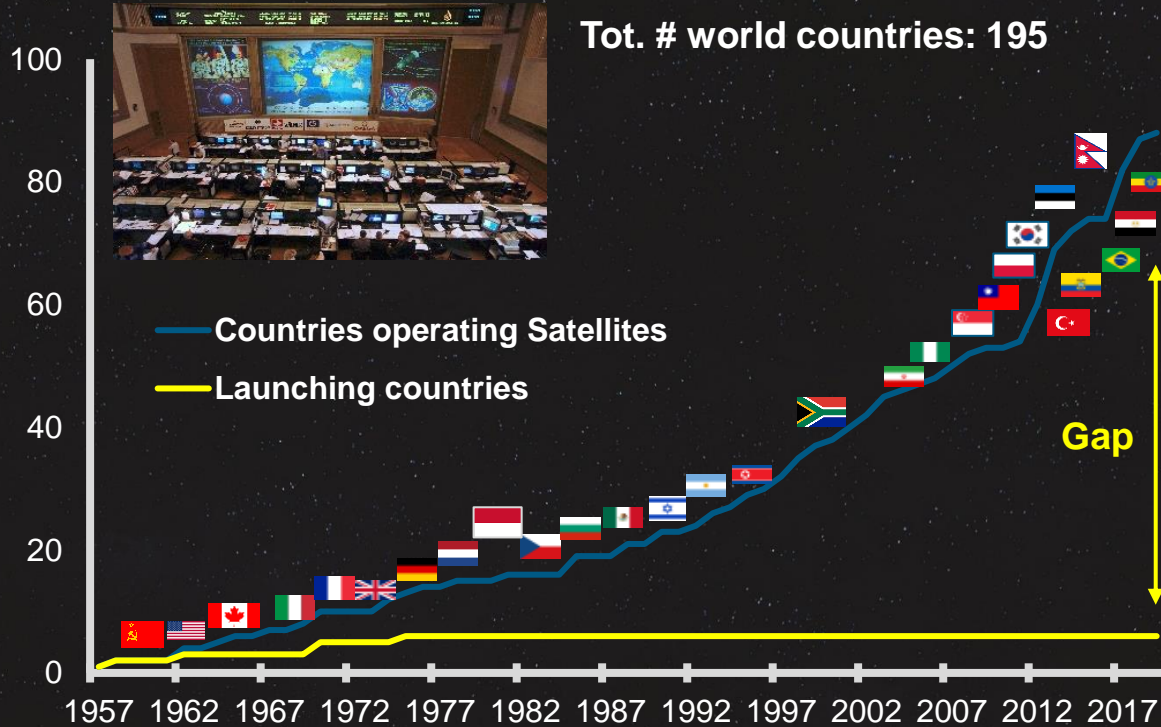
THANK YOU

avio.com

Increasing gap between launch demand and supply



of Countries

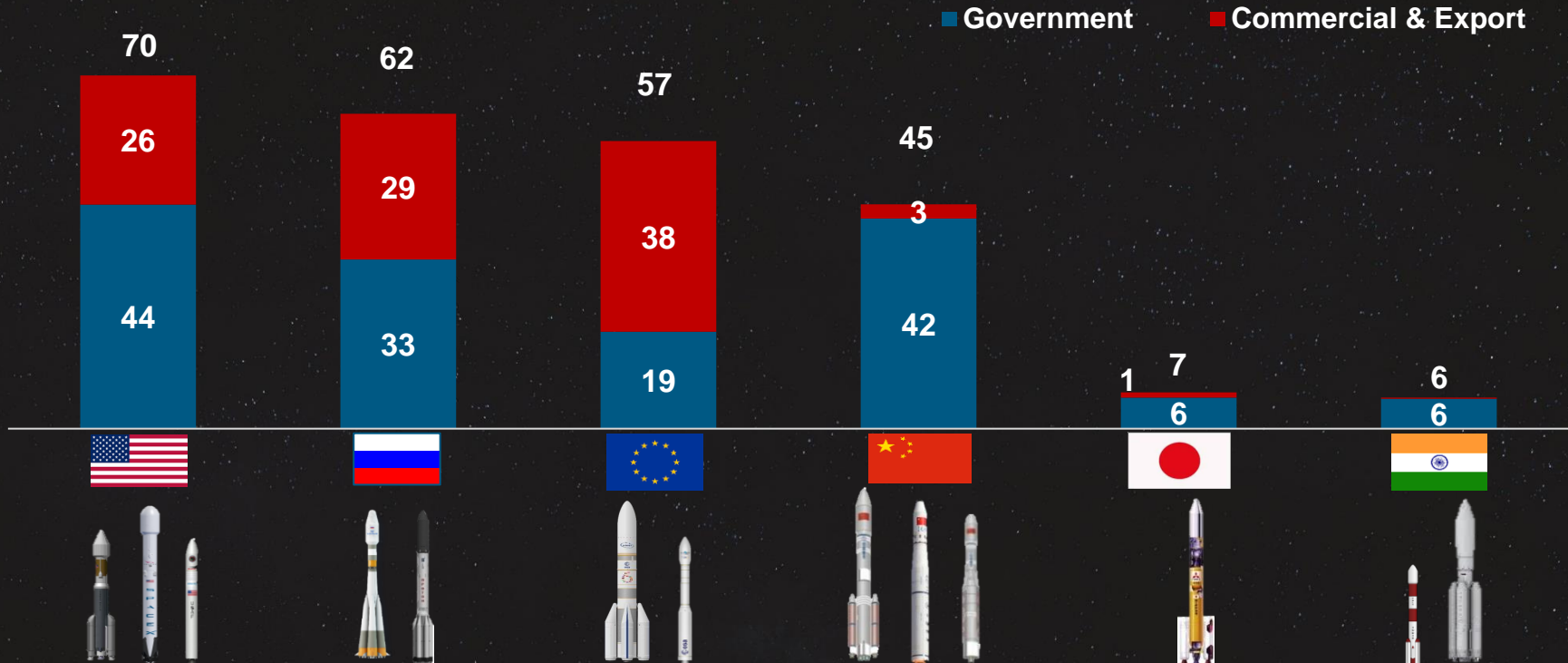


Source: Web Search; United Nations

Launch capabilities highly concentrated. Export mostly from Europe and USA



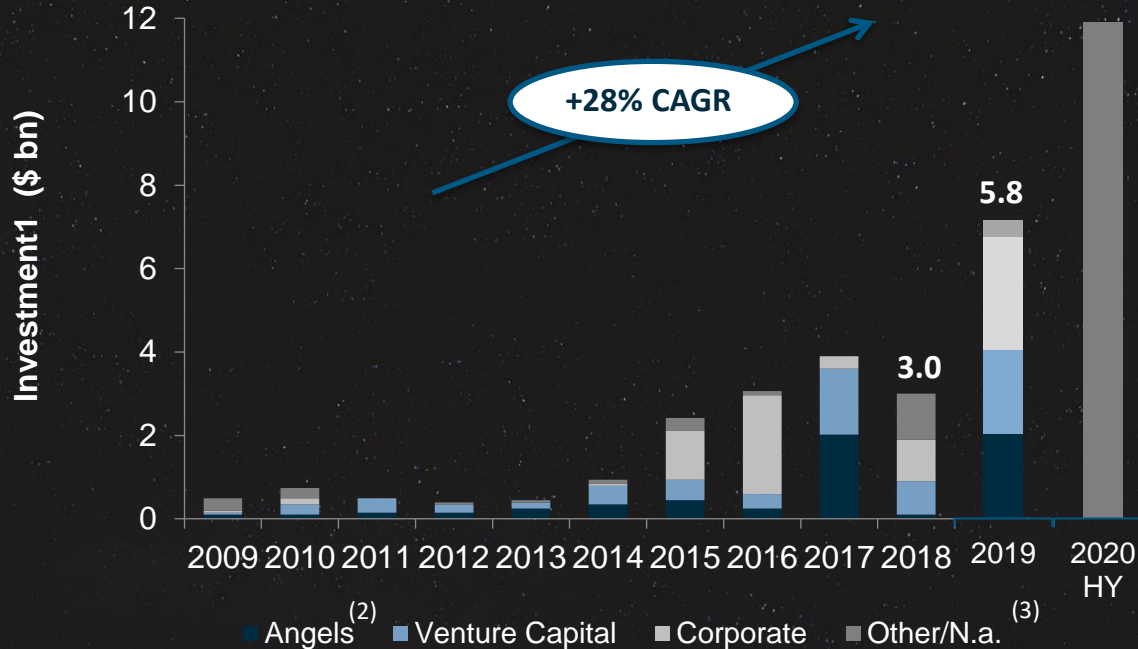
Average Annual Mass Launched in 2009-18 (Tons)



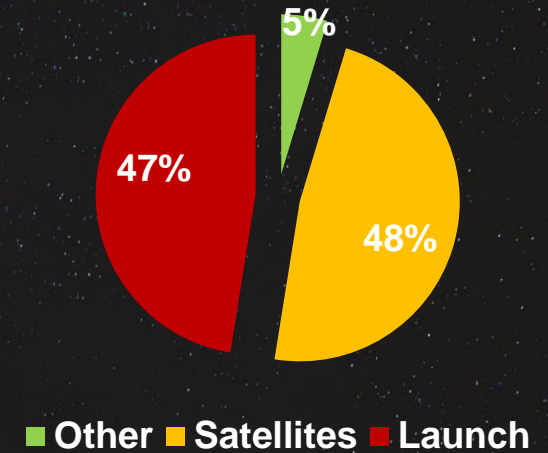
The Space Sector remains attractive for private investments despite COVID-19, with all-time record investments in 2020



Equity investments in Space Ventures⁽¹⁾



Breakdown of cumulated 2009-2019 investments by sector (% of 26\$ Bn)



(1) Annual non-governmental equity investment

(2) Angels include investments from Jeff Bezos, Richard Branson, Elon Musk, and Robert Bigelow (total \$>2 bn)

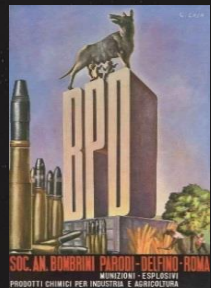
(3) Other includes Foundations, Private Equity, Sovereign Funds, Crowd Platforms, etc.

Source: Space Angels Q2 2020 Investment Report

50 years of track record in Space launch



Ammunitions



1912

**Ariane 1-3
Separation
motors**



1968

**Ariane 4
9.5 ton
boosters**



1990

**Ariane 5
230 ton
boosters**



2003

**Vega
launch
system**



2012

Vega C



2020

Ariane 6



Vega light



Space Rider



Vega E



2025

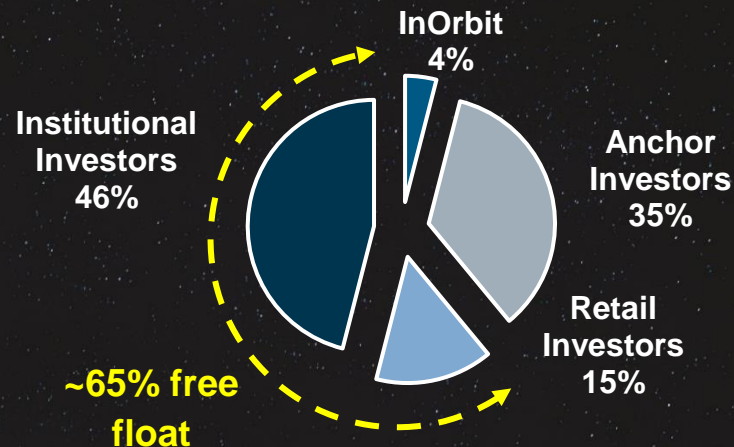
A public company managed by a team of investors



Milan Stock Exchange

Ticker: AVIO.MI – ISIN: IT0005119810

Avio shareholders' breakdown

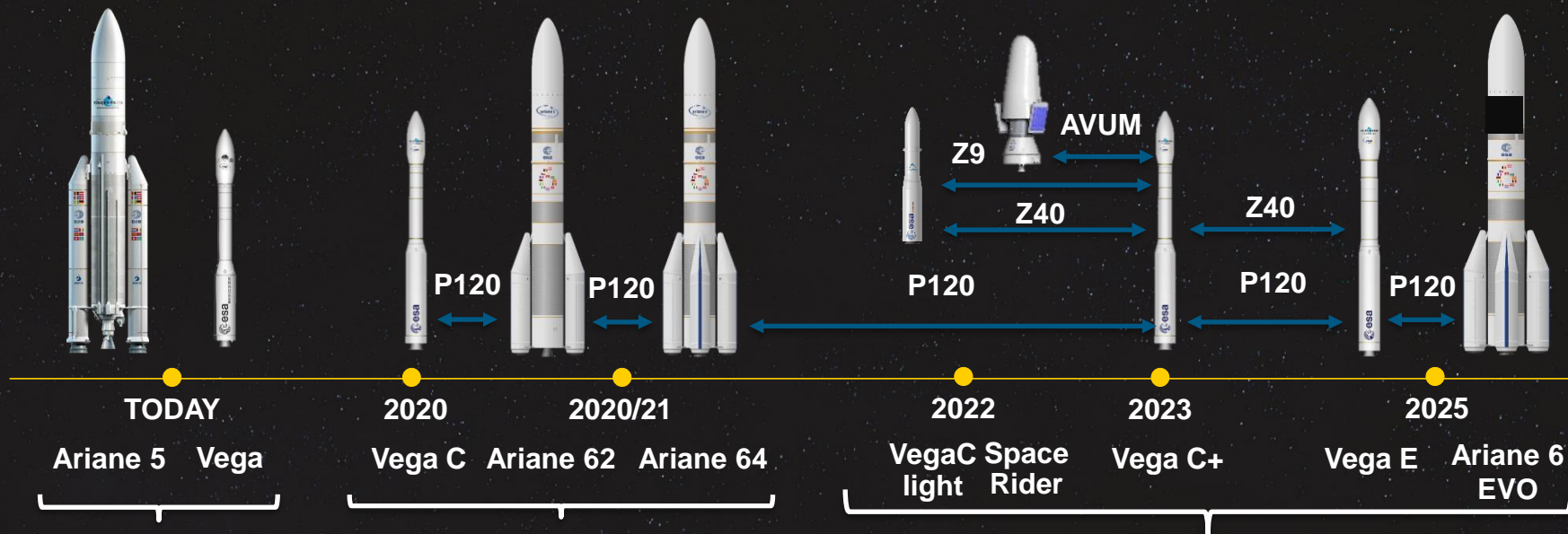


**4% share in Avio
70 Avio managers**

European Launch capabilities evolving to meet demand



Product roadmap funded at ESA Ministerial Council '19



**2 products
no synergies**

**3 products with 1st stage
in common**

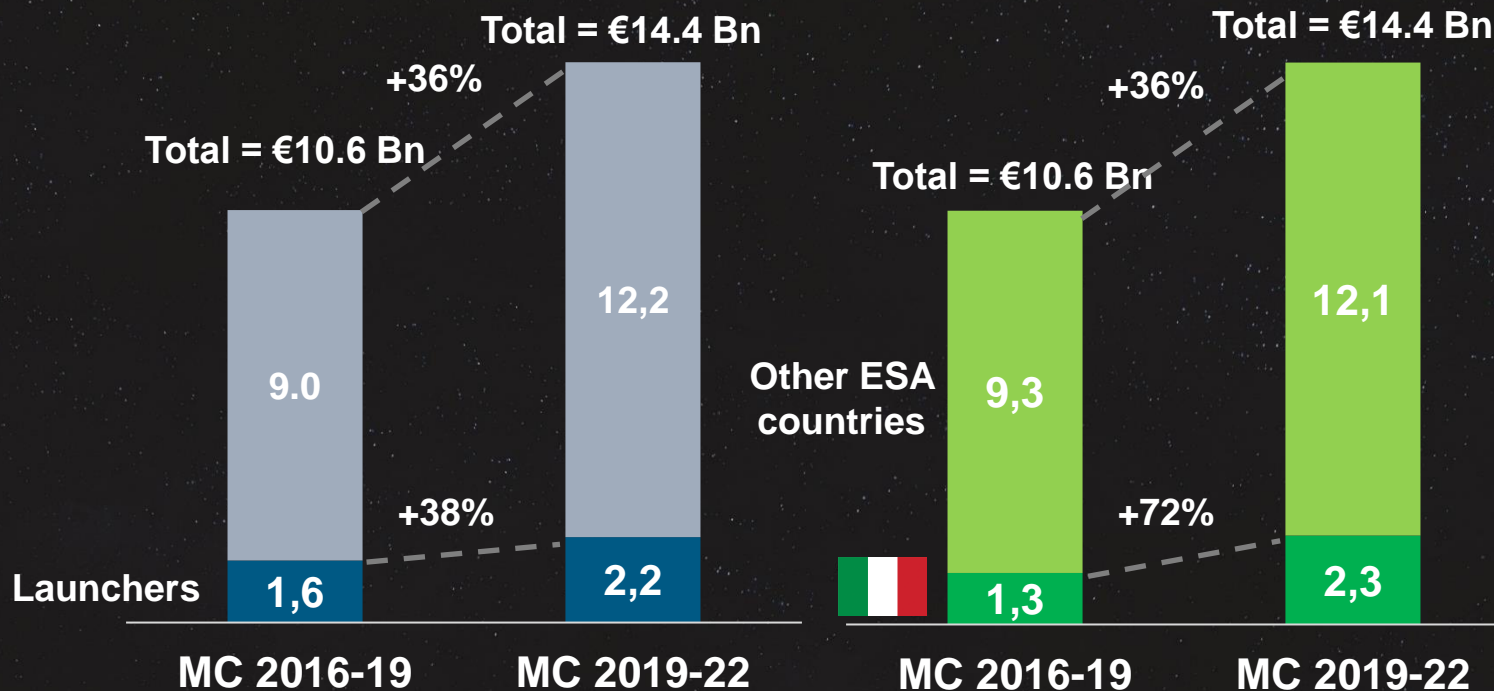
5 products with high commonality

MC '19: €2.2B funding for launchers
(of which ~€490M for Avio)

Positive outcome of the 2019 ESA Ministerial Council



ESA Ministerial Council Subscriptions

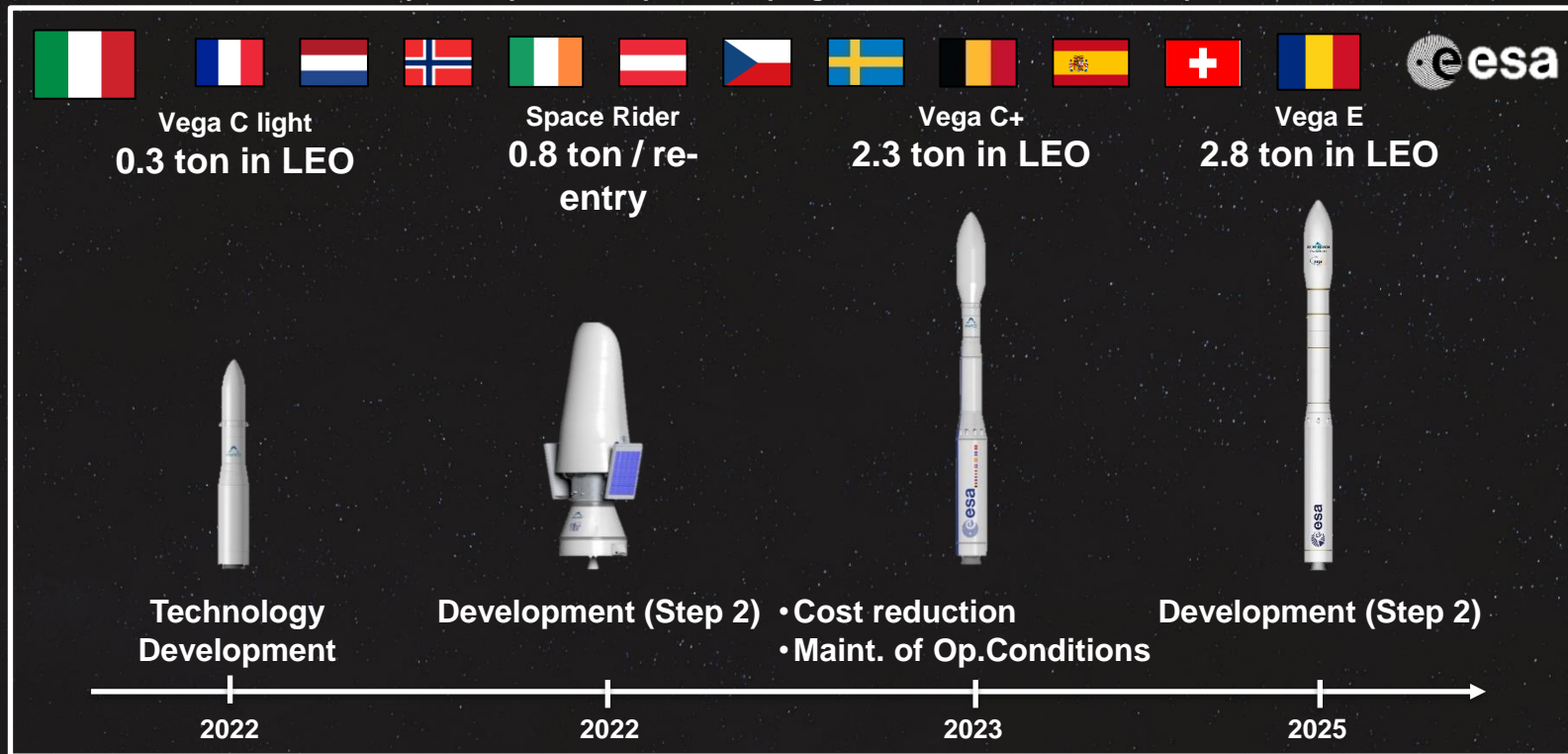


SOURCE: ESA and ASI

Positive outlook for the evolution of Vega programs



Key ESA Space transportation programs under Italian leadership



SOURCE: ESA and ASI

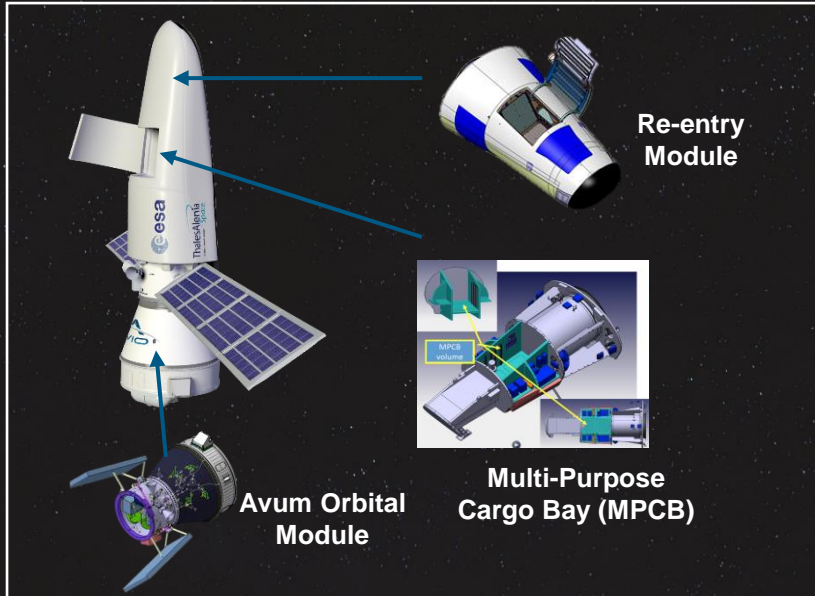
© 2019 AVIO SPA

Total expected amount of R&D contracts to be assigned to Avio = € >400 Mln

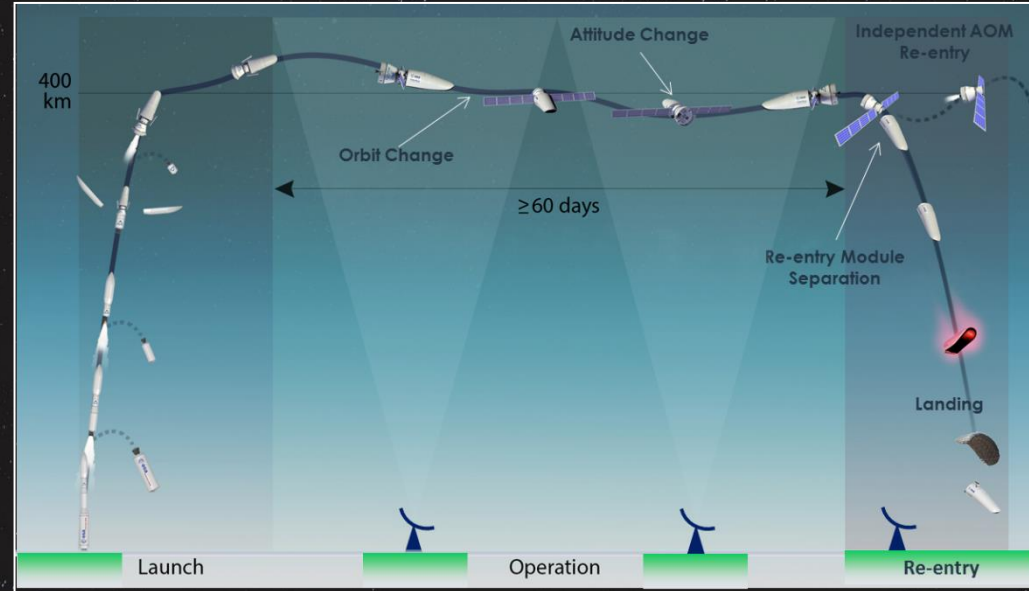
Space Rider: orbital and re-entry vehicle



Space Rider Configuration



Typical Mission Profile



- Provides **highly customizable recoverable and reusable orbital space laboratory** for
- **Microgravity, Earth Observation, Science, Research, Robotic exploitation**
- Launched on **Vega-C** ranging from **equatorial to SSO orbits**
- Performs **in-orbit PL operations, de-orbits, re-enters, lands and re-flies** after limited refurbishment

2019: Key accomplishments on new developments



Largest carbon fiber SRM

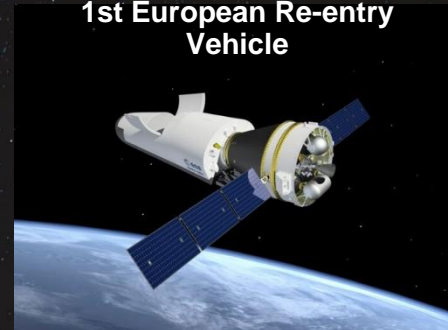


**A6/Vega C: P120
firing test (Kourou)**

**Vega C: Zefiro40
firing test (Sardinia)**



**1st European Re-entry
Vehicle**



**Space Rider Project
Design Review**



**Return to flight: Zefiro23
firing test (Sardinia)**

1st Upper stage in LOX-CH



**Vega E: M10 LOX-CH
firing test (USA)**



**First successful
Camm-ER tests**

Structural elements of Avio's business resilience



Drivers

Elements of resilience

Commercial	<ul style="list-style-type: none"> FY 2019 Net Order Backlog ~€700M New orders from ESA to be received from 2020 ~€500M 	<ul style="list-style-type: none"> 2 years-equivalent revenues, 3-4 years business visibility based on planned roll-out > 10 Vega flights & > 20 Ariane flights ~70% of backlog for government end customers Development projects subscribed at ESA MC '19
	<ul style="list-style-type: none"> Positive NFP ~€60M Low-interest Gross Debt ~€50M Tax credits >€80M Own shares ~€4M Mgmt Long Term Incentive ~€1M 	<ul style="list-style-type: none"> Available cash to better manage operations Flexibility in Capex planning & execution EIB 7 years-term debt <1% fixed interest rate Deferred tax assets (Income Tax) Additional VAT and R&D credits Buyback limit €9M Bonus payment voluntarily deferred to 2021
Financial		

Q1 2020 financials in line with Q1 2019



Q1 2019 ACTUAL	MAIN ECONOMICS/ FINANCIALS	Q1 2020 ACTUAL	DELTA	DELTA
€ - M		€ - M	€ - M	%
82,6	NET REVENUES	80,0	(2,6)	-3%
7,0	EBITDA REPORTED	7,2	0,2	4%
8,4%	% on net revenues	9,0%		
7,0	EBITDA ADJUSTED	7,8	0,8	11%
8,5%	% on net revenues	9,8%		
3,1	EBIT REPORTED	3,1	0,0	0%
3,8%	% on net revenues	3,9%		
3,2	EBIT ADJUSTED	3,8	0,6	18%
3,9%	% on net revenues	4,7%		
31 DEC 2019 ACTUAL		31 MAR 2020 ACTUAL	DELTA	DELTA
€ - M		€ - M	€ - M	%
57,9	NET CASH POSITION	42,1	(15,8)	-27%

Comments

- Slight slowdown in production and development activities
- EBITDA benefitting from effective fixed costs control
- Increase of non recurring costs related to the COVID-19 outbreak (e.g. protection equipment and donations)
- Increase in depreciation related to previous years' capex
- In line with ordinary business cycle

Share buyback program launched in August 2019



Objectives

- **Efficient use of liquidity** generated by the ordinary business activities through a **medium-long term investment**
- Offer an additional **return to shareholders** along with dividend payments
- Possible use **own shares in M&A transactions**

Program scheme

- **€9M maximum investment amount** (as decided by shareholders in April)
- Initial mandate by BoD in August for €5M lasting until **October 2020**
- **Share Buyback** carried out by an **independent broker (Equita SIM, S.p.A.)**

Following the purchases made so far, as of September 4th 2020, Avio S.p.A. holds # 405,444 own shares, corresponding to 1.54% of total Avio's share capital*

*Daily purchases capped by law at 25% of average daily volumes of the previous 20 trading days