



# Investor Presentation

## STAR Conference, 6-7<sup>th</sup> October 2020

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# Agenda

- **Avio Business**

- Financials

- Appendix



# Avio : a pure player in Space Launchers



- 360 M€ revenues (10% CAGR 2014-19)
- 1.000 employees
- 350 M€ Mkt Cap
- 70% free float
- 4% Mgmt share

NEW 2021



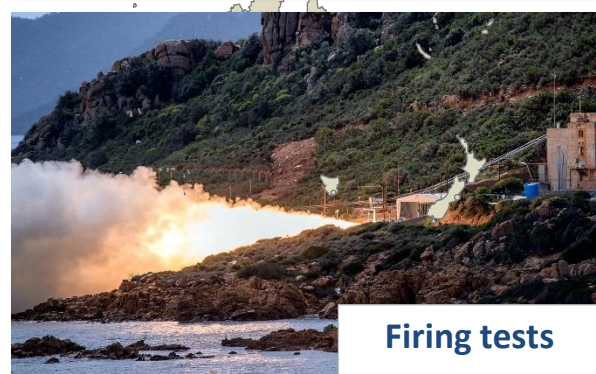
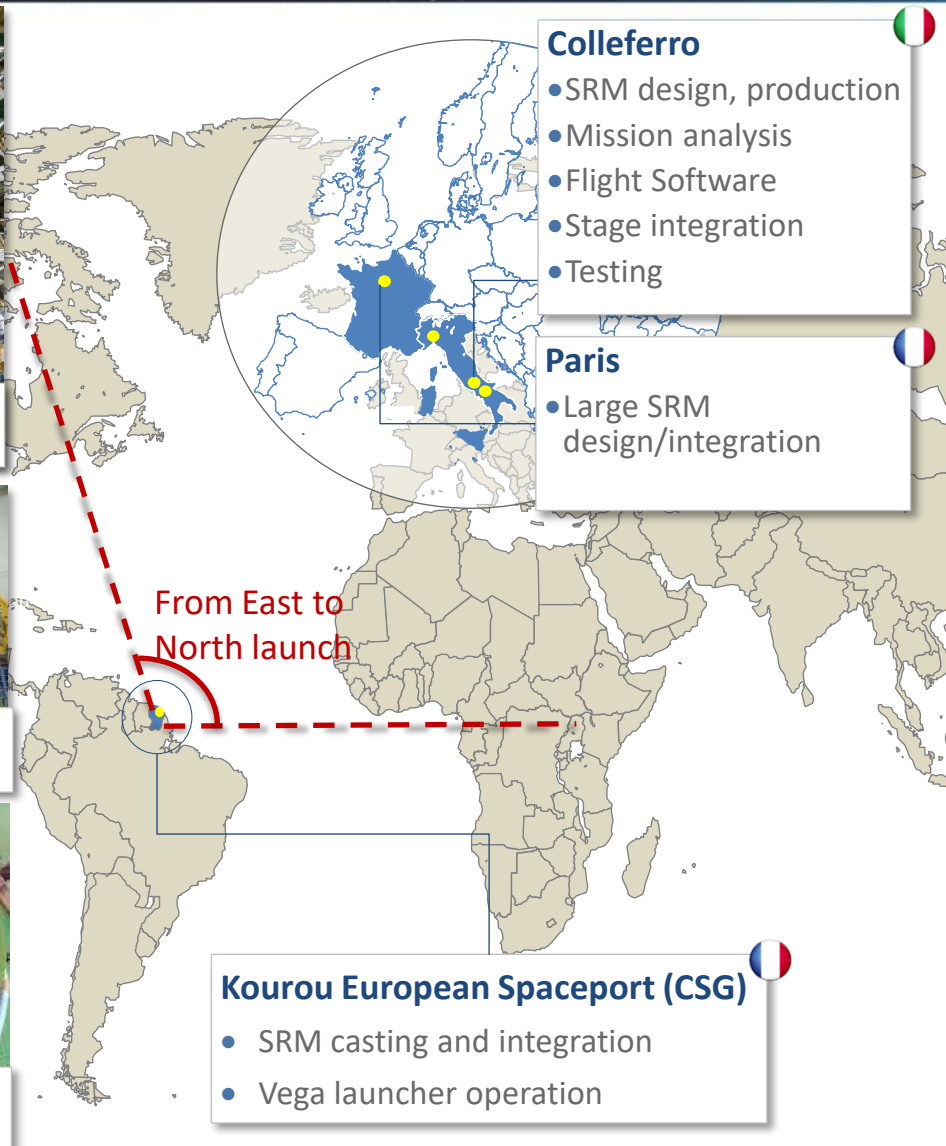
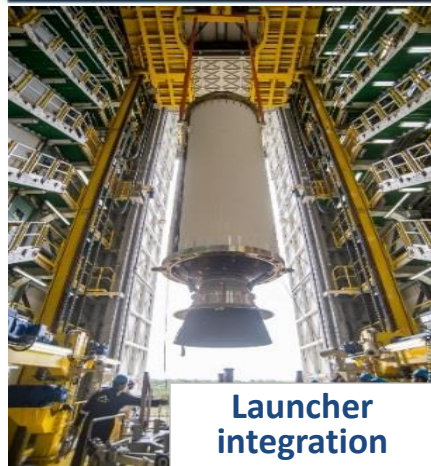
Ariane 6      Vega C



- European heavy launcher (10.5 tons in GTO)
- Avio: partner and supplier for strap-on boosters

- European light launcher (1.5 tons in LEO)
- Avio: developer, manufacturer, launcher system integrator

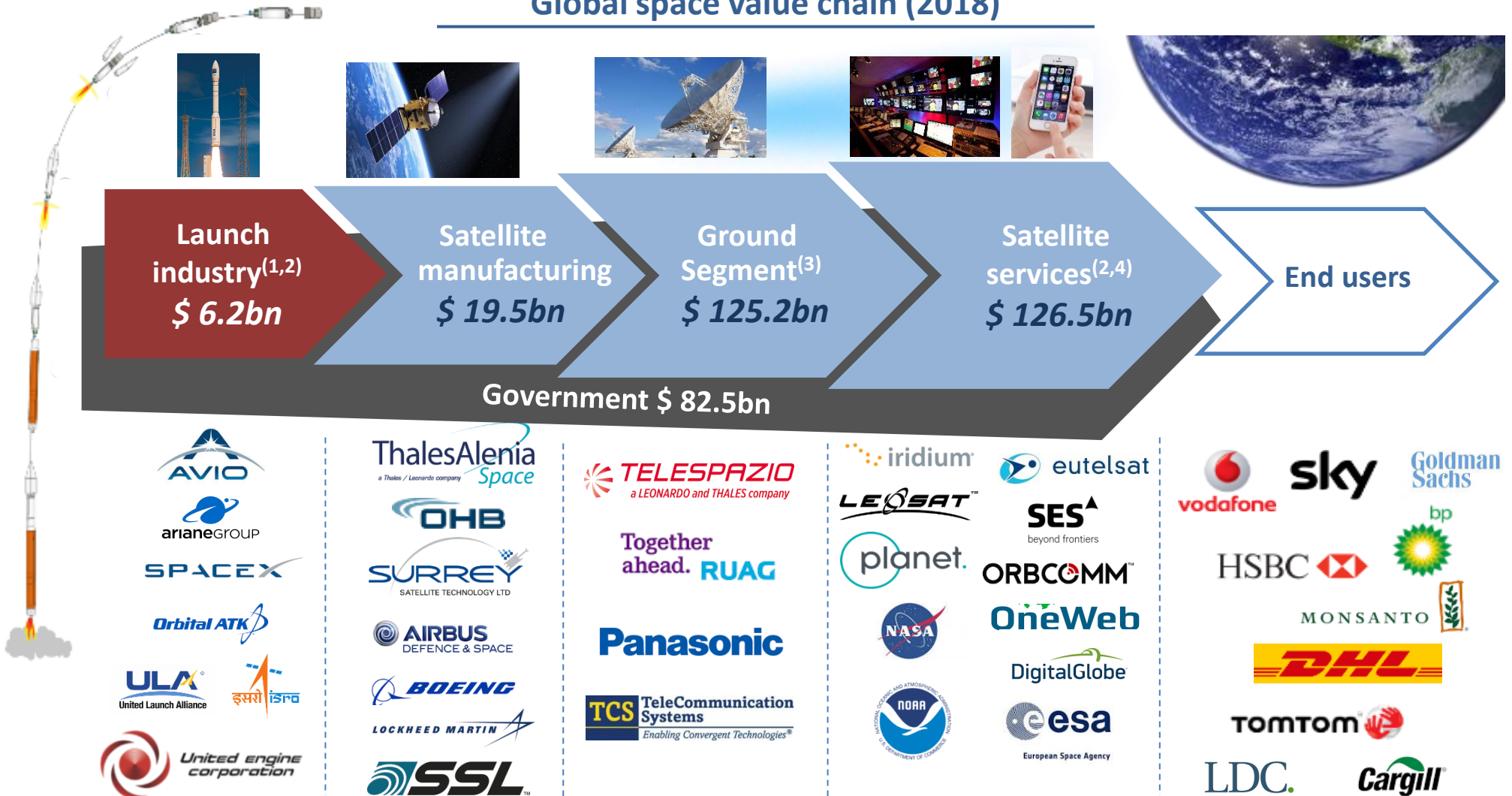
# Industrial operations in Europe and French Guyana





# The launch industry is the gateway to the Space economy

## Global space value chain (2018)



Source: Satellite Industry Association (2019)

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(1): Includes launcher manufacturing and launch service activities

(2): Commercial services revenues only

(3): Includes GNSS chipsets and Related

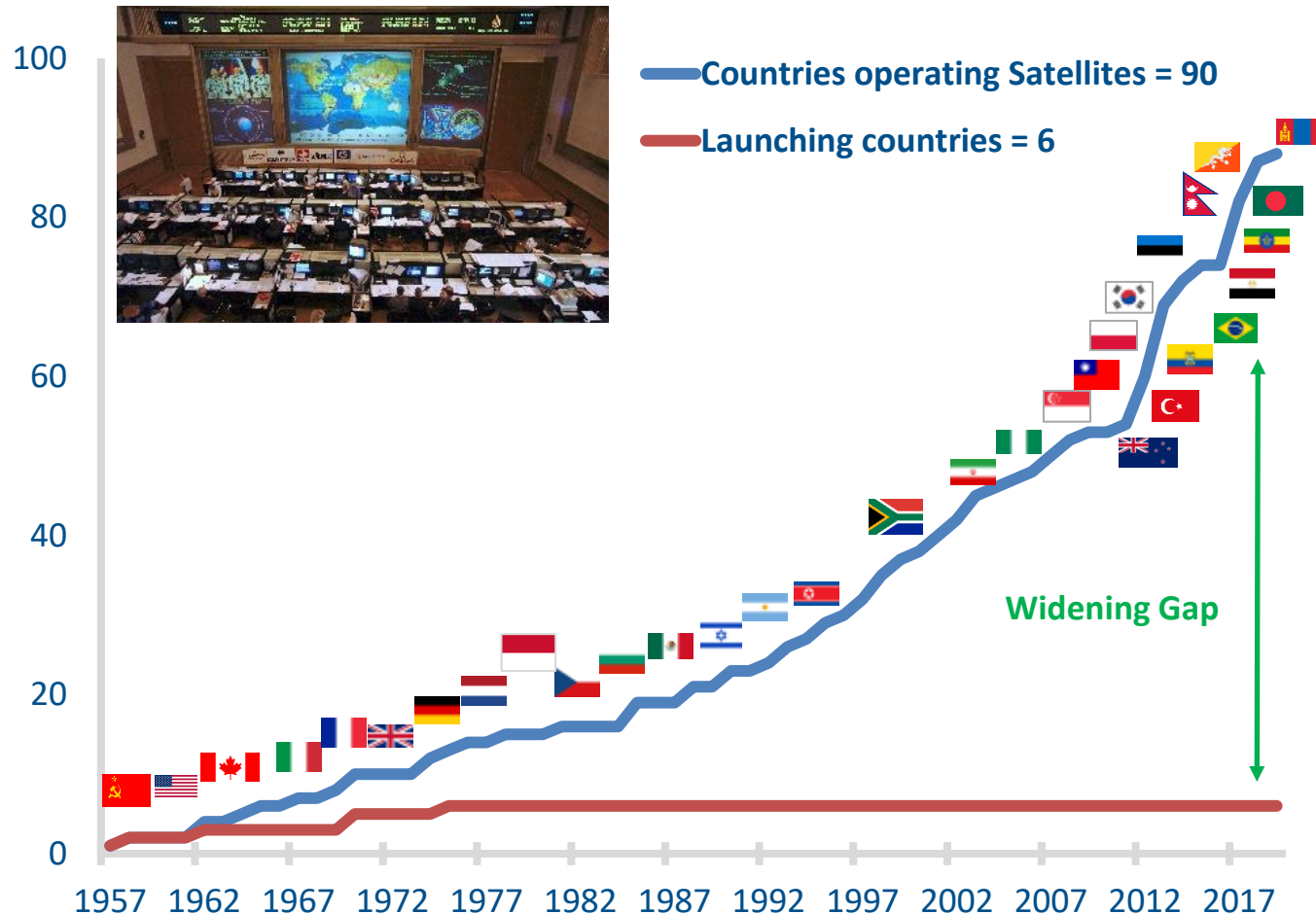
(4): Includes commercial humanflight

# Increasing gap between geographic origin of demand and supply



## # of Countries

## Population covered

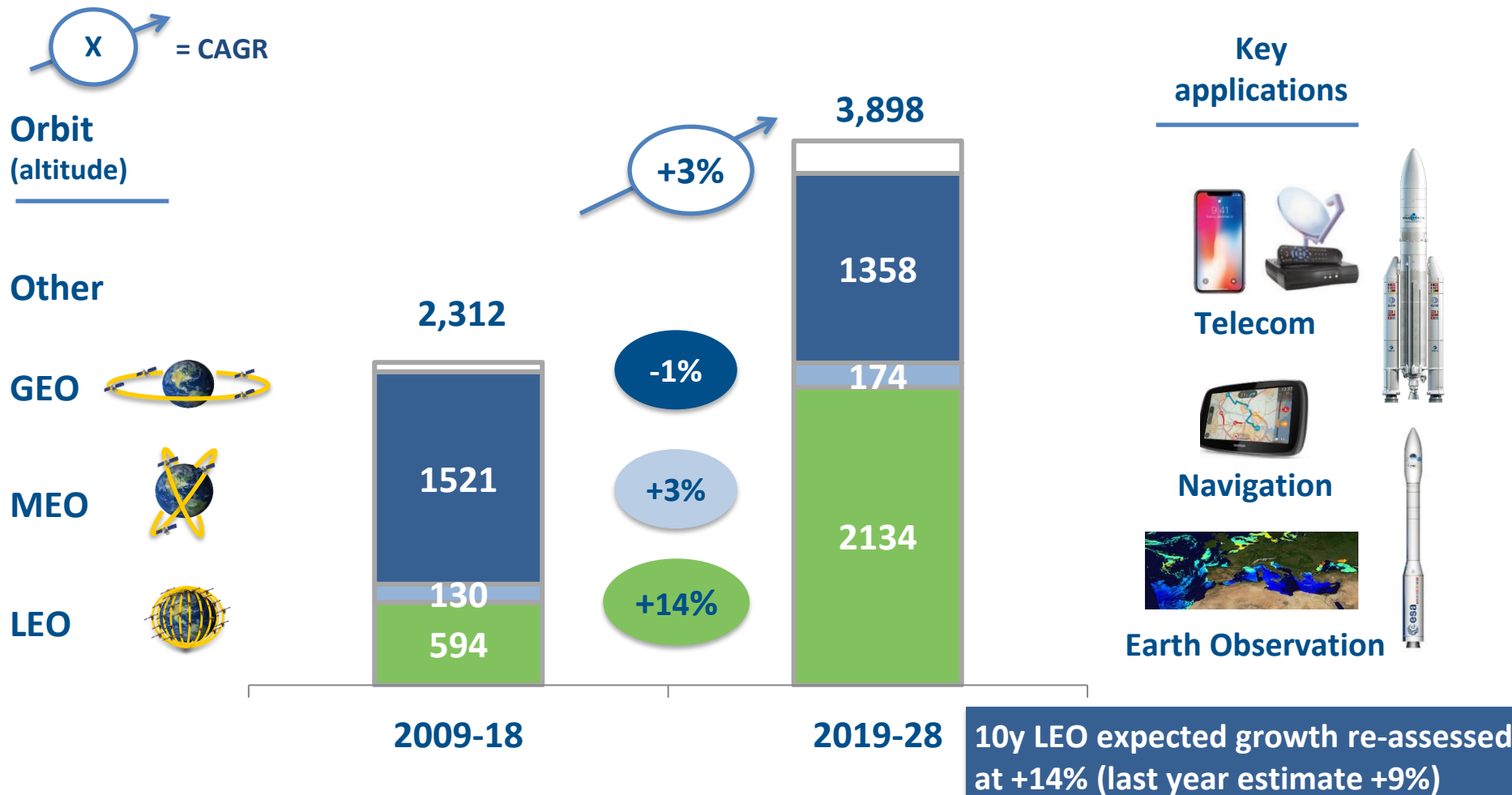


# For the next decade: stable launch demand in MEO-GEO, fast-growing in LEO



## World Market

### World total mass at launch (tons)





# Growth in demand of satellite services is driven today largely by Earth Observation and connectivity services



## Application

## Example

## End Users

### Infrastructure & Transportation



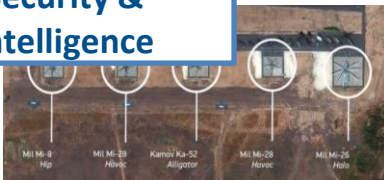
- Investors & financial analysts (Quant, Commodity)
- Intelligence analysts
- Customs & Border agents

### Environment & Climate



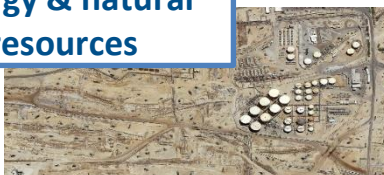
- Farmers
- Insurance companies
- Meteorological agencies
- Civil Protection agencies

### Security & Intelligence



- Defense
- Intelligence agencies
- Rescue operations

### Energy & natural resources



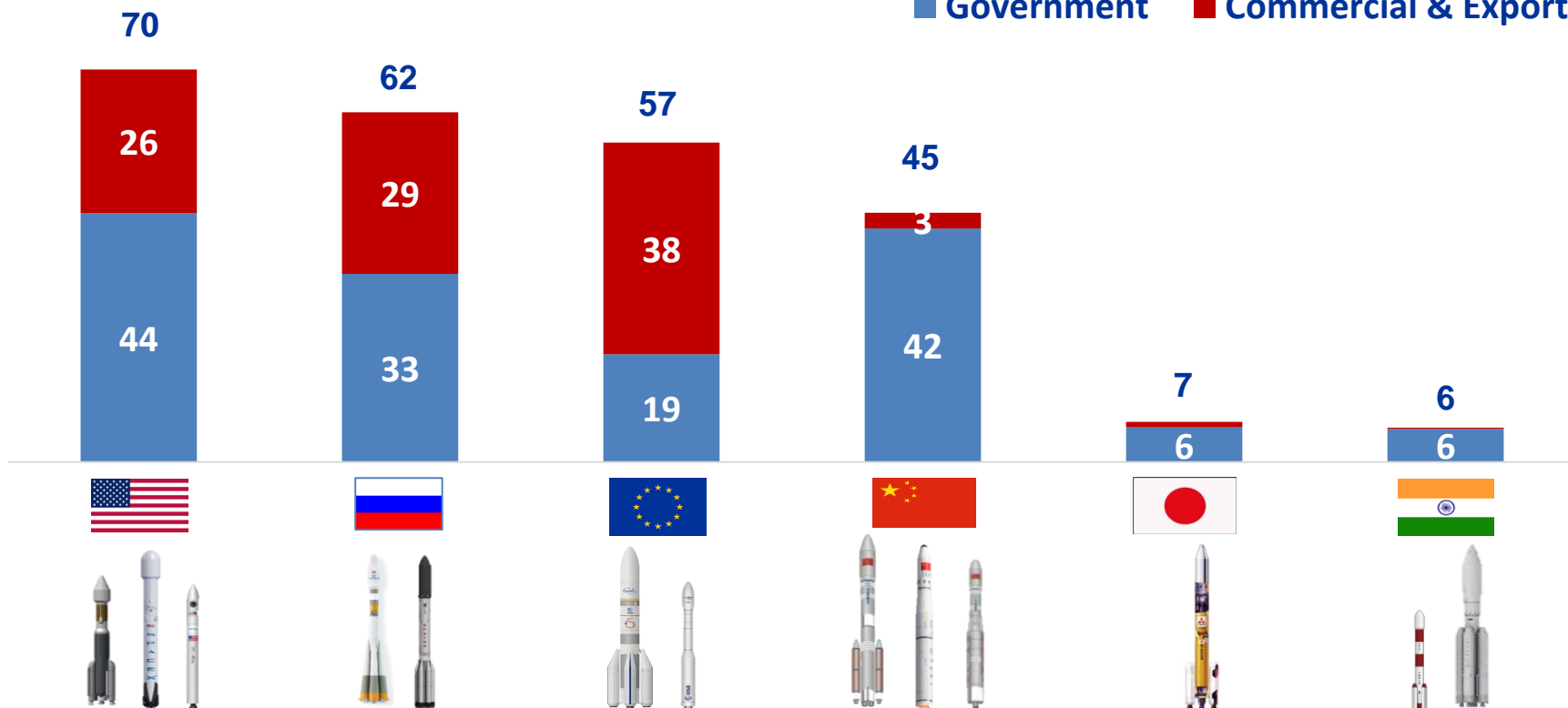
- Investors & financial analysts (Quant, Commodity)
- Insurance companies

# Launch capabilities concentrated in a few countries. Export capacity essentially in Europe and USA



## Average Annual Mass Launched in 2009-18 (Tons)

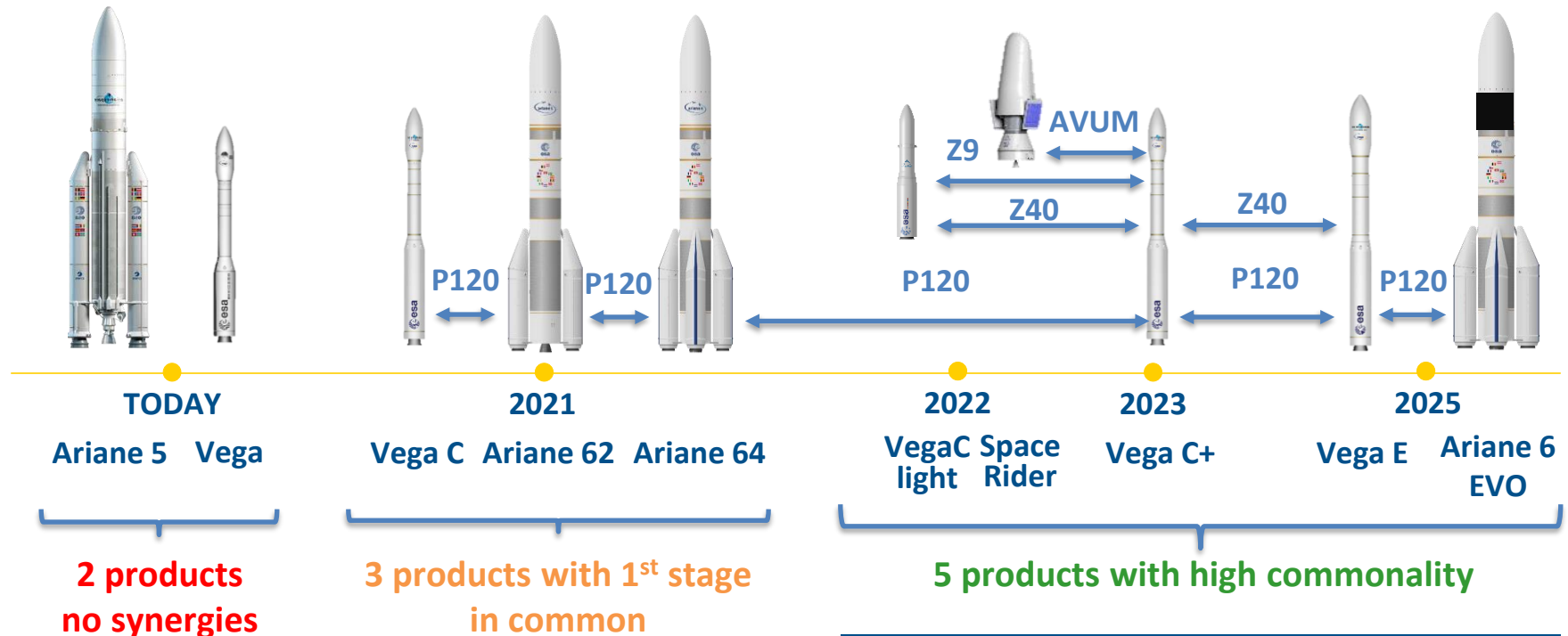
■ Government ■ Commercial & Export



# 2019 – ESA Ministerial Council: secured €490M funding for new development projects



## Product roadmap funded at ESA Ministerial Council '19



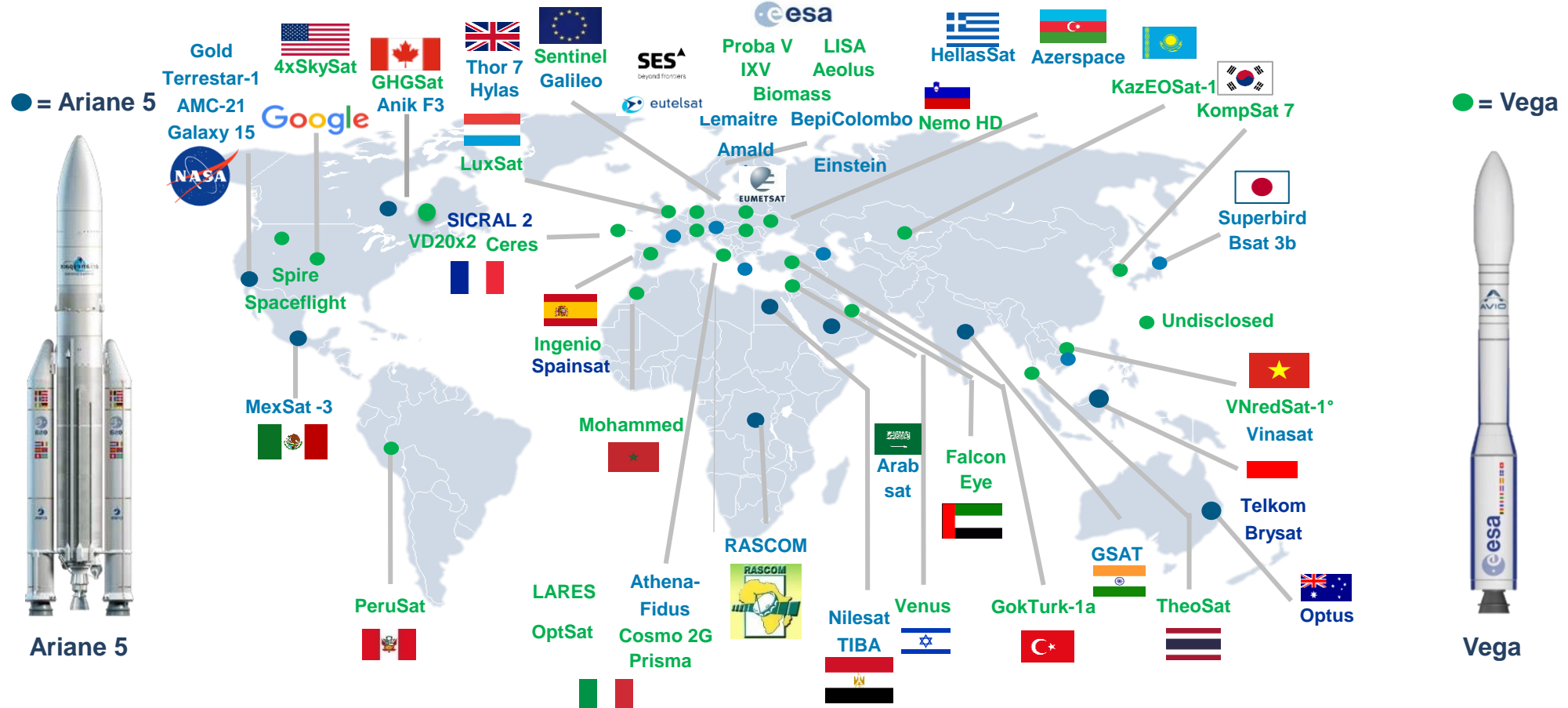
MC '19: €2.2B funding for launchers  
(of which ~€490M for Avio)



# Avio established as a global player through its flagship product Vega dedicated to LEO launch

NOT EXHAUSTIVE

arianespace  
arianegroup

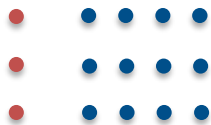


# Automation and standardization to increase cost competitiveness



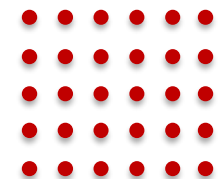
Vega Ariane 5

**P80** **P230**



Vega C Ariane 62 Ariane 64

**P120**



*Single main-stage, higher volumes, economies of scale*

*First flight items  
production*

Vega C MF

Ariane 6 MF

*P120 Full volume  
production*





# HY 2020 : ensured continuity of operations, prepared for the future

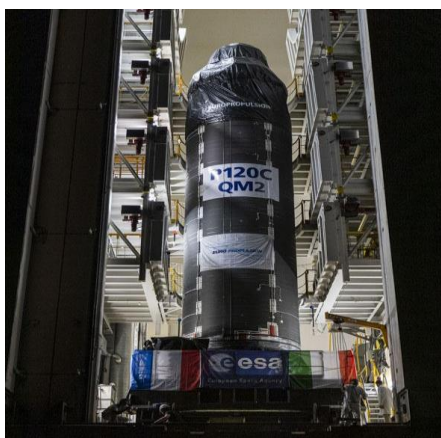
- Successfully returned Vega to flight with SSMS in September
- Completed 3 Ariane 5 successful missions, last one in August
- Signed new tactical propulsion contracts (Aster)
- Prepared for P120 last firing test (expected by October)
- Setup new office space to secure social distancing
- Leveraged remote-working through improved connectivity
- Implemented safety procedures for launch campaign operations
- Executed Capex projects as planned
- On-track to complete share buy-back program



VV16 liftoff – 3<sup>rd</sup> September



Vega VV16 crew in Kourou



P120 QM2 – Ready on the test bench



New office spaces – September 2020

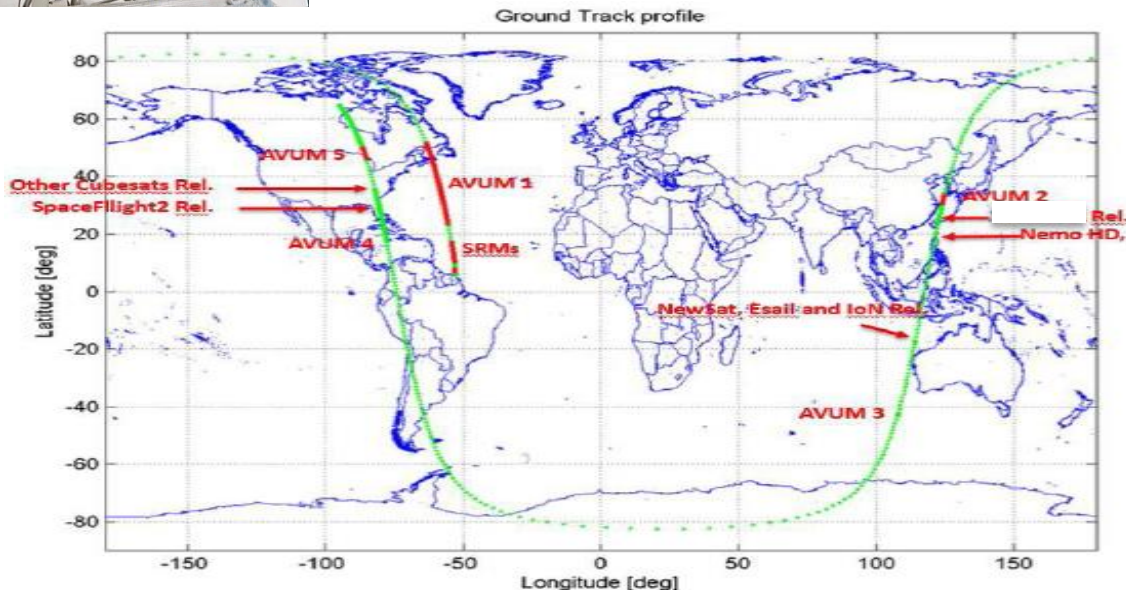


# Vega successfully returned to flight with Europe's first rideshare mission



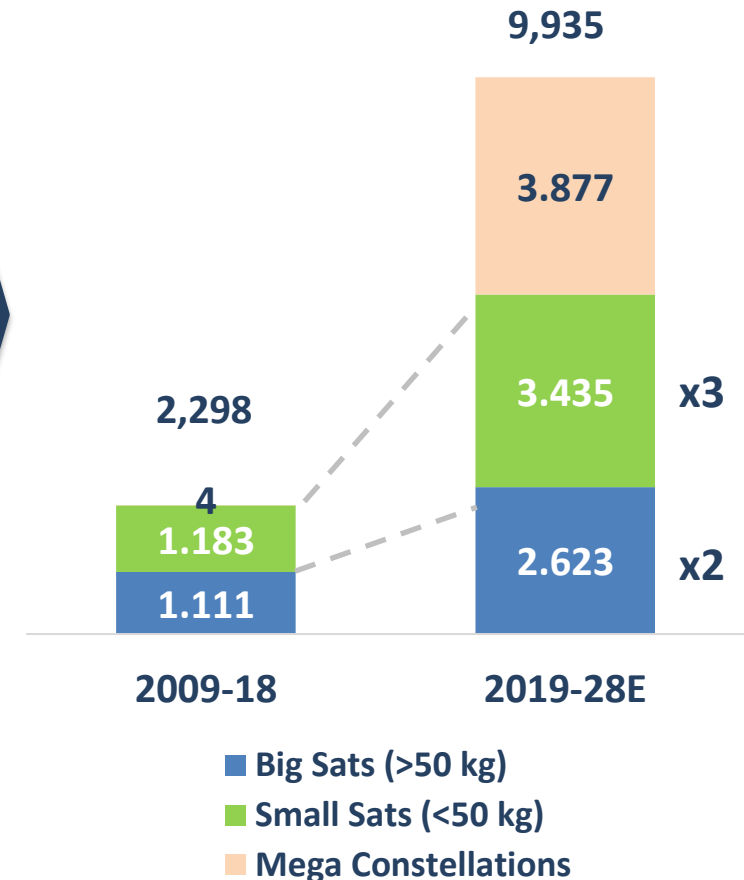
## VV16 – Vega return to flight with SSMS

- Qualified SSMS as a new standard for smallsat rideshare
- Delivered to Space 53 satellites from 21 customers
- Sat mass from 1 to 150 kg
- Released on two different orbital planes (1st time)



VV16 mission profile

## # of sats to be launched by size\*



# 1 Vega mission successfully performed in 2020, with one more to come



## Flight & Production activity



SSMS Payload  
Adapter

- 53 Satellites
- 21 Customers
- 13 Countries

3 September

VV16

*Successful return-to-flight mission*

## 2020 flight schedule – upcoming flights:

- 1 Vega flight expected by November
- 1 Vega flight expected by January 2021

## Development & complementary activity

### Vega C:

- Successful firing test of P120 for Vega C in Kourou in January
- Successful firing test of Z9 for Vega C in Sardinia in October
- Research & Development activities resumed at full speed after VV16
- Ground Qualification Review to be carried out by year-end
- Maiden Flight now expected by 1st half of 2021

### Vega E:

- Firing test carried out in NASA facilities in the USA in March



# 3 Ariane 5 missions successfully performed in 2020, with one more to come



## Flight & Production activity



16 January

VA251

*106th consecutive  
successful flight*



18 February

VA252

*107th consecutive  
successful flight*



15 August

VA253

*108th consecutive  
successful flight*

## 2020 flight schedule – upcoming flights:

- 1 Ariane 5 flight expected by 2020-end /beginning of 2021

## Development & complementary activity

### Ariane 6:

- First stage P120 engine third and last firing test expected by September-end
- Ariane 6 Maiden Flight expected in second-half of 2021
- New contract signed for Intelsat for Ariane 5 and Ariane 6





# Agenda

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- **Financials**

- Appendix

# 2020 confirms business resilience, prepares the future



## Business resilient across 1H20

- Continuity of industrial operations with refocus on internal activities partially offsetting SubCos operations slowdown due to COVID-19:
  - Revenues: €168M (-5% vs. HY 2019)
  - EBITDA Reported: €17M (+5% vs HY 2019)
  - EBITDA Adjusted: €20M (+18% vs HY 2019)

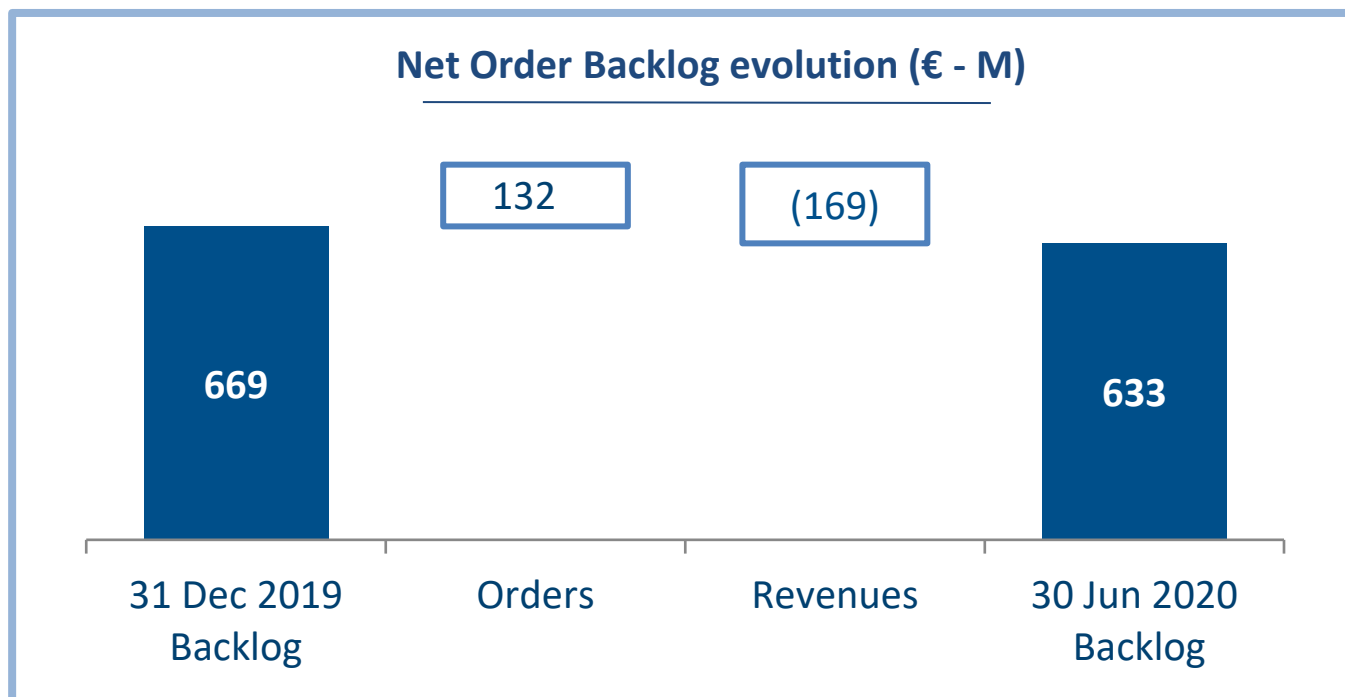
## FY 2020 Outlook

- Resiliency of Avio business model mitigating the negative impact of COVID-19 pandemic:
  - Revenues: €325-345M (-9% vs. FY 2019)
  - EBITDA Reported: €34-36M (-18% vs. FY 2019)
  - EBITDA Adjusted: €41-43M (-5% vs. FY 2019)
  - FY 2019 dividends retained, share buyback program nearing completion

## The way forward

- Vega and Ariane catching up on launch activities, Vega C Maiden Flight in mid-2021
- P120 production ramping-up (last firing test expected by October)
- Ongoing contractualization of ESA MC '19 results
- Active scouting of M&A opportunities

# Net Order Backlog trend not affected by COVID-19



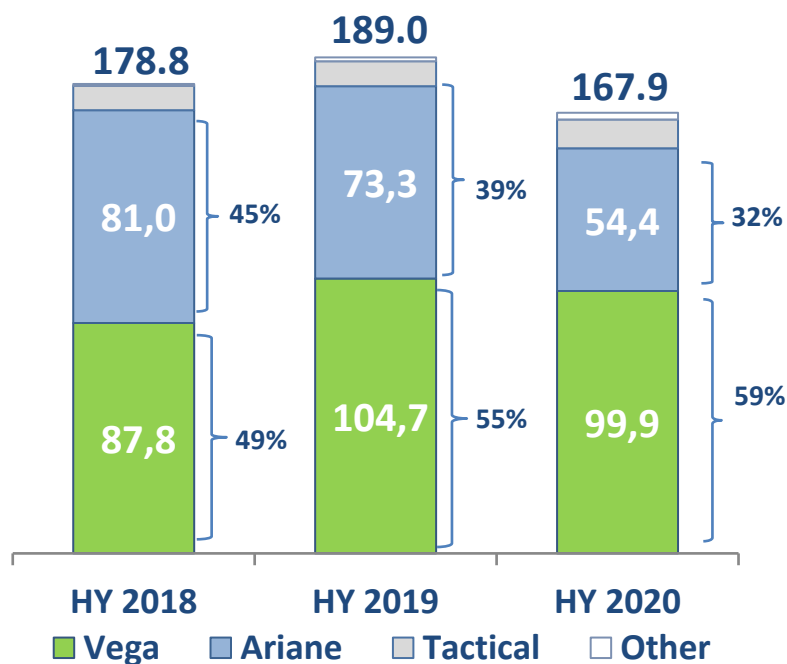
- ~ €130 M of new contracts signed in HY 2020 including:
  - Vega and Vega C: industrial activities and maintenance (ca 60M)
  - ASTER-30 booster production order in May (> 50M)



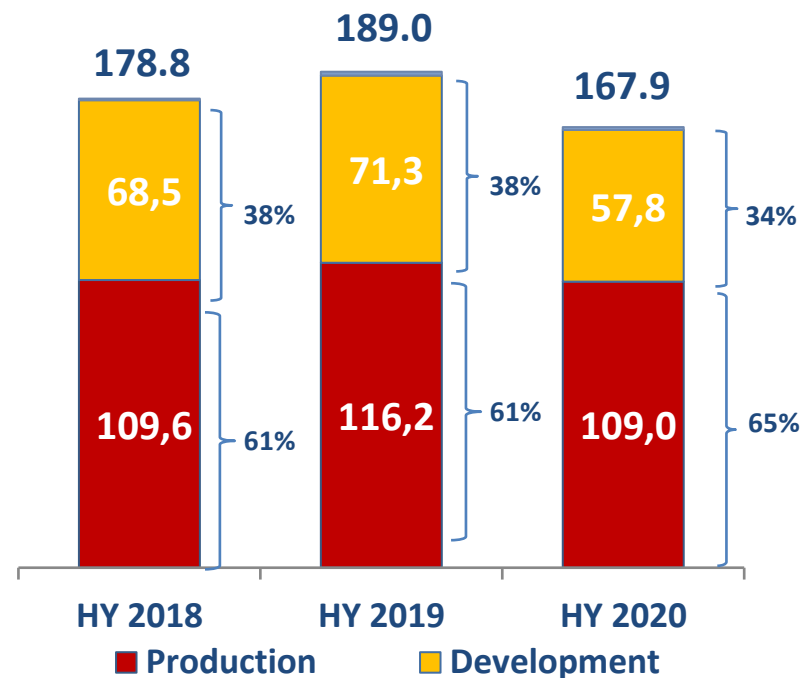
# Revenues influenced by A5 ramp-down and Vega C development

- Reduction in Ariane 5 production and delay in transition to Ariane 6
- Slowdown in Ariane 6 and Vega C development due to COVID-19 and postponement of Vega return to flight

Revenues by Line of Business (€ - M)



Revenues by Activity (€ - M)



# Reduction in revenues and focus on fixed cost control

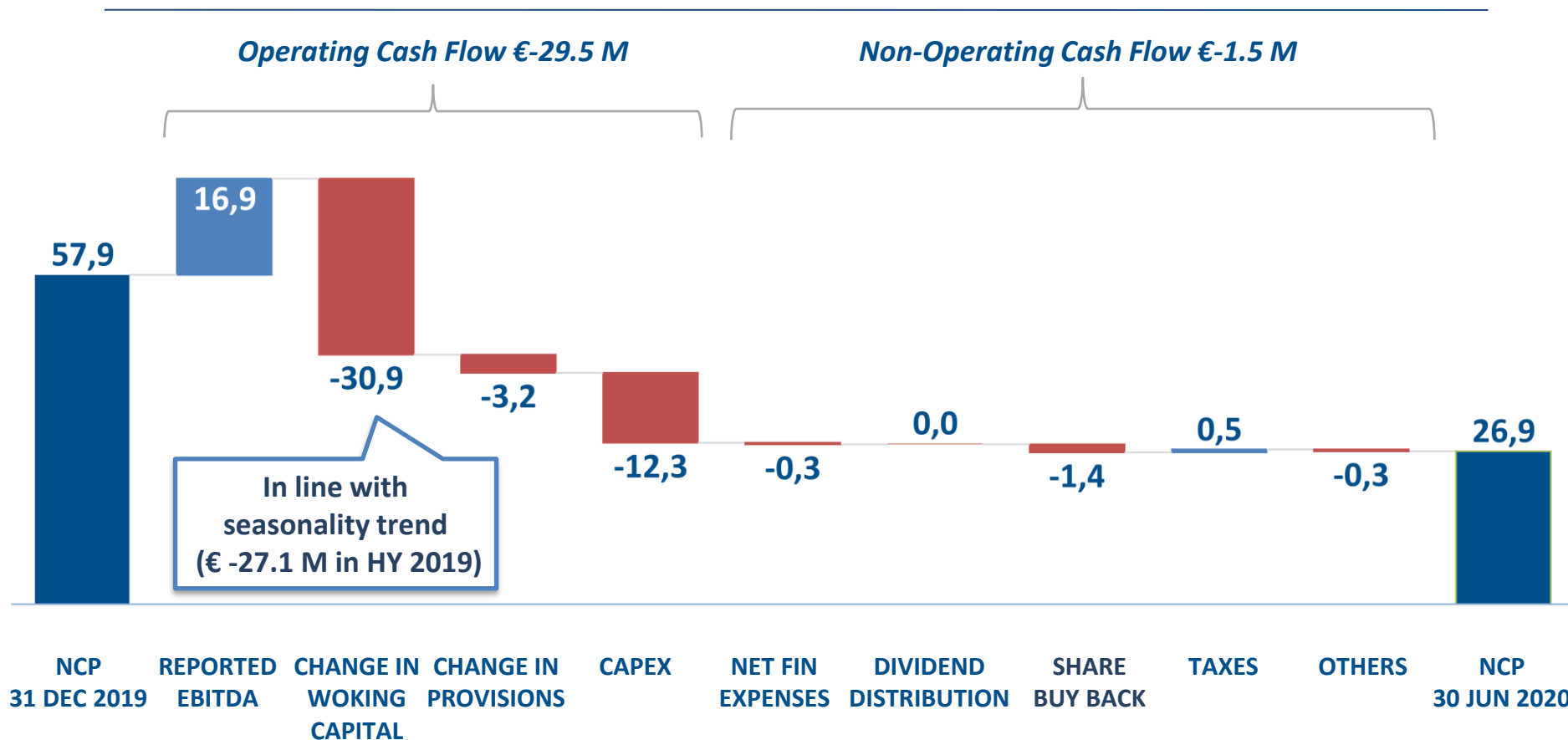


HY 2019	MAIN ECONOMICS	HY 2020	DELTA	
€ - M		€ - M	%	Comments
668.7 <sup>(1)</sup>	NET ORDER BACKLOG	632.6	-5%	• Backlog stable... awaiting more substantial order intake in Q3/Q4 (ESA MC '19)
189.0	REVENUES	167.9	-11%	• Ariane 5 ramp-down only in part compensated by Ariane 6 ramp-up, and some delay in development contracts
16.1 8.5%	EBITDA REPORTED <i>% on net revenues</i>	16.9 10.1%	+5%	<ul style="list-style-type: none"> <li>Ariane and Vega contribution to profit comparable to HY 2019 in aggregate</li> <li>COVID-19 non-recurring costs of €2.3M offset by savings in fixed industrial costs (e.g. utilities) and G&amp;A expenses (e.g. travel, support staff expenses)</li> </ul>
16.9 8.9%	EBITDA ADJUSTED <i>% on net revenues</i>	19.9 11.8%	+18%	
8.1 4.3%	EBIT REPORTED <i>% on net revenues</i>	8.5 5.1%	+5%	
8.9 4.7%	EBIT ADJUSTED <i>% on net revenues</i>	11.5 6.8%	+29%	
7.1 3.7%	NET INCOME <i>% on net revenues</i>	8.4 5.0%	+18%	• Benefit on income taxes of €0.5M from COVID-19 measures

(1) As of 31<sup>st</sup> December 2019

# Net cash evolution in line with seasonality

## Net cash evolution and Cash Flows (€ - M)





# Invested capital and net cash position influenced by CAPEX and working capital seasonality



31 DEC 2019 ACTUAL	MAIN SOURCES AND USES	30 JUN 2020 ACTUAL	DELTA	
€ - M		€ - M	€ - M	Comments
(96,2)	WORKING CAPITAL	(65,3)	30,9	• Typical seasonality of Net WIP for activities vs advances already collected
(43,4)	PROVISIONS (EMPLOYEES' BENEFITS AND RISKS)	(40,2)	3,2	
77,8	DEFERRED TAX ASSETS	77,5	(0,3)	
61,0	GOODWILL	61,0	(0,0)	
36,6	CUSTOMER RELATIONSHIP ASSET	35,1	(1,5)	
204,0	FIXED ASSETS	209,5	5,5	• Capex, including P120, Vega cadence improvement and Vega E development, net of the depreciation of the period
6,1	FINANCIAL RECEIVABLES	6,2	0,1	
245,9	NET INVESTED CAPITAL	283,9	37,9	
57,9	NET CASH POSITION	26,9	(31,0)	• Typical seasonality trend
(303,9)	EQUITY	(310,8)	(6,9)	• HY 2020 net income less share buy back
(245,9)	TOTAL SOURCES	(283,9)	(38,0)	



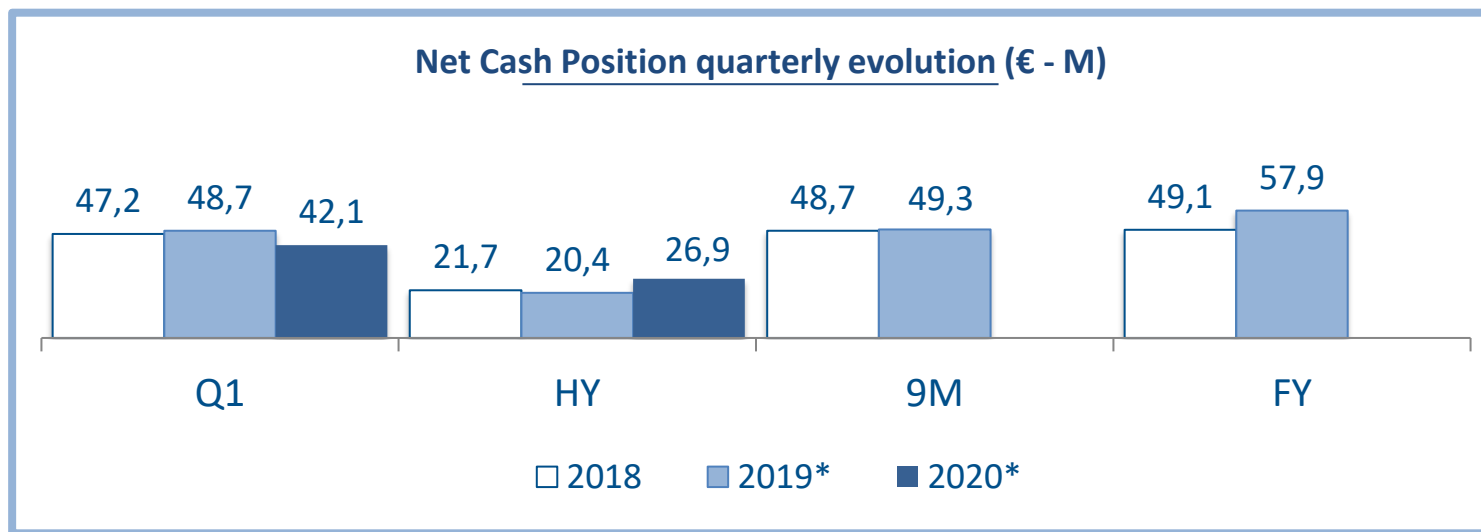
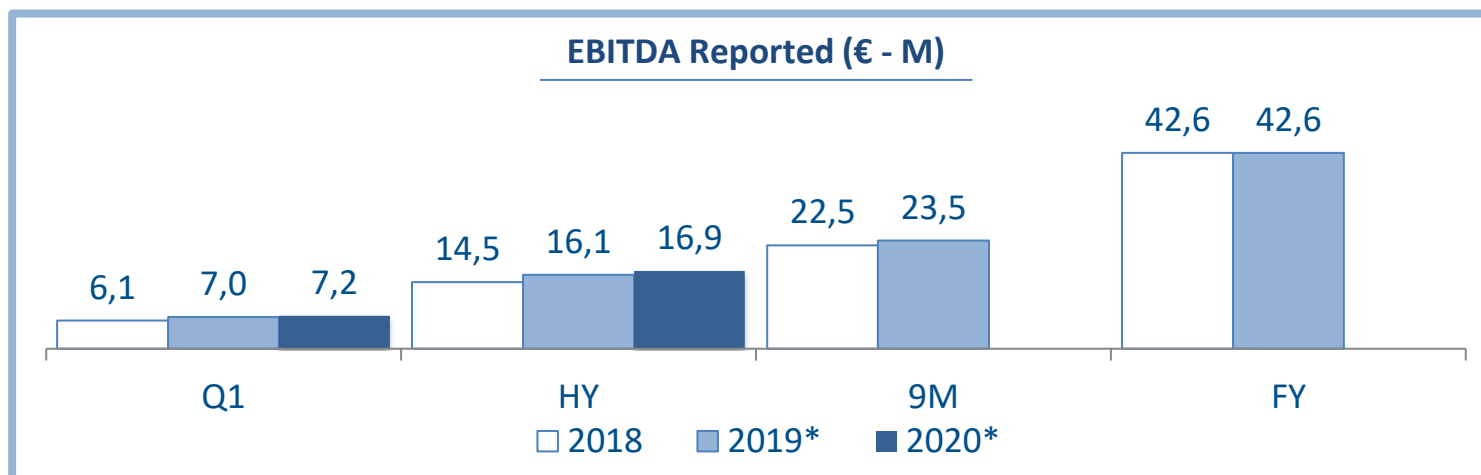
## FY 2020 Guidance

• Net Order Backlog	• €650M – €680M	}	• Development contracts finalisation pending (Q3-Q4 2020)
• Net Revenues	• €325M – €345M		• Achievement of revenue target linked to effective progress across sub-contractors industrial chain
• EBITDA Reported	• €34-36M	}	• Impact of 7M non-recurring cost (largely COVID-19)*, partly offset by industrial fixed costs and G&A costs savings
• Net Income	• €16M - €19M		• Slight reduction in recurring financial expenses (Gross Debt reduced from 50M to 42M)

\* Implying an Adjusted EBITDA of €41-43 M

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# Quarterly pattern of Reported EBITDA and Net Cash Position



\* Include effects of IFRS 16



# Robust balance sheet allows to maintain strength and potentially capture opportunities



- Cash generation challenged by non-recurring (largely COVID) costs, partly offset via fixed cost savings
- Cash absorption limited via strict control of Working Capital and Capex
- 2019 Dividend retained
- Share buyback program nearing completion
- M&A active scouting opportunities in progress

# Agenda

- Avio Business
- Financials
- **Appendix**

# 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**
- **Completion of program decided on July 2020**
- **Share Buyback** carried out by an independent broker (Equita SIM S.p.A.)

**Following the purchases made so far, as of October 1<sup>st</sup> 2020 Avio S.p.A. holds # 595,300 own shares, corresponding to 2.26 % of total Avio's share capital**  
**(9<sup>th</sup> August '19 – 1<sup>st</sup> October '20)\***

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

# 50 years of expertise in Space technologies with consistent track record



**Ammunitions**

**Ariane 1-3  
Separation  
motors**

**Ariane 4  
9.5 ton  
boosters**

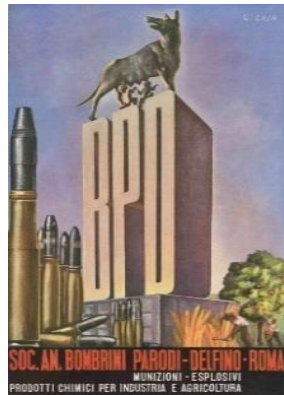
**Ariane 5  
230 ton  
boosters**

**Vega  
Launch  
system**

**VegaC Ariane6**

**VegaC Space  
Light Rider**

**Vega E**



1912

1968

1990

2000

2012

2020

2025



Managed by a team of Investors

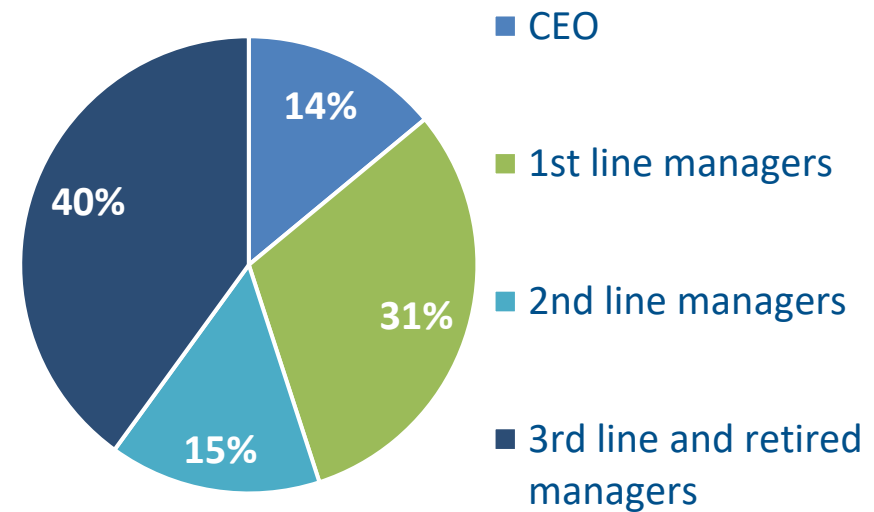


4% share in Avio

70 Avio managers as equity partners



### InOrbit shareholding breakdown





## **Contacts**

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