



Avio Half Year 2020 Results

14 September 2020

Disclaimer



This document has been prepared by Avio S.p.A. (“Avio” or the “Company”). This document might contain certain forward-looking statements that reflect the Company’s management’s current views with respect to future events and financial and operational performance of the Company and its subsidiaries. These forward-looking statements are based on Avio’s current expectations and projections about future events. Because these forward-looking statements are subject to risks and uncertainties, actual future results or performance may differ materially from those expressed in or implied by these statements due to any number of different factors, many of which are beyond the ability of Avio to control or estimate. You are cautioned not to place undue reliance on the forward-looking statements contained herein, which are made only as of the date of this presentation. Avio does not undertake any obligation to publicly release any updates or revisions to any forward-looking statements to reflect events or circumstances after the date of this presentation. Any reference to past performance or trends or activities of Avio shall not be taken as a representation or indication that such performance, trends or activities will continue in the future. This document does not constitute an offer to sell or the solicitation of an offer to buy Avio’s securities, nor shall the document form the basis of or be relied on in connection with any contract or investment decision relating thereto, or constitute a recommendation regarding the securities of Avio.

- **Highlights (Giulio Ranzo, CEO)**
- Focus on HY 2020 (Giulio Ranzo, CEO)
- HY 2020 Financials (Alessandro Agosti, CFO)
- Outlook (Giulio Ranzo, CEO)
- 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 soon)
- Ongoing contractualization of ESA MC '19 results
- Active scouting of M&A opportunities

Agenda

- Highlights (Giulio Ranzo, CEO)
- **Focus on HY 2020 (Giulio Ranzo, CEO)**
- HY 2020 Financials (Alessandro Agosti, CFO)
- Outlook (Giulio Ranzo, CEO)
- Appendix

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

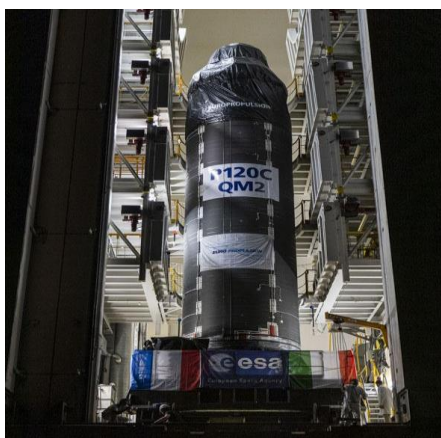
- Successfully returned Vega to flight with SSMS in September
- Completed 3 Ariane 5 successful missions, last one in August
- Signed new tactical propulsion contracts (Aster)
- Prepared for P120 last firing test (expected by October)
- Setup new office space to secure social distancing
- Leveraged remote-working 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 – 3rd September



Vega VV16 crew in Kourou



P120 QM2 – Ready on the test bench



New office spaces – September 2020

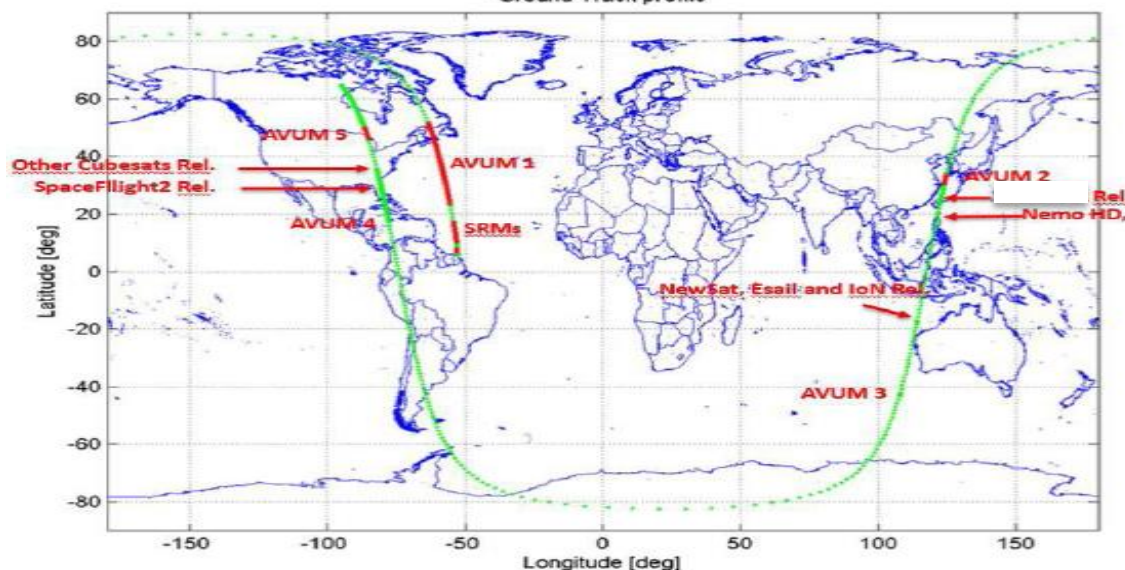
Vega successfully returned to flight with Europe's first rideshare mission



VV16 – Vega return to flight with SSMS

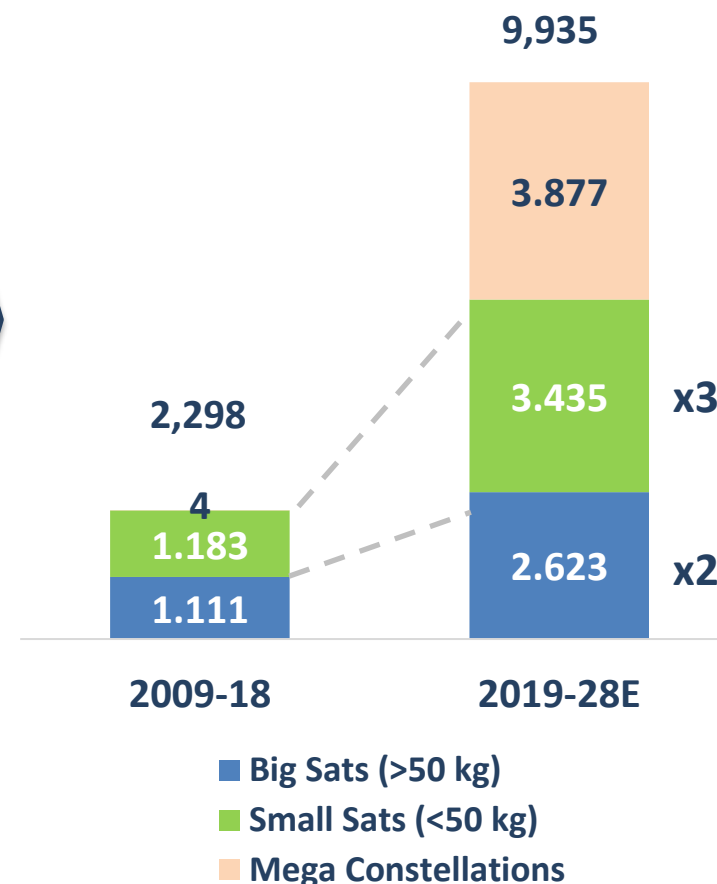
- Qualified SSMS as a new standard for smallsat rideshare
- Delivered to Space 53 satellites from 21 customers
- Sat mass from 1 to 150 kg
- Released on two different orbital planes (1st time)

Ground Track profile



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
- 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



Agenda

- Highlights (Giulio Ranzo, CEO)
- Focus on HY 2020 (Giulio Ranzo, CEO)
- **HY 2020 Financials (Alessandro Agosti, CFO)**
- Outlook (Giulio Ranzo, CEO)
- Appendix

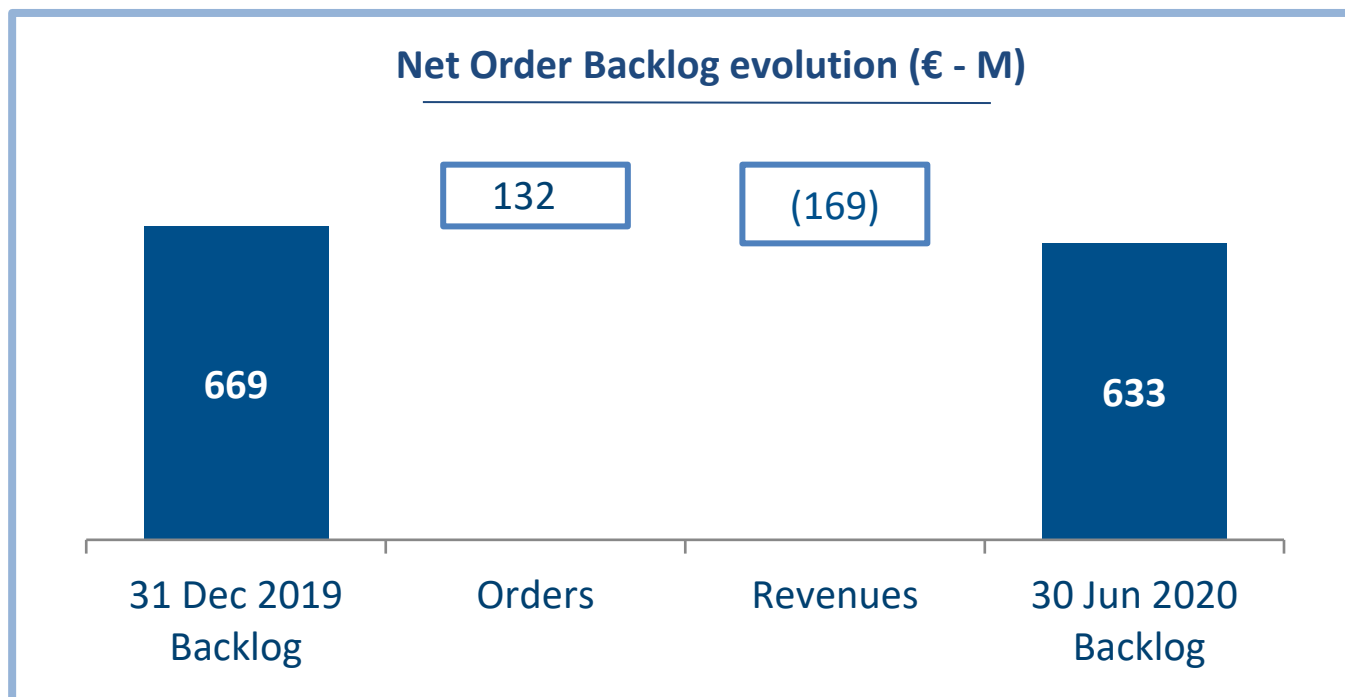
Reduction in revenues and focus on fixed cost control



HY 2019	MAIN ECONOMICS	HY 2020	DELTA	
€ - M		€ - M	%	Comments
668.7 ⁽¹⁾	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 • Ariane and Vega contribution to profit comparable to HY 2019 in aggregate • COVID-19 non-recurring costs of €2.3M offset by savings in fixed industrial costs (e.g. utilities) and G&A expenses (e.g. travel, support staff expenses)
16.1 8.5%	EBITDA REPORTED <i>% on net revenues</i>	16.9 10.1%	+5%	
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 31st December 2019

Net Order Backlog trend not affected by COVID-19

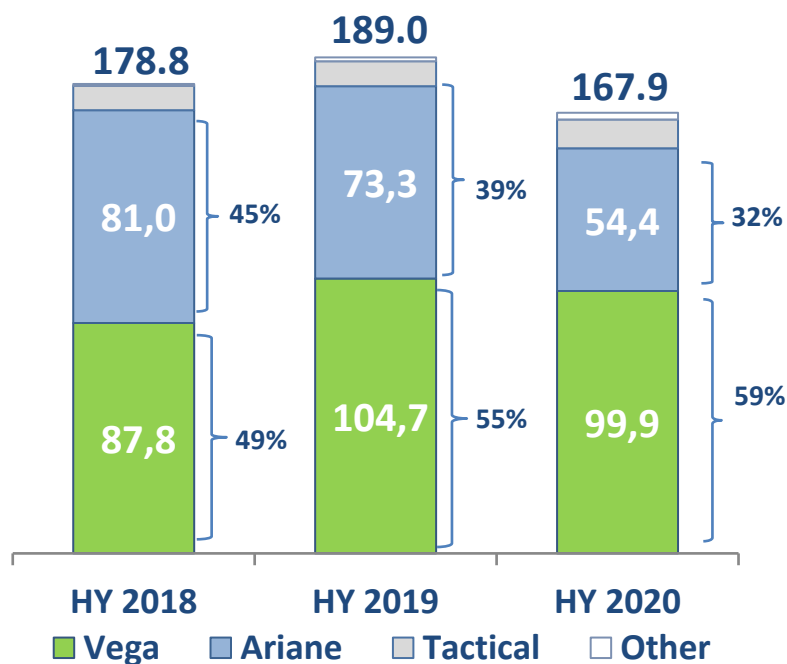


- ~ €130 M of new contracts signed in HY 2020 including:
 - Vega and Vega C: industrial activities and maintenance (ca 60M)
 - ASTER-30 booster production order in May (> 50M)

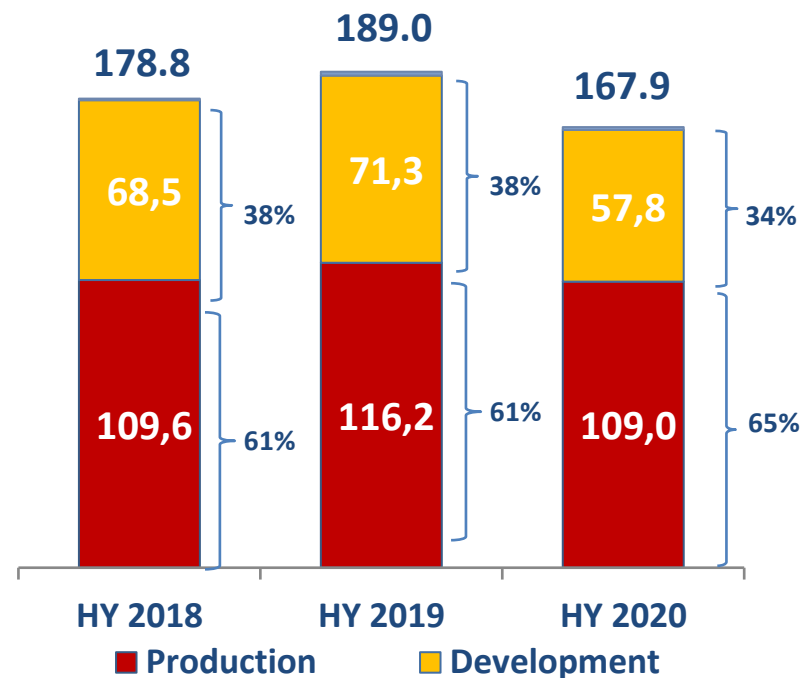
Revenues influenced by A5 ramp-down and Vega C development

- 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)



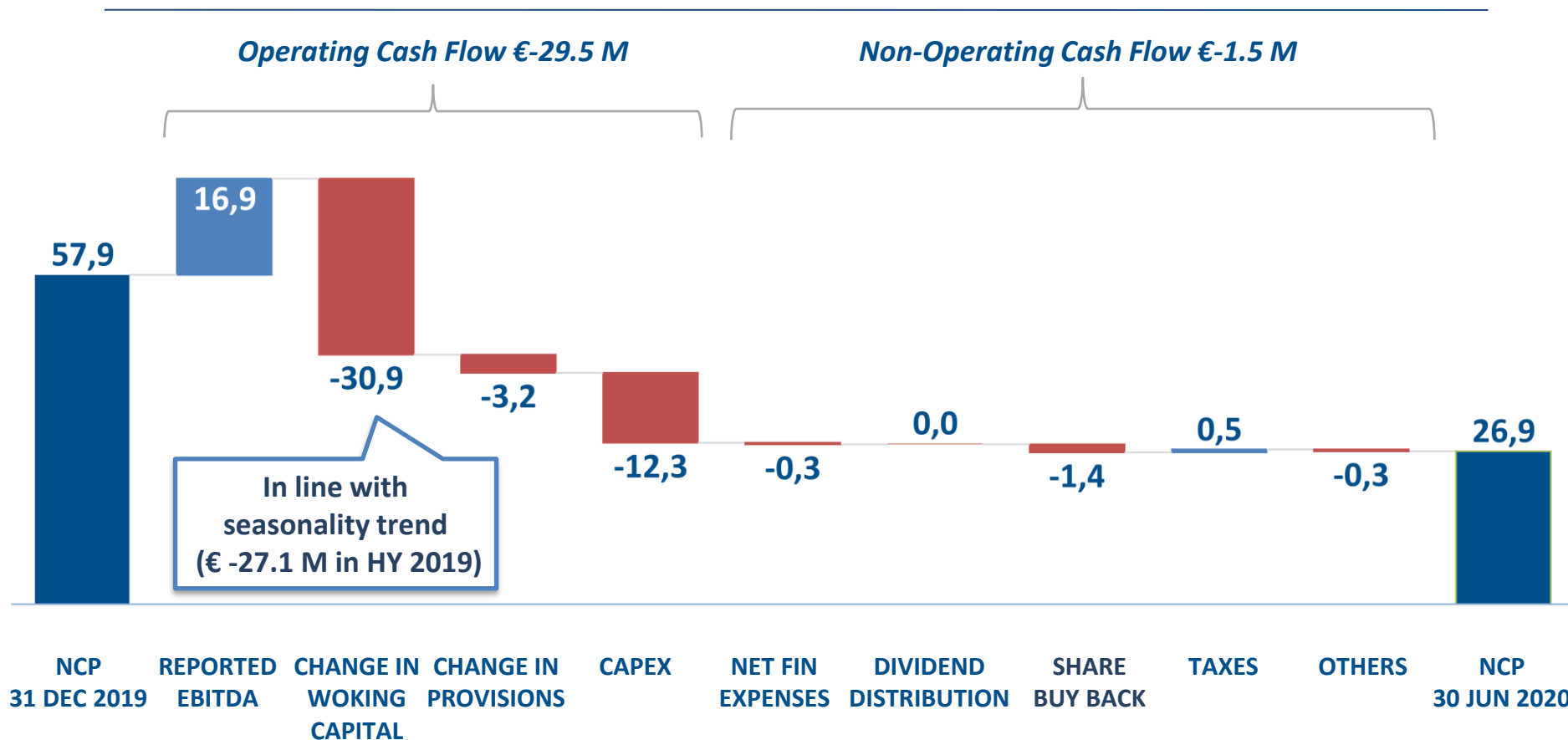
Invested capital and net cash position influenced by CAPEX and working capital seasonality



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)	

Net cash evolution in line with seasonality

Net cash evolution and Cash Flows (€ - M)



Agenda

- Highlights (Giulio Ranzo, CEO)
- Focus on HY 2020 (Giulio Ranzo, CEO)
- HY 2020 Financials (Alessandro Agosti, CFO)

- **Outlook (Giulio Ranzo, CEO)**

- Appendix



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

AVIO SpA- All rights reserved – subject to the restrictions of last page.

Robust balance sheet allows to maintain strength and potentially capture opportunities

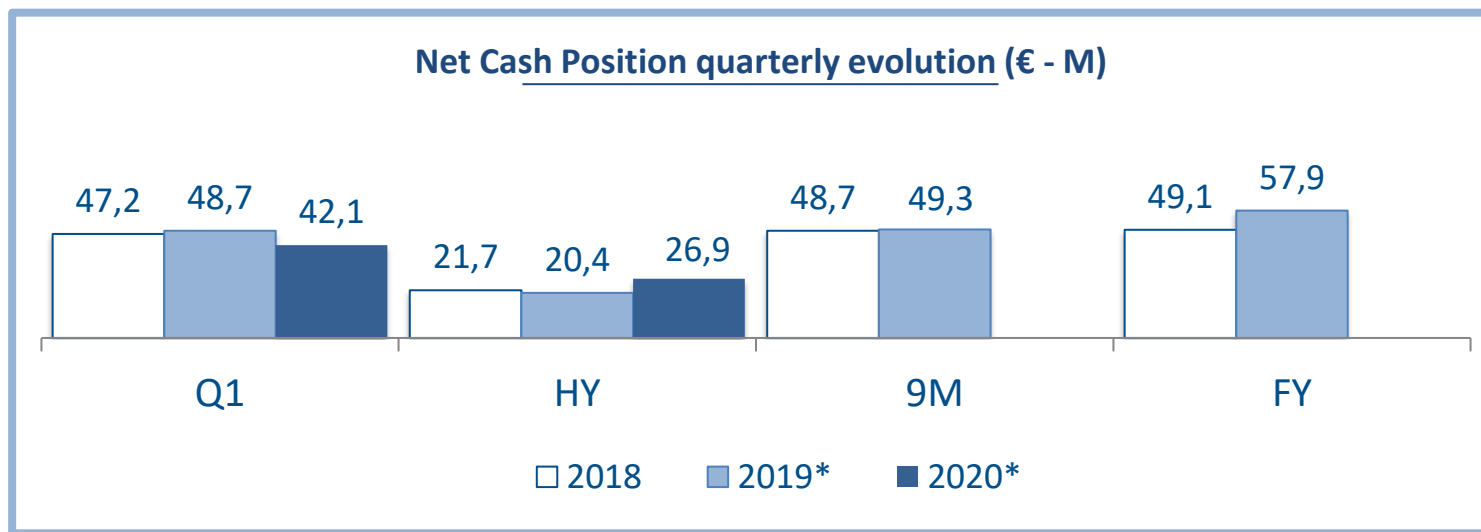
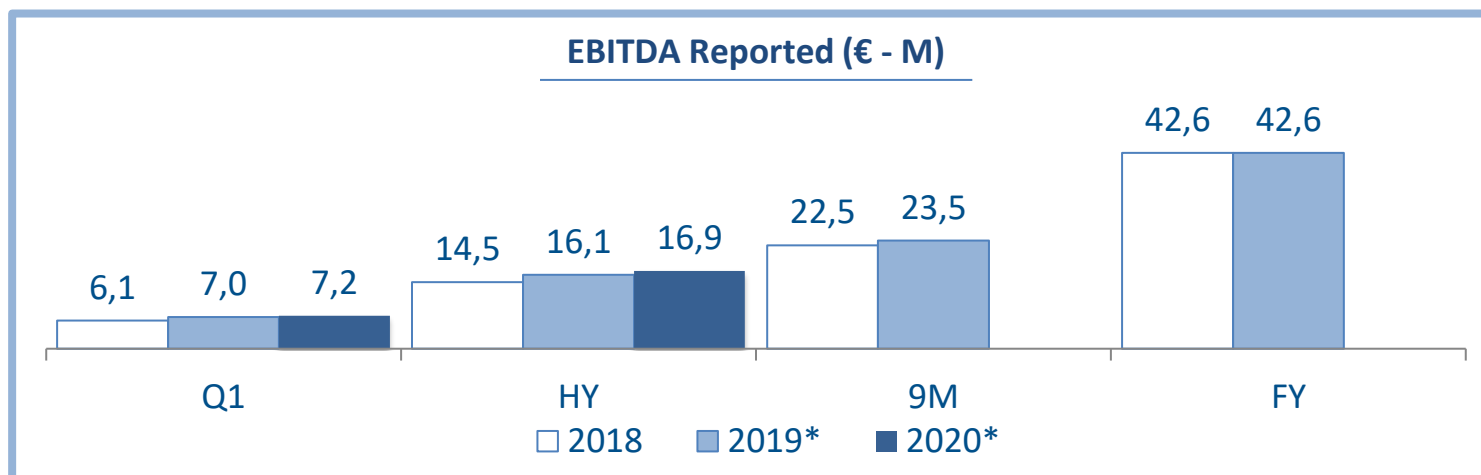


- Cash generation challenged by non-recurring (largely COVID) costs, partly offset via fixed cost savings
- Cash absorption limited via strict control of Working Capital and Capex
- 2019 Dividend retained
- Share buyback program nearing completion
- M&A active scouting opportunities in progress

Agenda

- Highlights (Giulio Ranzo, CEO)
- Focus on HY 2020 (Giulio Ranzo, CEO)
- HY 2020 Financials (Alessandro Agosti, CFO)
- Outlook (Giulio Ranzo, CEO)
- **Appendix**

Quarterly pattern of Reported EBITDA and Net Cash Position



* Include effects of IFRS 16

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 September 11th 2020 Avio S.p.A. holds # 452,394 own shares, corresponding to 1.72 % of total Avio's share capital
(9th August '19 – 11th September '20)***

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



Contacts

+39 0697285158

+39 3420726648

investor.relations@avio.com