



Avio Interim Financials 9 Months 2020

Rome, 5 November 2020

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9M 2020 Results in line with expectations, affected by COVID-19. 2020 Guidance confirmed



- **Net Revenues: €216.1M (-20% vs 9M 2019)**
 - Slowdown of production and development activities mainly due to COVID-19
- **Adjusted EBITDA: €23.1M (-9% vs 9M 2019)**
 - Negative impact mitigated by savings in fixed industrial costs
- **Reported EBITDA: €17.5M (-26% vs 9M 2019)**
 - €5 M non-recurring COVID-19 costs
- **Net Cash Position: €26.3M (-€31.8M on 31 December 2019)**
 - Cash in line with typical business trend (stable vs June 2020)
- **2020 Guidance confirmed**
- **Most relevant business facts occurred in 9M 2020:**
 - **3 Ariane 5 successful launches**
 - **Vega successful return to flight with SSMS in September; VV17 in mid-November**
 - **On track to Vega C MF in June 2021**
 - **New flight contracts signed by Arianespace for Vega and Ariane:**
 - **SSMS hexagonal module filled for VV18 in February**
 - **Intelsat contract for 1 Ariane 5 and 1 Ariane 6 launches**

Most relevant business activities during 9M 2020



2020



VA251
January

VA252
February



Return to flight activities

COVID-19
Guiana Space
Center Shutdown



**NORTHROP
GRUMMAN**

MAXAR
TECHNOLOGIES

VA253
August

Ariane



*Seosat
Taranis*



VV16
September

VV17
November

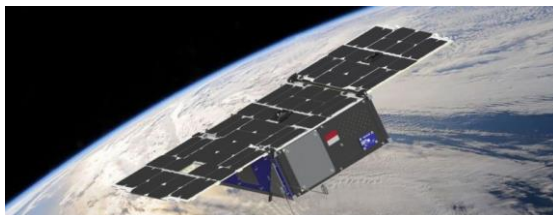
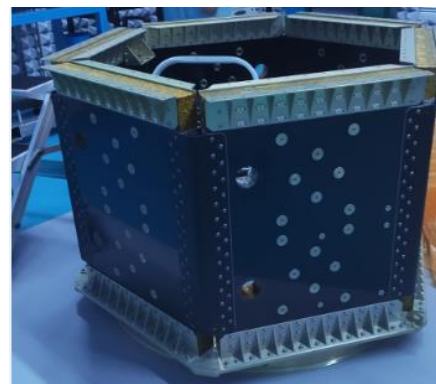
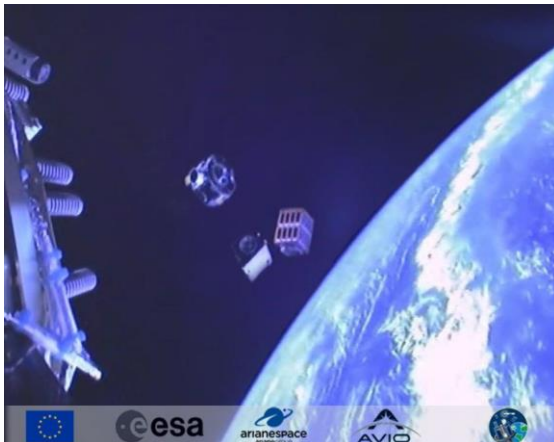
Vega

First tangible result of the SSMS success: unlocked full load factor for VV18 on a derived module



FSSCat B and A [UPC]

- Main customer an Earth Observation satellite
- Added a SSMS derived hexagonal module hosting 6 micro-satellites from 5 different customers
- Spire with SAB-LS and Tyvak (as integrators) represent SSMS returning customers
- Vega Load factor optimised
- Mission launch expected by early February 2021



VV17 ready to get to orbit with SEOSAT-Ingenio for Spain and Taranis for France in mid-November



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SEOSAT-Ingenio



- Optical HR Earth Observation satellite for military/civilian purposes
- 840 kg of mass at liftoff
- SSO targeted orbit of 700km of altitude



Taranis



- Scientific payload to study thunderstorms and Earth Atmosphere
- 200 kg of mass at liftoff
- SSO targeted orbit of 700km of altitude



Successful firing tests for the P120 and Zefiro 9 engines for Ariane 6 and Vega C respectively



- Third and last static firing test of the P120 engine in the Ariane 6 configuration on the 8th of October
- Engine burn and thrust nominal
- Completed the development of Ariane 6 components under Avio responsibility
- Industrialization started
- Maiden Flight in the 2022 second quarter



- Static firing test of the Z9 engine already used on Vega in the Vega C configuration on the 1st of October
- Engine burn and thrust nominal
- Completed the development of Vega C
- After VV18 (February 2021) upgrades in the launch pad in Guiana and start of the Vega C launch campaign
- Maiden Flight confirmed in June 2021



18 Ariane and 9 Vega flights in Arianespace backlog



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Ariane 5



- 8 flights

Ariane 6.2



- 5 flights
- 4 flights optioned by the EU

Ariane 6.4



- 5 flights

Vega & Vega C



- 9 flights

Tactical propulsion gaining long-term order visibility with the opportunity to provide additional structural upgrades



Development of E-TVC (Electromechanical Thrust Vector Control)

- In October **successful static firing test for a newly developed Electromechanical Thrust Vector Control**
- The new system for the **vectorization of the thrust of rocket motor** for tactical applications has been developed **by Avio and with the support of the Italian Ministry of Defence**
- The system replaces hydraulic technology with electromechanical systems, with an **advantage in terms of costs and in-service operations**
- This new system paves the way **to increase competitiveness and to further applications in next generation rocket motors**

Tactical Propulsion Production Guidelines

- The contract **signed** in May 2020 for the project update program will **increase the production of Aster 30 Boosters by doubling the current level of deliveries** from 2022 up to 2023 with the option to **continue up to 2027**
- Additional interest to further increase deliveries already manifested and **to cover up to 2029 production**



Slowdown of revenues and EBITDA for Vega RTF and A6 ramp-up both postponed for Covid – Cash in line with seasonality trend

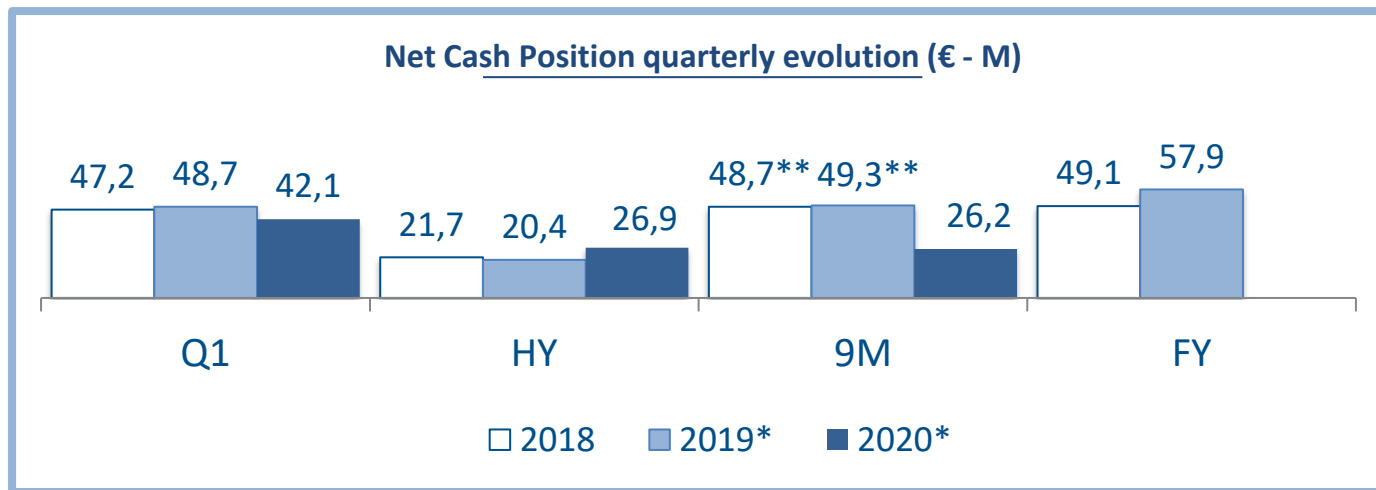
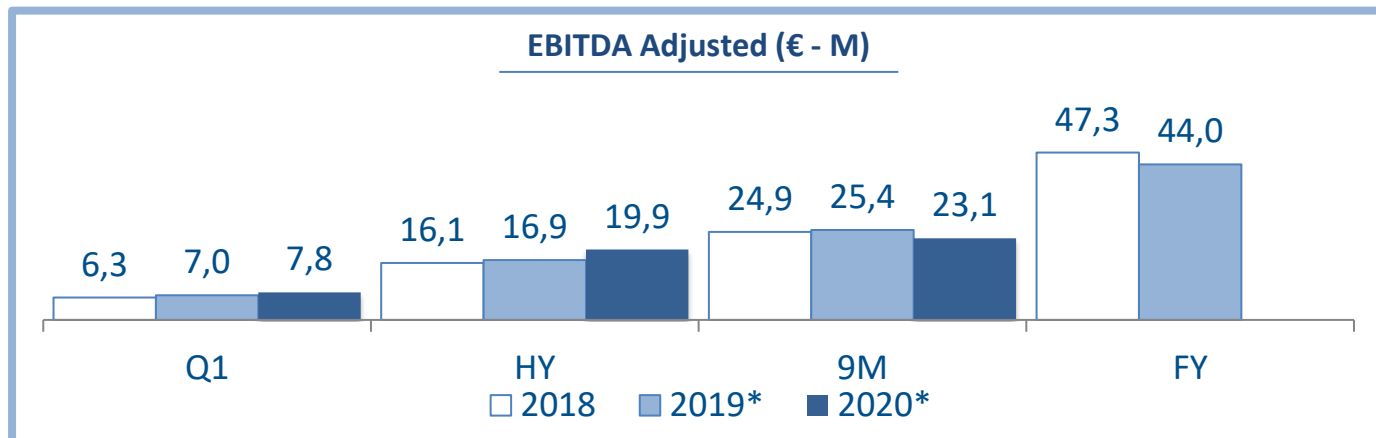


9M 2019 ACTUAL	MAIN ECONOMICS/ FINANCIALS	9M 2020 ACTUAL	DELTA	DELTA
€ - M		€ - M	€ - M	%
270,3	NET REVENUES	216,1	(54,3)	-20%
23,5 <i>8,7%</i>	EBITDA REPORTED <i>% on net revenues</i>	17,5 <i>8,1%</i>	(6,0)	-26%
25,4 <i>9,4%</i>	EBITDA ADJUSTED <i>% on net revenues</i>	23,1 <i>10,7%</i>	(2,3)	-9%
11,7 <i>4,3%</i>	EBIT REPORTED <i>% on net revenues</i>	4,7 <i>2,2%</i>	(7,0)	-60%
13,6 <i>5,0%</i>	EBIT ADJUSTED <i>% on net revenues</i>	10,3 <i>4,8%</i>	(3,2)	-24%
31 DEC 2019 ACTUAL		30 SEP 2020 ACTUAL	DELTA	DELTA
€ - M		€ - M	€ - M	%
57,9	NET CASH POSITION	26,2	(31,8)	-55%

Comments

- Slowdown due to COVID in Vega RTF, A5 ramp-down only in part compensated by A6 ramp-up and some delays in development contracts
- Lower contribution to profit of Ariane and Vega compared to 9M 2019
- COVID-19 non-recurring costs of €5 M offset by savings in fixed industrial costs (e.g. utilities) and in G&A expenses (e.g. travel, support staff expenses)
- Typical seasonality trend

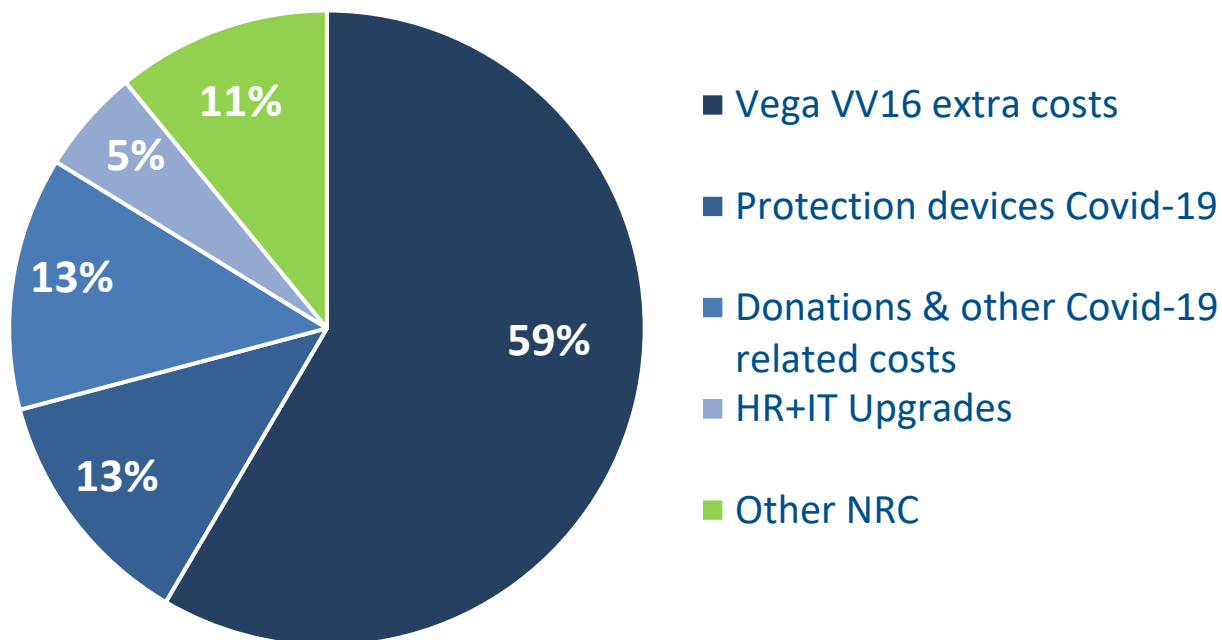
Quarterly pattern of Adjusted EBITDA and Net Cash Position



- Includes effects of IFRS 16
- Includes Non-recurring tax effect

9 months 2020 non-recurring costs by nature

9M2020 Non Recurring Costs = 5.6 EUR Mln = 100%



Completed 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 approved by shareholders' meeting in April 2019 lasting until October 2020
- First mandate by BoD in August 2019 for **€5M**
- Second mandate by BoD in August 2020 for **€4M**
- Share Buyback carried out by an independent broker (Equita SIM S.p.A.)

Program completed

Avio S.p.A. holds # 671,233 own shares corresponding to 2.55% of total Avio's shares



Contacts

+39 0697285158

+39 3420726648

investor.relations@avio.com