



Investor Presentation

Intermonte Virtual Conference

Rome-Paris, 24th June 2020

Disclaimer



This document has been prepared by Avio S.p.A. (“Avio” or the “Company”). This document is being provided to you solely for your information and may not be reproduced or redistributed to any other person. 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.

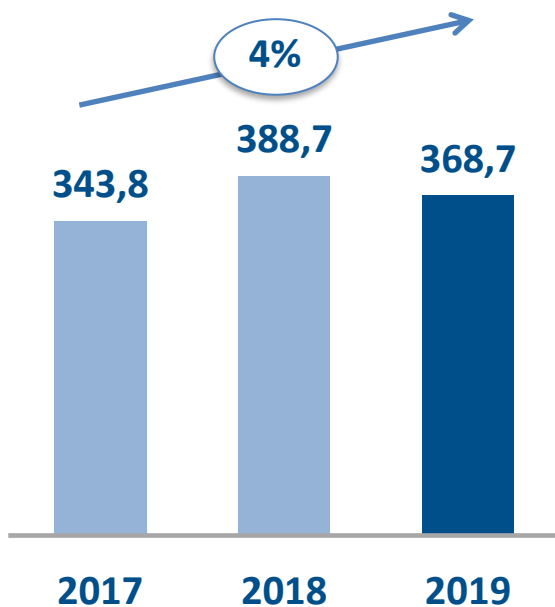
This document may not be reproduced, redistributed or published in whole or in part without Avio’s authorization.

Steady growth of earnings and cash since 2017

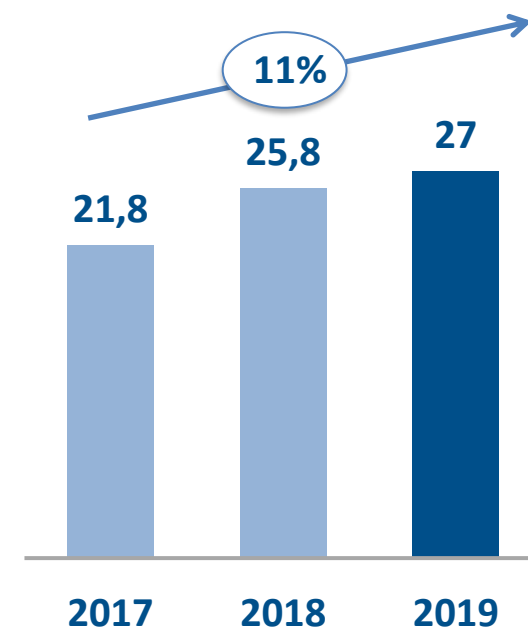


x% = CAGR 2017-'19

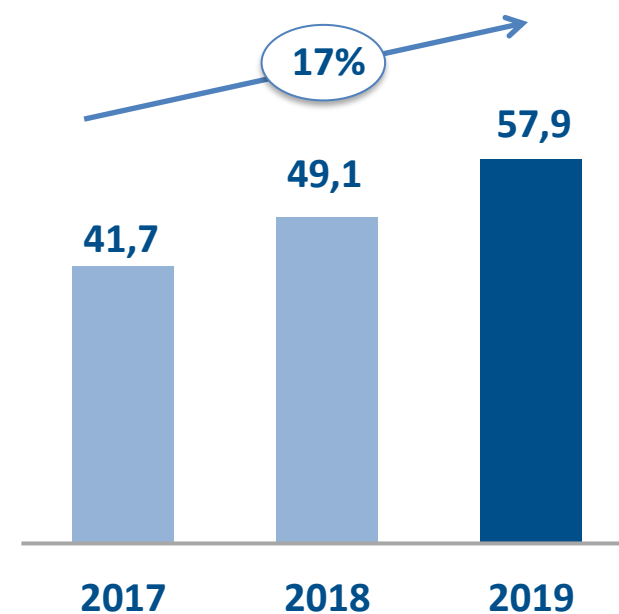
Revenues (€ - M)



Net Income (€ - M)



Net Financial Position (€ - M)



Dividends
(€ - M)

10

11.5

-

CAPEX
(€ - M)

29

23

29

Q1 2020 Highlights: stable revenues and growth in EBITDA with VV16 on the Launch Pad



- **COVID-19 update**
 - Kourou spaceport reopened on the 11 of May 2020
 - VV16 Mission scheduled by mid June
 - Mission team on-site observing quarantine
- **Net Revenues: €80M (in line vs Q1 2019)**
 - Some slowdown in production and development activities
- **Reported EBITDA: €7.2M (up 3.9% vs Q1 2019) - Reported EBIT: €3.1M (in line with Q1 2019)**
 - Effective control of general fixed costs
 - Higher non-recurring expenses vs Q1 2019 due to the COVID-19 outbreak
- **Net Cash Position: €42.1M**
 - €15.8 M lower vs 31 December 2019 in line with the ordinary business seasonality
- **Most relevant business facts occurred in Q1 2020**
 - 2 Ariane 5 successful launches (VA251 & VA252)
 - Vega VV16 mission on the Launch Pad – Operations to resume by May 25 – Launch in mid-June
 - Development milestones and accomplishments:
 - Z23 successful firing test in February
 - M10 successful firing test campaign in February - March

May 2020: Vega on the Launch Pad and ready to return-to-flight



Launch date in June

VV16 – Vega return to flight with SSMS PoC*



- VV16 integrated, operations to resume on May 25
- First European «rideshare mission» for small satellites (booming demand)
- More than 50 satellites from the US and the EU including Planet, Spire, GHGSat, Tyvak, ISIS
- Innovative mission delivering on 2 different SunSynchronous orbital planes

** Proof of Concept*

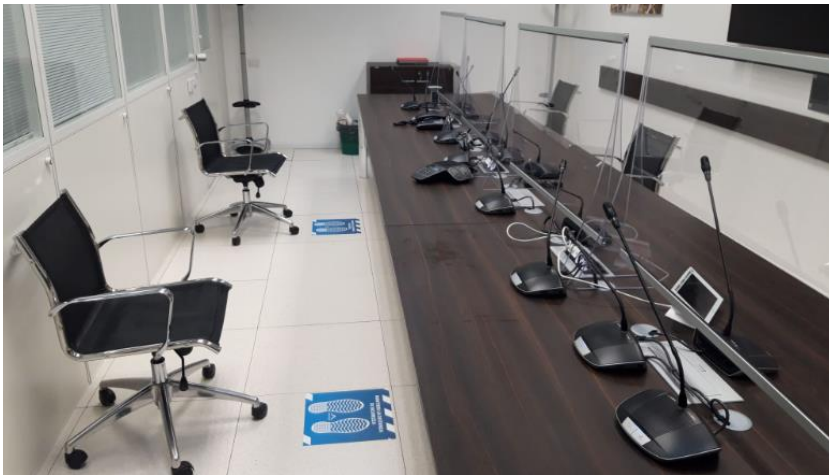
End of the COVID-19 lockdown: adaptation to new normal



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

Two Ariane 5 launches and two tests Q1 2020



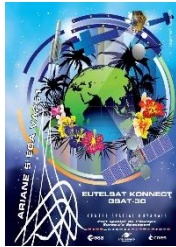
Flight & Production activity



16 January

VA251

106th consecutive
successful flight



18 February

VA252

107th consecutive
successful flight

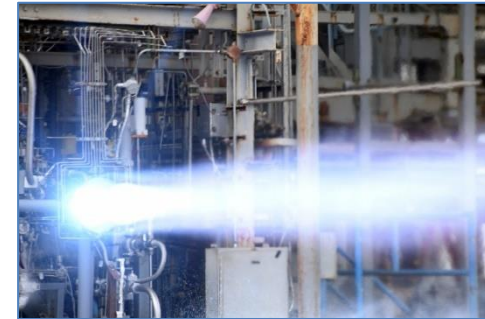


2020 flight schedule – upcoming flights :

- Vega VV16 carrying SSMS in June
- Ariane 5 VA253 in July

Development & other activities

- Development milestones and accomplishments:
 - Vega E M10 successful firing test in January-February in USA NASA facilities



- Vega Z23 successful firing test in February



Q1 2020 financials in line with Q1 2019



Q1 2019 ACTUAL	MAIN ECONOMICS/ FINANCIALS	Q1 2020 ACTUAL	DELTA	DELTA	Comments
€ - M		€ - M	€ - M	%	
82,6	NET REVENUES	80,0	(2,6)	-3%	<ul style="list-style-type: none"> • 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
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%	• In line with ordinary business cycle

Next steps – Busy 2020 and incoming contracts



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

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
Financial	<ul style="list-style-type: none"> • Positive NFP ~€60M 	<ul style="list-style-type: none"> • Available cash to better manage operations • Flexibility in Capex planning & execution
	<ul style="list-style-type: none"> • Low-interest Gross Debt ~€50M 	<ul style="list-style-type: none"> • EIB 7 years-term debt • <1% fixed interest rate
	<ul style="list-style-type: none"> • Tax credits >€80M 	<ul style="list-style-type: none"> • Deferred tax assets (Income Tax) • Additional VAT and R&D credits
	<ul style="list-style-type: none"> • Own shares ~€4M 	<ul style="list-style-type: none"> • Buyback limit €9M
	<ul style="list-style-type: none"> • Mgmt Long Term Incentive ~€1M 	<ul style="list-style-type: none"> • Bonus payment voluntarily deferred to 2021

Long-term outlook unchanged by Coronavirus



❑ Covid-19-related uncertainties may lead to short-term external turbulence and business slowdown:

- No 2020 Guidance at this time
 - Dividend distribution suspended
- } To be reviewed upon HY 2020 closing (September 2020)
- Deferred Long-Term Incentives' payment to management

❑ Continuity of operations:

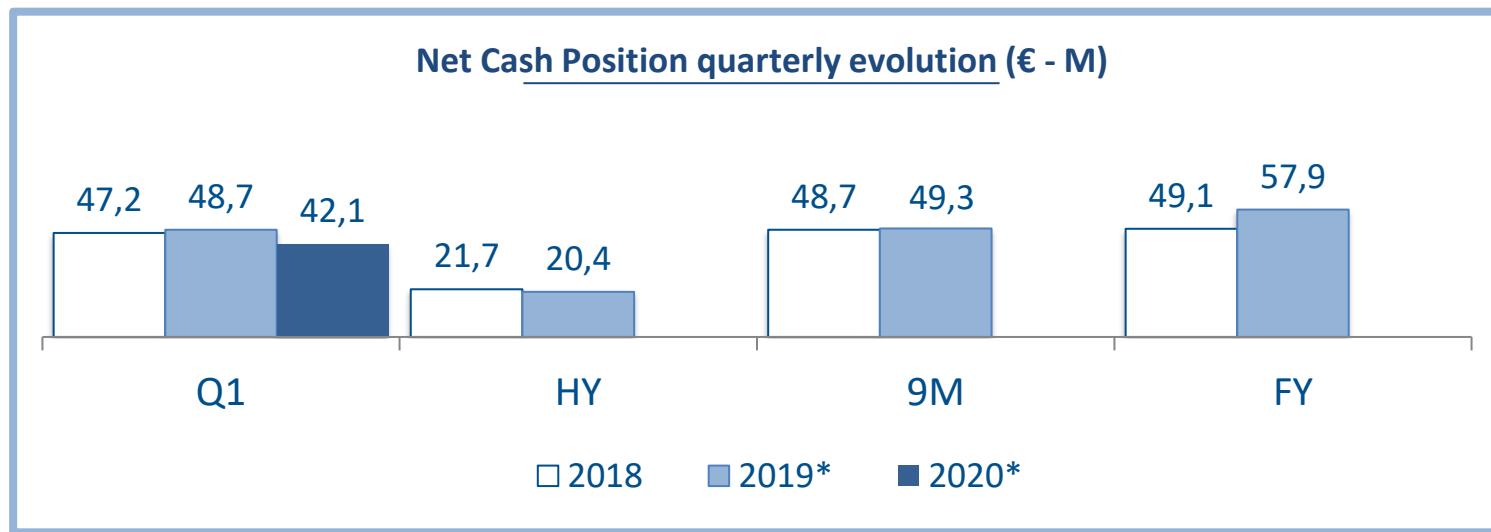
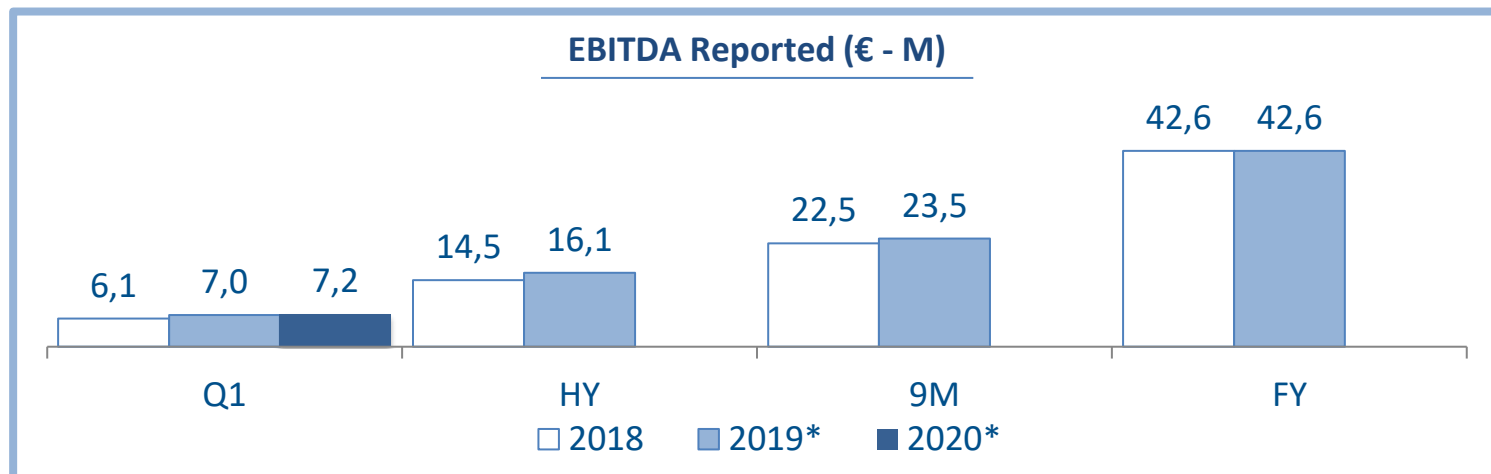
- Authorised to continue industrial operations
- Vega return-to-flight in mid-June
- Strategic supplies already secured
- Vega C Maiden Flight preparation on track
- Robust Ariane and Vega backlog

❑ Long-Term outlook unchanged

Appendix



Quarterly pattern of Reported EBITDA and Net Cash Position



* Include effects of IFRS 16

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)**



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

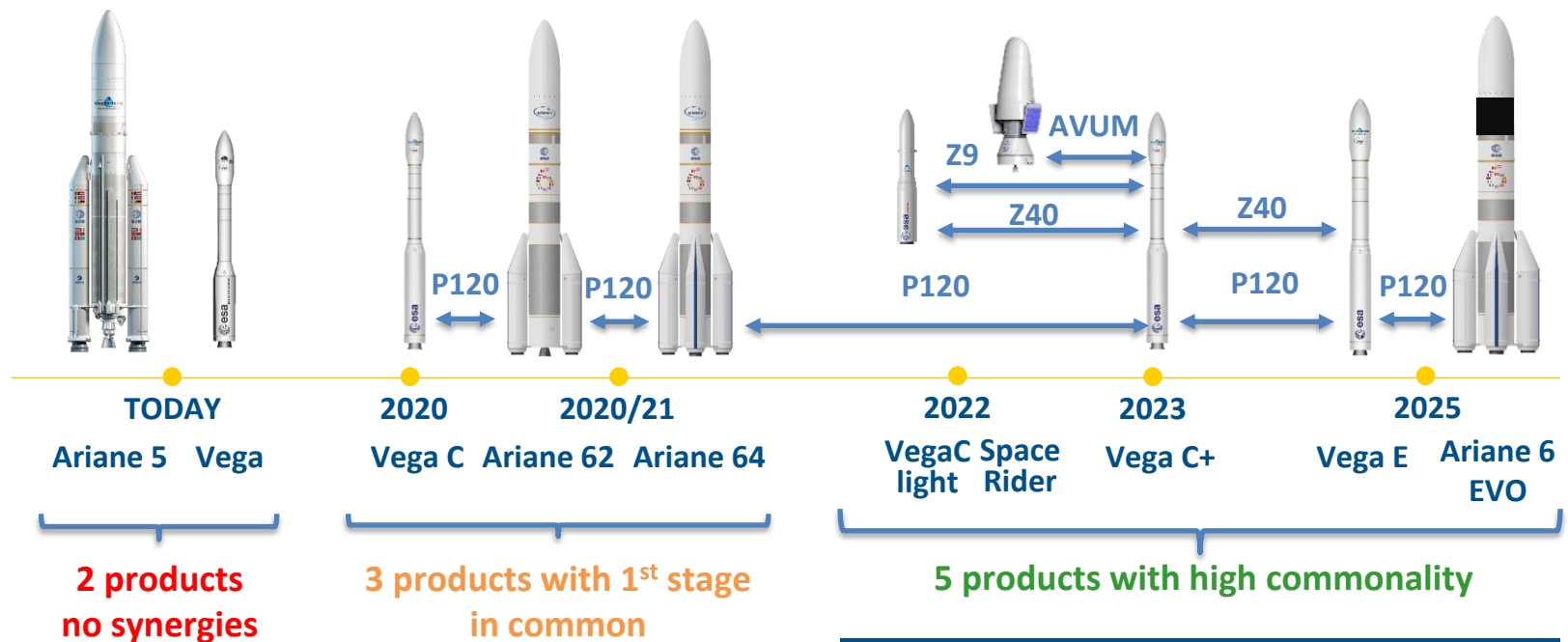


**First successful
Camm-ER tests**

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)

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 May 22nd 2020 Avio S.p.A. holds # 315,300 own shares, corresponding to 1.20 % of total Avio's share capital (9th August – 22nd May)*

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



Contacts

+39 0697285158

investor.relations@avio.com