Banca IMI Virtual ISMO

Rome-Paris, 15 May 2020

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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 occured 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

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

New Launch date: mid 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 SunSyncronous orbital planes**

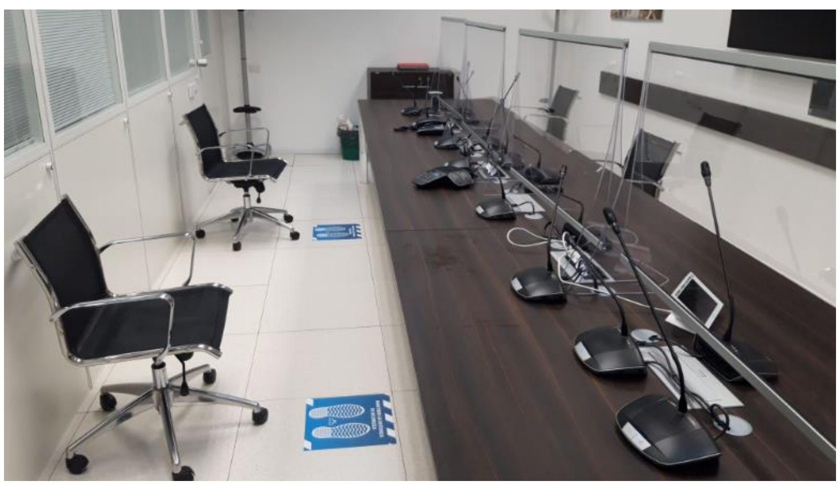
** Proof of Concept*

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

Hand sanitizer dispensers



Adapted meeting rooms

Modified layout to access facilities

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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
€ - 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

Next steps – Busy 2020 and incoming contracts

- **Upcoming flight activity**
  - VV16 SSMS – mid-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

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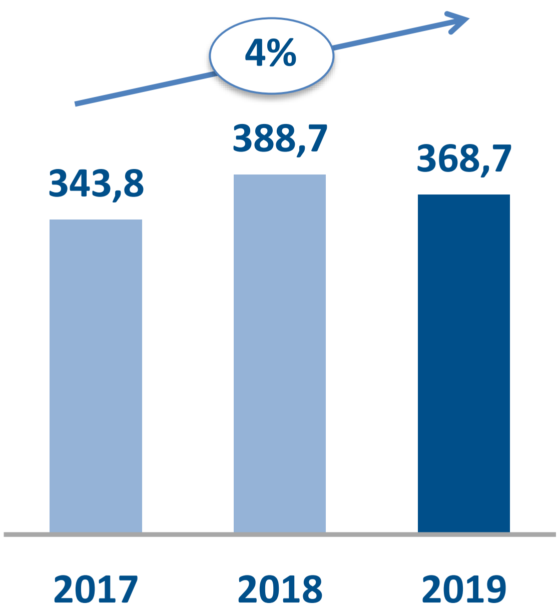
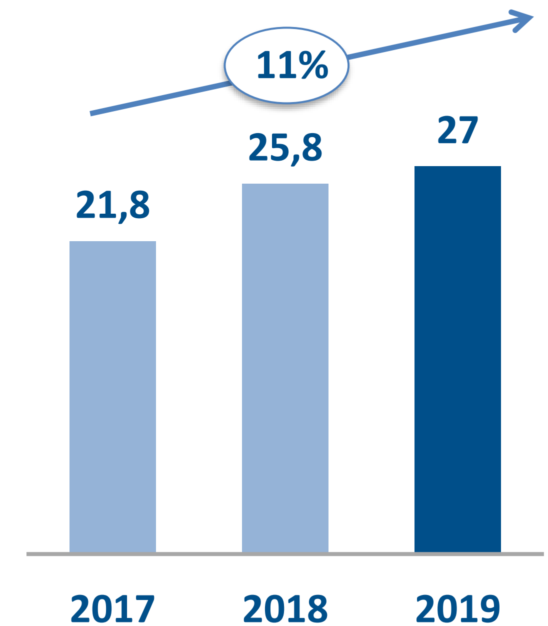
Steady growth of earnings and cash since 2017

x% = CAGR 2017-'19

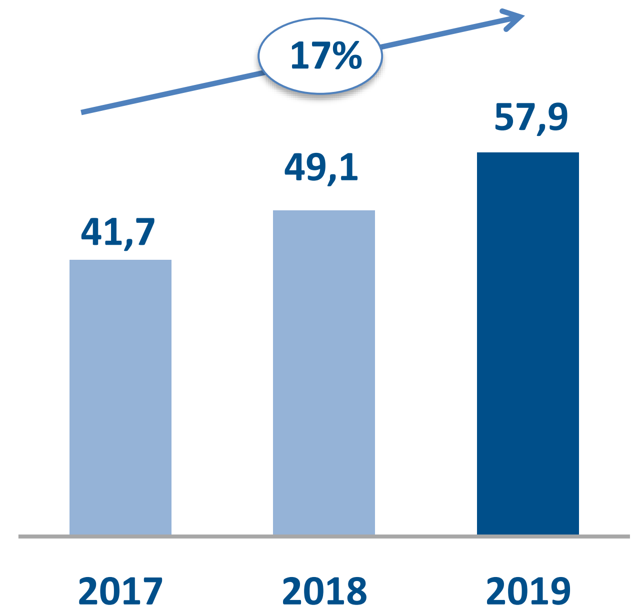
Revenues (€ - M)



Net Income (€ - M)



Net Financial Position (€ - M)



Dividends (€ - M)	10	11.5	-	CAPEX (€ - M)	29	23	29

Structural elements of Avio's business resilience

	Drivers		Elements of resilience
Commercial	• FY 2019Net Order Backlog	~€700M	• 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
	• New orders from ESA to be received from 2020	~€500M	• Development projects subscribed at ESA MC '19
Financial	• Positive NFP	~€60M	• Available cash to better manage operations • Flexibility in Capex planning & execution
	• Low-interest Gross Debt	~€50M	• EIB 7 years-term debt • <1% fixed interest rate
	• Tax credits	>€80M	• Deferred tax assets (Income Tax) • Additional VAT and R&D credits
	• Own shares	~€4M	• Buyback limit €9M
	• Mgmt Long Term Incentive	~€1M	• Bonus payment voluntarily deferred to 2021

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Long-term outlook unchanged by Coronavirus

- Covid-19-related uncertanties may lead to short-term external turbolence 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

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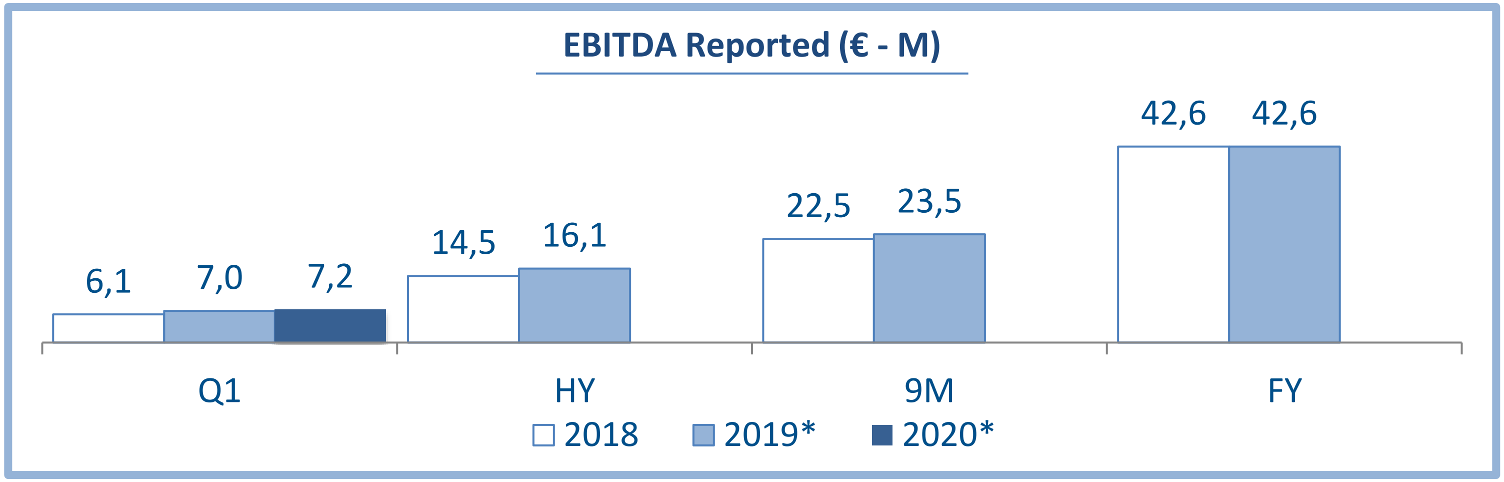
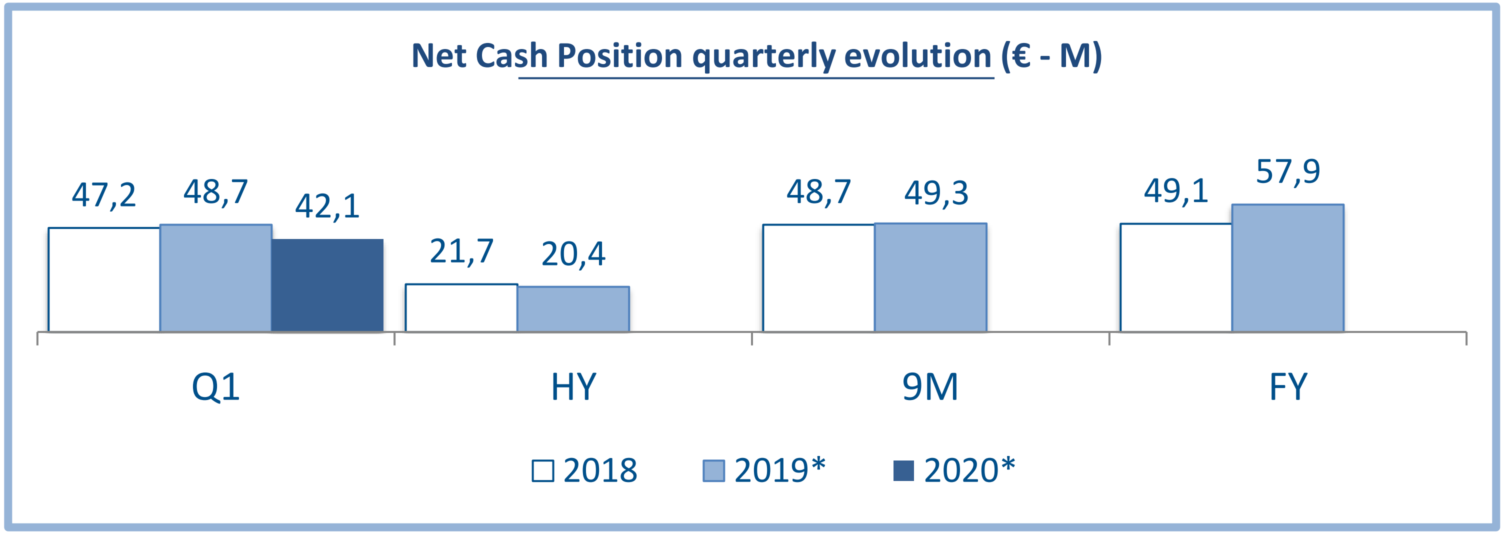
Appendix

Quarterly pattern of Reported EBITDA and Net Cash Position





** Include effects of IFRS 16*

2019: Key accomplishments on new developments

A6/Vega C: P120
firing test (Kourou)

Vega C: Zefiro40
firing test (Sardinia)

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

Contacts
+39 0697285158
investor.relations@avio.com