



Investor Presentation

STAR Conference, 25th March 2021

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Agenda

- **Avio Business**

- Financials

- Appendix

Avio : a pure player in Space Launchers



- 320 M€ revenues (10% CAGR 2014-19)
- 1.000 employees
- 330 M€ Mkt Cap
- 62% free float
- 4% Mgmt share

NEW 2022



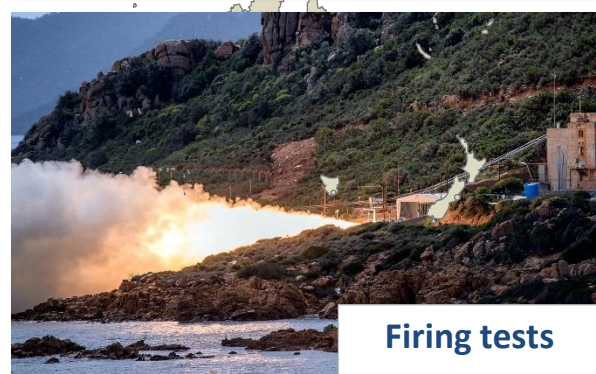
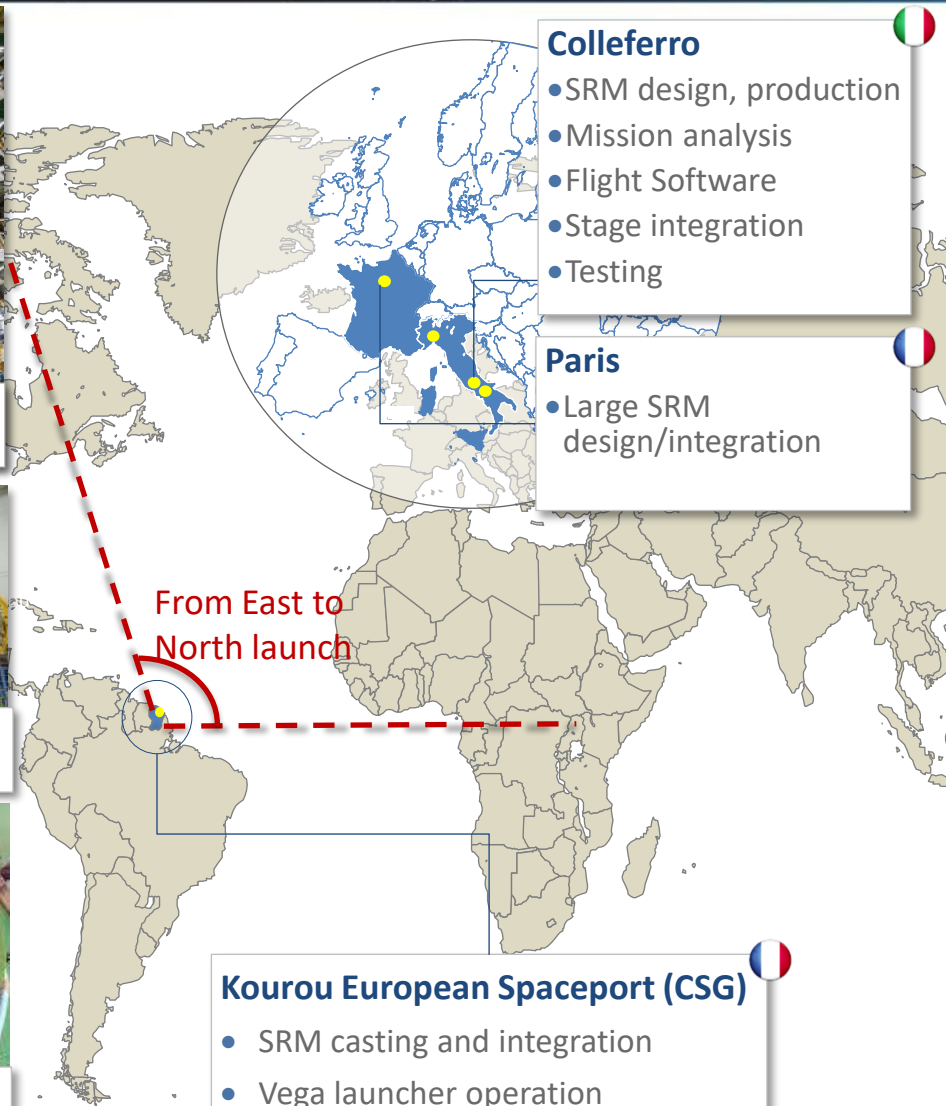
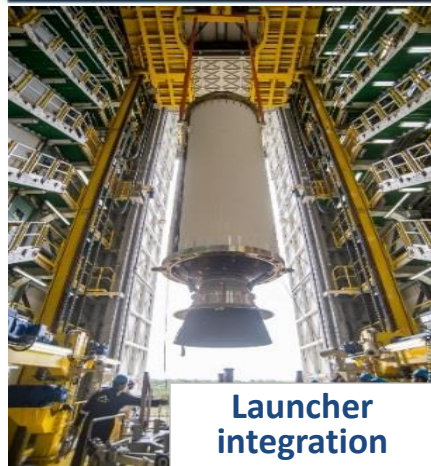
Ariane 6 Vega C



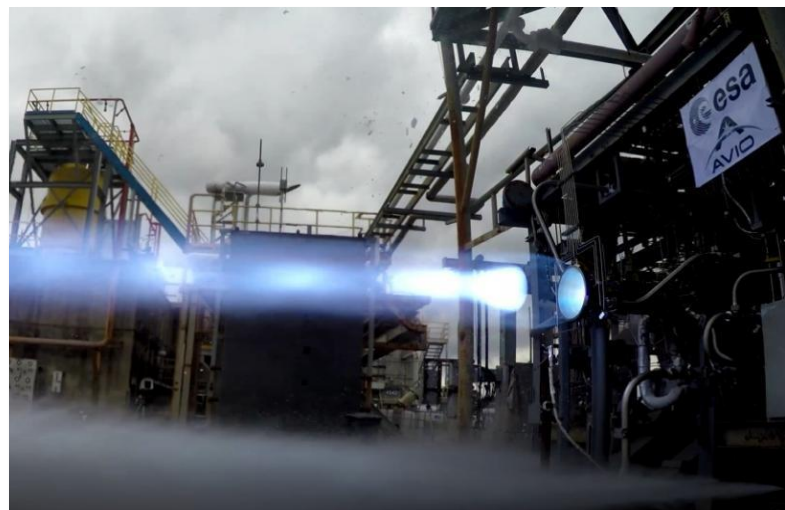
- European heavy launcher (10.5 tons in GTO)
- Avio: partner and supplier for strap-on boosters

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

Industrial operations in Europe and French Guyana

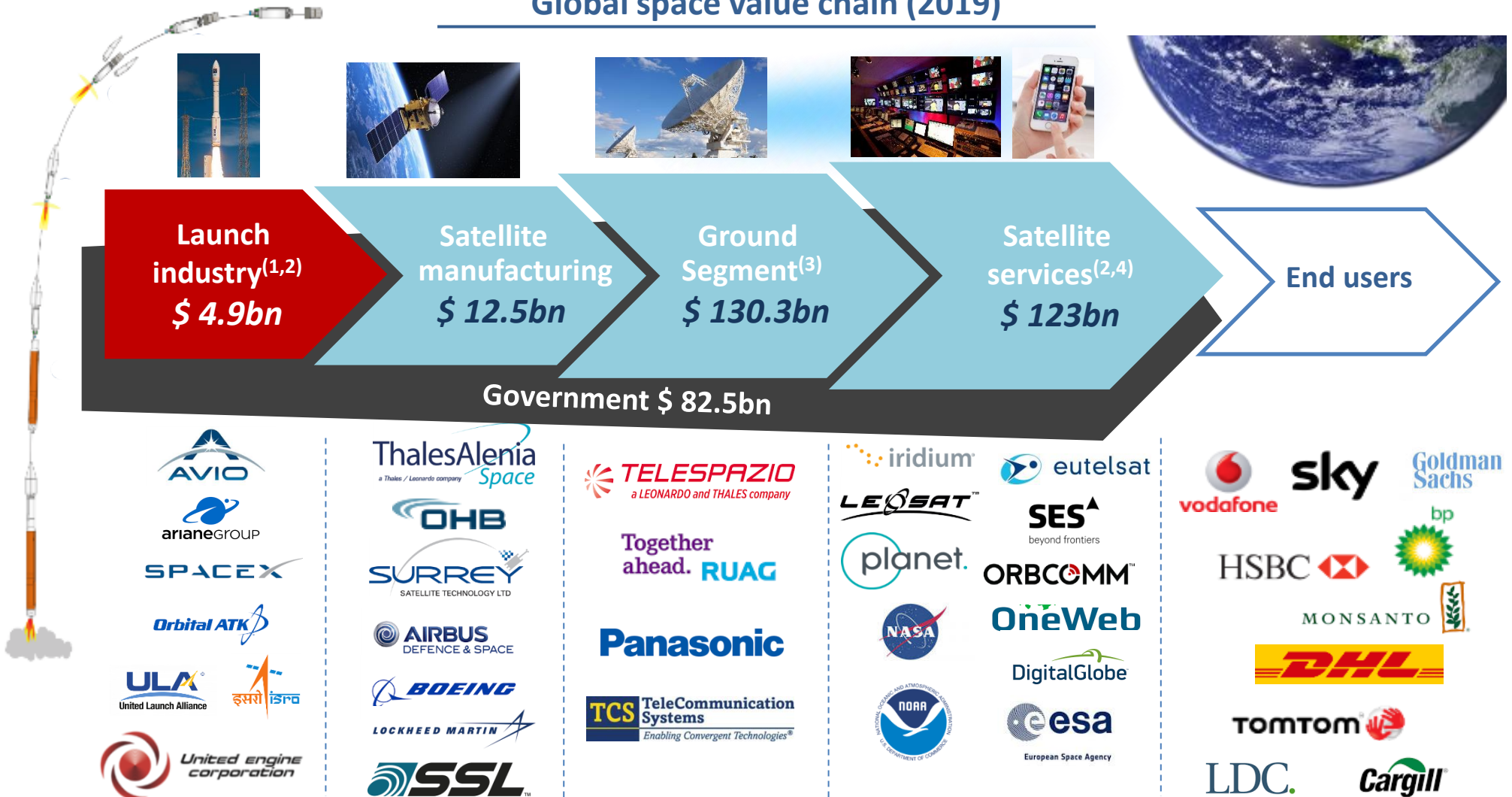


Testing and launch operations in Europe and French Guyana



The launch industry is the gateway to the Space economy

Global space value chain (2019)



Source: Satellite Industry Association (2020)

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(1): Includes launcher manufacturing and launch service activities

(2): Commercial services revenues only

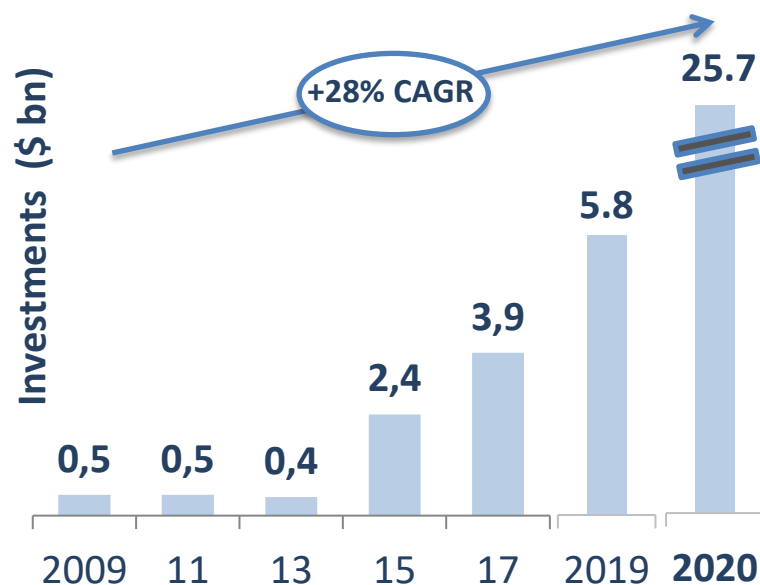
(3): Includes GNSS chipsets and Related

(4): Includes commercial humanflight

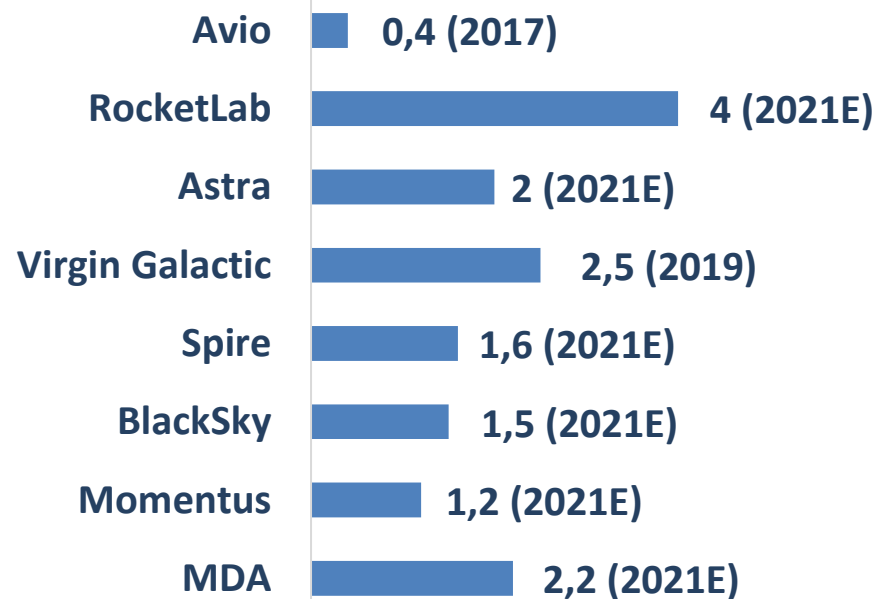
Space is now attracting growing equity investments



Equity investments in Space Ventures⁽¹⁾



Space Ventures IPO - Equity value (\$ Bn)



(1) Annual non-governmental equity investment

Source: Space Angels, Press Search

Launch service demand continuing to grow, especially in LEO



World total mass at launch (tons)

X = CAGR

Orbit
(altitude)

Other Orbits
(Mars, Moon
asteroids)

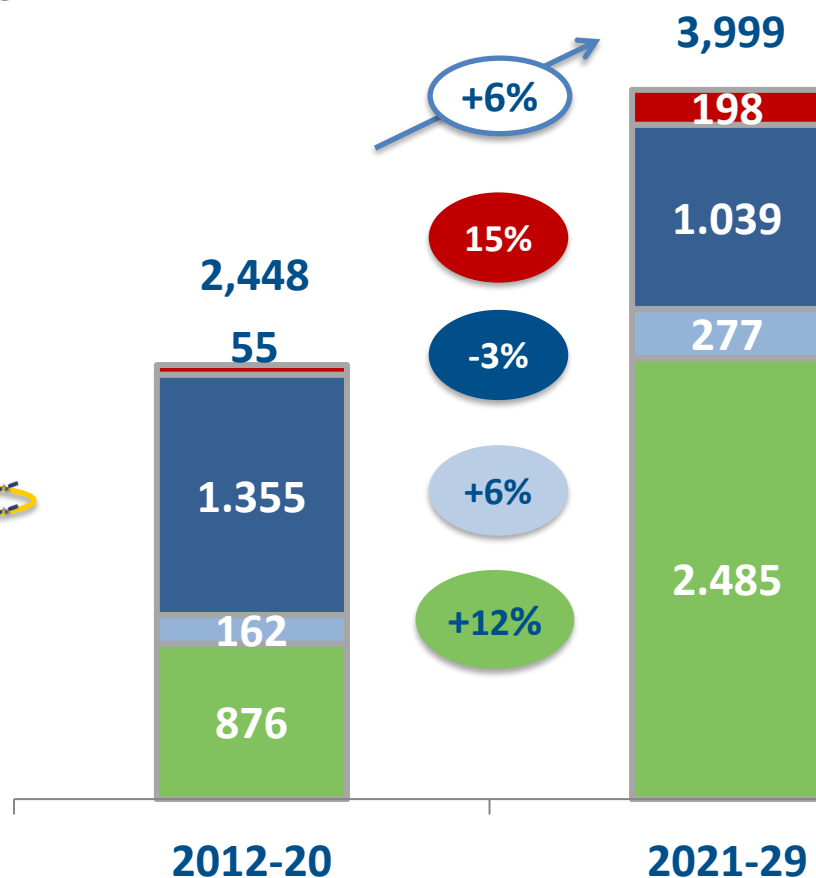
GEO



MEO



LEO



Key applications

- Space Exploration
- Traditional Telecommunications
- Navigation
- Broadband connectivity
- Defence Intelligence
- Climate monitoring
- Mobility tracking
- Search and Rescue

Innovative services driving strong demand growth



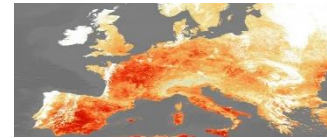
Infrastructure & Transportation



- 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



Connectivity - IOT



- Direct broadband connectivity for remote areas in the globe
- Retail (Starlink, OneWeb, Kuiper) and corporate/ind. (Telesat) customers



Traditional telecom

- Satellite Television
- Mobile phone communications



Science & Exploration

- Telescopes and devices
- Planetary Defense
- Human exploration



Growing order backlog for Ariane and Vega

Ariane Backlog: >20 flights

- Ariane 5: 8 launches
- Ariane 6: >12 launches until 2025-26:
 - 9 EU govt
 - 5 commercial/Export



Backlog

Vega Backlog: 8 (+10) flights

- 8 Vega/Vega C launches:
 - 4 EU govt
 - 4 Commercial/Export
- Production of a Batch of 10 launchers for 2023-2026 kicked-off



- ~40 Galileo by 2030 (750kg/each)



Expected



New EU constellation concept:

- EU LEO-based broadband
- Secure and h-speed connection
- Launch expected in 2025-30

- ~10 Copernicus by 2030 (2000kg/each)

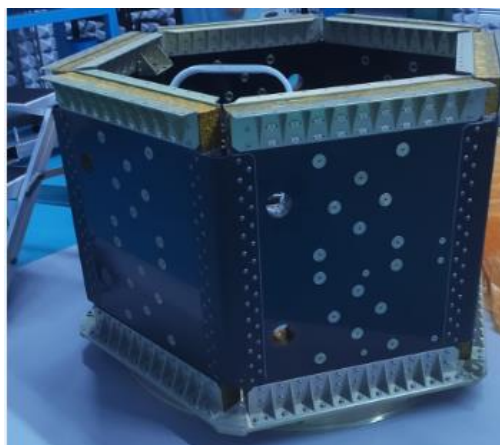


One remarkable success: 53 sats in orbit with SSMS



New Vega rideshare service (SSMS)

- 50+ satellites from 20+ customers
- Sat mass 1<->150 kg
- Two different orbital planes (1st time)
- Rideshare modular concept
- Next smallsat mission April 2021



Vega backlog recently extended to 2026



New Vega C production batch launched

- 10 new Vega C missions for 2023-26
- European customers: ESA, EC, National Space Agencies
- 9 Copernicus orders with Vega C expected by 2021

New launch contract: CO3D

- Jointly developed with CNES
- 50 cm resolution optical earth observation satellites
- Constellation featuring 4x 300 kg satellites
- High revisit rate
- Single rideshare Vega C launch

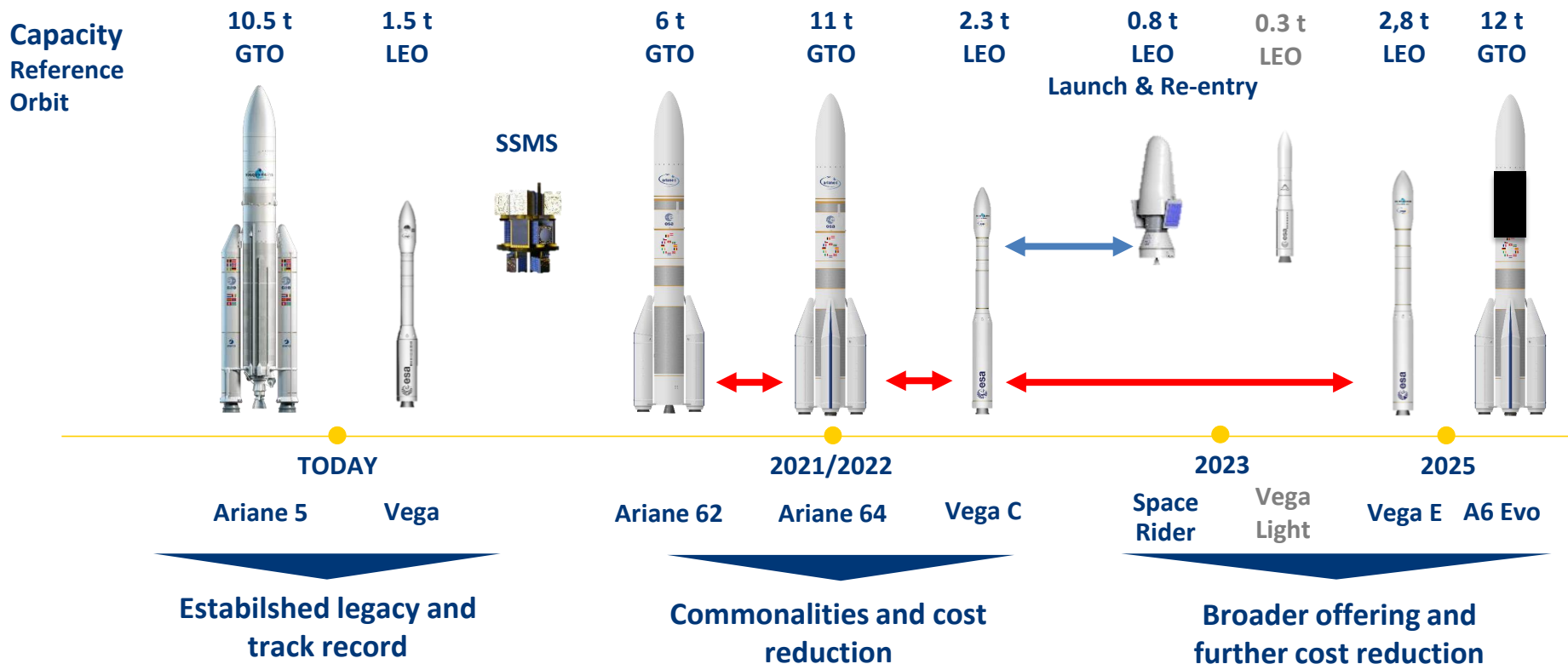


Vega C

SOURCE: Arianespace, ESA

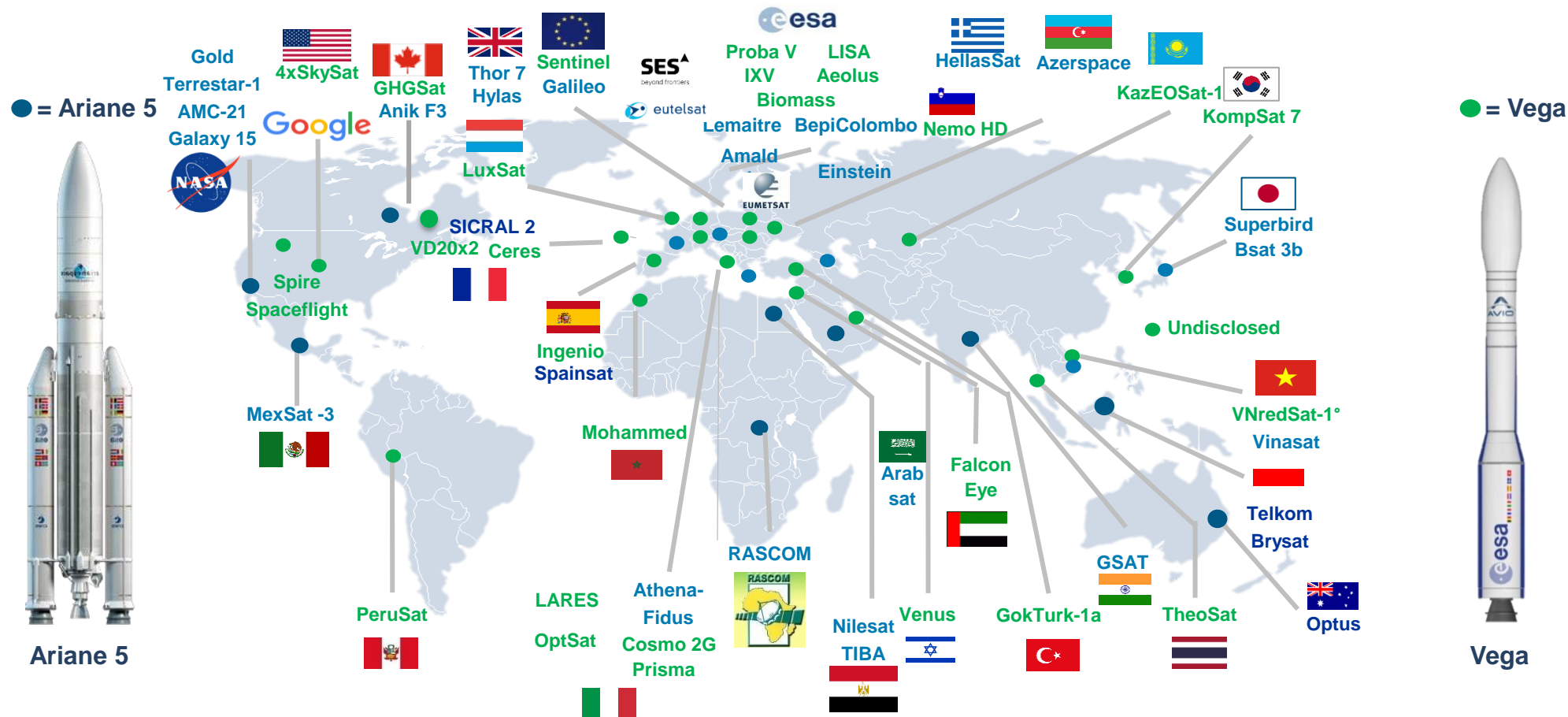
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European Launchers – product range evolution roadmap



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

NOT EXHAUSTIVE



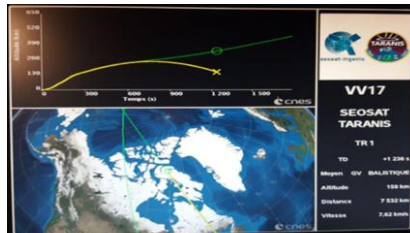
VV17 corrective actions defined - VV18 return to flight underway



VV17

Inquiry Commission Investigation*

- Integration mistake in the electrical actuation system of the 4th stage (AVUM)
- Full review of quality controls and check procedures
- Longer-term improvement plan agreed
- Launcher readiness by April



VV18



AVUM shipping



Solid stages already integrated

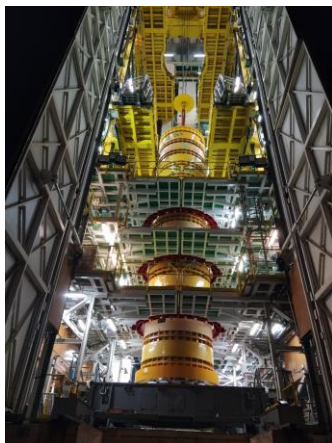


**Established on 18 November 2020, chaired by ESA and ArianeSpace with participation of CNES and Avio*

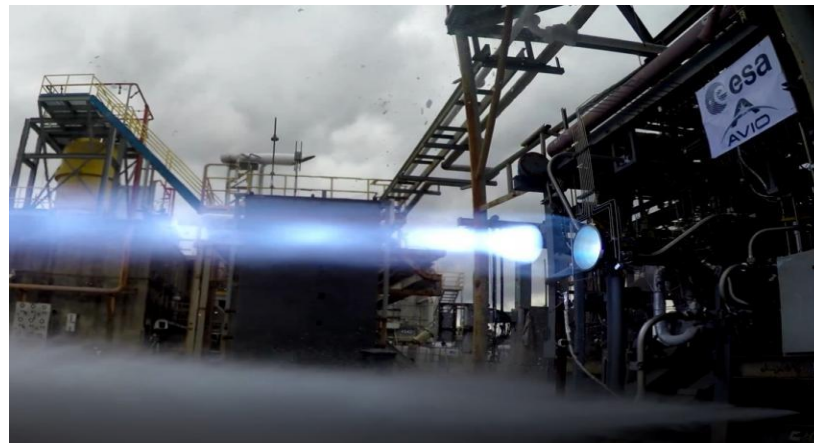
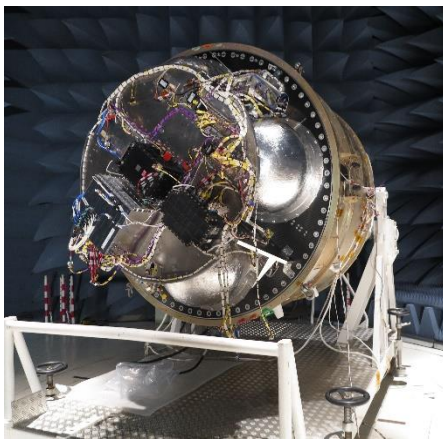
SOURCE: ArianeSpace, ESA

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Development activities progressing with new projects



Vega C Ground Qualification Review



Vega E firing test in the USA



Space Rider contract signature



SPTF facility under construction in Sardinia

New contracts signed for tactical propulsion



Aster

- Contract with **MBDA France S.A.S.**
 - Production activities for a first stock of **boosters for ASTER-30**
 - Start of the preparatory activities instrumental for the future **production of additional boosters**
 - Contract value **50+ Euro million**
 - Production period of around **3 years with deliveries starting in 2022**
-

Pribes

- New training system for the Italian Armed Forces capable of **validating the performance** of national tactical air defence launchers
- Contract with the Naval Armaments Directorate (NAVARM) of the Italian General Secretariat of Defence and National Armaments Directorate
- **Avio leader of a consortium** with Politecnico di Milano



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- **Financials**

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2020 results within guidance, long-term visibility improved



- **2020 Guidance substantially achieved**
- **Heavy non recurring efforts due to COVID-19**
- **Vega on the launch pad, getting ready to return to flight**
- **New development contracts kicked-off and in progress**
- **Improved backlog and cash provide better long-term visibility**
- **Dividend distribution securing shareholders' return**

FY 2020 results in guidance, backlog and cash better than expected



Data in €-M

Highlights	2020 Guidance		2020 Results		2019 Results
Backlog	650-680		736		669
Revenues	325-345		322		369
EBITDA Reported	34-36		35.2		42.6
EBITDA Adjusted	41-43*		43.3		44
Net Income	16-19		14.9		27
Net Financial Position	42-46**		62.6		57.9

*Projected on the EBITDA Reported Guidance plus the indication of €7 M of Non-recurring costs given in September 2020

**Min & Max values of consensus

Net Order Backlog increased by 10% versus 2019



Net Order Backlog evolution 2019-2020 (€ - M)



Comments

New contracts signed in 2020 include:

- Vega: new production batch for 135M and ground activities for 35M
- Space Rider development contract for €55M
- Tactical production Aster booster for ~€60M

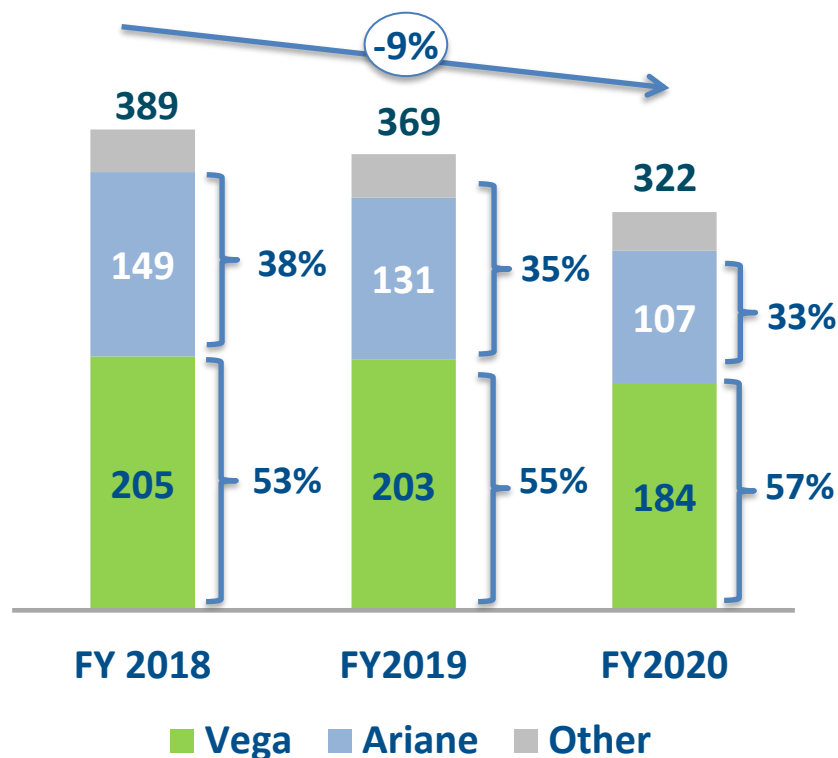
Contracts expected to be signed in 2021 include:

- Completion of new Vega Production Batch 4
- Residual ESA '19 Ministerial Council related development contracts
- Second part of Ariane 6 P120 contract
- Additional tactical propulsion contracts

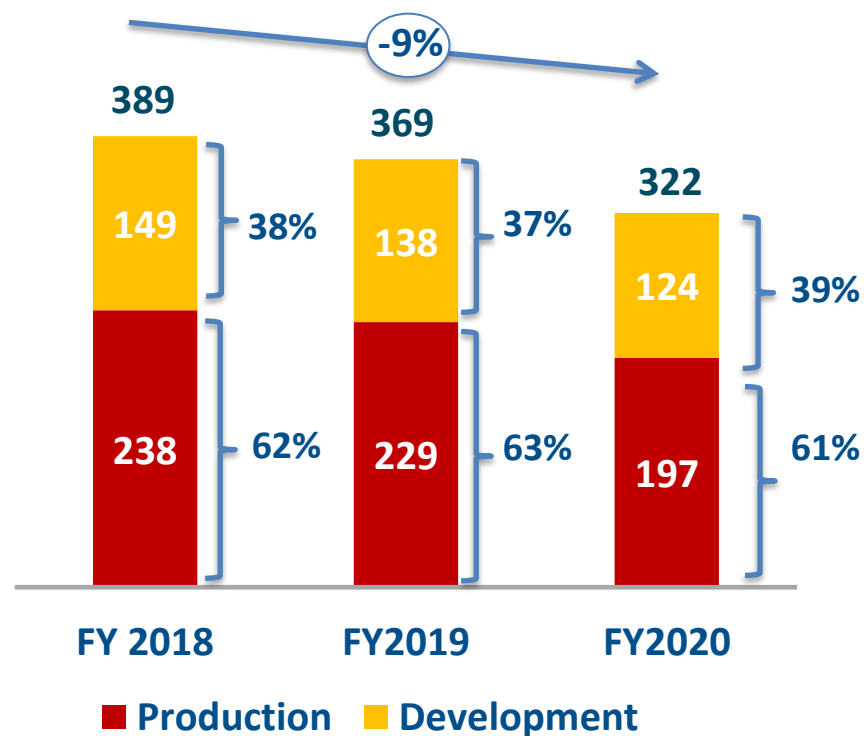
Net Revenues trend impacted by COVID-19



by Line of Business (€ - M)



by Activity (€ - M)

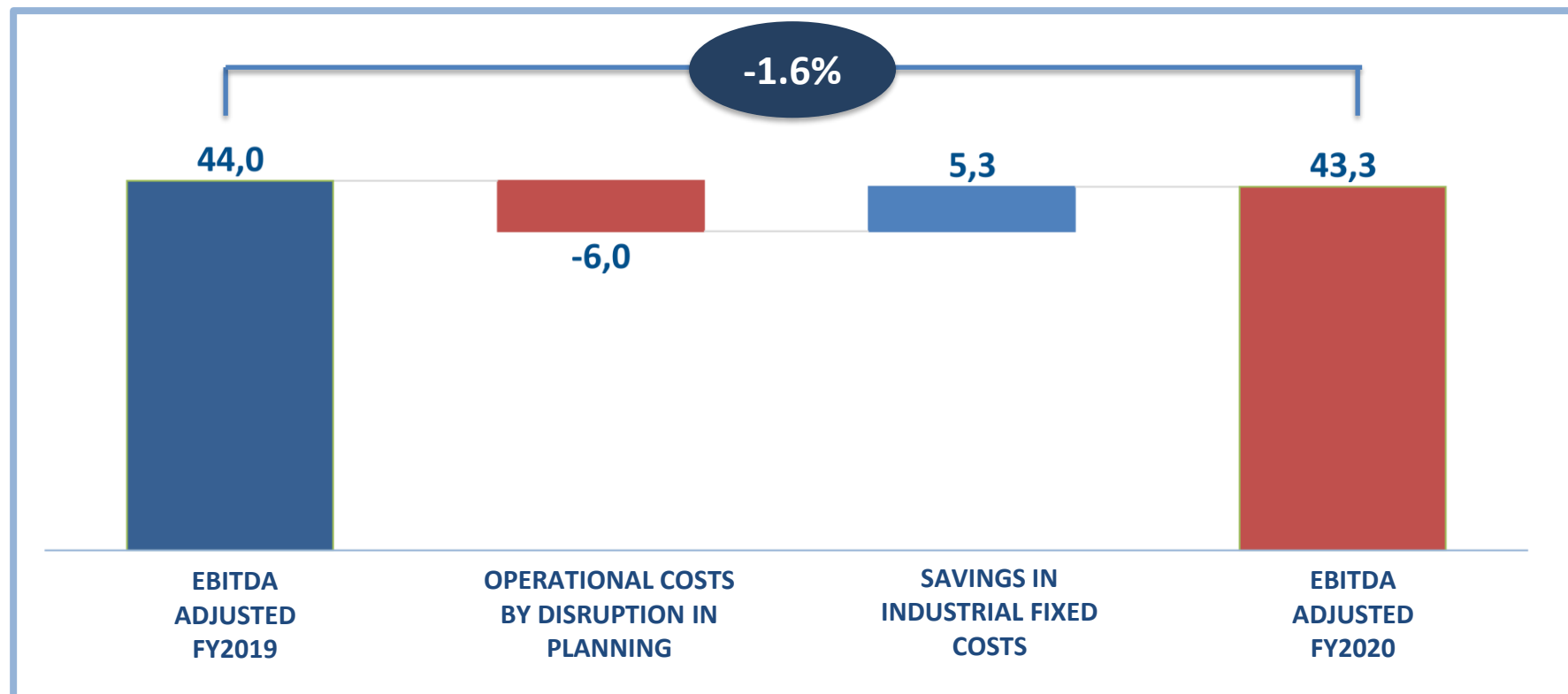


Revenues reduction in 2020 due to slowdown after Covid-19 outbreak and CSG closure

2019-2020 EBITDA Adjusted Bridge



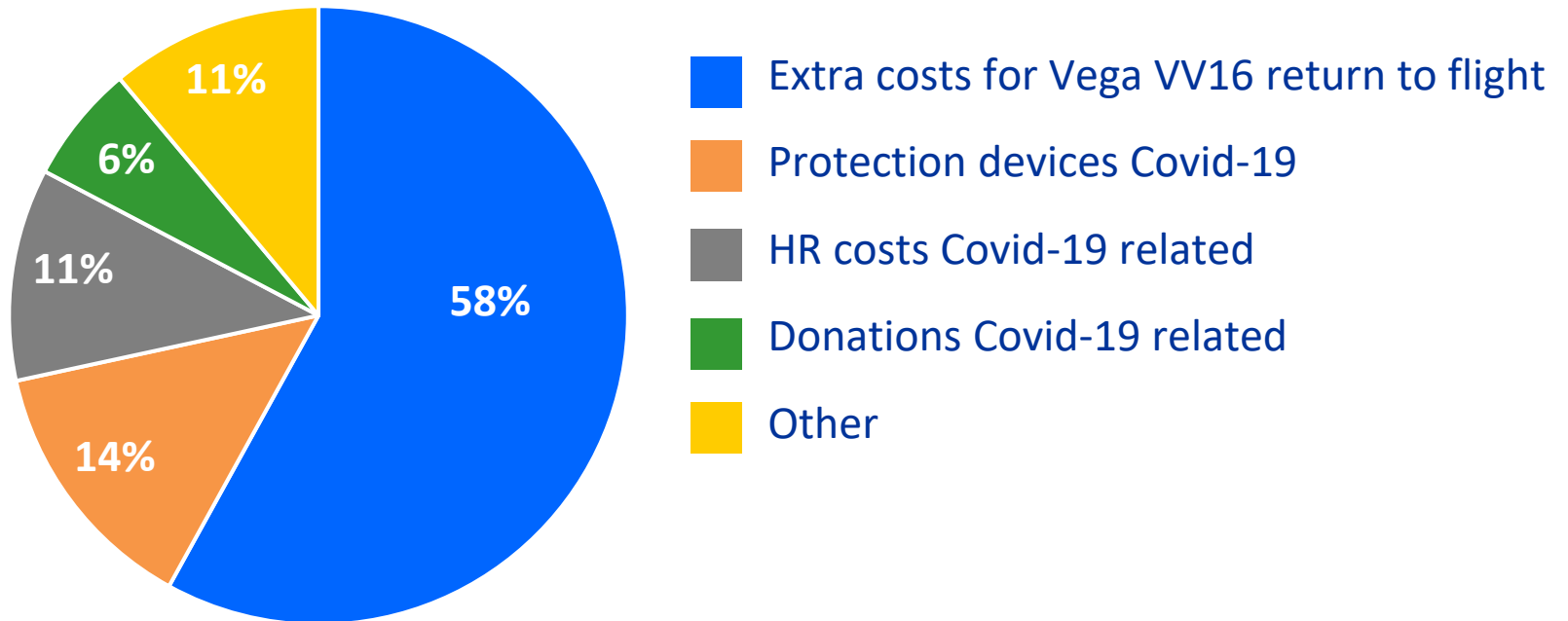
Data in €-M



EBITDA Adjusted 2020 substantially in line with 2019 excluding not-recurring costs confirming resilience

FY 2020 not-recurring costs by nature

FY 2020 Not-recurring Costs = 8.1 EUR Mln (100%)



Stable EBITDA Adjusted confirms business resilience



FY 2019	MAIN ECONOMICS	FY 2020	Comments
€ - M		€ - M	
368,7	NET REVENUES	322,0	Reduction from Ariane 5 ramp-down partially compensated by Ariane 6 ramp-up and decrease in Vega production due to impact from COVID-19 on return to flight
42,6 11,6%	EBITDA REPORTED % on net revenues	35,2 10,9%	€8M not-recurring costs driven by Covid-19 (launch base in Guyana closure, return to flight launch missions repetition)
44,0 11,9%	EBITDA ADJUSTED % on net revenues	43,3 13,4%	Increase in operational costs by disruption of planning activities compensated by savings in industrial fixed costs
26,5 7,2%	EBIT REPORTED % on net revenues	15,9 4,9%	Increase in amortization principally related to the start of exploitation of the new P120 engine (Ariane 6 / Vega C) and Zefiro 40 engine (Vega C) assets
28,0 7,6%	EBIT Adjusted % on net revenues	24,0 7,5%	
27,0 7,3%	PROFIT BEFORE TAXES % on net revenues	15,4 4,8%	In 2019 one-offs in interest income on VAT tax credits refunded and in taxes
27,0 7,3%	NET INCOME % on net revenues	14,9 4,6%	

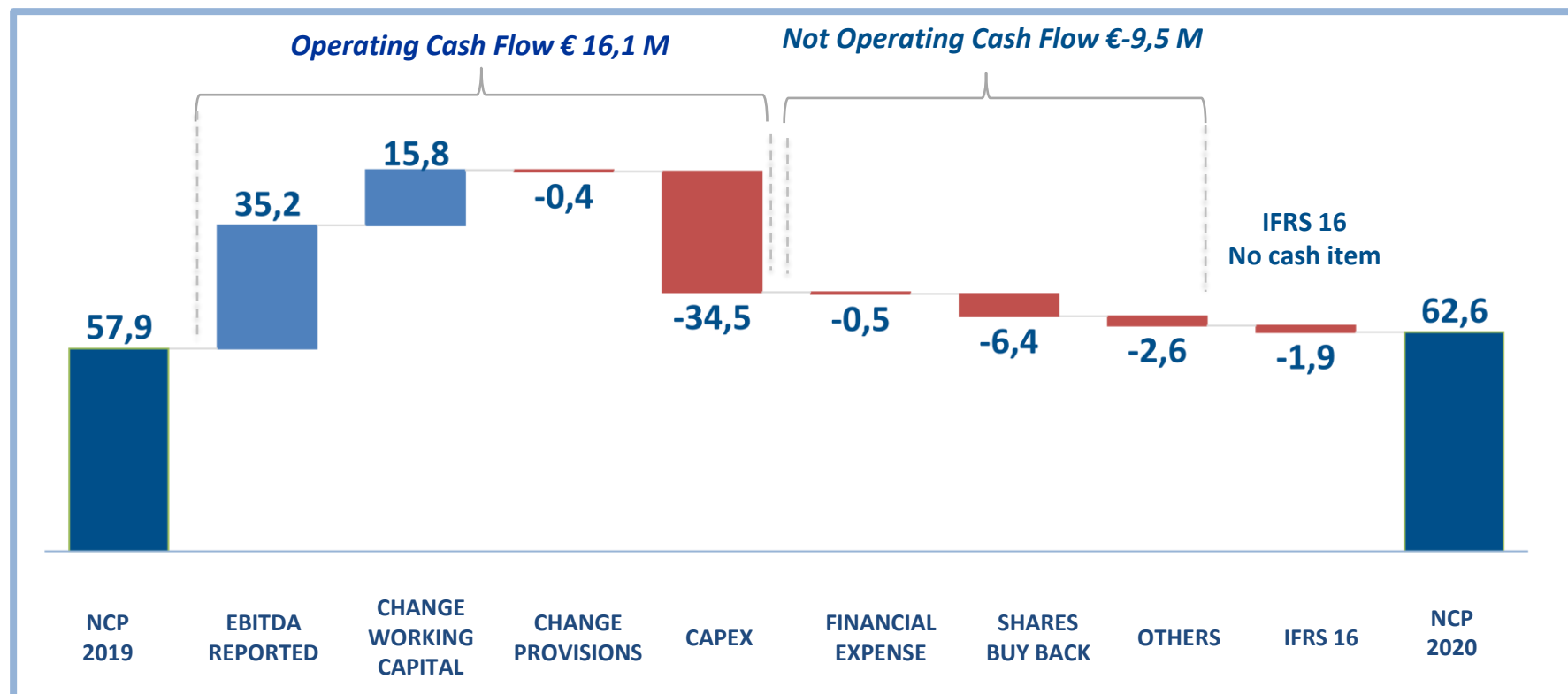
Cash generation in 2020 thanks to working capital contribution



31 DEC 2019 ACTUAL	MAIN SOURCES AND USES	31 DEC 2020 ACTUAL	DELTA	Comments
€ - M		€ - M	€ - M	
(96,2)	WORKING CAPITAL	(111,9)	(15,7)	Working capital structurally negative with a timing improvement for the slowdown of certain activities by suppliers and sub-contractors due to the Covid-19 pandemic
(43,4)	PROVISIONS (EMPLOYEES' BENEFITS AND RISKS)	(43,0)	0,4	
77,8	DEFERRED TAX ASSETS	78,0	0,2	
61,0	GOODWILL	61,0	-	
36,6	CUSTOMER RELATIONSHIP ASSET	33,6	(3,0)	
204,0	FIXED ASSETS	225,4	21,4	Mainly for capex on P120,Vega cadence and development of new launchers of Vega family, net of depreciation
6,1	FINANCIAL RECEIVABLES	6,3	0,2	
245,9	NET INVESTED CAPITAL	249,4	3,5	
57,9	NET CASH POSITION	62,6	4,7	
(303,9)	EQUITY	(312,0)	(8,1)	Positive contribution of 2020 net income, less share buyback (€ 6.4M)
(245,9)	TOTAL SOURCES	(249,4)	(3,5)	

2019-2020 Net Cash Position bridge

Data in €-M



2021 and beyond



- **No Quantitative FY 2021 Guidance at this stage as the 2021 prospects are still contingent upon COVID-19 evolution**
- **Flight activity:**
 - **Up to 3-4 flights for Ariane 5**
 - **Up to 3 flights for Vega**
 - **Vega C Maiden Flight preparation**
- **Production:**
 - **P120 production ramp-up: up to 50% vs 2020**
 - **Tactical propulsion production ramp-up: up to 20% vs 2020**
- **Progress on Space Rider and Vega E development**
- **Medium-term (2025) growth prospects more robust**
 - **Order backlog to improve while approaching A6/Vc maiden flights**
 - **Industrial efficiency to improve across A5/6 and V/Vc transition**

New dividend policy and share buyback program to remunerate investors



New dividend policy

FY 2020 proposed dividend

€ 0.285 dividend per share

Total dividend distribution = €7.3M

Proposed modification

- Maximum dividend payout ratio from 50% to 60% of net earnings

Objectives

- Increase the flexibility for the return to shareholders part of the liquidity generated by Avio operational performance

New share buyback program

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
- Possible use to serve incentive plans

Program scheme

- €9.1M maximum investment amount (as in the first program already completed)

Following the purchases made in the first buyback program, Avio S.p.A. holds no. 671,233 own shares, corresponding to 2.55% of the total Avio's shares (August 2019 – October 2020)

Agenda

- Avio Business
- Financials
- **Appendix**

Avio: a public company managed by a team of investors

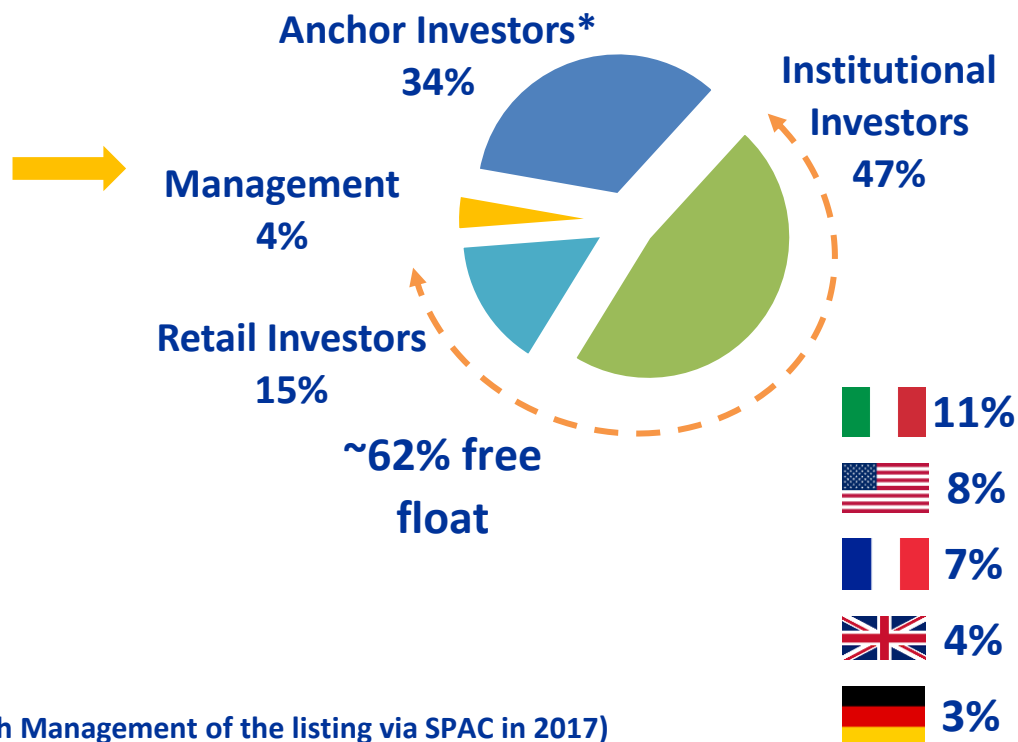


Milan Stock Exchange

Ticker: AVIO.MI – ISIN: IT0005119810

70 Avio managers

Avio shareholders' breakdown



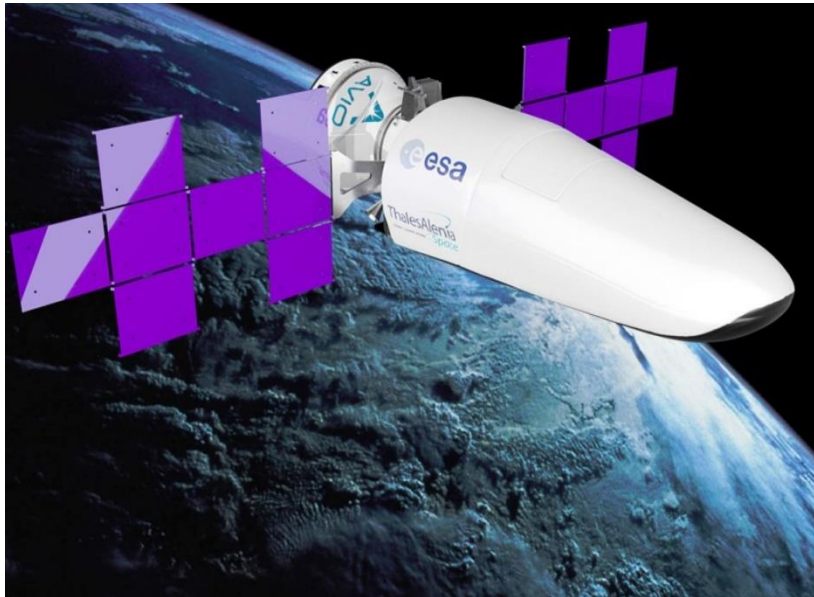
* Leonardo SpA and Space Holding (Promoters with Management of the listing via SPAC in 2017)

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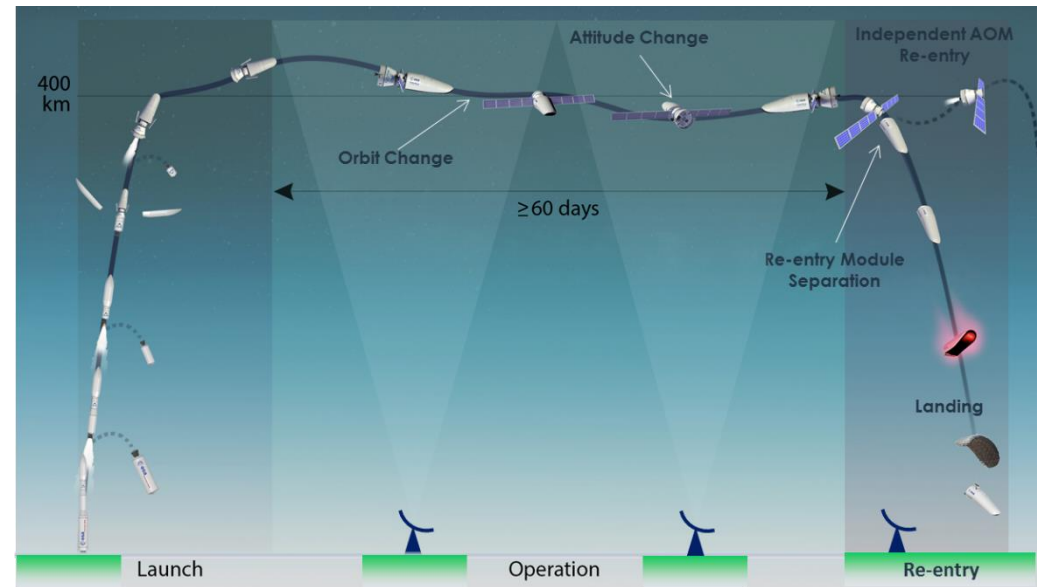
Space Rider: expanding Vega capabilities to in-orbit operations and re-entry



Space Rider Configuration



Typical Mission Profile



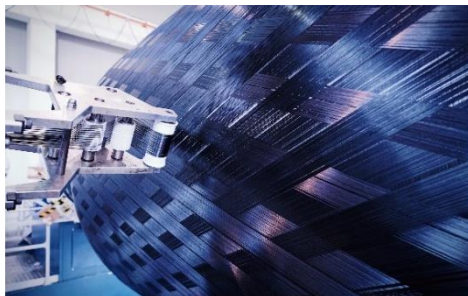
- Launched on Vega-C and powered by Vega C upper stage
- Reusable orbital space laboratory for Earth Observation, Science, Robotics (800 kg payload)
- Re-enters atmosphere and lands on an airstrip

Transition to Ariane 6 and Vega C will drive significant improvement in industrial efficiency



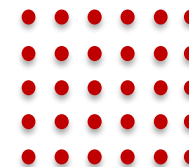
Vega Ariane 5

P80 P230

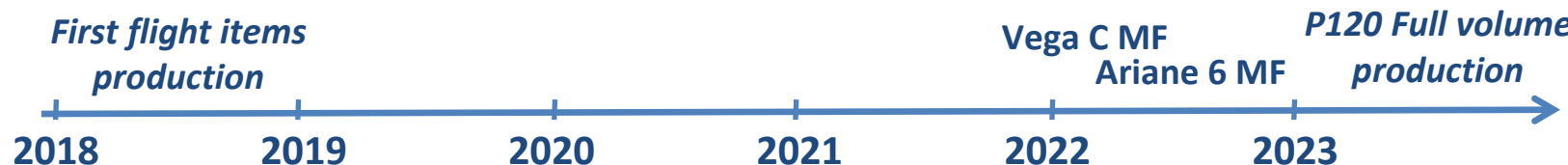


Vega C Ariane 62 Ariane 64

P120



Single main-stage, higher volumes, economies of scale





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