



# Investor Presentation

## ISMO Conference, 10<sup>th</sup> June 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



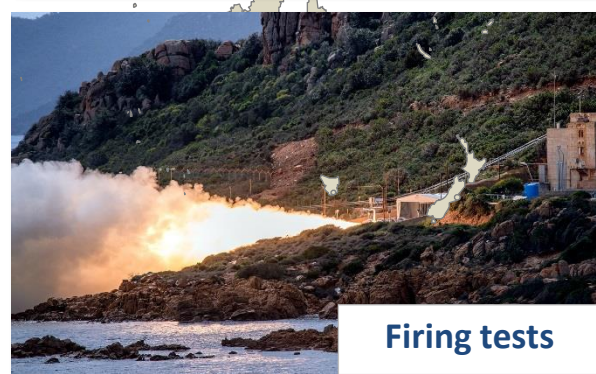
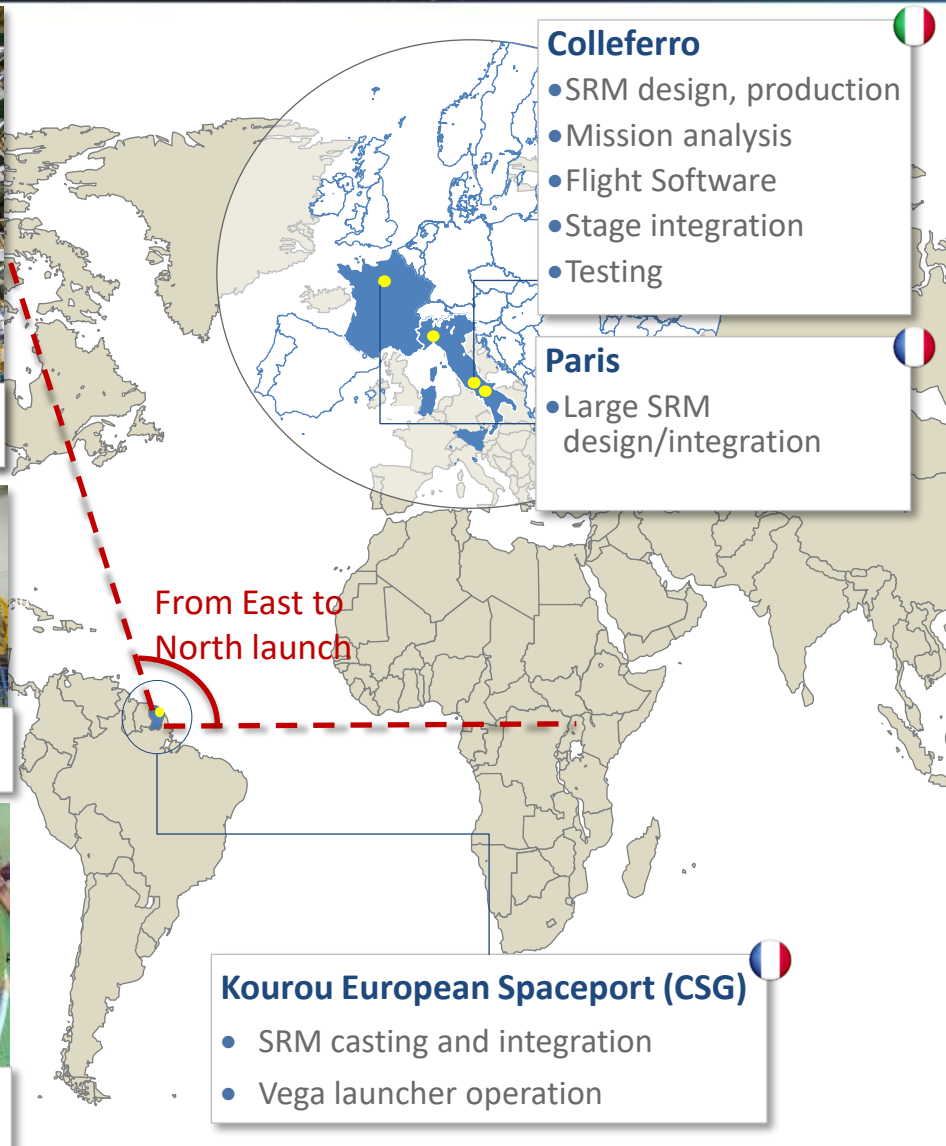
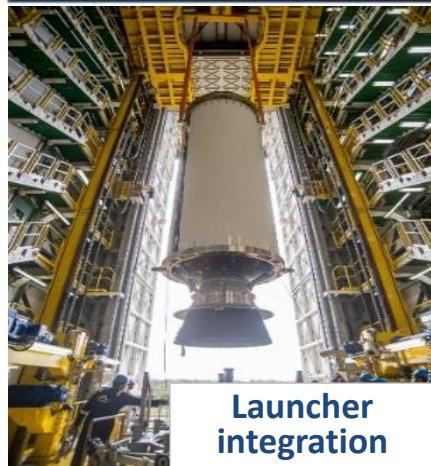
Ariane 6 Vega C



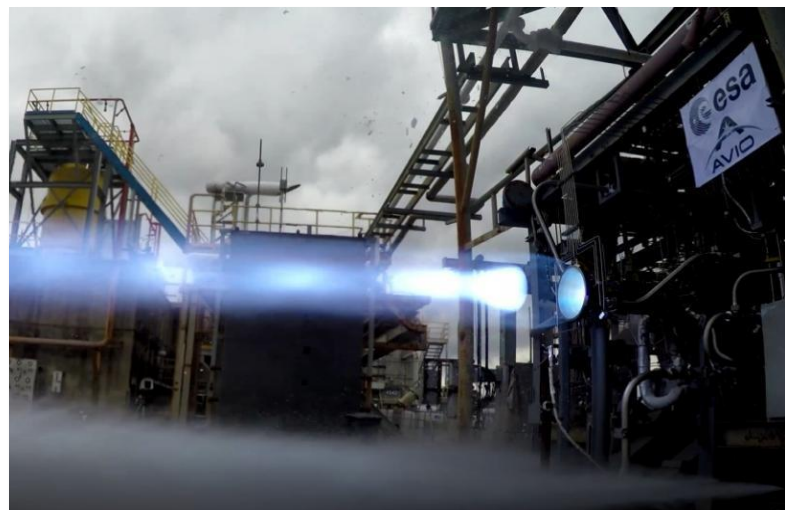
- European heavy launcher (10.5 tons in GTO)
- Avio: partner and supplier for strap-on boosters

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

# Industrial operations in Europe and French Guyana

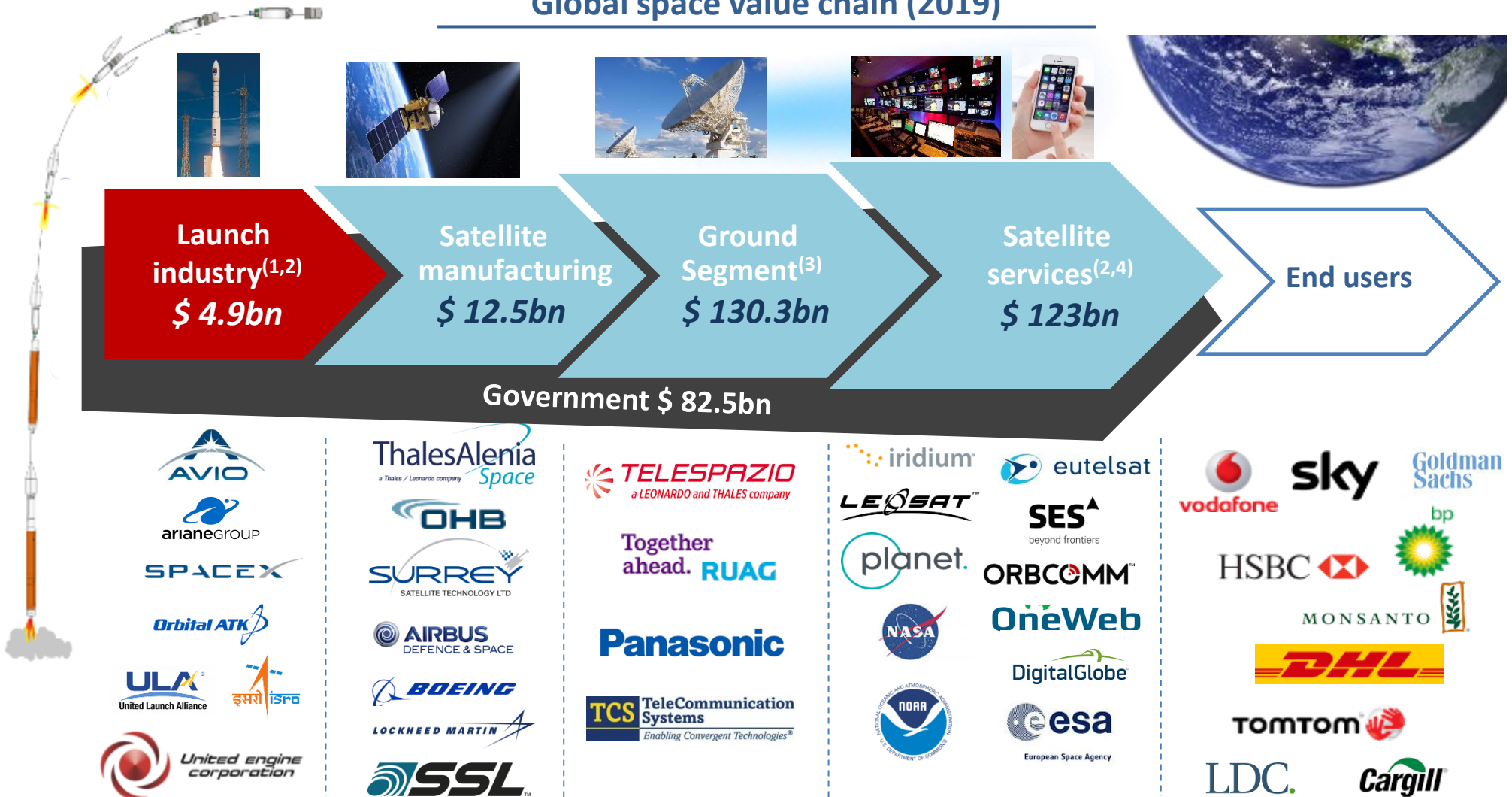


# Testing and launch operations in Europe and French Guyana



# 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

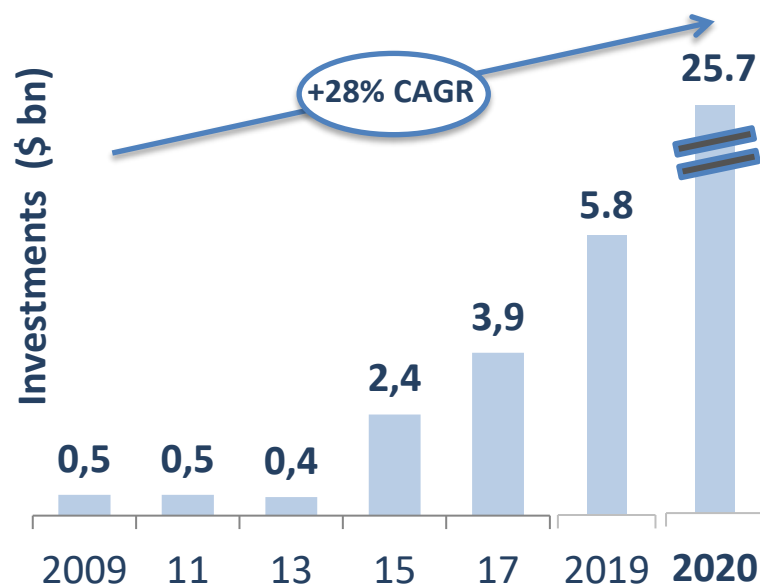
(3): Includes GNSS chipsets and Related

(4): Includes commercial humanflight

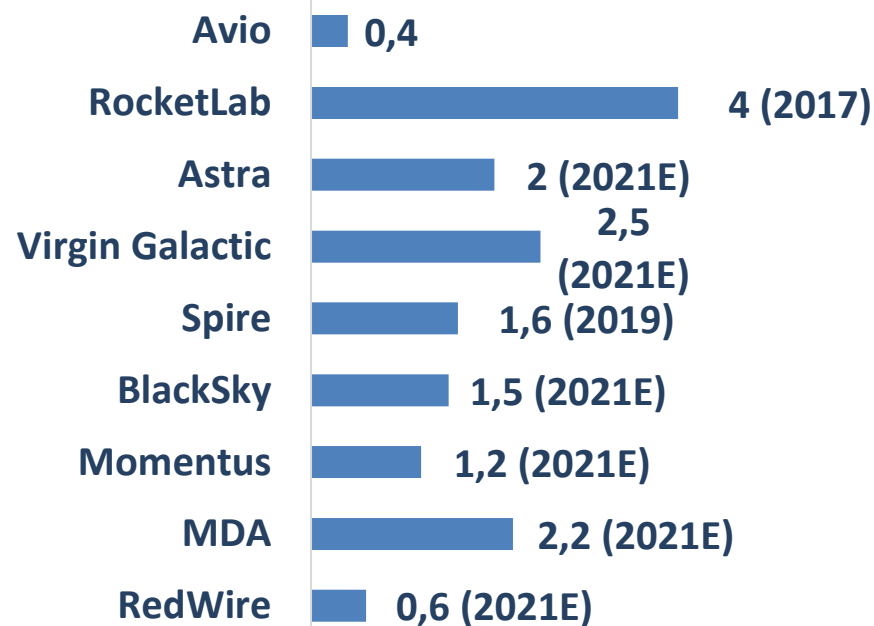
# Space is now attracting growing equity investments



## Equity investments in Space Ventures<sup>(1)</sup>



## 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)

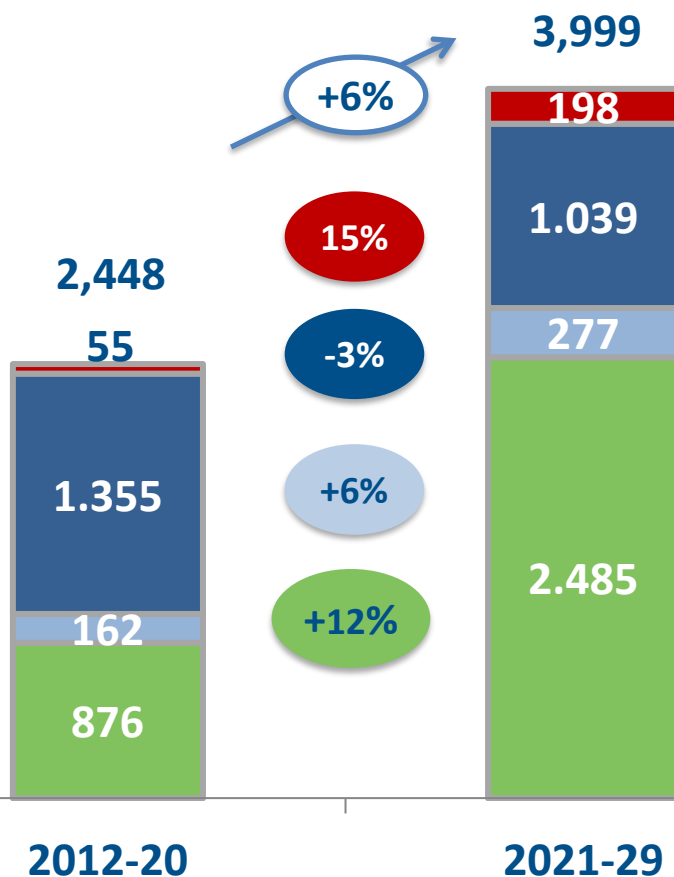
**GEO**



**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



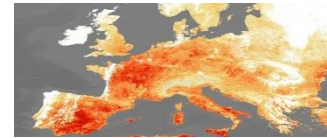
## Infrastructure & Transportation



- 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

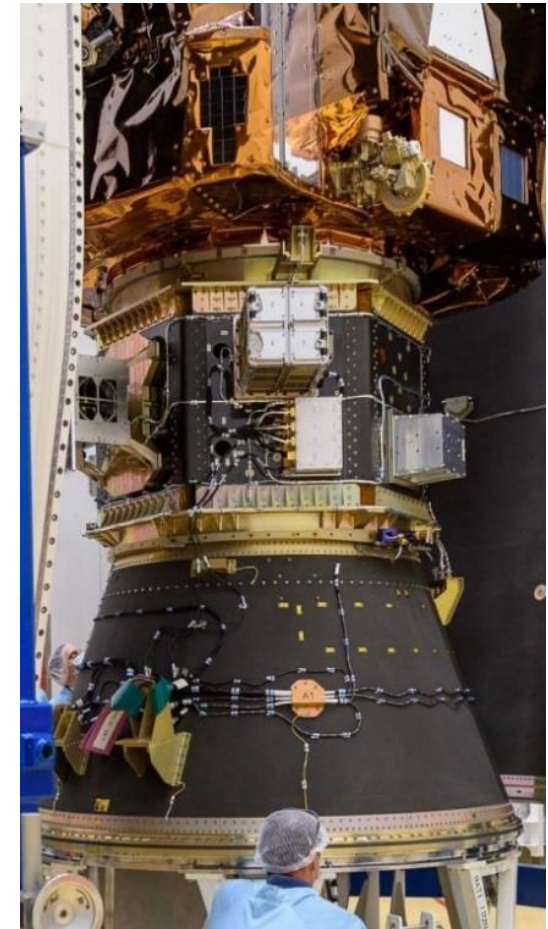
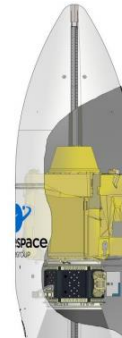


# Successful return to flight with Pléiades Neo 3 and with 5 smallsats



## VV18: Pléiades Neo 3 + SSMS HEXA module

- Successful launch after 5 months
- Main customer: Pléiades Neo (Airbus)
- 5 additional smallsats on board:
  - Lemur 2 of Spire
  - BRAVO of NanoAvionics
  - Norsat of Norway Space Agency
  - Eutelsat
  - Aurora Insight



# 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

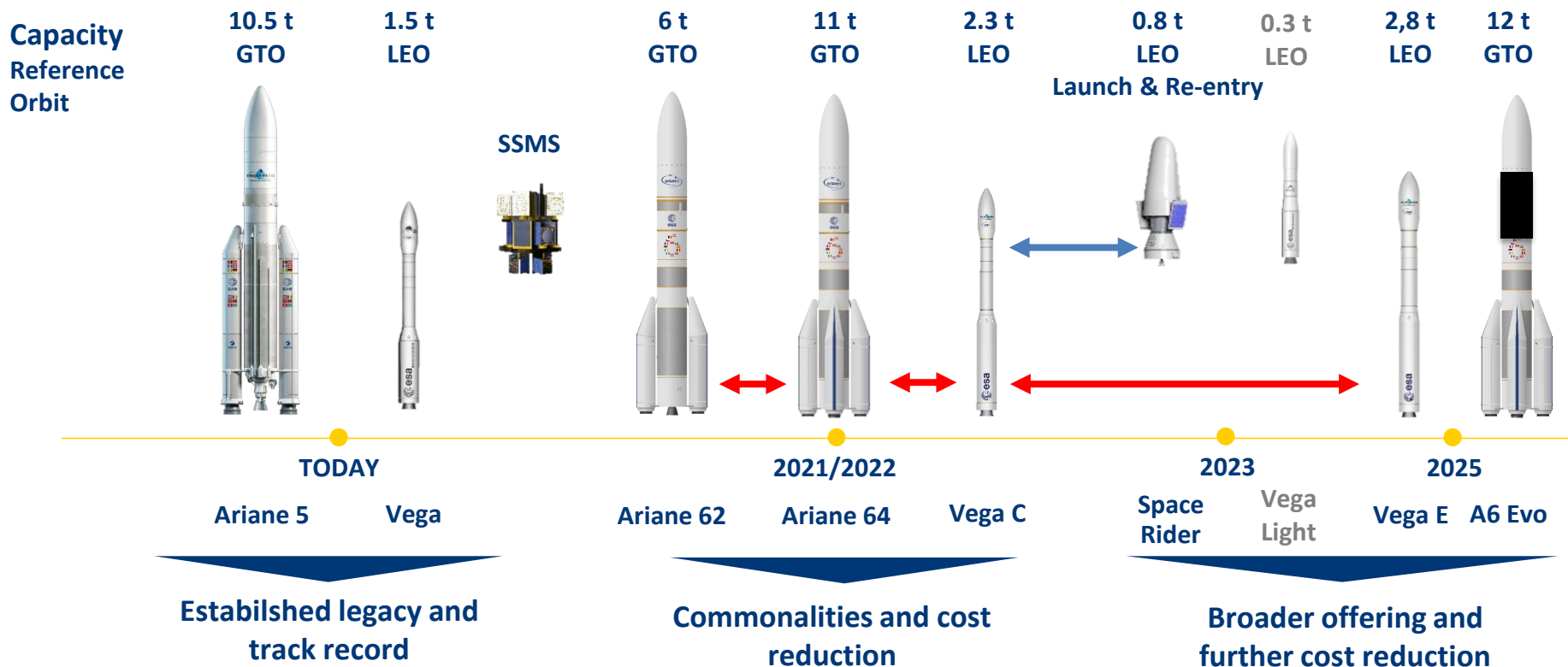


Vega C

SOURCE: Arianespace, ESA

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# European Launchers – product range evolution roadmap





## Ariane 5

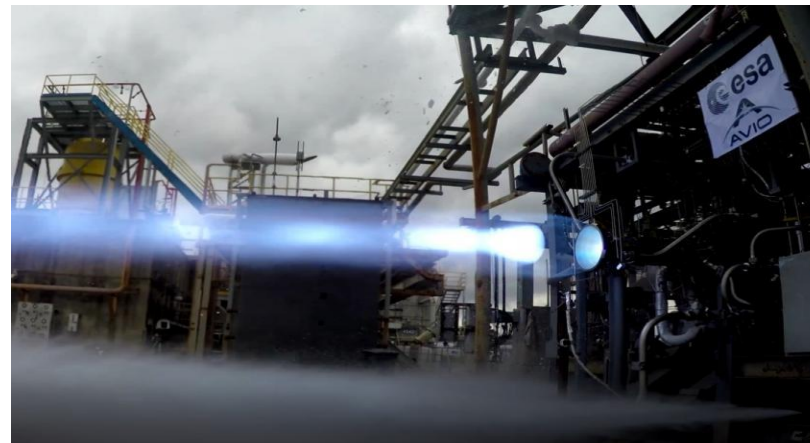
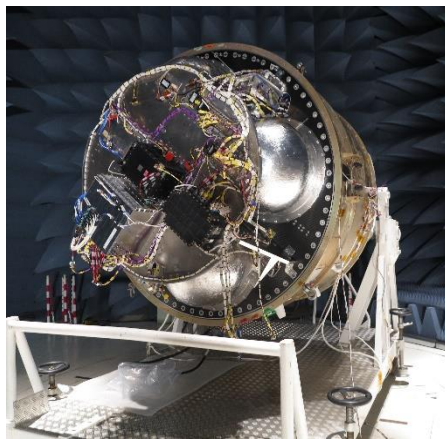


## Vega

# 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



# Agenda

- Avio Business

- **Financials**

- Appendix

# 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

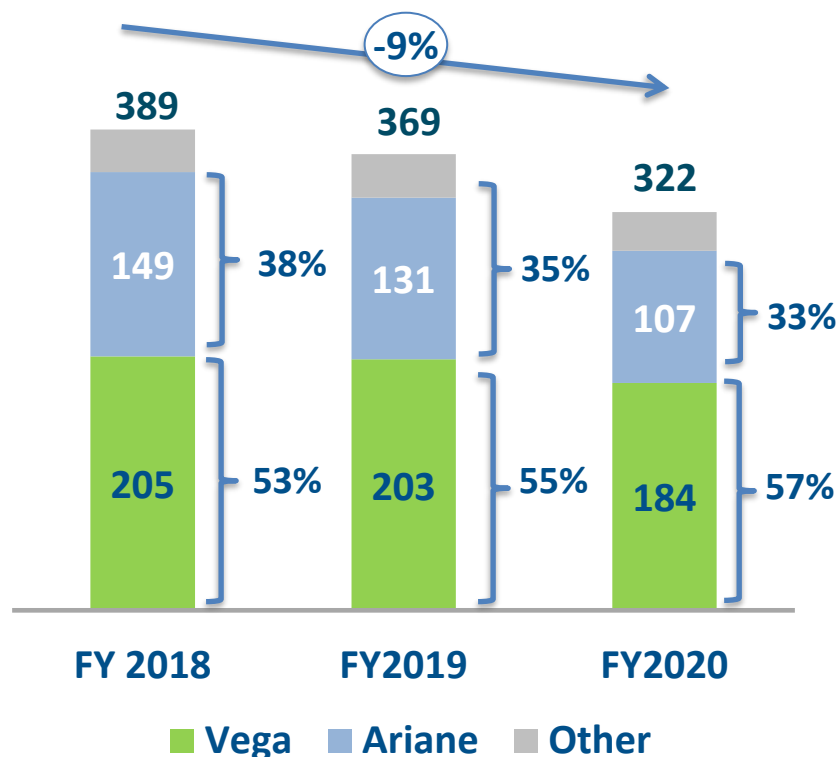
Contracts expected to be signed in 2021 include:

- 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

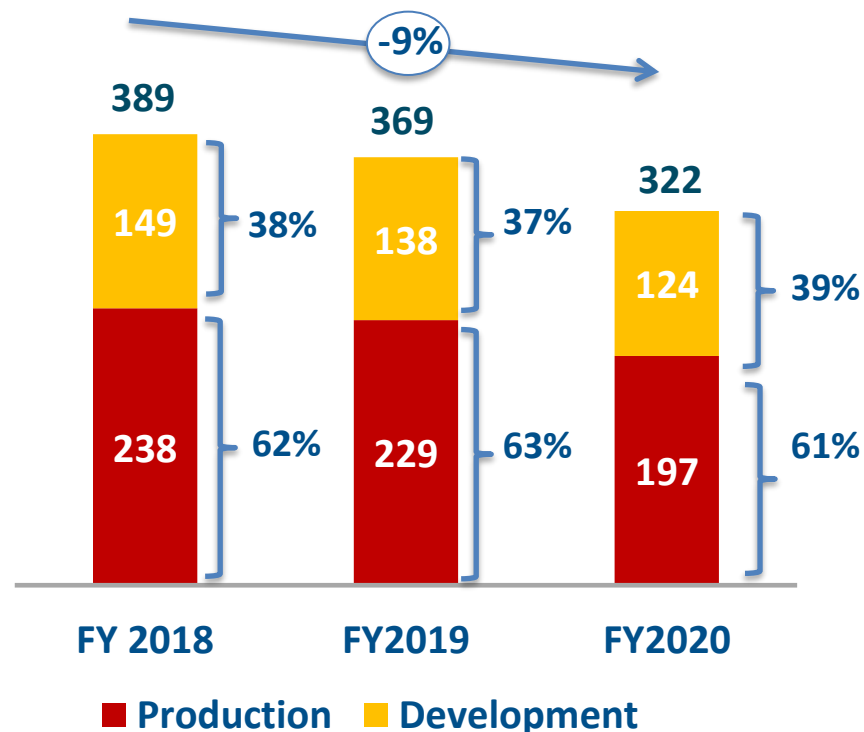
# Net Revenues trend impacted by COVID-19



by Line of Business (€ - M)



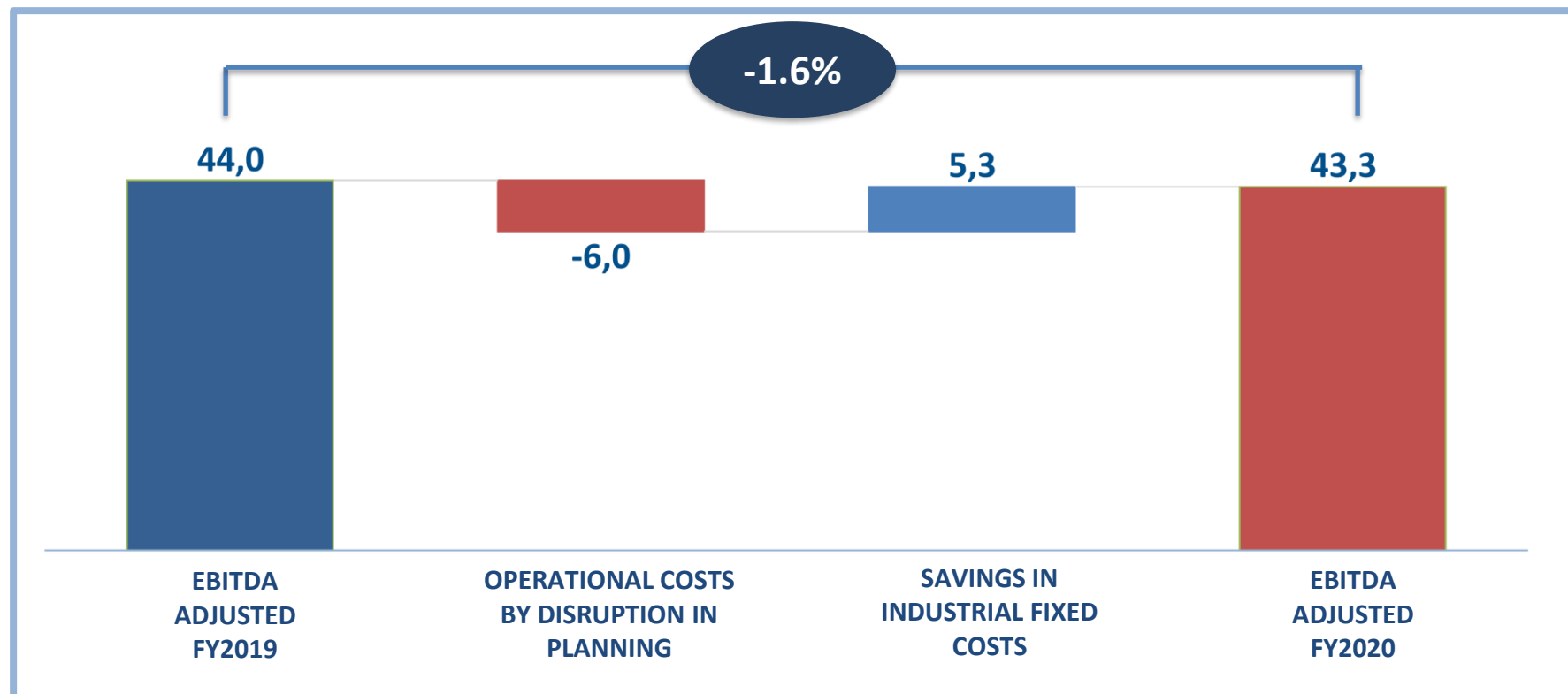
by Activity (€ - M)



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

# 2019-2020 EBITDA Adjusted Bridge

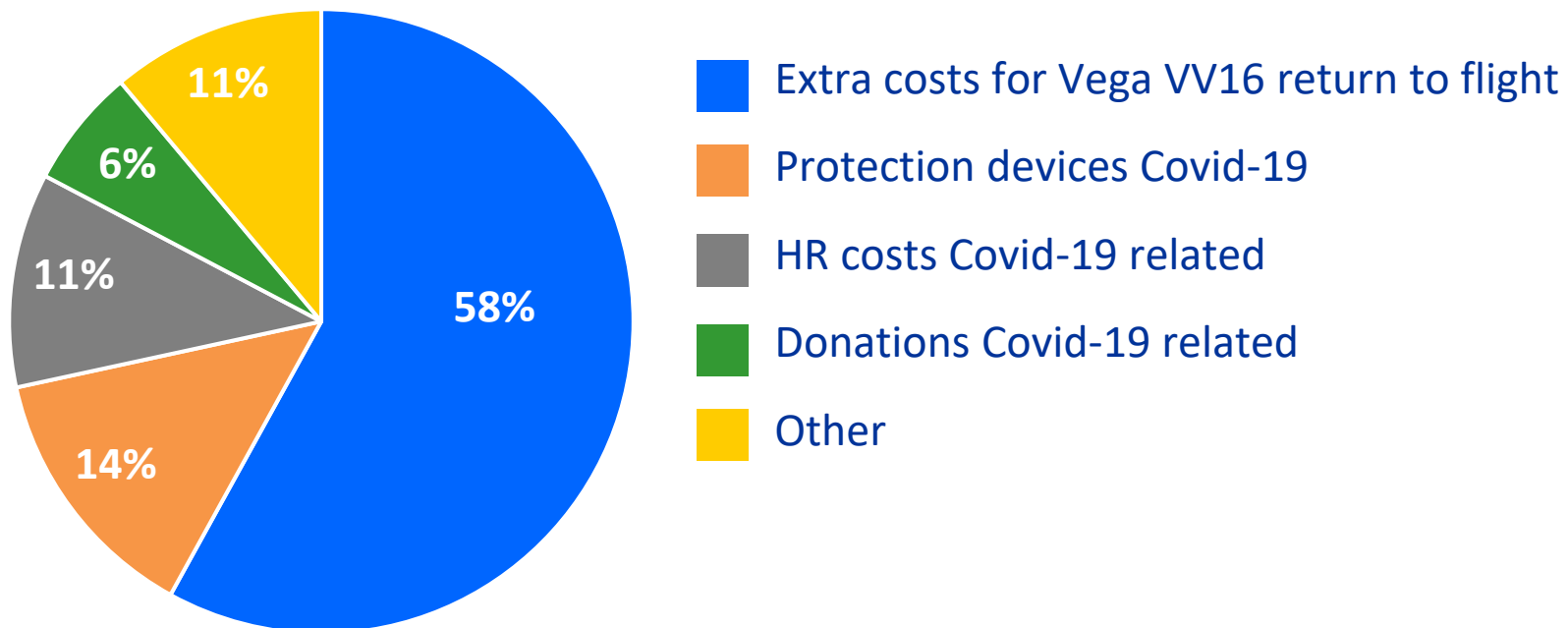
Data in €-M



**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%	

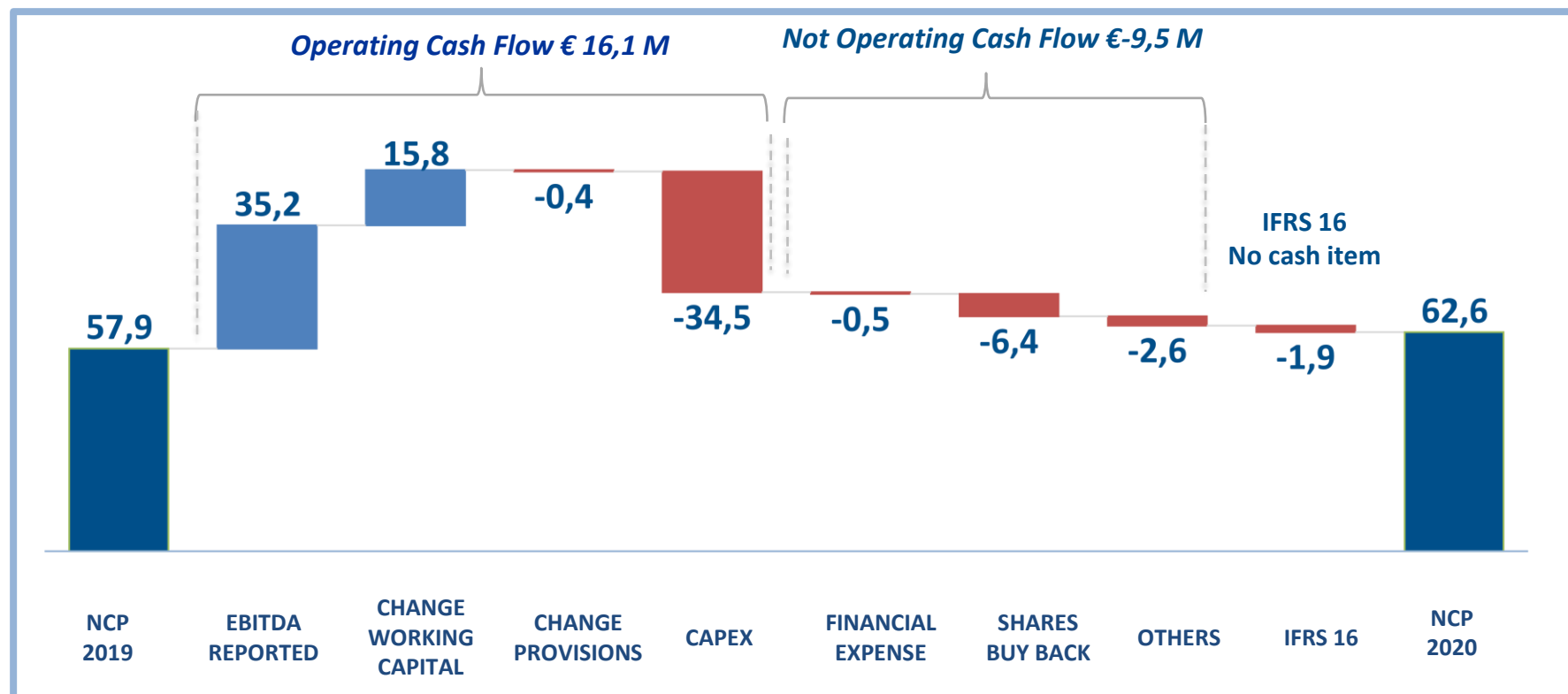
# Cash generation in 2020 thanks to working capital contribution



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



# Financials affected by return to flight activities



Q1 2020 ACTUAL	MAIN ECONOMICS/ FINANCIALS	Q1 2021 ACTUAL	DELTA	DELTA
€ - M		€ - M	€ - M	%
735,9(*)	NET ORDER BACKLOG	727,9	(8,0)	-1,1%
80,0	NET REVENUES	52,6	(27,4)	-34,3%
7,2 9,0%	EBITDA REPORTED % on net revenues	3,0 5,7%	(4,2)	-58,4%
7,8 9,8%	EBITDA ADJUSTED % on net revenues	4,5 8,5%	(3,4)	-42,9%
3,1 3,9%	EBIT REPORTED % on net revenues	(2,2) -4,3%	(5,4)	N.m.
3,8 4,7%	EBIT ADJUSTED % on net revenues	(0,8) -1,5%	(4,5)	N.m.
31 DEC 2020 ACTUAL		31 MAR 2021 ACTUAL	DELTA	DELTA
€ - M		€ - M	€ - M	%
62,6	NET CASH POSITION	58,1	(4,6)	-7,3%

## Comments

- Backlog in line with Year End 2020 thanks to new intake in Q1 2021 for Vega and Ariane

- Return to Flight activities slowed down production and development revenues

Lower contribution to profit driven by lower level of activities

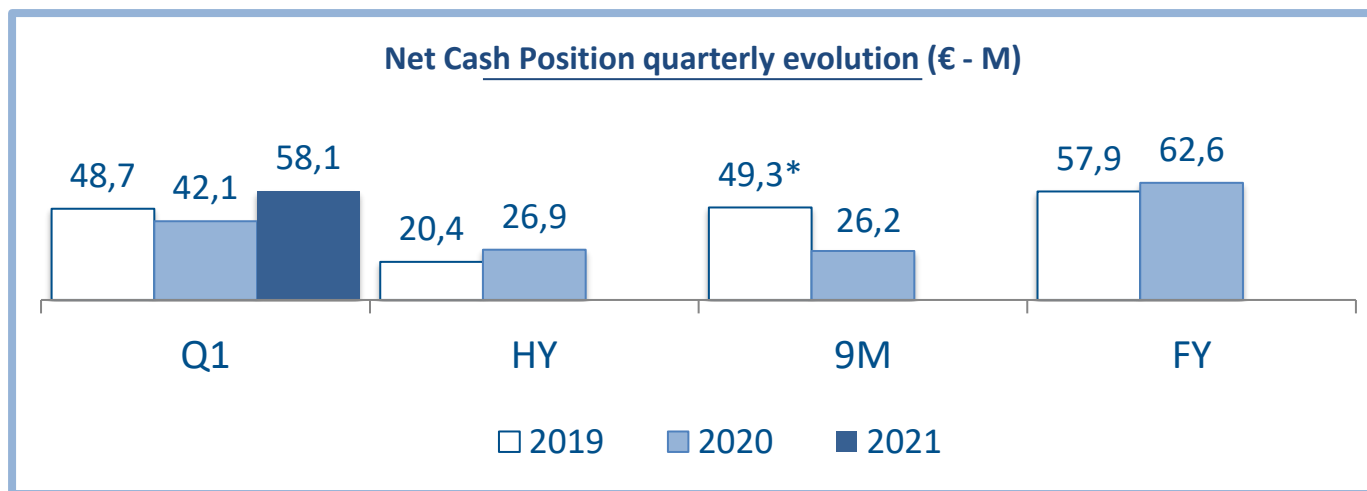
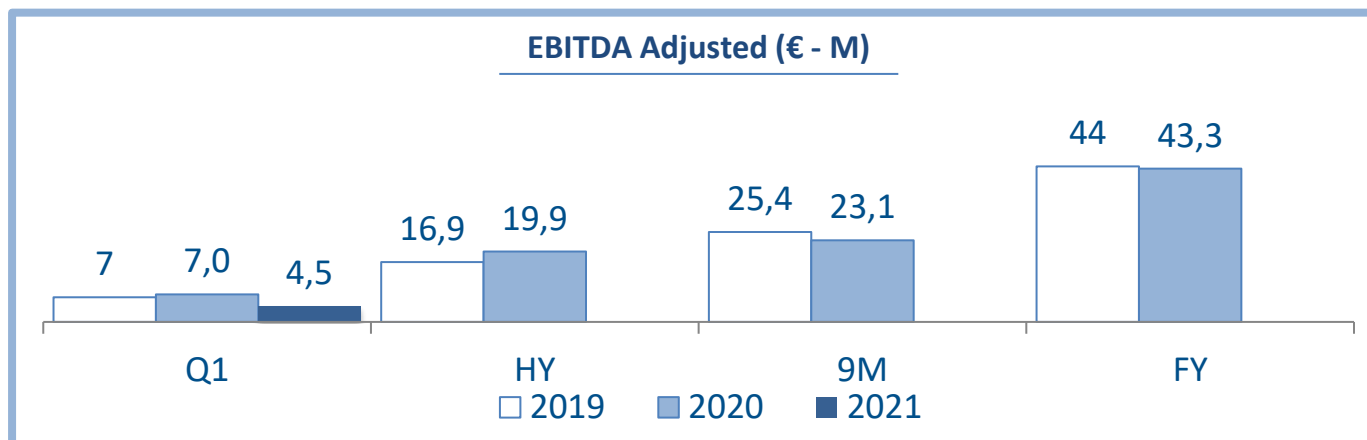
Increase of non-recurring costs for return to flight activities and COVID

Increase in depreciation mainly related to Vega C and P120

- Confirmed the robustness of Year End

(\*): As of 31 December 2020

# Quarterly pattern of Adjusted EBITDA and Net Cash Position



*\*Includes Non-recurring tax effect*

# Next steps for a busy 2021

- **Upcoming flight activity**
  - VV19 3<sup>rd</sup> quarter 2021
  - VV20 4<sup>th</sup> quarter 2021
  - Adaptation of ground systems for Vega C
  - Vega C - launch campaign to start 4<sup>th</sup> quarter 2021
- **Progressive ramp-up of development activities for:**
  - **Space Rider**
  - **Vega E**
- **Progressive production ramp-up for:**
  - **P120**
  - **Tactical Propulsion**
- **2021 Financial results**
  - September 10<sup>th</sup>: HY 2021 – possible definition of the FY 2021 Guidance
  - November 8<sup>th</sup>: 9M 2021 results

# Agenda

- Avio Business
- Financials
- **Appendix**

# Avio: a public company managed by a team of investors

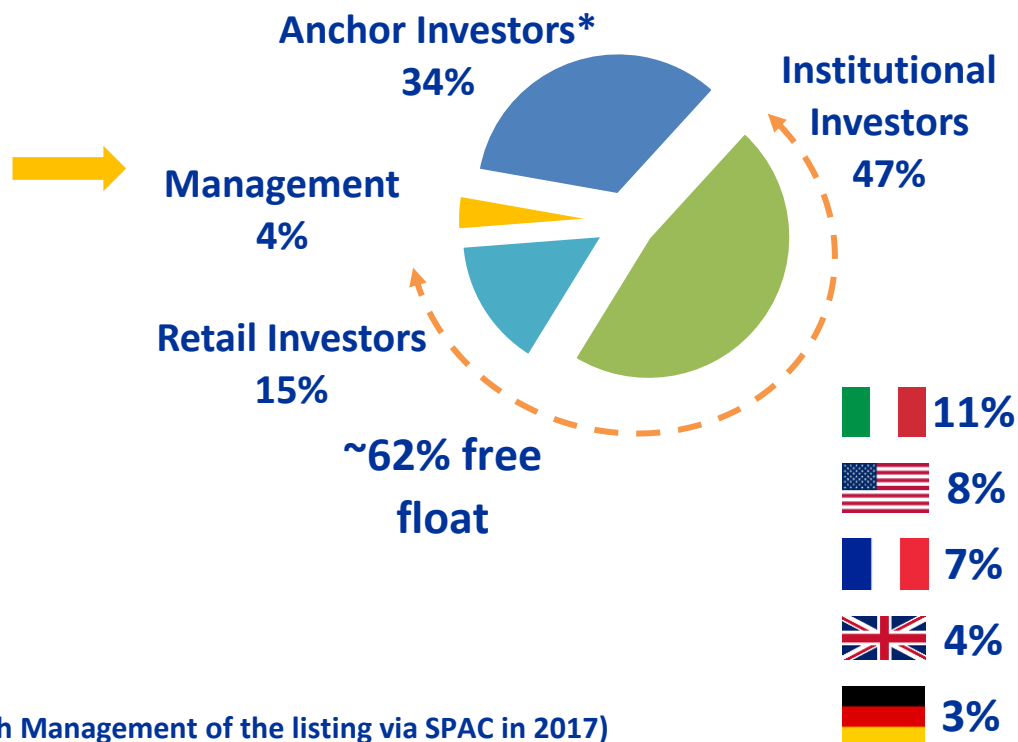


**Milan Stock Exchange**

**Ticker: AVIO.MI – ISIN: IT0005119810**

**70 Avio managers**

## Avio shareholders' breakdown



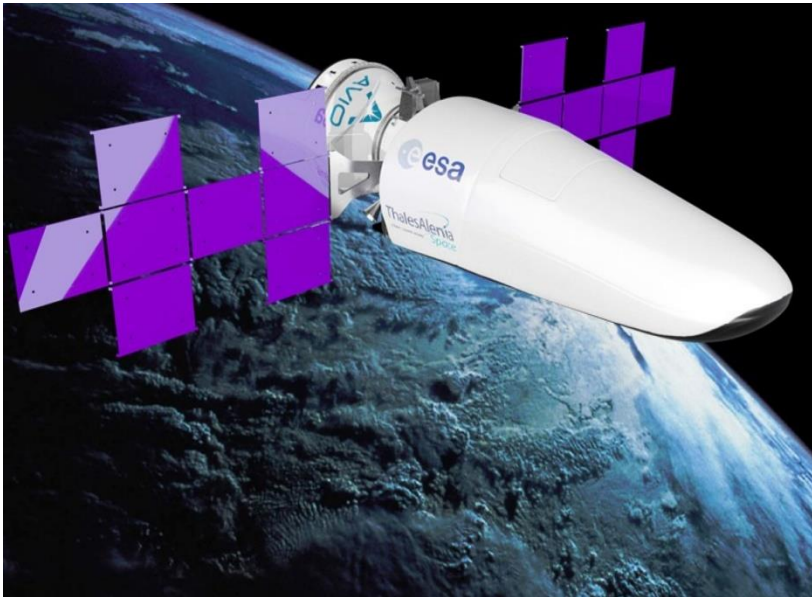
\* Leonardo SpA and Space Holding (Promoters with Management of the listing via SPAC in 2017)

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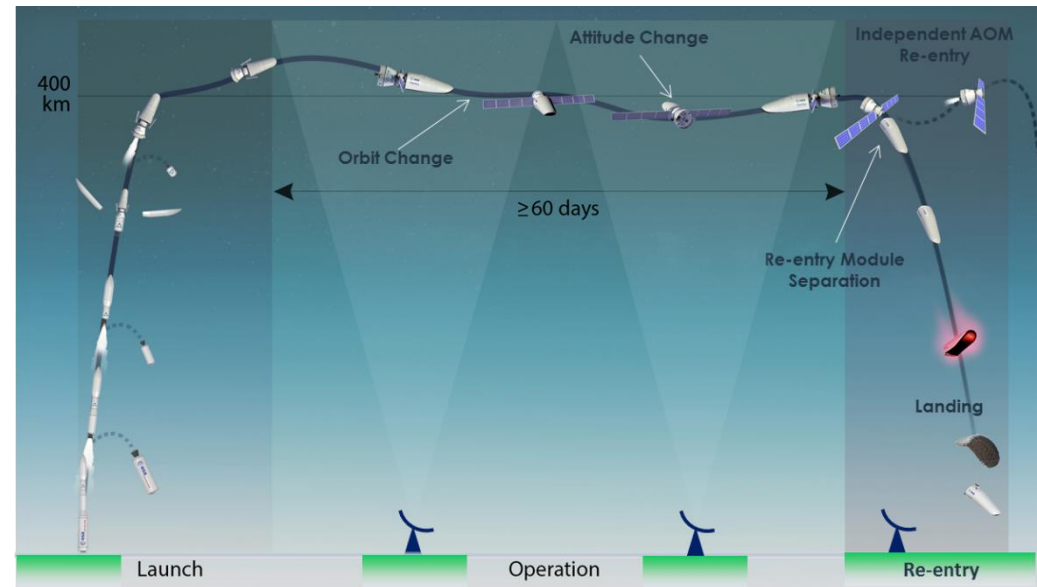
# Space Rider: expanding Vega capabilities to in-orbit operations and re-entry



## Space Rider Configuration



## Typical Mission Profile



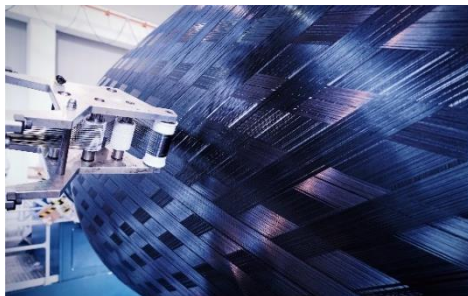
- Launched on Vega-C and powered by Vega C upper stage
- Reusable orbital space laboratory for Earth Observation, Science, Robotics (800 kg payload)
- Re-enters atmosphere and lands on an airstrip

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



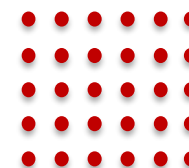
Vega Ariane 5

P80 P230

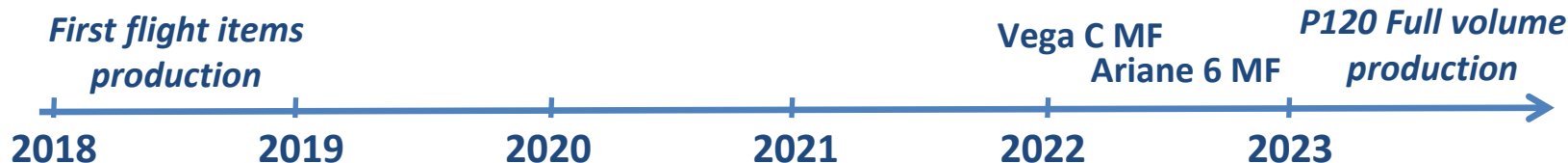


Vega C Ariane 62 Ariane64

P120



*Single main-stage, higher volumes, economies of scale*





### **Contacts**

+39 0697285158

+39 3420726648

[investor.relations@avio.com](mailto:investor.relations@avio.com)